



MINNESOTA STATE
Board of Trustees

AGENDA ITEM SUMMARY

NAME: Finance and Facilities Committee

DATE: June 21, 2023

TITLE: FY2024 Capital Program Recommendations (Second Reading)

- Proposed New Policy /
Amendment to Existing
Policy Approvals Required by Policy Other Approvals
- Monitoring/Compliance Information

PRESENTERS

Bill Maki, Vice Chancellor for Finance and Facilities
Brian Yolitz, Associate Vice Chancellor for Facilities

PURPOSE

Board Policy 6.9, Capital Planning, calls for the chancellor to make recommendations to the board for approval of capital investments for academic facility projects and asset preservation by the State of Minnesota.

BACKGROUND INFORMATION

The 2023 legislative session provided Minnesota State \$181.1 million in capital investments in college and university academic facilities. This included \$44.7 million for asset preservation through Higher Education Asset Preservation and Replacement (HEAPR) funding and \$136.4 million for fourteen major capital projects. Details are at **Attachment A**.

Outcomes of the 2023 legislative session directly impacted development of the chancellor's 2024 capital program recommendation to the board.

CHANCELLOR'S RECOMMENDATION

The chancellor recommends a capital investment request totaling \$523.2 million for the 2024 legislative session. The recommendation includes a request for \$200.0 million for asset preservation through Higher Education Asset Preservation and Replacement (HEAPR) funding and \$323.2 million for 15 major capital projects at individual college and university campuses. Project funding includes \$219.3 million to construct five (5) projects funded for design in 2023; \$52.5 million for five (5) projects not funded in 2023, three of which have reduced in size and scope; and \$51.4 million for five (5) new projects. Details are at **Attachment B**.

The recommendation is the result of ongoing college and university capital planning that generated nearly \$500 million in candidate projects for consideration. All projects were subject

to [board guidelines for the 2024 program](#) approved in April of 2022. The guidelines included four (4) major themes:

- Adapt and modernize academic and support spaces critical to student success
- Facilitate fulfilling the vision of Equity 2030
- Advance resilience and environmental sustainability
- No net increase in academic footprint.

In terms of asset preservation funding, Minnesota State has received a total of \$203.5 million in HEAPR funding through five (5) bonding bills between 2014 and 2023, less than one-third (31%) of the requested amount to address the most urgent preservation needs of college and university academic buildings.

As a result, the backlog of facility maintenance, the cost of those major building systems and components that have exceeded their useful lives, has grown to nearly \$1.4 billion. In addition, aging campus buildings and infrastructure add to the problem, with the estimated preservation needs over the next 10 years totaling over \$1.2 billion. The total current and future asset preservation need of Minnesota State colleges and universities is over \$2.6 billion.

Minnesota State, like other state entities, needs strong, sustained and predictable asset preservation funding to arrest this trend.

PROCESS AND NEXT STEPS

Since the 2023 capital investment bills were approved by the legislature on May 22, 2023 and signed into law by Governor Walz, this recommendation has been:

- Reviewed and approved by Chancellor Malhotra on May 30, 2023
- Shared with Chancellor Designate Olson on June 1, 2023
- Presented to and discussed with Leadership Council on June 5, 2023 at Lake Superior College
- Shared with Finance and Facilities Chair Cowles and Trustee Nishimura on June 5, 2023 and discussed on June 9, 2023.
- Shared with Board Chair Moe on June 5, 2023
- Reviewed by Board Executive Committee on June 7, 2023

Upon board review and approval the program request will be submitted to Minnesota Management and Budget and the state's Capital Budget System. Bonding tours by the House and Senate Capital Investment Committees will start in late August and run through the fall until the 2024 legislative session begins on Monday, February 12, 2024.

RECOMMENDED COMMITTEE MOTION

The Finance and Facilities Committee recommends the Board of Trustees adopt the following motion:

- A. The Board of Trustees approves the 2024 capital program recommendation as presented in **Attachment B**, specifically the projects and priorities for the 2024 legislative session.

- B. The chancellor is authorized to make project cost and related adjustments to the request as required, and to forward the request through Minnesota Management and Budget to the governor and legislature for consideration in the state's 2024 capital budget.
- C. The chancellor shall advise the board of any subsequent changes in the approved capital program prior to the 2024 legislative session.
- D. In addition, as funding is authorized and appropriated by the legislature and approved by the governor, the chancellor or the chancellor's designee is authorized to execute contracting actions necessary to deliver on the scope and intent of the projects.

RECOMMENDED BOARD MOTION

The Board of Trustees adopt the following motion:

- A. The Board of Trustees approves the 2024 capital program recommendation as presented in **Attachment B**, specifically the projects and priorities for the 2024 legislative session.
- B. The chancellor is authorized to make project cost and related adjustments to the request as required, and to forward the request through Minnesota Management and Budget to the governor and legislature for consideration in the state's 2024 capital budget.
- C. The chancellor shall advise the board of any subsequent changes in the approved capital program prior to the 2024 legislative session.
- D. In addition, as funding is authorized and appropriated by the legislature and approved by the governor, the chancellor or the chancellor's designee is authorized to execute contracting actions necessary to deliver on the scope and intent of the projects.

Date Presented to the Finance and Facilities Committee: 6/21/23
Date Presented to the Board of Trustees: 6/21/23
Date of Implementation: 6/21/23

Minnesota State 2023 Capital Program Request Outcomes

2023 Priority	Institution	Project Title	2023 Request (\$000)	2023 Funding (\$000)	% of Request
1	System wide	Higher Education Asset Preservation and Replacement (HEAPR)	\$173,680	\$44,733	25.8%
2	Minnesota State University Moorhead	Weld Hall Renovation and Accessibility Additions 2016, 2018, 2020 #4 - (\$628K - 2018)	\$23,099	\$23,099	100.0%
3	Inver Hills Community College	Technology and Business Center Renovation 2016, 2018, 2020 #5 - (\$698K - 2018)	\$22,025	\$22,025	100.0%
4	Minneapolis College	Management Education Center 2016, 2018, 2020 #7 - (\$990K - 2020)	\$20,457	\$20,457	100.0%
5	Pine Technical and Community College	Technical/Trades Lab Addition and Renovation 2020 #16 - (\$635K - 2020)	\$21,468	\$21,468	100.0%
6	Saint Paul College	Academic Excellence Renovation (Design) 2018, 2020 #8	\$1,671	\$1,671	100.0%
7	Minnesota North College - Vermilion Campus	Classroom Building Renovation 2018, 2020 #8	\$3,633	\$3,633	100.0%
8	Central Lakes College	Brainerd Student Services Renovation 2018, 2020 #9	\$11,591	\$11,591	100.0%
9	Northland Community and Technical College	Effective Teaching and Learning Labs – East Grand Forks Campus 2018, 2020 #10	\$3,282	\$3,282	100.0%
10	Minnesota State University, Mankato	Armstrong Hall Replacement (Design) 2020 #11	\$8,460	\$8,460	100.0%
11	Winona State University	Center for Interdisciplinary Collaboration, Engagement, & Learning (Design) 2020 #12	\$4,866	\$4,866	100.0%
12	Lake Superior College	Integrated Manufacturing Workforce Labs 2020 #15	\$8,316	\$8,316	100.0%
13	Metropolitan State University	Cyber Security Lab 2020 #15	\$5,196	\$5,196	100.0%
14	Alexandria TCC	Transportation Center Construction, Student Services Renovation, and Selective Campus Demolition (Design)	\$955	\$955	100.0%
15	Riverland Community College	Student Services Renovation – Austin Campus	\$12,084	\$0	0.0%
16	Southwest Minnesota State University	Wellness and Human Performance Center	\$1,327	\$0	0.0%

17	St. Cloud State University	Education and Learning Design Complex	\$5,450	\$0	0.0%
18	Rochester Community and Technical College	Heintz Center Renovation: Reimagining Education for a Diverse Workforce (Design)	\$1,546	\$1,347	87.1%
19	Minnesota West CTC	Nursing, Law Enforcement, and Student Service Renovation – Granite Falls, Worthington,	\$2,253	\$0	0.0%
20	Ridgewater College	Healthcare, Construction, Student Services, and Classroom Renovation	\$17,367	\$0	0.0%

Funded Request

Total Program	\$348,726	\$181,099	51.9%
Project Requests	\$175,046	\$136,366	77.9%
State Funding - Bonding	\$290,377	\$134,746	
State Funding – General Fund	\$290,377	\$1,347	
User Financing	\$58,349	\$45,006	

Minnesota State 2024 Capital Program Recommendation

2023 Priority	Institution	Project Title	2024 Request (\$000)	Future Requests (\$000)
1	System wide	Higher Education Asset Preservation and Replacement (HEAPR)	\$200,000	TBD
2	Saint Paul College	Academic Excellence Renovation 2018, 2020 #8, 2022 #6, 2023 (\$1,671 - Design)	\$30,494	\$0
3	Minnesota State University, Mankato	Armstrong Hall Replacement 2020 #11, 2022 #10, 2023 (\$8,460 - Design)	\$72,599	\$40,118
4	Winona State University	Center for Interdisciplinary Collaboration, Engagement, & Learning 2020 #12, 2022 #11, 2023 (\$4,866 - Design)	\$67,277	\$0
5	Alexandria Technical and Community College	Transportation Center Construction, Student Services Renovation, and Selective Campus Demolition 2022 #14, 2023 (\$955 - Design)	\$34,440	\$0
6	Riverland Community College	Student Services Renovation - Austin Campus 2022 #15	\$17,140	\$0
7	Southwest Minnesota State University	Wellness and Human Performance Center 2022 #16	\$14,018	\$0
8	St. Cloud State University	Education and Learning Design Building (Design) 2022 #17	\$3,429	\$52,423
9	Rochester Community and Technical College	Heintz Center Renovation: Reimagining Education for a Diverse Workforce 2022 #18, 2023 (\$1,347 - Design)	\$14,500	\$0
10	Minnesota West Community and Technical College	Nursing and Student Services Renovation - Granite Falls and Worthington Campuses 2022 #19	\$9,672	\$0
11	Ridgewater College	Electrician, Automation, and Nursing Education Renovation - Hutchinson Campus 2022 #20	\$8,268	\$0
12	Minnesota State College - Southeast	Student-Ready College and Campus Modernization - Winona Campus	\$14,575	\$0
13	South Central College	Instructional Lab Renovation - North Mankato Campus (\$250K Donor Funds)	\$6,189	\$0
14	Anoka Ramsey Community College	Science Labs and Classroom Modernization – Coon Rapids Campus	\$14,504	\$0
15	Dakota County Technical College	Technical Trades and Allied Health Renovation (Design)	\$1,588	\$20,237

16	Normandale Community College	Library Renovation	\$14,511	\$0
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2023 Design Funded
2023 Not Funded
New Project Request

Total Program	\$523,204
Project Requests	\$323,204
State Funding - Bonding	\$415,469
User Financing	\$107,735