
Capital Asset Preservation and Replacement Account Summary Report

Calendar Year 2024

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Department of Administration Real Estate and Construction Services

Voice: 651-201-2550

Fax: 651-215-6245

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To: Erin Campbell, Commissioner, Minnesota Management & Budget
Legislative Committee Chairs, per M.S. 16A.632, subd. 4 (distribution list attached)

From: Tamar Gronvall, Commissioner

**RE: Capital Asset Preservation and Replacement Account (CAPRA)
Summary Report for Calendar Year 2024**

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 by CAPRA appropriations during calendar year 2024.

cc: Governor Tim Walz
Legislative Reference Library

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Capital Asset Preservation and Replacement Account

The Capital Asset Preservation and Replacement Account (CAPRA) is appropriated funds for the following uses:

1. unanticipated emergencies of all kinds involving impacts to state-owned property;
2. major projects to address life safety for existing buildings and sites, including but not limited to security, replacement of mechanical and other building systems, building code violations, or structural defects;
3. removal or containment of hazardous substances like asbestos or PCBs;
4. major projects to replace and repair roofs, windows, tuckpointing, and structural members necessary to preserve the exterior and interior of existing buildings; and
5. up to ten percent of an appropriation awarded under this section may be used for design costs for projects eligible to be funded from this account in anticipation of future funding from the account.

Reporting Requirements

Minnesota Statutes §16A.632, subd. 4, requires that the Commissioner of Administration submit:

- A list of the projects in each agency 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 amount of bond proceeds appropriated to the CAPRA program is limited relative to the overall asset preservation needs of the state. Specific capital bonding projects and agency operating funds are used to manage other longer-term asset preservation needs. Consequently, CAPRA funding is prioritized to provide rapid financial assistance to agencies for emergencies and unanticipated hazardous material abatement needs. In doing so, the program aims to minimize the negative impact of facilities-related emergencies and unanticipated conditions on the delivery of services and programs by state agencies.

The CAPRA appropriation received in the 2023 legislative session (\$9 million) was the largest since 2002. Since 2002, a total of \$54.73 million has been appropriated for CAPRA projects. Examples of CAPRA-funded projects include asbestos and lead abatement, emergency roof and pipe repair, and replacement of failed air conditioning, boilers, and water heater units.

A. CAPRA Funds available (as of January 1, 2025)

As of January 1, 2025, a total of \$2,284,111 are remaining from the following appropriations:

Appropriation Source	Amount remaining
Fiscal Year 2018	\$0
Fiscal Year 2020	\$0
Fiscal Year 2023	\$2,284,111
Total	\$2,284,111

(2018 appropriation: Laws 2018, Article 1, Ch. 214, Sec. 12, Subd. 2; 2020 appropriation: Laws 2020, 5th Special Session, Ch. 3, Art. 1, Sec. 12, Subd. 2; 2023 appropriation: Law 2023, Ch. 72, Art. 1, Sec. 12, Subd. 2)

B. CAPRA Funds expended (Calendar Year 2024)

A total of \$5,723,398 was expended in calendar year 2024, as follows:

Appropriation Source	Amount expended
Fiscal Year 2018	\$ 497,456
Fiscal Year 2020	\$2,124,090
Fiscal Year 2023	\$3,101,852
Fiscal Year 2024	\$5,723,398

C. CAPRA Funds remaining for future needs

The current unspent balance in the CAPRA program is \$2,284,111. The current unencumbered balance in the CAPRA program is \$2,284,111. Of the unencumbered balance \$0.00 is currently committed to specific projects, leaving a balance of \$2,284,111 available for any new emergencies that arise. CAPRA requests by their nature are unpredictable, although often arise in the early part of the calendar year.

History of the Account

Below is a list of CAPRA appropriations since 2002, excluding years where no CAPRA was appropriated:

2023: \$9.0 million	2011: \$2.83 million
2020: \$4.5 million	2010: \$2 million
2018: \$5 million	2008: \$3.4 million
2017: \$5 million	2006: \$4 million
2014: \$1 million	2005: \$3 million
2012: \$1 million	2002: \$14 million

Asset preservation has become an increasingly significant challenge for state agency operations. Adequately maintaining state facilities is imperative to support the delivery of services and programs to our customers, the people of Minnesota. In particular, the lack of adequate funding to complete regular, planned preventative maintenance on state-owned properties increases the likelihood that CAPRA and agency asset preservation funds must be used to bridge the gap rather than proactively maintain optimal building conditions.

Deferred Maintenance Backlog

The Department of Administration (Admin) maintains a database of (approximately 6,100) state-owned buildings as required by Minnesota Statutes 16A.633. Admin’s Enterprise Real Property Program (ERPP) was created by the legislature with the intent that the program assists state agencies to consistently inventory and rate the condition of all state-owned property, as well as to assist in strategically managing state real property assets. While the creation of an enterprise property database enhanced the ability of agencies to evaluate and prioritize asset preservation needs, leveraging that data and ERPP framework to ensure best practices in state property asset management is greatly restrained by limited staff capacity, which currently amounts to 2.0 full-time equivalents.

The uniform facility condition assessments completed by state agencies, under the oversight of the ERPP, identifies the state has an \$1.54 billion in adjusted deferred maintenance backlog for state-owned properties and a \$2.97 billion need to keep up with aging systems over the next 10 years, for a total asset preservation need of \$4.52 billion. That amount does not include the deferred maintenance and asset preservation needs at Minnesota State (formerly MnSCU) and the University of Minnesota (UMN). Further, the ERPP data reflects that delaying needed property maintenance results in higher costs to restore and maintain buildings in an optimal condition. For example, the average deferred maintenance cost per system is \$54 Thousand for buildings in “fair” condition, versus \$189 Thousand for buildings in “crisis” condition.

Future Considerations

Admin regularly requests CAPRA funds during legislative bonding sessions (even-numbered years). In 2018, the Governor recommended \$5.0 million in CAPRA funds; the legislature appropriated \$5.0 million. In 2020, the Governor recommended \$10.0 million in CAPRA funds; the legislature appropriated \$4.5 million. In 2022, the Governor recommended \$7.5 million in CAPRA funds; no capital investment legislation was enacted that year. In 2023, the Governor recommended \$9.0 million in CAPRA funds; the legislature appropriated \$9.0 million.

Agency requests for asset preservation have historically been funded at levels lower than recommended by the Governor. Chronic underfunding of asset preservation and irregular appropriation amounts make it difficult to competently plan for and keep up with routine maintenance, and increases the potential for emergency repairs, unsafe conditions, and lost asset value.

CAPRA Balances and Expenditures

Table 1 below identifies the annual CAPRA balances as of January 1 on the identified years and offers a snapshot of the funds the state has available to address unanticipated building emergencies.

Table 1: Annual CAPRA Balances 2015-2024

Calendar Year	Annual Balance
2015	\$1,230,990
2016	\$47,743
2017	\$4,700,000
2018	\$925,292
2019	\$100,850
2020	\$4,600,850
2021	\$4,670,979
2022	\$3,948,605
2023	\$10,294,919
2024	\$2,284,111

As shown in Table 2 below, with one exception, annual CAPRA expenditures exceeded \$2 million during any rolling two-year period. Consequently, it is vital that the fund be maintained with a significant amount of funding to handle future emergency requests from state agencies.

Table 2: Annual CAPRA Expenditures 2015-2024

Calendar Year	CAPRA Expenditure
2015	\$1,175,127
2016	\$1,660,626
2017	\$277,753
2018	\$3,076,283
2019	\$4,484,414
2020	\$2,862,887
2021	\$225,991
2022	\$120,377
2023	\$2,089,898
2024	\$5,723,398

CAPRA funds are aimed primarily at addressing emergency and unanticipated needs, thus it is impossible to identify or prioritize specific projects for which funding will be sought. In general, the priority for CAPRA spending is as follows:

1. Emergencies of any kind
2. Hazardous material abatement

State agencies served by the CAPRA program in recent years include Administration, Corrections, Human Services, Perpich Center for the Arts, Public Safety, Minnesota State Academies, Commerce, Amateur Sports Commission and Veterans Affairs.

Funded Projects

Detail table 1: Projects funded in Calendar Year 2024 using the Fiscal Year 2020 appropriation

Agency and Project Number	Location	Description	Amount
Administration			
02AD0029	Administration	Repair Ramp Inground Pipe	268,343
Agency Total			\$268,343
Public Safety			
07AH0004	Arden Hills	Upgrade Barrier Office Safety	44,486
07EN0005	Eagan	Upgrade Barrier Office Safety	47,359
07PM0002	Plymouth	Upgrade Barrier Office Safety	59,539
Agency Total			\$151,384
Human Services			
55AK0063	Anoka	Replace Utility Garage Roof	48,403
55BR0030	Brainerd	Replace Water Mains Bldg 21	66,650
Agency Total			\$115,053
Correction			
78FA0091	Faribault	Repair Water Main Emergency	9,697
78ML0095	Moose Lake	Repair Sanitary Main	164,320
Agency Total			\$174,017
Grand Total-All Agencies			\$708,797

Detail table 2: Projects funded in Calendar Year 2024 using the Fiscal Year 2023 appropriation

Agency and Project Number	Location	Description	Amount
Administration			
02AD0029	Administration	Repair Ramp Inground Pipe	1,232,780
02AH0002	Arden Hill	Construct Water Sewer Connect	68,222
02BC0043	BCA-Maryland	Repair Sewer System	278,088
02FB0009	Ford Bldg	Remove Fuel Tank	100,000
Agency Total			\$1,679,090
Public Safety			
07AH0004	Arden Hill	Upgrade Barrier Office Safety	5,000
07AH0005	Arden Hill	Replace Broken Sewer Line	531,368
07EN0005	Eagan	Upgrade Barrier Office Safety	5,000
07PM0001	Plymouth	Replace Exam Controls	60,000
07PM0001	Plymouth	Upgrade Barrier Office Safety	22,100
Agency Total			\$623,468
Iron Range Resources			
43CH0010	Chisholm	Replace Staircase	85,000
43GR0010	Giants Ridge	Replace Metal Roof	589,999
43GR0012	Giants Ridge	Replace Roof	45,000
43GR0013	Giants Ridge	Washout Repairs	1,500,000
43GR0014	Giants Ridge	Windows/Doors Replacement	165,000
Agency Total			\$2,384,999
State Academies			
44DA0047	Deaf Academy	Repair Roof Structural	45,068
Agency Total			\$45,068
Human Services			
55BR0030	Brainerd	Replace Water Mains Bldg 21	433,350
55SR0162	St. Peter	Replace Roof Voc Shop	401,000
Agency Total			\$834,350
Veteran's Affairs			
75LF0009	Little Falls	Replace Sanitary Sewer Lines	1,344
75MP0107	Minneapolis	Repair Lift Station Bldg 15	197,784
75MP0108	Minneapolis	Replace Steam Traps and Boiler	703,720
75MP0114	Minneapolis	Repair Water Damage Bldg 21	125,000
Agency Total			\$1,027,848

Agency and Project Number	Location	Description	Amount
Corrections			
78LL0065	Lino Lakes	Repair Sanitary Mains	75,000
78RW0049	Red Wing	Reroof Knox Bldg	972,750
78VA0010	Various	Improve Water Management Plans	75,000
Agency Total			\$1,122,750
Amateur Sports Commission			
9DBE0002	Natl. Sports Center	Replace MXL Series – FAS	44,900
9DEB0003	Natl. Sports Center	Repair Multiple Buildings	112,656
9DBE0004	Natl. Sports Center	Replacement RTU	101,972
9DBE0005	Natl. Sports Center	Replace HVAC Victory Links	61,211
Agency Total			\$320,739
Grand Total – All Agencies			\$8,038,312