



MINNESOTA STATE
Board of Trustees

AGENDA ITEM SUMMARY

NAME: Finance and Facilities Committee

DATE: January 29, 2025

TITLE: System Facilities Initiatives and College and University Comprehensive Facilities Planning

Action

Review and Discussion

This item is required by policy

PRESENTERS

Bill Maki, Vice Chancellor for Finance and Facilities

Brian Swanson, Associate Vice Chancellor for Facilities

Karen Huiett, System Director, Capital Planning and Analysis

James Goblirsch, Assistant Vice President for Facilities, Winona State

Jason Theisen, Director of Facilities, St. Cloud Technical and Community College

PURPOSE

This agenda item is the second in the series of strategic discussions related to an overarching framework for the management of Minnesota State facilities. This presentation will build on the information provided in March 2024 with a more detailed look at the Comprehensive Facility Planning (CFP) process from the perspective of one university and one college. The presentation will also provide brief updates on the March facility recommendations. This presentation provides additional context for the next agenda item, the first reading of the updates to Board Policy 6.9 on Capital Planning.

BACKGROUND INFORMATION

The March 2024 presentation provided detailed background information on Minnesota State's current facilities portfolio as well as trend information on enrollment, capital investment funding, and the deferred renewal backlog. These issues remain ongoing challenges.

For context, Minnesota State college and university's 54 campuses include over 900 buildings totaling 28.5 million square feet of facility space. St Cloud State University has the largest footprint at 3.2 million square feet while the Owatonna campus of Riverland Community College is the smallest with 27,000 square feet. The 'average' size of our 54 campuses has 526,000 square feet of space. Additional background material is found in the three attachments: Building Space and Estimated Backlog 2024 (Attachment A), Student Full Year (FYE) Equivalent FY2015-2024 (Attachment B), and Credit Headcount Enrollment Fiscal Years 2015 to 2024 (Attachment C).

Campus space is broken down into two categories based on how they are funded for operations and capital investment. Academic and student support spaces total 22.5 million square feet, roughly 80 percent of campus facility space, and are funded through state capital investment and institutional general operating funds made up of primarily state appropriations and tuition. Twenty percent, or 5.9 million square feet, of facility space is in the Minnesota State Revenue Fund which utilizes the Minnesota State's statutory authority to sell revenue bonds for capital investment and Revenue Fund operating funds generated from fees associated with facility and program use. Generally, these facilities are required to have fees that generate sufficient revenue to pay debt service, operate, equip, maintain, and repair the facilities. Revenue fund facilities include residence halls, student unions, some parking facilities, health/wellness centers, and a few other facilities. The bulk of the activity in this fund is at universities for student housing, food service, student unions, wellness centers, and parking.

Minnesota State is moving forward with a 2025 State Capital Request based on the previously approved, but unfunded, 2024 State Capital Request. The 2025 request totals \$552.3 million including \$200 million for HEAPR and \$332.3 million for major projects. These projects have been adjusted for inflation where necessary. This is clearly an aspirational request although one that is reflective of the scale of funding that is required to maintain and support a system of this complexity and scale.

The 2026 Capital Budget Request development is underway. 18 candidate projects totaling \$639 million were submitted for consideration. These projects will be scored and prioritized in February then shared with the Leadership Council in March, followed by Board review and approval in May and June.

The conclusions from the data presented in March showed that overall Minnesota State colleges and universities are overbuilt for current and foreseeable needs. There are simply not enough resources, capital or operating to properly maintain and sustain the Minnesota State's college and university campus facilities. A dramatically new approach and strategy towards planning, assessing, and prioritizing academic programs, campuses, facilities and space allocations is needed at the system-level while also understanding how each college and university situation is different.

COMPREHENSIVE FACILITY PLANS PRESENTATION AND DISCUSSION

The goal for campus comprehensive facilities planning is to provide the campus with a framework to align its financial, physical, and academic resources to deliver the best higher education to its students. Comprehensive Facilities Plans (CFPs) set the strategic direction of how short-, mid-, and long-term projects intend to fulfill the mission of teaching, research, and public service. The vision within the CFP accounts for enrollment projections, accommodates evolving academic missions and accreditations, anticipates more sustainable campuses, and offers a clear, incremental approach for facilities development over a 2–20-year window.

Comprehensive Facilities Plans are generally a year-long process that produces a reference and guide for future campus development. The process includes the integration of academic,

technology, residential, athletics, sustainability, and other plans to fully understand the larger context of how the physical campus supports the mission. Current guidelines recommend that campuses update their CFPs every 5 years or when significant changes in leadership or mission occur.

Participation in the planning process follows the shared governance structure and includes faculty, staff, and students. Public engagement with neighbors and regional businesses is encouraged. The production of the CFP involves assembling and analyzing a large amount campus data then preparing illustrations and text that show and describe the desired future outcome.

Institutions use their CFPs primarily to develop projects for a capital budget or revenue bond request, evaluate and improve space utilization, improve overall campus efficiency, and build resilience to future events. Over time, capital projects identified in the CFP may become candidates for a capital budget request by preparing a predesign that describes the problem to be solved and proposes a budget and program to meet the need.

Although the CFP process and guidelines provide a standardized approach, there are implementation challenges with data collection and integrity, responding to societal changes, and meeting business partnership needs. These challenges are exacerbated by erratic bond financing and the legislative cycle.

Winona State University Comprehensive Facilities Plan Summary

Winona State University (WSU) completed the CFP process in the fall of 2022. With campus locations in Winona and Rochester, the university's 34 buildings (more than 2.2 million square feet) and 70-acre main campus currently host 5,514 FYE. Winona's Comprehensive Facilities Plan "is a resilience plan that addresses the future of learning and provides a comprehensive, integrated framework for an equitable, climate positive, and regenerative campus" ([Our Brilliant Tomorrow](#), 2022).

What makes WSU's CFP unique are its guiding principles, campus engagement, and interactive electronic publication. WSU has two candidate projects for the 2026 Capital Budget Request and more than \$15 million Higher Education Asset Preservation and Replacement (HEAPR) requests for roof, HVAC, exterior envelope, accessibility, and electrical upgrades.

St. Cloud Technical and Community College Comprehensive Facilities Plan Summary

St. Cloud Technical and Community and Technical College (SCTCC) is in the process of completing a CFP. The single campus location includes 5 buildings (approximately 498,000 square feet) across 44 acres hosting 2,759 FYE. St. Cloud Technical and Community College's CFP is focusing on improving the student experience through enhanced wayfinding, increasing class utilization, and providing the sizes and types of spaces that support informal and civic engagement.

What makes SCTCC's CFP unique are the analytical approach to understanding student instructional preferences and the on-line growth potential, the overall high facility condition index, and its approach to managing the high cost of electricity. SCTCC does not have a capital

budget request for 2026 and has more than \$10 million in HEAPR requests for roof and HVAC replacements.

UPDATES ON 2024 FACILITY RECOMMENDATIONS AND GOALS:

Facility Condition Assessment: Establish a third-party Facility Condition Assessment (FCA) requirement and strategy to independently verify site and building details and their conditions.

Status – Minnesota State’s current facilities and site data is outdated and has been inconsistently managed for over 15 years. Our confidence in reporting the approximately \$1.7 billion backlog of maintenance is decreasing. This has led to challenges in campus and facilities planning. Facilities will issue a RFP for a vendor to update the systemwide facility condition assessment and develop an ongoing data management strategy. The proposed update may include:

- *Building FCAs, to include all components within 10 feet of the building, to gather an updated and complete baseline of overall square footage, replacement values, backlog, capital needs and condition of all campus structures.*
- *Site assessments shall include, at a minimum, an evaluation of topography, drainage, and undeveloped land.*
- *Infrastructure shall include utilities, retaining walls (if present), athletic fields and support structures, paving/parking areas, curbing, walkways, courtyards, and site lighting.*

The FCA program is currently managed by system office staff, this project will also be centrally managed. Staff have conferred with both the University of Minnesota and the Minnesota Department of Administration on their most recent FCA efforts. The FCA methodology proposed will be similar to that used by the Minnesota Department of Administration and include all buildings, both general and revenue fund.

- *Phase 1. Initial building models, field guide development and training. Vendor engaged by summer of 2025 with completion of scope by the end of the year. Estimated cost approximately \$150,000.*
- *Phase 2. Campus visits, model assignment, assessment and reporting over three years. The estimated cost for building assessment is approximately \$2.9 million. Costs for assessing site and infrastructure are difficult to estimate at this time.*
- *Overall, the upper limit cost estimate for the entire scope of work is approximately \$4.8 million and could be completed by the end of 2028.*

Space Scheduling and Utilization Study and Analysis: Establish recurring tempo and responsibility for Workday space data validation and reconciliation and provide objective input for college and university Comprehensive Facilities Plans (CFP) and planning.

Status – Minnesota State does not have a single comprehensive space database with all space across the system. Ideally there would be standardized floor plans with all space coded per the National Center for Educational Statistics’ Facilities Inventory and Classification (FCM) manual. Efforts to improve space reporting and analytics, including any measures of how efficiently space is being used across the system, will require comprehensive and accurate data that does not currently exist. Improving space data will need to be a collaborative effort of Facilities and

Academic and Student Affairs.

Facilities undertook a major effort to clean-up and standardize owned campus location data for the initial WorkDay implementation as the Location field is a common field used across multiple system modules. A second larger and more complex effort will be required to standardize the remainder of the space data from the EMS (space and scheduling) system to import that data into WorkDay for the Student module implementation. This effort provides the opportunity to validate and reconcile the existing data and to fill in information where there are gaps in the current information. Currently approximately 45 percent of the Minnesota State space is classified as “Unknown”.

2026 Capital Program Guidance: Incorporate enrollment, facility, and funding trends and Board of Trustee feedback into proposed guidance for the 2026 capital program request. Rationalize capital program recommendation content, scope, and size with the reality and potential for state funding.

Status – Complete for 2026 request. The capital program will continue to evolve for future requests. For this initial year a readiness evaluation phase to the scoring was added. For 2026, all projects were advanced through the evaluation to general scoring. As noted above, 18 candidate projects are being taken through the General Scoring process at present. A comparison of the capital projects from 2025 to 2026 shows roughly a 40 percent increase of more than \$143 million. This change is due to a variety of factors including significant changes in scope, inflation, changing regulations, requirements for design and construction funding in the same capital budget request, and more accurate design and cost information.

Update Comprehensive Facilities Planning (CFP) Guidance: Review and improve integration of the CFP process with college and university strategic plans, academic plans, enrollment management plans, diversity and inclusion plans, workforce planning, and information technology plans and incorporate findings and outcomes from workplan items above in CFP guidance and capital program development strategies.

Status – The update to Board Policy 6.9, Capital Planning as well as implementing Facility Condition Assessments for all campuses are necessary precursors to updating the overall guidance to comprehensive facilities planning. The system office and campuses recognize that the long-range high effort of the CFP happens at a different cadence than either the necessary data validation or capital budget updates. Going forward, our goal is to reduce the cost of this effort while creating a nimbler, more useful, and more responsive plan.

Repurpose and Remove: Develop a system framework and strategy for reviewing underutilized, excess, and obsolete space for reuse and repurposing for complementary functions and activities. Review Minnesota State campus leased spaces. Mothball obsolete campus space. Develop and implement incentives and strategies for demolition of obsolete space.

Status – The 2025 operating budget request contains \$25 million for targeted building demolitions. An initial program of demolition opportunities includes 29 buildings totaling more than 1.3 million square feet (roughly 5% of our total portfolio). The proposed campus reserve

loan program provides an additional potential opportunity for demolition funding to campuses. The demolition program process was introduced at the CFO conference in December. Updates to Board Procedure 7.3.13, Surplus Property/Building Disposal are in progress.

Maximize impact of available funding: Evaluate strategy options for tiered or alternative design standards. Assess the need for all campus facilities to be designed and built to a 50+ year standard. Consider lifecycle costs for high demand and utilized spaces versus lower demand or utilized facilities and recommend options.

Status - An analysis of lifecycle costs (Total Cost of Ownership) was added to the requirements for 2026 capital project submissions. This analysis was evaluated and scored as part of the project readiness evaluation process.

A comprehensive review of design standards, potential “tier” strategy, project processes and procedures, historical project data, and associated work is underway, with a target implementation for the 2028 capital project process (which begins in 2026).

Explore Alternative Funding Streams: Consider updated and alternative funding streams for asset preservation including increasing Repair and Replacement (R&R) standard for college and university investment in campus facilities from \$1.00 to \$3.00 per square foot or verified industry standard and index inflation. Assess if and how a Facilities Fee would be utilized and directed to asset preservation.

Status – In October, Facilities applied for a substantial loan from the federal Department of Energy’s Loan Program Office, to implement an energy savings performance contracting program across the system, which would leverage future energy savings, utility rebates, and state and federal clean energy incentives to offset up-front capital costs on energy efficiency and renewable energy projects. The end goal of this program is a significant system-wide reduction in campus operating costs, energy consumption, and deferred maintenance obligations. Additionally, Facilities has been meeting regularly with the Minnesota Climate Innovative Finance Authority (MnCIFA), the State “green bank,” to discuss potential project financing opportunities. Facilities will be partnering with MnCIFA to finance energy efficiency pilot projects at three campuses, targeting implementation in 2025.

While Facilities is excited to pursue these energy financing opportunities, this program would only apply to energy-consuming assets and does not address the broader capital asset renewal funding needs. Supplemental legislative funding could expand the program to include innovative sustainable technologies such as geothermal heating, solar energy, and battery storage, rather than continuing to replace assets “like-for-like” using legacy technologies.

The 2025 operating budget request contains \$50 million for Repair and Replacement funding. This one-time appropriation would be used similarly to the Higher Education Asset Preservation and Replacement (HEAPR) funding provided through the State bonding process. Unfortunately, there are very few truly “new revenue” sources for asset renewal that do not simply reallocate existing State of Minnesota operating funds or student tuition and fees.