



FY2012-2017 Capital Budget Request

**Finance and Facilities Committee
June 21, 2011**



Purpose

- Gain Board of Trustee approval of the Capital Budget request for FY2012-2017, specifically the capital project list and priorities for 2012.



Outline

- Recommended budget request
- Campus facility master plans
- Board guidelines
- Capital program history
- Motion



Capital Budget Request

- Total Request for FY2012: \$344.2M
 - HEAPR: \$110.0M
 - 28 Projects: \$222.6M
 - Over \$90M in HEAPR-type work
 - 3 System initiatives: \$11.6M
- Reflective of Board Guidelines and Direction
- Carry forward and new requirements
 - 19 projects/1 initiative from 2010 - \$193.4M
 - 9 new projects and 2 initiatives - \$40.7M
- Assumes of no FY2011 program



Campus Facility Master Plans

- Board Policy 6.4 – *Facilities Planning*
- Campus facility master plans:
 - Capture 25 - 50 year vision
 - Detail capital requirements in 5 year increments
 - Update every 5 years, two “updates” complete
 - Presented to Office of Chancellor, approved by Vice Chancellor for Finance
- Key master plan components:
 - Summary: campus and regional demographics, academic plans and programs, workforce, academic and employer partnerships
 - Existing facility conditions
 - Framework for campus and facility needs
 - Incremental capital investment plan with sources



Board Guidelines: Strategic Plan

- Program built and scored on Strategic Plan:

Strategic Direction	Key Scoring Elements:	Max Points
Access and Opportunity	<ul style="list-style-type: none"> • Demographic trends • Labor market trends • Regional needs • Improve instruction 	<ul style="list-style-type: none"> • Partnerships / Transfer • Metro 4-year programs • Underrepresented students <p>25</p>
Quality Programs and Services	<ul style="list-style-type: none"> • Efficient academic delivery • Space utilization • Enhanced flexibility 	<ul style="list-style-type: none"> • Rightsize: lease, mothball, or demo • Space renovation • STEM programming <p>30</p>
State and Regional Competitiveness	<ul style="list-style-type: none"> • Workforce connection • Agency and employer partnerships 	<ul style="list-style-type: none"> • Other funding sources • Program economic viability <p>25</p>
Innovation and Future Needs	<ul style="list-style-type: none"> • Innovative delivery methods • Flexibility 	<ul style="list-style-type: none"> • Collaboration • Backlog and renewal reduction <p>30</p>
Long Term Viability	<ul style="list-style-type: none"> • Linkage to Master Plan • CFI / FCI • Campus R&R rate 	<ul style="list-style-type: none"> • Operating costs • Energy conservation • Sustainability <p>45</p>



Request Trends

- Advance evaluation reduced new projects
 - 2008: 68 new projects/initiatives proposed
 - 2010: 67 new projects/initiatives proposed
 - 2012: 44 new projects/initiatives proposed
- For 2012, all projects evaluated:
 - 44 new projects/initiatives and 19 returning
 - 4 projects and 10 initiatives not recommend
 - 16 projects reduced from \$128M to \$78M
- Process reflects ongoing need to reduce physical plant size
 - 15 projects rightsize spaces or demo/remove from inventory



Historical Recommendations

- Practice of 3 biennium presentation to the Board:

Budget Year	Request	+2	+4
2002	\$250.7M	\$248.9M	\$250.0M
2004	\$274.8M	\$204.3M	\$205.0M
2006	\$280.4M	\$261.2M	\$119.1M
2008	\$347.3M	\$260.3M	\$120.5M
2010	\$396.8M	\$247.0M	\$122.2M
2012	\$344.2M	\$243.8M	\$194.9M



Request Versus Funding

- Capital funding history:

Funding Amount	1998/99	2000/01	2002/03	2004/05	2006/07	2008/09	2010/11	2012/13
Requested	\$214.4	\$230.0	\$250.7	\$292.6	\$280.4	\$347.3	\$396.8	\$344.2
Received	\$143.1	\$131.0	\$218.6	\$213.6	\$191.4	\$264.2	\$106.2	TBD
% of Request	67%	57%	87%	73%	68%	75%	27%	TBD

- For FYs 1998/99 – 2008/2009:
 - Total capital funding requested: \$1.62B
 - Total capital funding received: \$1.16B
 - 72% of requested amount over the period
 - Account for approximately 21% of state bonding bill



The Way Ahead

June 15	First Reading - Complete
June 21/22	Second Reading - Board Approval
June 25	Capital budget submitted to MMB
August - Dec	Legislative bonding campuses visits
October	Final modifications to project list
January 13, 2012	Governor submits 2012 Strategic Capital Budget to Legislature
February 2012	Legislative session begins
May 2012	Legislature adopts, Governor approves 2012 bonding bill



Recommended Motion

The Board of Trustees approves the FY2012-2017 Capital Budget as presented in Attachment A, specifically the projects and priorities for FY2012.

The Chancellor is authorized to make cost and related adjustments to the budget as required, and to forward the Capital Budget to the Governor for consideration in the FY2012-2017 state capital budget.

The Chancellor shall advise the Board of any subsequent changes in the Capital Budget prior to the 2012 legislative session.



Development Process

- Board Guidelines – May 2010
- Board of Trustees Updates
- Facilities Staff review and feedback
- Scoring – January 2011
- Public Hearing – February 15, 2011
- Physical Plant and Capital Program Size – April 2011
 - Target \$350M: \$110M HEAPR/\$240M projects
 - Right size, workforce development, financial sustainability
- Leadership Council – June 7, 2011



Program Focus Areas

- Higher Education Asset Preservation and Replacement - HEAPR:
 - \$110.0M
 - Code compliance, exterior of existing building or infrastructure repairs, and renewal
- Renovation, rightsizing and demolition:
 - \$100.6M
 - 15 projects and classroom initiative
 - \$78.1M of work is HEAPR-like



Program Focus Areas

- Science and Allied Health:
 - \$83.4M
 - 7 projects and STEM initiative
 - 4 major projects:
 - North Hennepin and St Cloud State
 - MSU Mankato and Metropolitan State
- Workforce development:
 - \$16.5M
 - 3 projects – transportation programs

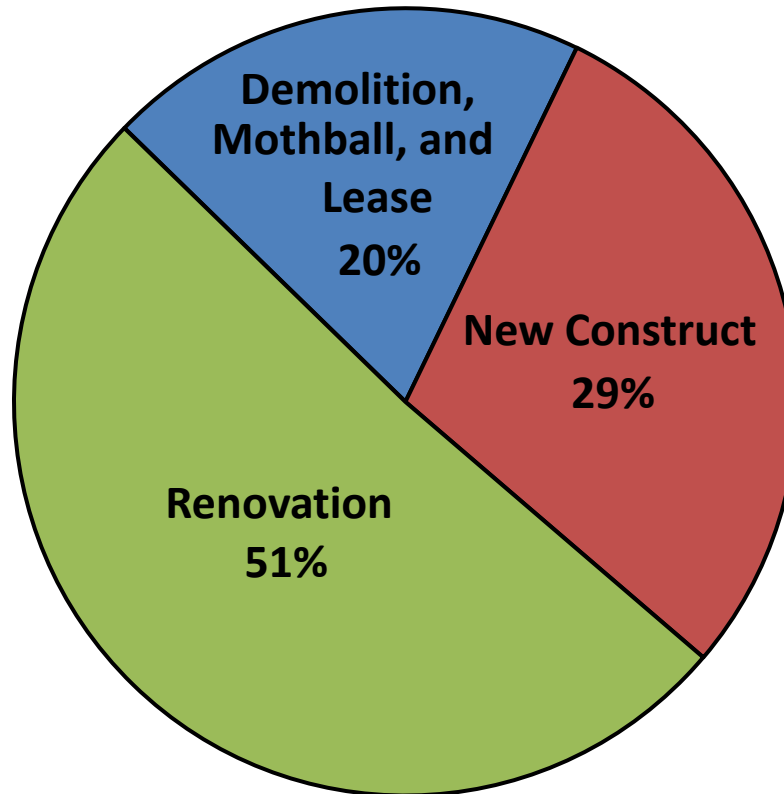


Program Focus Areas

- Capacity and Development:
 - \$33.6M
 - 3 projects and energy initiative
 - Sustained FYE growth:
 - Century and Normandale
 - Programs:
 - Mesabi Range (Virginia) and Energy



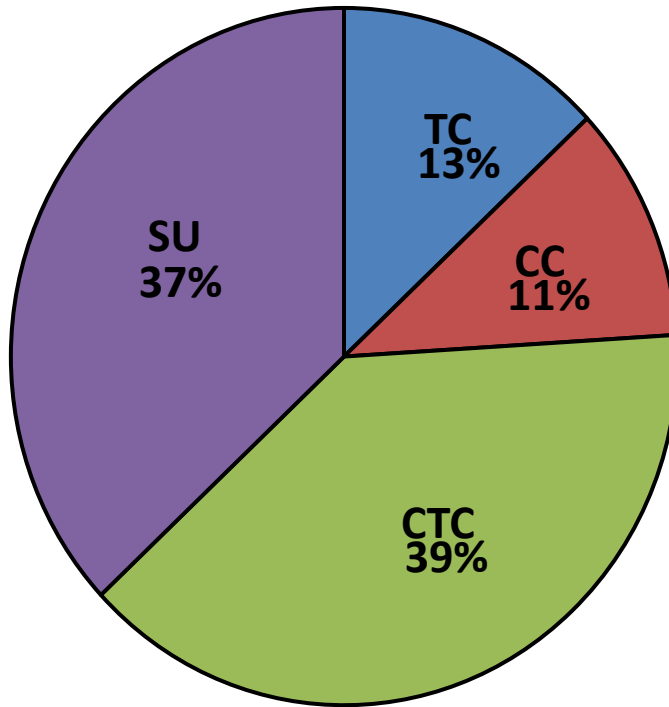
Program Scope: Square Footage



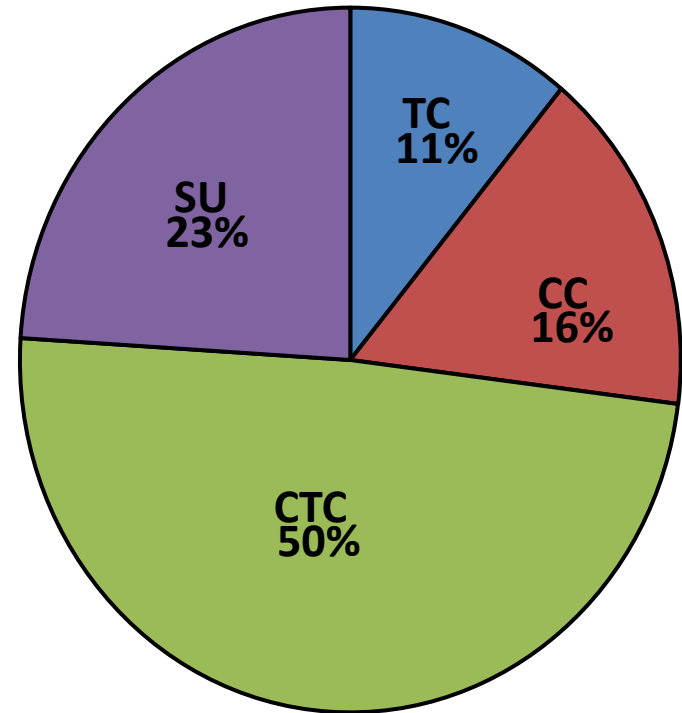
- Total Scope: 1.45 million square feet



Institutional Square Footage



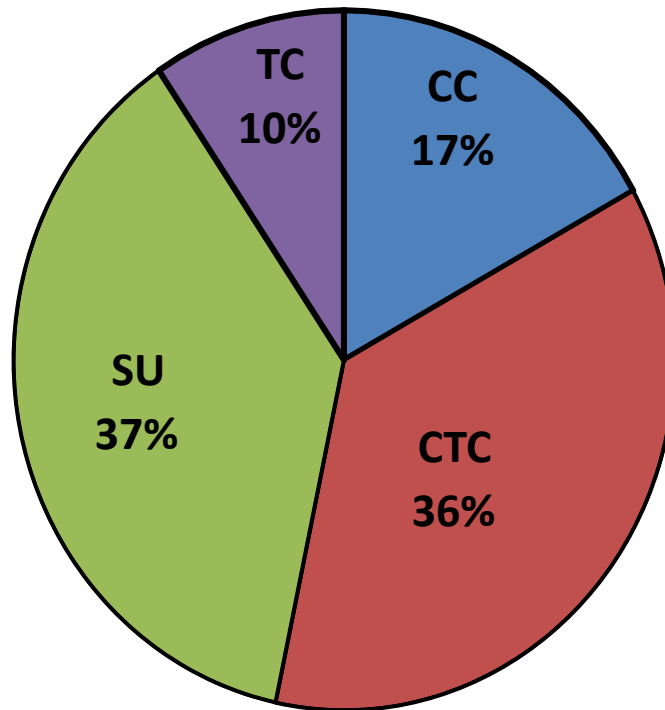
**2011 Academic
Gross Square Footage
21.7 million square feet**



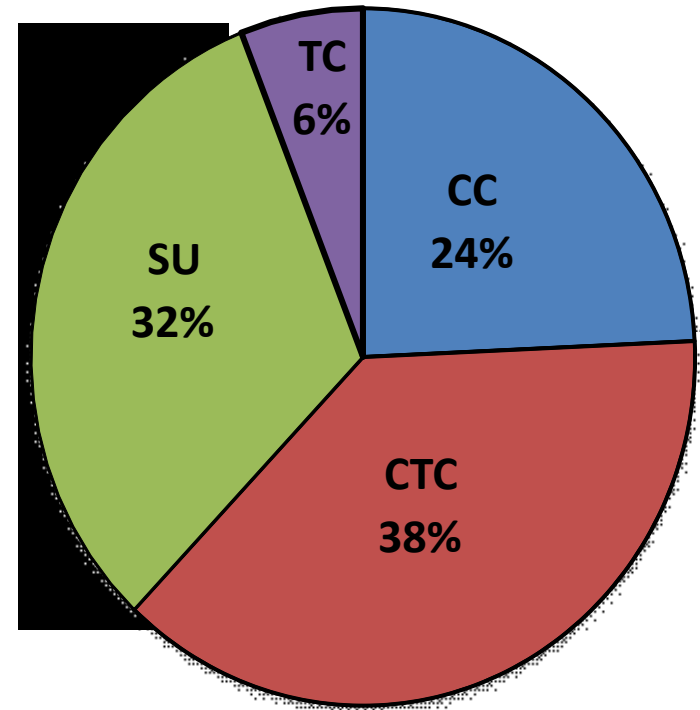
**2012 Proposed Budget
1.45 million square feet**



Distribution By Institution Type



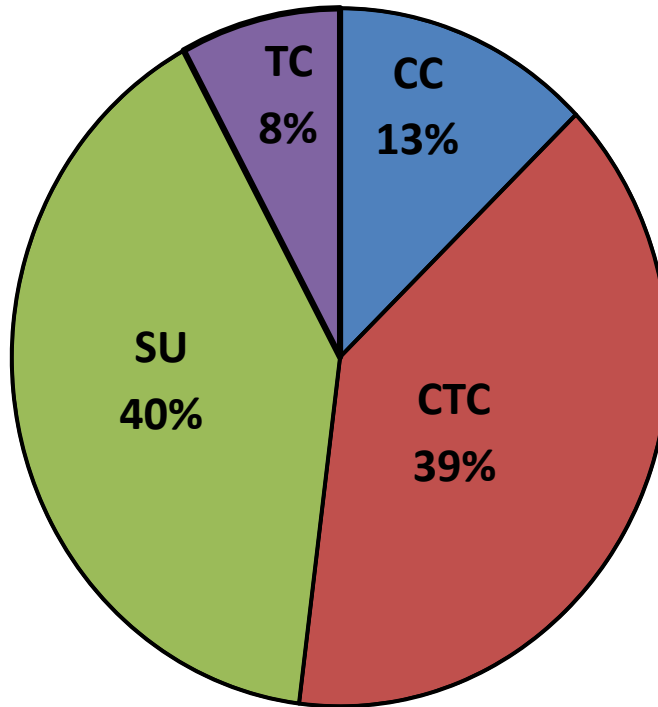
2010 FYE Distribution
155,423



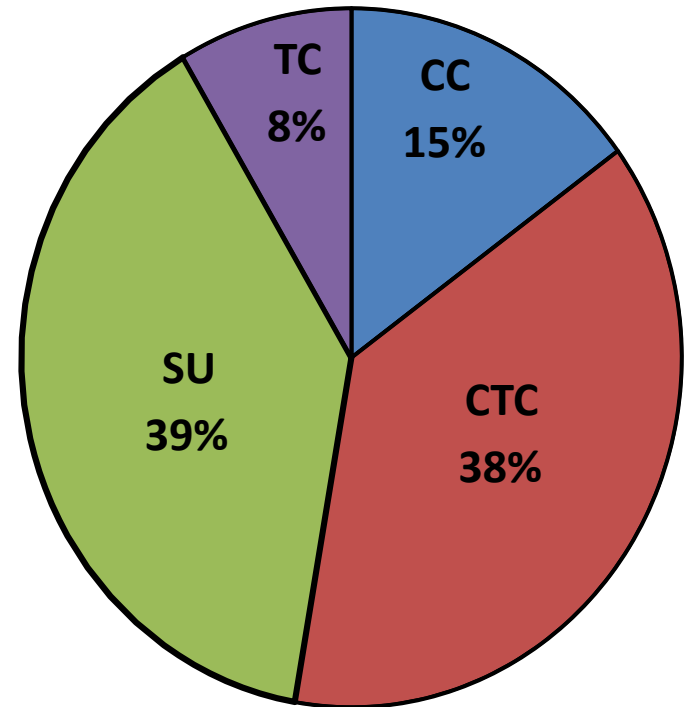
2012 Proposed Budget
\$344.2 million



History By Institution Type



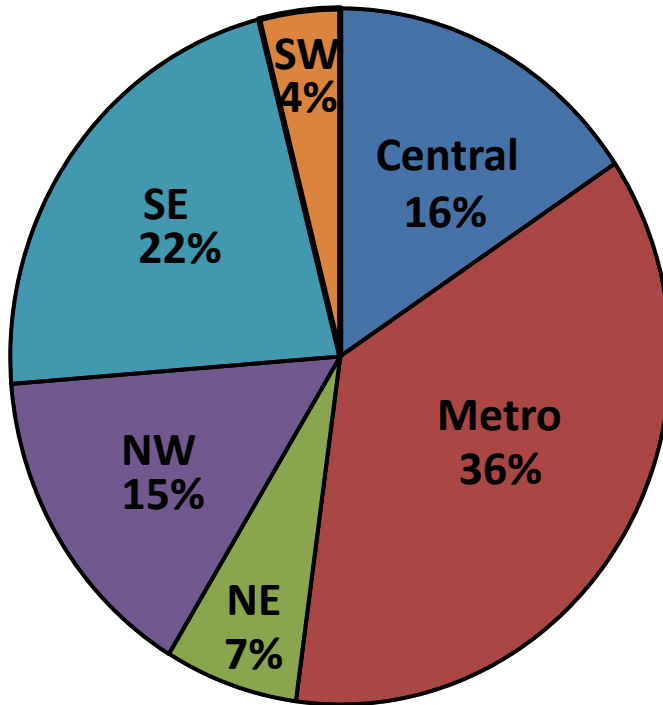
**2000-2010 Capital Appropriations
\$1.136 billion**



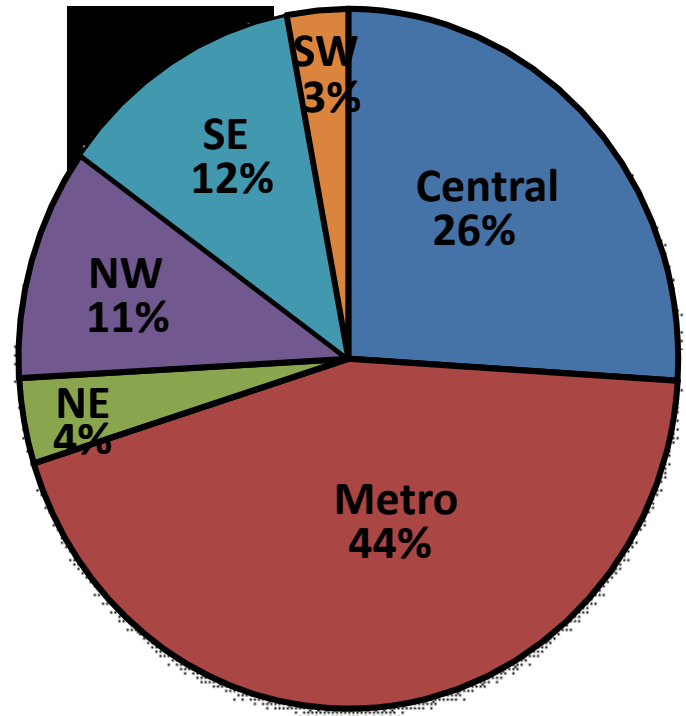
**2000-2010 Capital Appropriations
Plus 2012 Proposed Budget
\$1.480 billion**



Distribution By Region



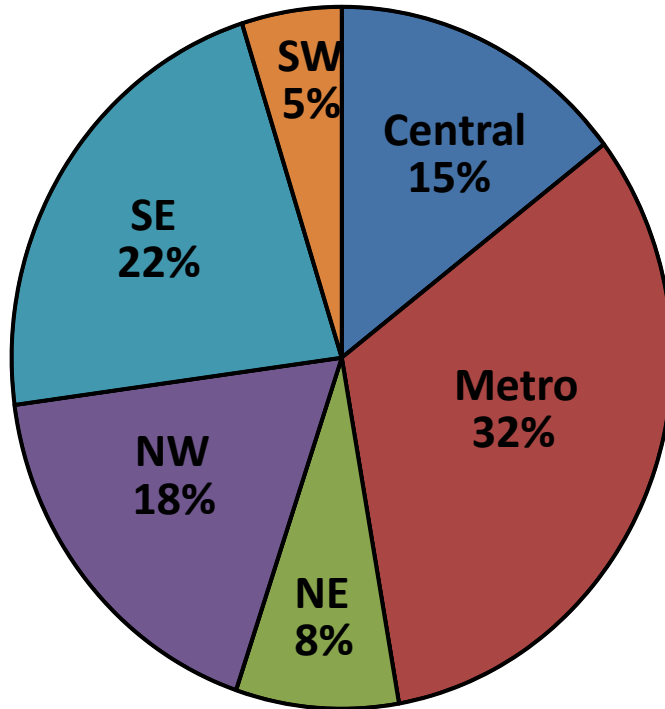
2010 FYE Distribution
155,423



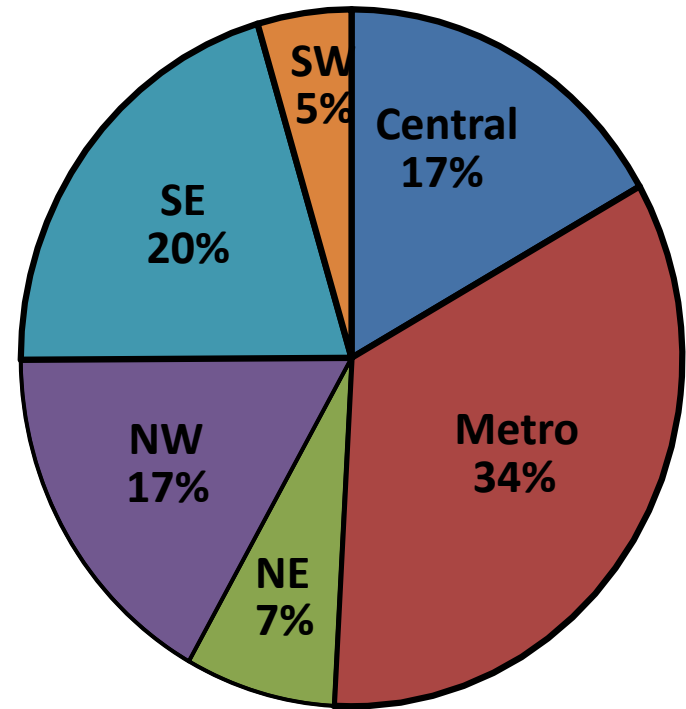
2012 Proposed Budget
\$ 344.2 million



History By Region



**2000-2010 Capital
Appropriations
\$ 1.136 billion**



**2000-2010 Capital
Appropriations
Plus 2012 Proposed Budget
\$ 1.480 billion**



Maximum Debt Load and Service

- Total potential debt of program: \$344.2M
 - Minnesota total principle outstanding: \$10.6B
 - Issued and authorized but unissued, MMB Feb 2011
- System carries one-third project debt
 - FY2012 program: \$78.1M
 - System capital debt: \$219.5M as of June 2011
- System debt service
 - Estimated annual debt service: \$6M
 - \$3M to Campuses, \$3M System Office
 - Current total capital debt service: \$30M
 - \$15M by Campuses, \$15M System Office



FY2012-2017 Capital Budget Foundation

- Foundation: System Strategic Plan
 - Increase access, opportunity and success
 - Ensure high quality programs/services
 - Integrate to state/region
 - Innovate
- College and university strategic plans
 - Campus updated facilities master plans
 - Integrated academic, technology, and financial plans
- Planning outcome = facilities requirements and capital projects



FY2012-2017 Capital Budget Guidelines

- Increase access, opportunity, success
 - Demographics, collaboration, 4-year growth, underrepresented growth and programs
- High quality academic programs and services
 - Efficient programs delivery, improve space utilization, rightsizing, demolition, completed planning rational, favors renovation and STEM
- Integral to state/regional economic needs
 - Workforce demand, rationale realistic, leverage funding, economic vitality



FY2012-2017 Capital Budget Guidelines

- Innovate to meet current and future educational needs efficiently
 - Multifunctional spaces, multiple delivery modes served, collaboration with other campuses, multiple program use, flexibility, effective use of space, “best value for learning”
- Long term viability
 - Integrate planning, backlog reduced, FCI and CFI solid, campus funding, operational cost, energy efficiency, utility infrastructure