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DATE: January 11, 2008

TO: Tom Hanson, Commissioner, Department of Finance
Legislators, per M.S. 16A.632, subd. 4, Distribution list attached

FROM: *Dana B. Badgerow*
Dana B. Badgerow, Commissioner

SUBJECT: **2007 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 2007.

Enclosures

c: Governor Tim Pawlenty
Legislative Reference Library (6)

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CAPRA Summary Report Distribution:

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CAPRA
SUMMARY REPORT
Capital Asset Preservation and Replacement Account
Summary Report

January 2008

This information will be made available in alternate format,
for example, large print, Braille, or cassette tape, upon request
at TTY 651.297.1545 or by contacting

Department of Administration
Real Estate and Construction Services
Voice 651.201.2399
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Cost to prepare this report: \$600

Reporting requirements

Minnesota Statutes 16A.632, subdivision 4, states that the Commissioner of Administration shall submit:

- A list of the projects in each agency funded from the Capital Asset Preservation and Replacement Account (CAPRA) during the preceding calendar year
- A list of priority projects for which a CAPRA appropriations will be sought.

Funding summary

The Department of Administration received \$4 million in CAPRA funding in FY06. A total of \$2,698,573.30 was expended from January 1, 2007 to December 31, 2007 as follows:

- FY06 CAPRA Appropriation: \$2,483,531.65
- FY05 CAPRA Appropriation: \$ 215,041.65

It is expected that the balance of the FY06 appropriation, \$389,202.60, will be used for emergencies and unanticipated hazardous materials abatement over the next year. All of the funds in the FY05 appropriations have been assigned to projects or have been expended.

Since CAPRA's creation in 1990, \$79.9 million has been appropriated for projects.

The specific projects funded from the FY06 appropriation during the 2007 calendar year are described in Table 1. Funds expended in calendar year 2007 from previous CAPRA appropriations are noted in Table 2. The FY08 Capital Budget Request narrative is attached as Exhibit A.

History of the account and future considerations

In the past, agencies have had two sources of bonded funds available for facility maintenance: CAPRA dollars, as requested by Admin, and Asset Preservation money, as requested by each agency. The similarities of the two programs resulted in confusion among both users and those funding the requests. It also duplicated management efforts.

Because of this, Admin in FY04 proposed a Capital Budget Request for CAPRA dollars *only* for emergencies and unanticipated hazardous materials abatement. The amount of that request was \$5 million. Since then, projects formerly requesting CAPRA funding have been included in individual agency Asset Preservation requests. While this has increased the total dollar amount of agency Asset Preservation Capital Budget Requests, it has decreased the total dollar amount of CAPRA requests.

Admin typically requests CAPRA funding during bonding bill sessions (even-numbered years) and has prepared a Capital Budget Request for funding in FY08. Representative CAPRA-funded projects include asbestos and lead abatement, emergency roof and pipe repairs, fire damage repairs, and replacement of failed air conditioning, boiler and water heater units.

TABLE 1
Projects funded in CY07 using the FY06 CAPRA appropriation

Agency	Location	Description	Allocation	Agency Total
Administration				
02478LBC	MDA/MDH Lab	emergency damper replacement	42,930.00	
02480LBC	MDA/MDH Lab	add drain & piping to water system	44,040.00	
02533ELC	Ely Revenue	replace carpet with mold contamination	85,000.00	
Total				\$171,970.00
Corrections				
78640MLC	Moose Lake	Bldg 65 education west abatement	21,230.99	
78646FAC	Faribault	Rogers Bldg basement hallway abatement	96,000.00	
78664THC	Thistledeew	Main office floor tile abatement	11,283.00	
78665LLC	Lino Lakes	Install kitchen ventilation in dish machine room	175,000.00	
78429MLC	Moose Lake	Connect sewer & water to City	100,000.00	
78500FAC	Faribault	Expansion abatement	86,982.52	
78685FAC	Faribault	Replace condensate return tank	62,700.00	
78707MLC	Moose Lake	Asbestos abate steam line pipes	75,000.00	
78709RWC	Red Wing	Asbestos abate Admin & Grinnel floor tile	43,200.00	
78687SWC	Stillwater	Abate mercury in gym floor	150,000.00	
Total				\$821,396.51
MN State Academies				
44075BAC	Blind Academy	Replace library roof	200,000.00	
44060DAC	Deaf Academy	Upgrade sprinklers Quinn Hall	175,000.00	
44061DAC	Deaf Academy	Upgrade sprinklers Smith Hall	175,000.00	
Total				\$550,000.00
Veterans Homes				
76259HAC	Hastings	Mold remediation in duct - Building 23	35,202.40	
Total				\$35,202.40
Zoological Gardens				
Total				\$0.00
Perpich Center for Arts Education				
25046GVC	Golden Valley	Abate transite panels on roof	329,962.74	
Total				\$329,962.74
Natural Resources				
29415R3C	Region 3	2007 flood damage repair	500,000.00	
29416R4C	Region 4	Repair water damage from cracked toilet	75,000.00	
Total				\$575,000.00
Human Services				
Total				\$0.00
Grand Total				\$2,483,531.65

TABLE 2
Projects funded in CY07 using the FY05 CAPRA appropriation

Agency	Location	Description	Allocation	Agency Total
Administration				
02279SPL	St. Paul	Lab Bldg HVAC & Security system	50,000.00	
02429LBC	St. Paul	Lab air contamination rework	12,000.00	
02306TRX	St. Paul	Transportation Bldg exterior façade	26,300.00	
Total				\$88,300.00
Corrections				
Total				\$0.00
MN State Academies				
44078BAC	Faribault	Mold abatement in Library AHU	15,739.15	
44083DAC	Blind Academy	ACBM abatement laundry basement	5,000.00	
Total				\$20,739.15
MN Veterans Homes				
76262MPC	Minneapolis	Emergency electrical repair	100,000.00	
Total				\$100,000.00
Zoological Gardens				
Total				\$0.00
Perpich Center for Arts Education				
25046GVC	Golden Valley	Abate transite panels on roof	4,304.50	
25049GVC	Golden Valley	Abate heat piping in Gaia Bldg	1,698.00	
Total				\$6,002.50
Natural Resources				
Total				\$0.00
Human Services				
Total				\$0.00
Iron Range Resources				
Total				\$0.00
Grand Total				\$215,041.65

**Administration, Department of
Statewide CAPRA**

Project Narrative

2008 State Appropriation Request: \$6,000,000

Agency Project Priority: 6 of 11

Project Location: State-owned Facilities throughout Minnesota (Emergency fund)

Project Description

CAPRA, established under M.S. 16A.632, is a statewide fund, centrally managed by Admin for use by state agencies. CAPRA funds support emergency repairs and unanticipated hazardous material abatement needs for state agency facilities.

(Note: Asset preservation capital budget requests are made by individual state agencies to address known facility repair and maintenance needs of the facilities under their custodial control, and should also not be confused with this request. Higher Education Asset Preservation and Replacement (HEAPRA) funding is requested separately by the Minnesota State Colleges and Universities and the University of Minnesota, and should also not be confused with this request).

Projects that have typically received CAPRA funding can be classified in three categories:

1. Emergencies of all kinds
2. Hazardous material abatement
3. 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 fund them appropriately through CAPRA, individual agencies began making their own capital budget requests for asset preservation. Projects funded with these asset preservation funds were the same types of projects funded with CAPRA funds, but generally had a project cost of over \$350,000.

Given the parallel objectives of the asset preservation and CAPRA programs, and the need to more efficiently plan, manage, and complete projects, along with the potential cost-savings opportunities by bundling projects, the decision was made in FY 2004 to limit the types of projects funded by CAPRA to those of only emergency and immediate need, including unanticipated abatement. Agency asset preservation requests now fund eligible repair and maintenance projects costing between \$25,000 and \$350,000. As a result, CAPRA funding requests have decreased and agency asset preservation funding requests have increased.

State agencies served by the CAPRA program in the past include Administration, Perpich Center for Arts Education, Corrections, Employment and Economic Development, Minnesota Historical Society, Human Services, Military Affairs, Minnesota State Academies, Natural Resources, Veterans Homes Board (now part of Veterans Affairs) and the Minnesota Zoological Gardens.

Impact on Agency Operating Budgets

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

Previous Appropriations for this Project

Since the program was created in 1990, \$79.9 million has been appropriated for CAPRA projects through state bonding bills.

Recent Appropriations of \$3 million in 2005 and \$4 million in 2006 are approximately 90 percent expended as of Sept. 30, 2007.

Other Considerations

This CAPRA request does not fund known agency repair and maintenance projects. These types of projects are included in agency asset preservation requests, which are also deserving of funding. The amount of this request is based on historical spending as well as anticipated needs. Asset renewal continues to be an issue for the state, and adequately maintaining state facilities is imperative to support the delivery of service to government's customers, the taxpayers and citizens of Minnesota.

Although Admin has been projecting biennial CAPRA requests of \$5 million, based on historical emergency needs, we are requesting \$6 million in 2008 due to recent requirements for significant funding related to emergency work at the Capitol Complex Transportation Building, flooding in Southeast Minnesota, and hazardous material abatement at the Moose Lake Correctional Facility.