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CAPRA
SUMMARY REPORT
Capital Asset Preservation and Replacement Account
Summary Report

January 2004



DATE: January 15, 2004

TO: Dan McElroy, Commissioner
Department of Finance

Legislators, per M.S. 16A.632, subd. 4, Distribution List Attached

FROM: Commissioner Brian Lamb

SUBJECT: **Capital Asset Preservation and Replacement Account (CAPRA)
Summary Report**

Pursuant to Minnesota Statutes 16A.632, Subdivision 4, enclosed is the Capital Asset Preservation and Replacement Account (CAPRA) Summary Report. This report is a list of projects funded from CAPRA appropriations during calendar year 2003.

Enclosures

c: Governor Tim Pawlenty
Legislative Reference Library (6)

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Cost to prepare this report: \$750.00

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**CAPRA Report
Executive Summary**

REPORTING REQUIREMENTS:

Minnesota Statutes 16A.632, subdivision 4, states that the Commissioner of Administration shall submit a list of the projects in each agency that were funded from the Capital Asset Preservation and Replacement Account (CAPRA) during the preceding calendar year and a list of priority projects for which a CAPRA appropriation will be sought.

FUNDING SUMMARY:

The Department of Administration received \$14,000,000 in CAPRA funding in FY02. \$2,453,511.60 was distributed to State agencies in calendar year 2003 from FY02 funds, and \$130,000 from FY00 funds.

Since the program was created in 1990, \$72.9 million has been appropriated for CAPRA projects.

Admin did not make a CAPRA request in FY03.

The specific projects funded from the FY02 appropriation during the 2003 calendar year are as noted in Table One, and projects funded from the FY00 appropriation are noted in Table Two. The FY02 Capital Budget Request is attached as Exhibit A. The FY04 Capital Budget Request is attached as Exhibit B.

FUTURE CONSIDERATIONS:

In the past, agencies have had two sources of bonded funds for facility maintenance: CAPRA dollars as requested by Admin, and Asset Preservation money as requested by each agency. The similarity in programs has caused confusion among both users and those funding the requests, and duplicity in management.

In FY04 Admin is making a Capital Budget Request for CAPRA dollars for unanticipated hazardous materials abatement and emergencies only. The amount of that request is \$5 million. Projects formerly requesting CAPRA funding are included in individual agency Asset Preservation requests. While this will increase the amount of money in agency Asset Preservation Capital Budget Requests, there will be a corresponding decrease in the amount of CAPRA dollars requested.

TABLE ONE**Projects funded in FY03 using the FY02 CAPRA appropriation**

	Location	Description	Allocation	Agency Total
Administration				
	Arden Hill Surplus Property	Underground storage tank remedial investigation	\$ 21,477	
	1246 University Ave	Asbestos Survey	\$5,600	
	Total			\$ 27,077 .00
Department of Corrections				
	Stillwater	Replace piping and remove asbestos	\$689,000	
	Thistledeew Camp	Remedial investigation Report	\$18,500	
	Faribault	LSI and SPCA Plan	\$19,152	
	Faribault	Replace Boiler Room Floor Slab	\$24,890	
	Moose Lake	Abate boilers	\$1,016.76	
	Faribault	Abate/repair fan units	\$6,929.73	
	Stillwater	Abatement Cell D	\$369,936.35	
	St. Cloud	Abate laundry/food service	\$36,357	
	Stillwater	Abate at Cell Blocks A & B	\$400,000	
	Total			\$ 1,592,781.80
Human Services				
	Cambridge RTC	Abate and demolish boiler	\$12,367	
	Cambridge METO	Replace electrical distribution system	\$345,000	
	Fergus Falls	Survey asbestos, lead, mold	\$55,250	
	Total			\$412,617.00
IRRRB				
	Eveleth	Provide LSI HASP Reports	\$17,968	
	Giants Ridge	Repair Roof	\$9,000	
	Total			\$26,968

Department of Military Affairs				
	Jackson	Lead Abatement	\$50,000	
	Montevideo	Lead Abatement	\$50,000	
	Rosemount	Lead Abatement	\$50,000	
	Madison	Replace roof	\$25,000	
Total				\$175,000.00
Department of Natural Resource				
	St. Croix State Park	Asbestos abatement	\$6,902.08	
Total				\$6,902.08
Minnesota Center for Arts and Education				
	Golden Valley	Asbestos abatement	\$1,365.75	
	Golden Valley	Repair of air handling unit fan	\$10,000	
Total				\$11,365.75
Minnesota Veteran Homes				
	Minneapolis	Asbestos abatement	\$800	
Total				\$800.00
Zoological Gardens				
	Zoological Gardens	Roof Replacement	\$200,000	
Total				\$ 200,000 .00
Grand Total				\$2,453,511.60

TABLE TWO
Projects funded in FY03 using the FY00 CAPRA appropriation

	Location	Description	Allocation	Agency Total
Military Affairs				
	Jackson	Repair Roof	\$90,000	
	Alexandria	Replace Mechanical System	\$40,000	
Total				\$130,000

2002 Capital Asset Preservation and Replacement Account (CAPRA) Request

The Department of Administration (Admin) requests bonded funds to support the Capital Asset Preservation and Replacement Account (CAPRA) program and general funds for the study of emergency lighting needs statewide. As such, the request is being presented in two parts.

Part 1 -CAPRA

CAPRA, established under M.S. 16A.632, is a statewide fund, centrally managed by Admin. The Higher Education Asset Preservation and Renewal Account (HEAPR) is requested separately by the Minnesota State Colleges and Universities and the University of Minnesota and should not be confused with this request. The projects that fall under CAPRA are generally nonrecurring and usually \$25,000 to \$350,000 per project. These costs are viewed as being too large to be funded from within an individual agency's repair and replacement operating budget.

Since the program was created in 1990, \$58.9 million has been appropriated for CAPRA projects that are beyond agency asset preservation and operating budget repair and replacement allocations. All agencies that have the ability to request Asset Preservation funding have been encouraged to do so.

State agencies currently covered by this request are Administration, Corrections, Economic Security, Human Services, Natural Resources, Military Affairs, Perpich Center for Arts Education, State Residential Academies, Veterans Homes Board, Minnesota Zoological Gardens, and the Minnesota Historical Society.

In previous years, CAPRA was allocated to agencies based on a percentage of the appropriation. Twenty percent of the appropriation was reserved for emergencies and hazardous material abatement with the remaining balance allocated to agencies on a square footage basis. Once the agency allocation was established, agencies would submit a prioritized project list that equaled their allocation, and projects would be approved. The priority lists of projects were not evaluated against each other or amongst agencies. If a project of greater importance arose, the agency would be asked to evaluate their project list and cancel a project or the project could be funded using the emergency and hazardous material abatement reserve.

This biennium, Admin has organized the current project list totaling \$54.6 million into four priority groupings:

Priority 1. Emergencies, \$2.1 million

Priority 2. Code, Energy Efficiency, Life Safety, and Hazardous Materials Abatement, \$16.6 million

Priority 3. Mechanical, Electrical, Structural Improvements, Roofs, and Tuck pointing, \$7.1 million

Priority 4. Interior and Miscellaneous, \$1.9 million

Within the \$54.6 million total, Admin proposes addressing emergencies as a Priority 1 with an amount of \$2.1 million. This amount would fund an unknown set of projects but is based on historical needs. Projects comprising Priority 2, the most urgent known projects, total \$16.6 million for which Admin is requesting full funding. Additionally, the department would like to address Priorities 3 and 4 with \$7.1 and \$1.9 million respectively; these amounts equal 25% of the total needs in these areas. The total request for CAPRA is \$27.7 million.

Part 2 - EMERGENCY LIGHTING

Part two of this request is for funding of a study for Emergency Egress Lighting needs at state-owned facilities.

As a result of an emergency lighting code violation citation issued to the Minnesota Correctional Facility-Faribault Correctional Facility, an emergency lighting needs analysis study was conducted for the Department of Corrections (DOC). The study estimates bringing all the DOC facilities into compliance would cost approximately \$13 million.

The results of the DOC survey indicated potential for concerns in other agency facilities statewide. At issue is the fact that an emergency generator at any given location is activated only when the utility feed into the campus is disrupted, and will not come on if a single building within the campus loses power. Current interpretation of the code, however, is that each building must have emergency power in the event of a single outage.

Meetings have been held between representatives of state agencies, Admin, the state fire marshal, Building Codes and Standards Division, and the State Board of Electricity to develop a plan to correct the violations. As a result, Admin requests \$300,000 to complete a statewide study to identify the magnitude of the emergency lighting problems and develop a cost plan to remedy the potential violations.

Project Description

CAPRA, established under M.S. 16A.632, is a statewide fund, centrally managed by Admin for use by state agencies. The Higher Education Asset Preservation and Renewal Account (HEAPRA) is requested separately by the Minnesota State Colleges and Universities and the University of Minnesota, and should not be confused with this request. Asset Preservation Capital Budget Requests, requested by individual state agencies to address the known facility repair and maintenance needs of the facilities under their custodial control, should also not be confused with this request.

Projects that have typically received CAPRA funding have fallen into three categories: Emergencies of all kinds, hazardous material abatement, and non-recurring, small repair and maintenance projects ranging in cost from \$25,000 to \$350,000.

As facility repair and maintenance needs outgrew the ability to be adequately funded by CAPRA, individual agencies began making Capital Budget Requests for Asset Preservation. Projects done with these Asset Preservation funds were the same types of projects done with CAPRA funds, but generally had a project cost of over \$350,000.

Given the parallel nature of the Asset Preservation and CAPRA programs, and the need to more efficiently plan, manage, and complete projects, a decision was made to reduce the amount of funding requested for CAPRA, and increase the amount of funding requested by agencies for Asset Preservation in FY 2004. The CAPRA program will fund emergencies and unanticipated hazardous material abatements, while agency Asset Preservation requests will fund known repair and maintenance projects.

State agencies served by this request are Administration, Corrections, Economic Security, Human Services, Military Affairs, Minnesota Historical Society, Natural Resources, Perpich Center for Arts Education, State Residential Academies, Veterans Homes Board, and the Minnesota Zoological Society.

Impact on Agency Operating Budgets (Facilities Notes)

CAPRA funding provides rapid financial assistance to agencies for emergencies and unanticipated abatement needs. This keeps agency funds available for ongoing operations, and helps mitigate additional damage.

Previous Appropriations for this Project

Since the program was created in 1990, \$72.9 million has been appropriated for CAPRA projects.

Other Considerations

This CAPRA request does not fund known agency repair and maintenance projects, making it imperative that agency Asset Preservation requests be funded. Deferred maintenance continues to be an issue, and adequately maintaining state facilities is imperative to support the delivery of service to our customers, the taxpayers and citizens of Minnesota.