Today we’ll discuss the schedules and submittal requirements for the 2 parts of Minnesota State’s 2022 capital budget request: Major capital projects, and HEAPR projects.

This presentation will be recorded. The recording will be available on the Facilities website within a few days.
Our agenda looks like this. We’ll start with the most important things for you to know right now, and then go into the details of what you’ll submit, when you’ll submit it, and how our capital projects will be evaluated.

For more details on the capital budget process, including HEAPR, please see the Capital Budget Instructions document on our website (link on a later slide).
Most important things to know

1. Board’s Capital Budget Guidelines should be approved this month
2. Capital Budget and HEAPR schedules updated
3. New templates and scoring forms are available
4. Predesign Guidelines have been updated

1. The Board’s guidelines should have been approved at the March meeting, but were delayed until the April meeting. I’ll show the preliminary guidelines in a later slide.
2. We’ve adjusted the capital budget request schedule; the HEAPR schedule remains largely unchanged.
3. Templates and capital budget instructions are located on our website; link in a later slide
4. Predesign Guidelines are updated; there is also a document explaining the changes. All located on the same webpage as the templates and capital budget instructions.
2022 Capital Budget Guidelines (not final)

1. Protect and modernize academic and student support spaces
2. Facilitate fulfilling the vision of Equity 2030
3. Energy efficiency and renewable energy infrastructure
4. New square footage that enlarges the campus footprint in rare cases only
5. Value internal and external partnerships
6. Seek funding for college and university priorities

These are similar to previous guidelines, but note the addition of the Equity 2030 goal. The guidelines apply to capital projects, HEAPR projects, and Revenue Fund projects submitted in FY2020 and FY2021.
Minnesota State’s 2022 request will target $350 million in total funding. This is significantly larger than our 2020 request, which is $271 million. This reflects our increasing backlog and need for capital investment in our aging facilities.
This is the HEAPR schedule for a potential 2021 request, if the legislature indicates it’s willing to consider an odd-year bonding bill.

Since HEAPR predesigns don’t normally require a lot of stakeholder engagement, these deadlines haven’t been shifted. If you need flexibility, please contact me.

Generally, the predesign for an existing HEAPR project can be reused if it’s no more than 3-4 years old. Make sure you’re getting updated cost and schedule info from the architect or engineer who wrote the predesign. Any significant changes in scope will require a new predesign. And remember that all HEAPR projects, whether new or existing, require a new or updated Narrative and Budget Workbook each year – those documents don’t “roll over” from any previous submittals.
This is the schedule for an even-year HEAPR request in 2022.
For Capital Budget Requests (GO bonding projects). This adjusted schedule moves most of the deadlines out by 3 months. Normally the 50% draft documents would be due in early August. We don’t yet have details about how the scoring process will work; that will be determined this fall when we have a better sense of whether social distancing measures will still be needed.

The February 11, 2021 deadline for 100% submittals is a hard deadline – all project documentation must be submitted by this date for a project to be part of the scoring process for the 2022 request.
The Capital Budget Requests Sharepoint, which is shown as a link on this webpage, is where you’ll upload your documents for GO and HEAPR projects.

I’ll also have a link to the Sharepoint site at the end of this presentation.
The details: Capital Budget Requests
First, let’s discuss the details for submitting capital projects – projects funded by General Obligation (GO) bonding. We’re planning to request about $200 million in GO bond funds in our 2022 request.
Anyone who’s gone through a capital budget request in recent years knows that it’s a lengthy process, and it can be easy to lose sight of the end goal... so it’s best to begin with the end in mind, and keep the end in mind as you go along.

“Begin with the end in mind.”

-- Stephen Covey, 
The Seven Habits of Highly Effective People
In the end, it’s all about creating efficient and effective spaces for students, faculty, and staff....
Begin with the end in mind

...spaces that support students’ needs and help them succeed.
Tell your story

The state legislature, as well as the governor and MMB, are most interested in hearing the story of your project: why the project is important, how it contributes to student success, and how it’s an effective use of taxpayer dollars. Input from the project’s stakeholders is a critical part of the predesign process to strengthen the project’s story.
But before your project ever goes before the legislature, you have to convince your peers, as well as system leadership, that your project is a worthy addition to the Board’s 2022 request. The capital budget scoring process, which I’ll discuss in a few minutes, is how our system evaluates and prioritizes candidate projects for potential inclusion in the Board’s final list.
Here’s a simplified view of the capital budget process. As of today, the Board guidelines for 2022 have not been formally approved – that should have happened at the March Board meeting but has been delayed. We anticipate they’ll be approved at the April meeting next week, and that will mark the official start of the 2022 capital budget process.

For this presentation, I’ll be focusing on what needs to happen within the time period marked by this orange box: This is where most of the on-campus work occurs for capital (GO bonding) projects, during the predesign and project scoring processes.
There are 2 mechanisms for procuring architectural or engineering services for predesign: The professional/technical master contract (PTMC), or a standard contract. The PTMC allows you to bypass the public RFP process, which can be time-consuming. However, total fees must be under $100,000 to use the PTMC, and you are limited to soliciting firms that are on the PTMC pre-approved list.

A standard contract, with a public RFP, allows campuses greater flexibility in soliciting proposals from a variety of consultants but takes much longer. You’ll need to allow time for the RFP process and time to negotiate the contract before predesign work can begin.

I have predesign RFP templates available for both the PTMC and public contract processes; please contact me if you need an RFP template.
These 3 documents must be submitted at each draft deadline (50%, 95%) and the final (100%) submittal.
This is important: If your capital project will be seeking funding (GO bond funding) in 2022, it will need to go through the scoring process again and you’ll need a new predesign. Even if your project received some funding in 2020 or an earlier biennium, you still need a new, updated predesign, and new narrative and workbook. There are no “carry-over” projects for the GO bonding list.

At this time, we don’t yet know if there will be a bonding bill for 2020, or which projects will be funded. Hopefully we’ll know by the end of session in mid-May. Keep in mind that if you have a project on the 2020 list, you might still need a new, updated predesign if your project isn’t funded.
This is just an example of a process for a 2-phase project that’s seeking funding in two biennia. Phase 1 funds the design, while Phase 2 funds the construction. A new, updated predesign is needed for the second round of scoring and funding. Each phase goes through the scoring process separately.
Looking again at the 3 documents that constitute a capital budget request submittal, let’s start by looking at the Narrative document, and then the Workbook.
If you’ve worked on a capital budget submittal before, you’ll notice this year that the Narrative form is considerably shorter – this is the entire form right here, plus a new Private Use Checklist form to fill out. Much of the content that we asked for on this form has moved to the predesign instead, to reduce the amount of paperwork and reduce redundancy.

However, this form is still quite important – the text you enter here goes directly into our submittal to the State’s Capital Budget System and is the only text about your project that the legislature, governor, and MMB will see.
The Workbook (.xlsx file)

9 worksheets:
1. Prior Year Funding
2. Funding Sources
3. Project Cost
4. Construction Costs
5. Operating Costs
6. Debt Service
7. GO DS – 2022
8. GO DS – 2024*
9. GO DS – 2026*

*Only fill out if project will request funding in 2024/2026

The first several worksheets in the Workbook look much the same as past years. This year, we’ve added additional sheets at the end to help you calculate your campus’s debt service. If your project will not be seeking funding in biennia beyond 2022, you will not need to fill out the debt service calculation for 2024 or 2026.

Additional instructions on the debt service worksheets are available in the capital budget instructions document, which is posted on our website that was shown earlier.
This is the main debt service worksheet -- #6 on the previous slide – that asks you to bring over the debt service calculations from the 2022 (and 2024/2026, if needed) worksheet. In past years, we’ve asked for this information after the scoring process is complete, but this year we’re moving it into the standard project documentation to make the process simpler.

Note that if your project will not be seeking additional funding in 2024 or 2026, you do not need to fill in the FY2032 and FY2037 columns.
Now that we’ve discussed the Narrative and Workbook files, let’s talk briefly about your project’s primary document: The predesign.
Our Predesign Guidelines, which detail the requirements for predesign documents, have been recently updated. If you already have an architecture firm working on a predesign, make sure they have access to the updated version, which is available on our website at the link I showed earlier. The Predesign Guidelines apply to predesigns for all types of facilities projects from a variety of funding sources, including GO bonding, HEAPR, Revenue Fund, and campus-funded projects.

In the next few slides, I’ll discuss some of the new or updated parts of the guidelines.
New this year: Much of the project data that we used to ask for in the Narrative form has been moved to this Project Data Form, which you’ll need to include at the beginning of Section 1 in the predesign. The template for this form, in Word (.docx) format, is available on our website.
Within the newly updated Predesign Guidelines, there have been a number of formatting changes aimed at making the Guidelines simpler and easier to understand.

The checklists have been simplified, and some of the redundant or repetitive requirements have been eliminated.
In Section 4 (energy and sustainability), there’s a new matrix laying out the statutory requirements for energy and sustainability.

Statutes 16B.325 and 16B.326 are especially important – 16B.325 lays out the requirements for participating in the state’s B3 program, and 16B.326 details the renewable energy analyses that are required to be included within most projects’ predesigns.
Next to the link to the Predesign Guidelines, there’s also a document that summarizes all the changes and updates to the guidelines.
We ask for a lot of documentation, especially for GO bonding projects, but we do use every one of the documents you submit to promote your project to system leadership and to the State.

For each candidate project, we create a “promo sheet” that summarizes the project for system leadership and the Board.

When it comes to promoting your capital project to legislators, the governor, and MMB, we use a variety of documents. Most of the information in these documents is pulled directly from the documents you give us as part of your capital budget request submittal. Our submittal to the State’s capital budget system consists of a text-only narrative and financial worksheet.
Finally, everyone’s favorite – the Bonding Book – is printed and distributed to a wide range of people including legislators.
It might seem odd that so much of the documentation each campus produces during predesign is not seen by legislators. In reality, each piece of documentation serves a specific purpose and, in some cases, is required by state statute.

The predesign, Narrative, and Workbook are all reviewed by our project scorers to determine the system’s priorities for funding. The predesign itself is also submitted to the Dept. of Administration for approval; this approval is required by statute before your project may begin Schematic Design.

In the process of determining the system’s project priorities, the Chancellor, Leadership Council, and Board will generally see projects’ summary sheets and the submittal to the state’s Capital Budget System, as well as the Bonding Book once it’s printed.

Legislators, MMB, and the governor’s staff generally only see the Bonding Book and our projects’ submittals to the state’s Capital Budget System.
To wrap up our discussion of submittals for capital projects, here’s another look at the Capital Budget Request schedule we viewed earlier.

The critical date is February 11, 2021: That’s when all final project documentation is due. This is a hard deadline – if we don’t have all your documentation by that date, we can’t promise that your project will be included in the scoring process for the 2022 list.

2022 CBR Schedule

Sept. 4, 2020: Prelim. submittal – Name, $ amount

Nov. 5, 2020: 50% predesign, narrative, and workbook due

Jan. 14, 2021: 95% predesign, narrative, and workbook due

Feb. 11, 2021: 100% predesign, narrative, and workbook due
Capital Project Questions
Capital Budget Scoring
In a typical capital budget request process, this is what our schedule would look like for the project scoring process. Of course, with the disruptions caused by COVID-19, we won’t be able to use this process. Even if social distancing restrictions are no longer in place in fall 2020, the entire predesign process will be affected by limitations in spring and summer 2020 on in-person meetings, so predesigns likely couldn’t be complete in time for a normal scoring process.

At this time, we haven’t settled on a revised scoring process; we’ll likely wait until fall 2020 to see what will work. Whatever the scoring process ultimately looks like, it will involve each candidate project being evaluated and scored by multiple scorers, either as teams or individuals.
We have established the scoring criteria that will be used to evaluate each candidate project. These three forms are available on the website I mentioned earlier.

The main scoring form applies to all projects. It consists of 5 sections, with a maximum score of 165 points. This year, all the scoring criteria on this form are *qualitative* in nature. The scoring criteria are set up so that many different types of projects can achieve points. We don’t expect any project to achieve a “perfect” score; it’s all about how your project scores relative to the other projects.

The supplemental scoring form only applies to projects that are adding more than 5,000 square feet, net, to the campus footprint. For example, if your project includes a 30,000 square foot addition but also demolishes 27,000 square feet, that’s only a 3,000 square foot net addition and would not be subject to the supplemental scoring form.

New this year: To make things easier on the project scorers, we’ve removed most of the “quantitative” scoring items from the main scoring form.
These quantitative items will be scored separately by the system office along with the bonus points for energy reductions, square footage reductions, and prior year funding. The results of this quantitative scoring will be made available to the project scorers as part of the project documentation.

At the 95% draft stage, we’ll ask you to complete a short form indicating how you think your project should score on the quantitative and bonus points, to make sure that the system office and campus are in agreement on the quantitative facts about the project.
Similar to prior years, three separate scorers will evaluate each project, and those 3 scores will be averaged. This average score will be added to the system office quantitative score and bonus points to determine the project’s final, total score.

If the supplemental scoring form is needed for a project, that score is evaluated separately, not added to the project’s total score.
After scoring is complete, the system office will complete a scoring feedback sheet detailing the project’s scores and providing written feedback from the scorers. This sheet will be sent to each campus that submitted a candidate project.
Scoring Process Questions
HEAPR
Higher Education Asset Preservation and Replacement
We’ve discussed the major capital projects; now let’s look at HEAPR requests. We anticipate requesting $150 million for HEAPR in our 2022 request.
New project submittals

HEAPR Narrative (.docx file)

Predesign*

HEAPR Budget Worksheet (.xlsx file)

For a new HEAPR project, you’ll need to submit these 3 documents.

Some HEAPR projects may submit a “limited scope” predesign, which has fewer documentation requirements.
Projects whose construction cost is less than $750,000 may use the limited scope predesign. See the Predesign Guidelines for details on what constitutes a limited-scope predesign.
Existing project submittals

Updated HEAPR Narrative (.docx file)
Predesign update (1 page)
Updated Budget Worksheet (.xlsx file)

Existing HEAPR projects may reuse an existing predesign, as long as that predesign is no more than 3-4 years old. If you’re reusing a predesign, you must submit a one-page summary of updates in project scope, cost, and schedule.

Existing HEAPR projects still require a new Narrative and Budget Worksheet; these documents cannot be carried over from a previous year’s submittal.
HEAPR questions
Important links

1. Capital Budget website:
   https://www.minnstate.edu/system/finance/facilities/capitalbudget/index.html
   - Templates for CBR and HEAPR forms
   - Capital Budget scoring forms
   - Updated Predesign Guidelines
   - Capital Budget Instructions

2. Capital Budget (and HEAPR) Sharepoint site
   (upload CBR and HEAPR documents here):
   https://mnsedu.sharepoint.com/sites/CBR/SitePages/Home.aspx

There are 2 main sites you’ll need when preparing documentation for a capital or HEAPR project:

First is the Capital Budget website, where you’ll find all the instructions, forms, and templates you’ll need for submitting project requests. The Capital Budget instructions dropdown and the Forms and Templates dropdown have the documents listed here.

Second, the Capital Budget Requests Sharepoint site, which is where you upload all your documentation for capital/GO and HEAPR projects.
I’m happy to help with any questions or issues you have while preparing your project documentation. If you anticipate having difficulty meeting a submittal deadline in the schedule, please let me know right away; we might be able to work something out.

Contact:
Michelle Gerner
Interim Director, Capital Planning & Analysis
michelle.gerner@minnstate.edu
(651) 201-1531