



MINNESOTA STATE
Board of Trustees

AGENDA ITEM SUMMARY

NAME: Finance and Facilities Committee

DATE: November 16, 2022

TITLE: Contracts Requiring Board Approval

- a. 100 Wing Nursing Education Suite Renovation, Minnesota State College Southeast
- b. Library Building Renovation Design, Normandale Community College
- c. Social Sciences Building Lease, Southwest Minnesota State University

Proposed New Policy or
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

Marsha Danielson, President, Minnesota State College Southeast

Amy Schmidt, Vice President of Finance and Administration, Minnesota State College Southeast

Joyce Ester, President, Normandale Community College

Jill Boldenow, Vice President of Administration, Normandale Community College

Patrick Buhl, Associate Vice President of Operations, Normandale Community College

Kumara Jayasuriya, President, Southwest Minnesota State University

Deb Kerkaert, Vice President of Finance and Administration, Southwest Minnesota State University

PURPOSE

Board Policy 5.14, Contracts, Procurements, and Supplier Diversity, requires Board of Trustees approval of any procurement, lease agreement, or professional, technical, or consulting service contract with a value in excess of \$1,000,000 or contract amendment that would increase the total value of a contract to more than \$1,000,000.

**Contract Requiring Board Approval: 100 Wing Nursing Education Suite Renovation,
Minnesota State College Southeast**

BACKGROUND

Minnesota State College Southeast seeks board approval for a construction contract not to exceed \$2,250,000 to renovate approximately 6,000 square feet of the original 100 Wing of the Red Wing campus to create a new Nursing Education Suite. The renovation supports one of the largest programs on campus and will include a nurse station, patient rooms, medication room, a high-fidelity simulation lab, control room, clinical skills lab, storage, and faculty offices. New finishes, doors and hardware, acoustic controls, mechanical infrastructure, and lighting are planned to reflect modern nursing education environments.

The project leverages federal grant funding and aligns with goals identified in the most recent comprehensive facility plan.

FINANCIAL TERMS

This construction contract will be funded with a combination of approximately \$450,000 in federal grant funds and \$1,800,000 in Higher Education Asset Preservation and Replacement (HEAPR) funds totaling up to \$2,250,000. Subject to board approval, the construction contract will be publicly advertised via QuestCDN, our electronic bidding system and awarded to the lowest responsible bidder.

RECOMMENDED COMMITTEE MOTION

The Finance and Facilities Committee recommends that the Board of Trustees authorizes the chancellor or the chancellor's designee to enter into a construction contract not to exceed \$2,250,000 to renovate the 100 Wing and create a Nursing Education Suite at Minnesota State College Southeast. The Finance and Facilities Committee further recommends that the Board of Trustees direct the chancellor or his designee to execute all necessary documents.

RECOMMENDED BOARD MOTION

The Board of Trustees authorizes the chancellor or the chancellor's designee to enter into a construction contract not to exceed \$2,250,000 to renovate the 100 Wing and create a Nursing Education Suite at Minnesota State College Southeast. The Board of Trustees directs the chancellor or his designee to execute all necessary documents.

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Contract Requiring Board Approval: Library Building Renovation Design Contract, Normandale Community College

BACKGROUND

Normandale Community College seeks board approval of a design contract not to exceed \$2,500,000 as part of a two phased plan to renovate and upgrade the campus Library Building.

The Library Building was originally constructed in 1967 and was added to in 1979. The building includes the college’s library, seven (7) classrooms, staff, and support areas for their information technology (IT) functions including a TV studio, faculty offices, the college human resources department, Office of Student with Disabilities, TRIO, Equity & Inclusion, and testing services.

The project is a complete renovation of the Library Building (62,000 sq. ft.) to include relocation of major circulation paths and removal of physical barriers to accessibility, replacement and extension of the elevator, revitalizing the learning commons, upgraded building infrastructure to enhance energy efficiency and sustainability, and expansion of the interior mezzanine floor plate (4,190 square feet). The project would be delivered in two phases over a period of at least three years through multiple funding avenues at an estimated total project cost of \$32,800,000.

This project was identified in the 2016 Normandale Comprehensive Facilities Plan (CFP) and has been a priority in their financial planning. The college has been allocating funds towards this project since then. The college is in the process of updating their CFP and the project has been elevated to a short-term priority. The college is now in a position to finance the project utilizing several sources of revenue including federal funds, savings from their 2020 state general obligation (GO) bond capital project transferred to Higher Education Asset Preservation and Replacement (HEAPR) funds complemented with additional HEAPR funds, designated college operating funds, and future GO funds results of the state.

PHASE 1 – INFRASTRUCTURE UPGRADES AND ACCESSIBILITY

Scope of work: Designs all of Phase 1 and includes the design of Phase 2 through Design Development documents with improvements to the exterior envelope and mechanical, electrical, and plumbing (MEP) infrastructure. On the lower level, classroom and student services are reorganized, and restrooms are upgraded. The main elevator and stairs are reconfigured to eliminated barriers to accessibility at the entry connecting the Library Building to the main campus.

Costs and Funding: Phase 1 is estimated to cost \$18,000,000 and is being funded through multiple funding avenues:

Source of funds	Amount
Designated college operating funds – Design	\$2,500,000
HEAPR Funds – 2020 Capital Project	\$4,400,000
HEERF Funds	\$1,400,000
Designated college operating funds	\$9,700,000
Phase 1 – Total Estimated Project Cost	\$18,000,000

PHASE 2 – RENOVATION

Scope of work: Completes the design of Phase 2 and completes the renovation of the main level while expanding the mezzanine level. Phase 2 represents the most visually transformational change to the existing brutalist library interior. Significant interior improvements encompass new, reduced collection stacks, dedicated single, quiet, and group student study spaces, new furniture and finishes, circulation, and reference desks. Renovations extend to include library support spaces with offices for human resources, equity and inclusion, and faculty. Two classrooms serve to support library and general instruction.

Costs and Funding: Phase 2 is estimated to cost \$14,800,000 and has been submitted as a candidate capital project for consideration as part of the Minnesota State capital budget request for 2024.

Source of funds	Amount
State of Minnesota Capital Budget/General Obligation Bonding – 2024	\$14,800,000
Phase 2 – Total Estimated Project Cost	\$14,800,000

PROJECT DELIVERY AND TIMELINE

Given the complexity of the project, the college, subject to board approval, will solicit through the State Designer Selection Board (SDSB) a design team under the Construction Manager at Risk (CM@R) delivery method. Through CM@R, the construction manager (CM) is selected during the early design phase to provide input and recommendation on the design based on their experience. The CM establishes a Guaranteed Maximum Price (GMP) for construction prior to bidding. Subcontractors are prequalified prior to bidding on the project. Major project processes and milestones are:

Project Process	Milestone
Designer Selection	December 2022
Phase 1 Guaranteed Maximum Price (GMP)	May 2023
Occupancy Phase 1	June 2024
Phase 2 Guaranteed Maximum Price (GMP)	October 2024
Occupancy Phase 2	August 2025

BOARD APPROVAL AND REPORTING

The board is requested to approve a contract to design all of Phase 1 design and Phase 2 through Design Development documents. The rationale for designing through Phase 2 is to ensure building infrastructure improvements completed in Phase 1 are sized appropriately and aligned with the layout and intent of the future Phase 2.

The college will seek board approval for the CM@R construction contract associated with Phase

1 Guaranteed Maximum Price (GMP) in mid-2023. Additional board approvals will be sought should there be additional contracts estimated to exceed \$1,000,000. Phase 2 construction contract approval will be subject to inclusion in a Minnesota State capital budget request and funding by the State of Minnesota.

RECOMMENDED COMMITTEE MOTION

The Finance and Facilities Committee recommends that the Board of Trustees authorizes the chancellor or the chancellor’s designee to enter into a contract not to exceed \$2,500,000 for the design of the Library Building Renovation project at Normandale Community College. The Finance and Facilities Committee further recommends that the Board of Trustees direct the chancellor or his designee to execute all necessary documents.

RECOMMENDED BOARD MOTION

The Board of Trustees authorizes the chancellor or the chancellor’s designee to enter into a contract not to exceed \$2,500,000 for design of the Library Building Renovation project at Normandale Community College. The Board of Trustees directs the chancellor or his designee to execute all necessary documents.

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Contract Requiring Board Approval: Social Sciences Building Lease, Southwest Minnesota State University

BACKGROUND:

Southwest Minnesota State University (SMSU) seeks Board approval to enter into a long-term lease of their Social Science (SS) building to more effectively utilize campus facility space while addressing a regional educational need.

Under this agreement, SMSU will enter into a long-term lease agreement (20 years) of the SS building with the Foundation for Innovation in Education, a 501(c)(3) organization. The Foundation for Innovation in Education serves students in southwest and west central Minnesota with innovative and learning-rich educational opportunities so they can be positioned to learn, grow and find success through opportunities that help students discover their passion in life, provide opportunities to learn critical skills, and build local connections that lead to a rewarding future in the region's rural workforce and communities.

Foundation for Innovation in Education would in turn sublease the SS building to the Southwest West Central Service Cooperative (SWWC) and the Marshall Public Schools (MPS) to enable a collaboration called the Marshall Learning Center to serve two distinct student populations. The SWWC Marshall Educational Learning Center (ELC) will provide a full range of educational service alternatives designed to meet the needs of special education students with severe disabilities with a diagnosis of Autism Spectrum Disorder or behavior issues (specifically Setting IV) in their resident school district. Students will receive individualized attention from teachers and other staff who can tailor educational programs to meet their individual education challenges and objectives. The MPS Alternative Learning Center (ALC) will include classrooms, collaboration, group and individual learning spaces to meet the unique needs and circumstances of learners who require an alternative to the traditional school setting. Most ALC students are high school age. The location of the SS building across State Highway 23 from the Marshall High School will allow easy access to and participation at the high school.

The proximity of ELC and ALC services will expand field and practicum experiences currently available to students in the SMSU Department of Education. Students in special education, in particular, and those seeking secondary education certification, will be able to study, observe, and learn about the needs of these populations. Upon graduation, these students will be better prepared to meet these needs within the community and region.

Interior renovations of the SS building to support the ELC and ALS functions are being financed through a collaboration between the City of Marshall and Bremer Bank and the issuance of conduit revenue bonds and requires that the institution receiving the financing be a 501c3, in this instance, the Foundation for Innovation in Education.

FINANCIAL TERMS

The requested term of the lease is for twenty years to match the renovation financing term of the conduit revenue bonds. These bonds will be issued by the City of Marshall to the Foundation for Innovation in Education for the interior renovation of the SS building and incur no financial

obligation to the university. The financial terms of the twenty-year lease is \$5,389,163.12 paid by the Foundation for Innovation in Education to the university. The lease proposal includes provisions for rent adjustments in event utility costs exceed the built-in 2% yearly escalator and for four (4) 5-year renewal options at the discretion of the university and subject to board approval. The \$5,389,163.12 is income to SMSU.

RECOMMENDED COMMITTEE MOTION

The Finance and Facilities Committee recommends the Board of Trustees authorize the chancellor or the chancellor’s designee to enter into a lease of the Social Sciences building to the Foundation for Innovation in Education with a term of 20 years with the provision for four (4) 5-year options for the creation of the Marshall Educational Learning Center. The Finance and Facilities Committee further recommends that the Board of Trustees direct the chancellor or his designee to execute all necessary documents.

RECOMMENDED BOARD MOTION

The Board of Trustees authorizes the chancellor or the chancellor’s designee to enter into a lease of the Social Sciences Building to the Foundation for Innovation in Education with a term of 20 years with the provision for four (4) 5-year options for the creation of the Marshall Educational Learning Center. The Board of Trustees directs the chancellor or his designee to execute all necessary documents.

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