



MINNESOTA STATE

2022 CAPITAL BUDGET INSTRUCTIONS

For Capital Budget Projects

April 2020

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Overview and capital budget schedule

This document outlines the general requirements and deadlines required of campuses to submit a 2022-2027 capital budget request. This process begins with the Board of Trustees establishing capital budget guidelines, kicking off a two year process that includes solicitation of projects from the campuses, capital project scoring, and ultimately bringing an approved list to the Board and through the legislative process.

The schedule for the 2022 request process has been adjusted to accommodate challenges posed by COVID-19. Further details on the revised project scoring process will be available in fall 2020.

The capital budget is approved by the Board of Trustees in June of each odd-numbered year prior to a scheduled capital bonding session at the state legislature. The 2022 Capital Budget request is expected to be considered by the Board in June 2021.

A **capital project** is any non-recurring capital expenditure for the acquisition, construction or improvement of a permanent facility, and includes:

- Real property acquisitions
- New construction (whole building, building additions and infrastructure)
- Renovation of existing facilities to make program or code improvements
- Repair and renewal of building systems in existing facilities

Major capital projects can span several biennia from start to finish. In the 2022 request, the system office will ask campuses to provide detailed project information for 2022 and estimates for the 2024 and 2026 bonding years.

These instructions may be updated from time to time. Updates will be published and circulated as supplements to the originally published instructions.

	2020				2021				2022		
	March	June	Sept	Dec	Jan	March	Sept	Dec	Jan	March	May
Guidelines approved by Board	★ 4/22/2020										
Predesign work (campus/architect)	■										
Project Scoring					■						
Board approves 2022 Capital Request list						★ 6/16/2021					
Legislative tours of campuses							■				
Legislative Session									■		
Legislative Session ends—Bonding Bill											★

Key milestones and deadlines: 2022 Capital Budget

The list below highlights the major milestones and deadlines for the 2022 capital budget process. The schedule for HEAPR projects is on page 16.

Year	Date	Task/Event	Year	Date	Task/Event
2020	June-September	Campus hires predesign architect	2021	Late February	Scoring packages available to scorers
	September 4	Campuses submit preliminary project title and cost estimate to system office		January-May	2021 legislative session
	November 5	50% submittal (predesign, narrative, workbook) due to system office		March 18	Scoring forms due from scorers
2021	January 14	95% submittal (predesign, narrative, workbook) due to system office		Late March	LC and Chancellor review scoring results; create preliminary Capital Budget list
	Late January	Scoring members appointed		May-June	Board of Trustees review of Cap. Budget list
	February 11	100% submittal (predesign, narrative, workbook) due to system office		June	Board approves 2022 Capital Budget Request
	Mid February	System office prepares scoring packages		Late June	Preliminary request submitted to State of MN
				October	System finalizes request to State of MN
			2022	February	2022 legislative session begins
				May	2022 legislative session ends

01 | PLANNING A CAPITAL BUDGET OR HEAPR REQUEST

Types of capital projects

Capital projects fall into two general categories: HEAPR projects, and capital budget (GO bonding) projects.

HEAPR Projects

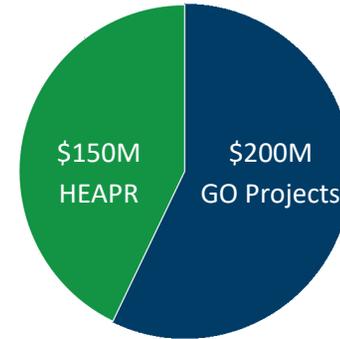
Higher Education Asset Preservation and Replacement (HEAPR) is the system's number one priority in the 2022 capital budget request. The minimum project cost for a HEAPR project is \$50,000.

The goal of HEAPR funding is to provide a resource to campuses to continue to keep system facilities safe, warm and dry. State statute outlines the types of projects that qualify for HEAPR funding. They include:

- Code compliance, including health and safety
- Americans with Disabilities Act requirements
- Hazardous material abatement
- Access improvement, or air quality improvement
- Building energy efficiency improvements using current best practices
- Building or infrastructure repairs necessary to preserve the interior and exterior of existing buildings
- Renewal to support the existing programmatic mission of the campuses

Major Capital Projects

Major capital budget projects are requests for funding of design and/or construction to improve permanent academic building space where the total project cost is \$2 million or more. Capital projects are financed, in whole or in part, by general obligation bonds from the state; the Minnesota State system as a whole pays 1/6 of the debt service on the bonds, and the college or university requesting the project pays another 1/6 of the debt service. Capital projects can be new or resubmitted from a previous capital bonding cycle.



*Minnesota State's 2022 Capital Budget Request target established by the Board of Trustees is **\$350 million**: \$150 million for HEAPR projects, and \$200 million for capital (GO bonding) projects.*

The key points of emphasis for major capital projects include:

- Addressing regional or statewide academic program needs, especially ones that can address multiple campus needs (such as consolidated science labs or clinical training space) in one project.
- Taking care of what we have by integrating HEAPR-like work into major capital projects, such as including the cost to replace a roof underneath an area to be renovated or upgrading campus utilities as part of the major capital project to ensure sufficient energy capacity in the future.
- Integrating a reduction in total square footage. This may include demolition with replacement of a smaller, more efficient building or renovation of existing space that incorporates a demolition component.
- Integrating flexible and adaptable space solutions, such as modular furnishings, technology to enhance learning experiences, or rooms that can be converted to other uses with minimal work.

Hiring a consultant for a predesign

You must submit a current predesign for most HEAPR projects and **all** capital budget (GO) projects (including projects that have been on the Board’s Capital Budget list in a previous biennium). For GO bonding projects, updates to existing predesigns are not acceptable, due to changes in statutory, state or Minnesota State requirements. Use the matrix below to determine whether your project requires a predesign.

Project type (funding source)	Type of predesign (PD) required		Related documents required
	Full PD	Limited scope PD	
Capital Budget Request (CBR) - GO bonding	All projects	n/a	Narrative (.doc) and Workbook (.xls)
HEAPR project	Constr. Cost over \$750K	Constr. Cost \$50K-\$750K	HEAPR Budget Worksheet (.xls) HEAPR Narrative (.doc)
Revenue Fund	All projects	n/a	Financial pro forma
All other funding sources	Constr. Cost over \$750K	Constr. Cost \$100K-\$750K	Project Budget Worksheet (.xls)

Please see the *Predesign Guidelines* for Full Predesign and Limited Scope Predesign formatting requirements.

To hire a predesign consultant:

- 1. Prepare a predesign RFP.** Predesign RFP templates are available by contacting Michelle Gerner at the system office.
- 2. If you plan to use the Professional/Technical Master Contract, consult the system’s list** for qualified architectural firms that offer predesign services (consult Section 4—Designers & Consultants Selection and Contracts):

https://mnscu.sharepoint.com/sites/finance/Pictures/Lists/Topics/AllItems/FPT_20%20Facilities%20PT%20Master%20Contract%20Database%202019.xlsx

- a. Select at least 2-3 firms from the Predesign specialty list** to receive an RFP. Include at least two firms that are designated as a Targeted Group (TG) business.

More details on Targeted Group/Economically Disadvantaged Small Business: <http://www.mmd.admin.state.mn.us/mn02001.htm>

- 4. Be sure that you and your consultant use the current Predesign Guidelines** when preparing the predesign:

<https://www.minnstate.edu/system/finance/facilities/planning-programming/Predesign%20Guidelines%20Update%202020.pdf>

2022 Capital Budget Guidelines

In April 2020 the Board of Trustees approved the 2022–2027 capital budget guidelines, which establish the general rules and priorities on how the system will evaluate and prioritize capital projects. The guidelines are grounded in three strategic principles, known as the Strategic Framework:

1. Ensuring access to an extraordinary education for all Minnesotans
2. Being the partner of choice to meet Minnesota’s workforce and community needs
3. Delivering to students, employers, communities and taxpayers the highest value/most affordable higher education option

The capital budget process involves the scoring of capital projects by an appointed group of representatives from colleges, universities and system office personnel. The scoring form uses the three Strategic Framework principles for evaluating a capital project. Further informing the scoring and prioritization of capital projects are five guidelines established by the Board for the 2022 capital budget process:

1. **Protect and modernize academic and student support spaces.** Uphold our collective stewardship responsibilities by focusing capital investments on maintaining, repairing, reshaping and updating existing campus classroom, laboratory, and student support space to meet and enhance core academic missions of our colleges and universities. Quality facilities directly impact the recruitment, retention, and the success of students, faculty, and staff. Minnesota State’s top capital investment priority is preserving the system’s facilities, which ensures faculty and students have safe, secure, compliant, and inspiring environments in which to teach and learn, and reduces the impact campus buildings have on operating budgets and the environment.
2. **Facilitate fulfilling the vision of Equity 2030.** Prioritize facility improvements that support student success at Minnesota State colleges and universities. These improvements will support Minnesota State’s ongoing

efforts to provide inclusive educational opportunities, grow programs, and improve campus climate and culture.

3. **Energy efficiency and renewable energy infrastructure.** Reduce the long term impact on campus operating budgets and the environment by eliminating obsolete space, creating flexible and adaptable spaces, prioritizing sustainable and efficient construction and operating practices, and utilizing renewable energy systems where practicable.
4. **Additional square footage in rare cases only.** Maximize utilization and potential of existing facility spaces through renovation and retrofit before adding new square footage; additional space that would expand the campus footprint should be considered only in unique situations where options for reutilization or replacement of existing space have been exhausted.
5. **Value Partnerships.** Recognize the value and opportunity presented by regional partnerships and interconnectedness among Minnesota State colleges and universities, their workforce partners and the communities they serve. Leverage community and regional partner support and financial contributions to expand impact of state resources.
6. **Seek funding for college and university priorities.** Seek funding for the capital investment priorities expressed by presidents to meet the most urgent needs of their colleges and universities. Prioritize asset preservation and investments to build upon work enabled by the 2020 and 2021 legislative sessions. Anticipate a chancellor’s recommendation for the 2022 capital budget request from the State of Minnesota on the order of \$350 million, to support the substantial amount of construction funding needed to complete projects’ planning and design efforts from the board’s 2020 request and address new and emerging priorities. Revenue Fund bond sales to be based on college and university priorities and the financial viability of individual projects.

Impacts of the 2020 Capital Budget Request

What happens if a project is on the 2020 capital budget list and isn't funded

Minnesota State requested \$271.2 million for its 2020 capital bonding request, which is in process at the time these instructions were published. As of this writing, the legislature and governor have not yet settled on a 2020 bonding bill.

2020 Capital Projects in 2022 Request

If Minnesota State's full 2020 request is not funded, the system office expects that any projects unfunded in 2020 may be submitted as part of a 2021 request, if a bonding bill is considered during the "off-bonding" year legislative session.

Projects with multi-biennium funding requests that received their first phase of funding in 2020 (for design and/or design and partial construction funding) must carefully review the appropriation language in the law that authorized the project. For a 2022 request, the campus must work within the same scope of the project that was authorized in 2020.

Projects submitted to the legislature on the Board's 2020 capital budget list, but not funded (or that are seeking additional funding in 2022), **must resubmit for 2022**. Campuses must provide an updated Capital Budget Request submittal, and highlight any adjustments or modifications to their latest request. A new, updated predesign is required. Unfunded projects from 2020 with substantial scope changes will be considered "new" for purposes of the 2022 scoring process.

All resubmitted projects must make an updated Capital Budget Submittal, including an updated predesign, narrative, and workbook.

Note: Having a project in the 2020 capital bonding request does not guarantee a spot on the 2022 list.

Possible 2021 Capital Bonding Request

In the event the legislature and governor consider a supplemental capital bonding bill in 2021, the system office will ask the Board to endorse a bonding request based on previously approved and unfunded capital projects. Subject to Board consideration and approval, system priorities for a 2021 request are:

1. HEAPR funding
2. Board-approved projects that were not funded in the 2020 Capital Bonding bill
3. Projects partially funded in 2020

Campuses will be asked for additional information prior to the 2021 legislative session if a bonding bill will be considered, which would include:

1. Current HEAPR project requirements
2. Current predesign or design documentation
3. Update on the cost of their project from the 2020 capital bonding request

Other State of Minnesota requirements

Accommodations for Hard of Hearing in State-Funded Capital Projects

During the 2017 legislative session, Minn. Stat. 16C.054 was implemented which requires state agencies to include a permanent audio-amplification system, with audio-induction loops to provide an electromagnetic signal for hearing aids and cochlear implants, in any public gathering space (defined as intended for gatherings of 15 or more people) where audible communications are integral to the use of the space.

This provision is not mandated for our colleges and universities, but is recommended in classroom or laboratory spaces where hearing impaired students may be attendees. Colleges and universities may wish to include cost estimates in their predesigns to provide these audio-induction loops.

Private Use of Facilities

Minnesota State capital appropriations traditionally are funded by tax exempt general obligation bonds issued by the State of Minnesota. As a result, these projects are subject to tax compliance policies and procedures regarding private use established by the Internal Revenue Service.

To ensure compliance with IRS codes and to structure our capital budget request appropriately, campuses must identify space that they expect to include for non-governmental partners, including the federal government. Any arrangements with a non-governmental partner using space in one of our projects must be for a public purpose and must be necessary to accomplish a governmental program. To determine whether your project has private use, consult the *Private Use Checklist* in the Narrative document.

Renewable Energy and Energy Efficiency Systems

Minnesota State strongly encourages the integration of renewable energy sources into capital project requests.

The State of Minnesota requires a number of renewable energy analyses in predesigns for GO bonding projects; see the *Predesign Guidelines* (Section 4) for more detail. Campuses are strongly encouraged to include sustainable designs and renewable energy sources (such as solar, geothermal, and wind energy) in capital projects whenever possible.

Links to relevant websites can be found in Appendix A.

Financial and budgetary considerations

Sources and Uses of Funds

Capital budget requests must include a full description of the source(s) of funding. The total project costs should be described, including any special conditions or financing that is being used to accomplish the project.

Funding Sources

In preparing its capital budget request, the campus will be required to describe the sources and uses of capital funding. The potential sources are:

1. General Obligation Bonds
2. Revenue Bonds
3. Agency Operating Funds
4. Federal Funds
5. Local Government Funds
6. Private Funds

Most major capital projects will use and request general obligation bonds. If the project includes a private use component (see Narrative file), identify the amount attributable to this private use, as this allows us to recommend an approach with MMB regarding the issuance of taxable general obligation bonds. Taxable general obligation bonds may cost the campus more in total costs because interest rates may be slightly higher. Taxable general obligation bonds are a substantial exception to funding for college and university improvements and this source of funding must be identified and fully vetted up front. The campus is responsible for any additional costs incurred by the state to undertake a separate taxable bond sale.

Multiple sources of funding

If a project will be funded by multiple sources, the campus must identify all sources of funding in their capital budget request. Where other sources of capital funding are used, campuses must identify the:

1. Type
2. Amount
3. Conditions to receipt of funds
4. Schedule for delivery of funds

Campuses must have funds committed from non-state sources that, when added with the amount of the bond request, add up to cover the full cost of the project.

Inflation Assumptions

Inflation (escalation) is an essential part of calculating accurate capital budgets. A cost estimator will typically calculate the cost of a building project based on prices available at the time the estimate is prepared. Based on forecasts of future trends in building costs, the project cost estimate is multiplied by an appropriate inflation factor (provided by MMB) to allow for future inflationary cost increases during the project's construction timeline.

How Are Costs Inflated?

The campus should first determine building project costs based on "today's" present value. Present value is an estimate of the project cost for July 31, 2020. Present value is then inflated to the midpoint of construction based on the project schedule. The project workbook (Project Costs tab) will automatically calculate inflation when the midpoint of construction is entered.

Financial and budgetary considerations

Midpoint of Construction

To calculate construction dates, assume funding will be available on July 1, 2022 for an FY2022 request.

The state’s capital budget process defines “midpoint of construction” as the date midway between the construction commencement date and the date of substantial completion. The “date of commencement” is the start of the construction period when construction forces arrive on the project site. “Substantial completion” is when progress of the work is sufficiently complete so the owner can occupy or utilize the work site for its intended purpose.

Midpoint of construction is used because it most accurately represents the costs that contractors will use at the time of bid preparation. While it is true that many material costs are committed early in construction (for example, fabricated steel), other material and labor costs are not locked in and will continue to increase until final completion. Some non-building items such as furniture, fixtures, and equipment may not be procured until the very end of the project.

Inflation For 2022 requests

To find the appropriate inflation cost for a project, the campus and architect should identify the month and year closest to the midpoint of construction and include that date in the Project Cost tab of the workbook. The tab is coded with the latest inflation factors supplied by Minnesota Management & Budget.

The Building Project Inflation Schedule is expected to change during the course of the review process, and the system office will update project inflation factors to reflect the most current publication of inflation schedules.

Inflation for 2021 Bonding Bill

The system office will work with campuses to calculate inflation for projects in the event of a 2021 bonding bill. MMB typically issues specific advice on inflation schedules in advance of an odd-year bonding bill.

Qualified Capital Expenditures

Although predesign fees are capital bonding eligible, the Minnesota State system requires campuses to fund predesign costs out of their operating budgets.

General obligation bond proceeds may only be used for qualified capital expenditures. Eligible costs include land acquisition, design, construction, major remodeling (if it adds to the value or life of a building and is not of a recurring nature), and other improvements or acquisitions of tangible fixed assets of a capital nature.

General operating expenses, overhead, master planning, maintenance, operating costs, software and personal property such as computers are not qualified capital expenses. Equipment may be eligible if purchased and installed upon initial acquisition and construction of a building, expansion or major remodeling. Expenses that are not qualified capital expenses must be paid from funds other than general obligation bond proceeds or from general fund cash if not prohibited by law. The system may use bond proceeds only for direct capital costs and not for depreciation, amortization, overhead, general administration or similar costs.

Furniture, fixtures and equipment (FF&E) are considered a bondable cost for new construction or major renovation projects. Office systems furniture is an example of a bondable cost; information technology systems are another example when they are part of a new building or major renovation.

Financial and budgetary considerations

Moving and Relocation Expenses

Include all expenses that might be incurred beside moving and relocation — such as lease or storage costs — when calculating the total impact of the project.

Minnesota Management & Budget (MMB) adopted a policy that bond proceeds cannot be used for moving and relocation expenses. This took effect after the 2012 capital bonding bill, and is retroactive to past bonding appropriations. Costs expected to be incurred for moving and relocation of equipment, furnishings and technology should be accounted for in the college's/university's operating budget and be available when a project is funded.

Cost Estimating

Matching funds and partners: Describe any matching funds and co-location of partners that is anticipated in the capital project area. Federal tax regulations require a careful analysis.

While cost estimating is crucial during any capital project, the variability of the construction industry has made cost estimating at the predesign level even more critical. When your consultants prepare cost estimates for predesign work, be sure to:

- Account for any necessary HVAC or building systems work (roofs, windows, etc.)
- Account for any costs for rooftop solar readiness (including roof condition and obstruction assessment, structural and electrical assessment, and warranty assessment)

- Include an appropriate level of costs for furniture, fixtures and equipment (FF&E) and technology
- Reserve 0.25% of the total construction cost to meet SB2030 Energy Standard in Operations.

02 | DEVELOPING AND SUBMITTING A HEAPR REQUEST

HEAPR: Eligibility, submittals, & considerations

HEAPR Project Eligibility

The goal of HEAPR funding is to provide a resource to campuses to continue to keep system facilities safe, warm and dry. State statute outlines the types of projects that qualify for HEAPR funding. They include:

- Code compliance, including health and safety
- Americans with Disabilities Act requirements
- Hazardous material abatement
- Access improvement, or air quality improvement
- Building energy efficiency improvements using current best practices
- Building or infrastructure repairs necessary to preserve the interior and exterior of existing buildings
- Renewal to support the existing programmatic mission of the campuses

HEAPR Project Submittals

Each request for a HEAPR project must be accompanied by the following submittals (see page 7 to determine what type of predesign is required):

- Full scope of work, including specific impact on backlog and Facilities Condition Index (FCI). Comprehensive cost estimate by building system – HVAC; roof; exteriors; or health, safety, and welfare. Include any hazardous material abatement estimates.
- Operational savings or costs – ongoing operating expenditures, in particular energy cost savings, and whether the campus has considered utilizing the Guaranteed Energy Savings program.
- Schedule
- Options/alternatives that were evaluated.

Considerations for HEAPR projects

Generally, the system office will honor prioritized requests and distribute HEAPR appropriations across a broad geographic area, targeting the highest priority projects by institution. The system will consider the following five factors when prioritizing overall system-wide HEAPR requests:

1. *Safety and security.* Immediate threat or harm to the safety of students, faculty, and staff
2. *Code, compliance or identified obligation.* Imminent enforcement actions or fines for failure to comply that can't otherwise be covered by campus operating funds
3. *Imminent facility system failure.* Where there is no suitable back up option and failure will directly halt or severely impact space or operations
4. *Integral part of state system need and leverages other funds.* For example, if the federal government issued grants in support of energy efficiency projects
5. Part of a *key partnership or collaboration* effort.

When considering a HEAPR request, the system will also weigh the following:

1. A campus's past spending and encumbrance patterns of prior HEAPR projects
2. Adequacy of submittal documentation
3. Facilities Condition Index of the campus and building where work is proposed
4. Past appropriations of HEAPR to a campus
5. Backlog per square foot

HEAPR: Schedules and thresholds

HEAPR Schedule for 2021 Capital Budget

Year	Date	Task/Event
2020	Late July	Campuses review HEAPR list, identify projects for FY2021, engage A/E consultants
	September 18	NEW PROJECTS: 50% HEAPR submittals (Predesign, Narrative, Budget Worksheet) due to system office
	November 27	NEW PROJECTS: 100% HEAPR submittals (Predesign, Narrative, Budget Worksheet) due to system office EXISTING PROJECTS: HEAPR updates (Predesign update, Narrative, Budget Worksheet) due
	December 1	System office publishes 2021 HEAPR list

HEAPR Schedule for 2022 Capital Budget

Year	Date	Task/Event
2021	May	Campuses review HEAPR list, identify projects for FY2022, engage A/E consultants
	September 30	NEW PROJECTS: 50% HEAPR submittals (Predesign, Narrative, Budget Worksheet) due to system office
	November 19	NEW PROJECTS: 100% HEAPR submittals (Predesign, Narrative, Budget Worksheet) due to system office EXISTING PROJECTS: HEAPR updates (Predesign update, Narrative, Budget Worksheet) due
	December 17	System office publishes 2022 HEAPR list

HEAPR thresholds and submittals

\$50,000	HEAPR project minimum
\$50,000 – \$749,999	HEAPR Narrative form and limited-scope predesign describing scope of work and a verifiable cost obtained, for example, through consultation with contractor experienced in the work. The HEAPR submittal must include: <ul style="list-style-type: none"> • Description of project • Rationale for why is project needed • FCI of building where work will occur and estimated reduction • What will happen if project is not funded
\$750,000 – \$1.9M	<ul style="list-style-type: none"> • Full predesign is required • Complex project means multiple systems impacted (such as Energy Management system, major HVAC with roof impacts)
\$2 million and up	<ul style="list-style-type: none"> • Same requirements as \$750K+ projects • Tech advisory review (system office) • Utility master plan

HEAPR: Narrative template

Each HEAPR request must include a completed HEAPR Narrative form (.doc file). This one-page form contains basic information about your HEAPR project: its anticipated scope, cost, schedule, and facilities impact.

The form can be downloaded from the [Capital Budget webpage](#) (Capital Budget Forms and Templates dropdown).

MINNESOTA STATE		2020 HEAPR Project Request - Fiscal Years 2020-2025	
		Name of Institution (also indicate which campus, if applicable)	
Project Narrative			
Basic Information: 2020 HEAPR Request			
Project title	<i>Please use the basic format Location/Function Action (Examples: Healthcare Design and Renovation; Fine Arts Building Construction; etc.).</i>		
Project simple title	<i>Please use the basic format Location/Function Action (Examples: Healthcare Design and Renovation; Fine Arts Building Construction; etc.).</i>		
Project address	Street, City, ZIP	Project Location (building name/section)	
Institution's Project Priority:	x of y projects (how many)	Category (roof; life/health/safety; exteriors; HVAC; electrical; underground; interiors)	
Project request 2020 (\$)		Proj. req. 2022	Proj. req. 2024
Total request, 2020-2024 (\$)		Will project request funding in years after 2024 (Y/N)?	
Previous HEAPR appropriations for this project (List year, \$, purpose/scope):		Is this project listed in the institution's most recent Comp. Facilities Plan/Master Plan?	
Project at a Glance (project scope)			
<i>To calculate construction dates, please assume funding will be available on July 1, 2020 for an FY2020 request.</i>			
Estimated start of construction (mm/yyyy):	Mm/yyyy	Est. midpoint of construction (mm/yyyy):	Mm/yyyy
			Est. end of construction (mm/yyyy): Mm/yyyy
Project Description:	<i>Briefly describe the scope of work and the programs supported by this project. 300 words maximum.</i>		
Does this project impact or support any academic programs (for example, improving HVAC for the welding program, or improving air quality in a main classroom building)?			
Facility Condition and Sustainability			
FCI of project area:		Proposed FCI:	
Backlog (\$) removed			
Renewable energy system included in project?	(y/n)	If yes, what type of system?	
Describe sustainability improvements:	<i>Describe specific energy efficiency enhancements and sustainability features within the project and estimated impact on overall costs and energy consumption.</i>		
Project Contact			
Contact person, Title			
Street Address			
City, State ZIP			
Phone #			
Email			

HEAPR: Worksheet template

The HEAPR Budget Worksheet outlines all costs associated with the project and their funding sources. If the project will receive funding in multiple biennia, make sure to list the funding for those biennia separately in the “Funding Sources” section.

This worksheet must be updated each time the HEAPR project is submitted or resubmitted to the system office.

The HEAPR Budget Worksheet can be downloaded from the [Capital Budget webpage](#) (Capital Budget Forms and Templates dropdown).

HEAPR/SMALL PROJECT BUDGET WORKSHEET AND MILESTONE SCHEDULE					
NOTE: Highlighted fields indicate project phase in which HEAPR funds are distributed [Insert Project Name] [College or University]				2018 HEAPR Request	
				Prepared By: [Insert name] Date Revised : [Insert date]	
FUNDING SOURCES	Cost Center	Part 1 Design-Bidding	Part 2 Construction- Closeout Phase	Funding Total	Guidelines & Comments
<small>(Include all source of funds to be used in project; do not include funds already expended)</small>					
A	2018 HEAPR to be spent FY XX (design)	0	0	0	Add addt rows for multiple FY funding
B	2018 HEAPR to be spent FY XX (construction)				
C	List Campus Funds to be used	0	0	0	(do not include funds already expended)
TOTAL FUNDING		0	0	0	
EXPENSES	Object Codes	Part 1	Part 2	Funding Total	Guidelines & Comments
3 Design Fees					
3.a	Reimbursables 1583			0	NA if using Facilities PT MC
3.b	Schematic Design through Bidding 1530			0	(1) see below
3.c	Construction Administration through Close Out 1530			0	
3.d	Design Contingency 1530			0	5-10% of design fee
Design Fees SUBTOTAL		0	0	0	Design fee: 6-12% of construction amount
4 Project Management					
4.a	Non-State Project Management (Owner's Rep. Services) 1522 / 1584			0	(1), Optional
4.b	Commissioning Agent 1525			0	0.5% of construction amount
4.c	Hazardous Material Abatement Design 1540			0	
4.d	Hazardous Material Abatement Monitoring 1540			0	
4.e	State Code Review 1516 / 1515			0	
4.f	Design Support Consultants			0	(1), See eManual Pl.20 for list
4.g	Inspection & Testing Consultants 1522 / 1580			0	See eManual Pl.20 for list
Project Management SUBTOTAL		0	0	0	3-10% of construction amount
5 Construction Costs					
5.a	Construction 5200 / 5210 / 5212			0	
5.b	Hazardous Material Abatement 5211			0	
5.c	Construction Contingency 5200 / 5210 / 5212			0	5-10% of construction amount
Construction SUBTOTAL		0	0	0	
TOTAL EXPENSES		0	0	0	

MILESTONE DATES		
Project Phase	Part 1	Part 2
	Start-Complete	Start-Complete
A/E Select/Contract	x-x	
Design (SD/DD/CD)	x-x	
Bidding	x-x	
Award/Contract		x-x
Constr-Subst Compl		x-x
Project Closeout		x-x

Note (1):

If Part 2 (construction) funds are set aside:
- Execute full amount of contract (Part 1 & 2) in Part 1 funding.

If Part 2 funds are not available when Part 1 (design) begins:
Execute contract for Part 1 and amend for Part 2 when

03 | DEVELOPING AND SUBMITTING A CAPITAL BUDGET (GO BONDING) PROJECT REQUEST

Capital budget (GO bonding) funding request thresholds

Funding Request Thresholds

Traditionally, design funding is sought in one biennium and construction is requested in the following biennium for projects above a certain threshold.

This year:

- **Total project request of \$5 million or less.** May request design and construction funding in one biennium, provided that the full project can be completed within two years of receiving appropriations.
- **Requests between \$5-\$10 million.** Design and construction phasing options will be considered on a case by case basis.
- **Project request more than \$10 million in total cost.** Should request design funding in 2022 and construction funding in a subsequent biennium.

For more detail on funding pathways, see the *Predesign Guidelines*.

Capital Project Delivery methods

Capital projects within the Minnesota State system typically use one of two project delivery methods: Design-Bid-Build (DBB) or Construction Manager at Risk (CM@R). For more information on these delivery methods, please consult the system's Design and Construction eManual (<https://mnsu.sharepoint.com/sites/finance/SitePages/topic.aspx?topicID=122&state=about>).

Before you begin the predesign process

This list below is a starting point for capital budget request projects. Your predesign consultant will need the information below before they begin the predesign.

1. Review your comprehensive facilities plan. Each project requested in the capital budget process should have a connection to the campus's comprehensive facilities plan.

2. Assemble and review past project documentation:

- Predesigns
- Past capital project narratives or spreadsheets
- Funding earlier phases of a project

3. Collect and assemble core facilities data:

- 2020 Building gross square footage
- 2020 Facilities Condition Index
- 2019 Backlog and 10 year renewal forecasts
- Space utilization rates for classroom and lab spaces from past 2 years
- Energy consumption and cost trends for the last 3 years
- Institution's repair and replacement spending in cost per square foot for last 3 years

4. Collect and assemble other key data:

General Enrollment Data and Trends

- FYE (FY17-19) (Credit)
- Headcount (FY17-19) Credit and Non-Credit
- Full time/Part Time Enrollment
- Enrollment - % Students of Color
- Average age of student

Financial Data and Trends

- Current operating expenses – utilities, R&R spending, routine maintenance and operations spending
- If applicable: Financial Recovery Plan Status
- Debt service FY17-19

Academic Data

- Program descriptions for areas to be impacted by project
- Program enrollments, including any future forecasts
- Degree / award attainment overall institution and for the program FY17-19

Personnel

- Number of faculty or staff impacted by project
- Number of offices impacted by project

Student Support Data

- Numbers who use student support services (advising, tutoring, business services)
- What technological means are being used to deliver these services

2022 Capital Budget Request submittal requirements

To be considered for inclusion in the 2022 capital budget process, campuses must provide a complete submittal for each project, to include:

- **Predesign.** Following Minnesota State predesign guidelines, a predesign document describing the specific project request, including the scope, schedule and cost.
- **Project Narrative.** High level summary describing the project, its impact on students, programs, square footage and reduction of backlog and overall cost to the campus.
- **Cost Workbook.** Describes the comprehensive cost estimate and funding sources for the entire project and the expected impact on a campus's operating expenses.

- (Optional) Digital photographs. Campuses are strongly encouraged to submit 2-3 high quality digital photographs of the areas to be improved by the proposed capital project. Photos should be at least 10 megapixels (3872 x 2592), 8-bit RGB high quality/lightly compressed jpeg. The pictures should be publication quality, as they may be used for the system's capital bonding book, scoring, and capital budget presentations.

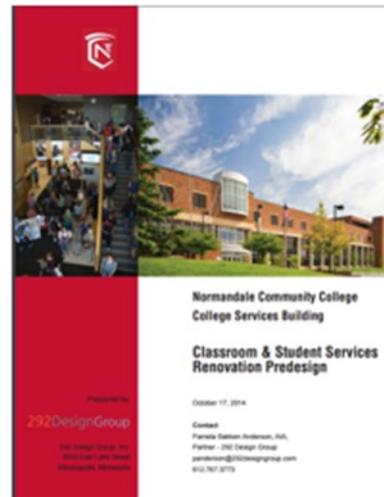
Unless these materials are provided within established timelines, the project will not be included in the 2022 capital budget request.

All project documents must be submitted by the campus to the Capital Budget Request SharePoint site (restricted access):

<https://mnscu.sharepoint.com/sites/CBR/Shared%20Documents/Forms/AllItems.aspx>



Project Narrative
Template



Predesign Document



Project Workbook
Template

Predesign requirements and submittal review process

Draft Submittal Review

After a consultant is selected by the campus and predesign work begins, the system office reviews project predesigns, narratives, and financial workbooks at various draft stages. The system’s Predesign Guidelines provide the framework for predesign organization.

Project Narrative and Cost Workbook

Campuses are required to submit a Project Narrative and Workbook along with each predesign. These documents provide additional details required by the State of Minnesota’s Capital Budget System and legislative staff and legislators when making capital budget decisions.

The goal of the Project Narrative and Workbook is to summarize the major components of the project. Think of this as your primary sales tool for your project, as this description and information will be relied on when submitting the project for formal consideration during scoring, for bonding book details, and ultimately to the State of Minnesota.

Deadlines for Capital Budget Request submittals	
Sept. 4, 2020	Campuses submit preliminary project title and cost estimate to system office
November 5, 2020	50% submittal (predesign, narrative, workbook) due to system office
January 14, 2021	95% submittal (predesign, narrative, workbook) due to system office
February 11, 2021	100% submittal (predesign, narrative, workbook) due to system office

System Office Review and Feedback

The campus and consultant must submit document drafts to the system office for review when the predesign is approximately 50% and 95% complete. Refer to the Capital Budget Schedule for draft submittal deadlines. Draft review ensures consistency in predesign submittals and allows the system office to offer recommendations on how to improve the project submittal.

1. Submittal of 50% drafts:

The 50% predesign should include core campus data, basic location of the project and estimated costs.

- Document is organized in a manner consistent with the Predesign Guidelines
- Basic summary of the project – scope, schedule and cost
- Identification of where the project is found in the campus Comprehensive Facilities Plan
- Identification of academic programs impacted
- Identification of partners involved (3rd party or other Minnesota State)
- Campus and building maps identifying general project area
- Data that the campus is using in support of the project

Depending on timing of the submittal for the predesigns, allow at least 2 weeks for review and feedback from the system office. Given the substantial amount of submittals, **if your campus misses the deadline, the system office cannot guarantee review and feedback on a project.**

2. Submittal of 95% drafts:

Predesign, narrative, and workbook should be nearly complete and incorporate the feedback and recommendations from the system office’s 50% review.

Predesign requirements and submittal review process

3. Final (100%) submittal

After the predesign presentation, the system office will send the campus a letter approving the project to move forward to scoring, or requesting changes before proceeding. The deadline for final CBR submittals is **February 11, 2021**. This is a “hard” deadline — the system office cannot guarantee that submittals received after this date will be included in the CBR scoring process for 2022.

The Project Narrative (.doc file)

How to write a great narrative and predesign

Keep in mind “four C’s” when writing content for the narrative (and predesign):

- 1. Concise:** Keep your descriptions sharp, colorful, and to the point. Include necessary detail and explanation, but avoid repetition.
- 2. Clear:** Make sure the reader can understand the scope, cost, and schedule for the project. What will the project accomplish? Who will benefit? What costs are included in the estimate?
- 3. Concrete:** Use non-jargon words and include key facts and numbers; for example, “the current program is limited to 50 FYE due to space constraints...the new project allows the program to serve all 250 students on the wait list...”
 - Avoid ambiguous or poorly-defined words and phrases like “dynamic” “best-in-class” and “21st-Century learning.”
 - Avoid general statements like “this project will positively impact a large number of students.” How many students are impacted? How will the project impact them?
- 4. Complete:** Make sure all sections of the narrative are complete; be sure to fully answer the questions asked and address any unusual circumstances for your project. Use complete sentences, not sentence fragments.

MINNESOTA STATE		2022 Capital Budget Request - Fiscal Years 2022-2026	
		Name of Institution (also indicate which campus, if applicable)	
Project Narrative			
Basic Information: 2022 State Appropriation Request			
Project title	Please use the basic format Location/Function Action (Examples: Healthcare Design and Renovation; Fine Arts Building Construction; etc.).		
Institution's Project Priority:	x of y projects (how many)	Was project on the 2020 Board of Trustees approved list (yes/no)?	
Project Narrative for State Capital Budget System			
Project Summary (3-4 sentences max.):	Summarize the major highlights of the project's scope and rationale. 3-4 sentences maximum.		
Project Description (300 words max.):	Briefly describe the scope of work and the programs supported by this project. 300 words maximum.		
Project Rationale (500 words max.):	Briefly describe the rationale and justification of need for this project. 500 words maximum.		
Other Considerations (200 words max.):	If this project's funding is delayed or not obtained, how will your campus, its students, and its programs be affected? 200 words maximum.		
Project Contact			
Contact person, Title			
Street Address			
City, State ZIP			
Phone #			
Email			
Private Use: Please complete the attached Private Use Questionnaire. If your project will have any private use, within the predesign please indicate the extent and type of private use anticipated.			

Why is good writing important?

The obvious answer to this question is that well written project narratives are better understood by scoring teams, system leadership, and legislators, and are thus more likely to get funding.

The less obvious answer is that we use the narrative description in a number of locations — for scoring, for legislative presentations, for the bonding book, and for submitting the formal request to the state. Strong writing within the CBR makes it easy to promote the project through these venues.

The Project Narrative (.doc file)

Project Narrative for State Capital Budget System	
Project Summary (3-4 sentences max.):	Summarize the major highlights of the project's scope and rationale. 3-4 sentences maximum.
Project Description (300 words max.):	Briefly describe the scope of work and the programs supported by this project. 300 words maximum.
Project Rationale (500 words max.):	Briefly describe the rationale and justification of need for this project. 500 words maximum.
Other Considerations (200 words max.):	If this project's funding is delayed or not obtained, how will your campus, its students, and its programs be affected? 200 words maximum.

What do the Project Narrative sections mean?

If your project is selected for the Board of Trustees list, the Project Narrative section contains the text that would be submitted to the state's Capital Budget System. Aside from the Bonding Book, this text is the only narrative about your project that legislators, the governor, and MMB staff will read — the predesign document is not submitted as part of the state's Capital Budget Request process.

1. **Project Summary:** This is the “headline” — something that would show up in the bonding book and would be the primary text about the project that the Board and legislators would see. 3-4 sentences max.
2. **Project Description:** Describe a bit more about the project and the scope of work. Expand a bit on the project summary.
3. **Project Rationale:** Describe the rationale and justification for the project. Get specific – use demographics, survey/feedback from students, enrollment, academic plans.
4. **Other Considerations:** Describe the effects on students, programs, and facilities if funding for the project is delayed or not obtained.

Guidelines for the Narrative

- When submitting drafts of the Narrative to the SharePoint site, always upload the .doc file (not a .pdf copy).
- Do not change the text formatting — all text should be 10 pt. Arial. Avoid the use of bold or italics; this type of formatting does not translate well when copied into the State's Capital Budget System. Bullet points are acceptable.
- **Private Use Questionnaire:** *New this year.* Fill out this form to determine whether your project has any applicable private use. Private use of state-funded facilities can cause issues with GO bond funding, so it's important to notify the system office as soon as possible if you anticipate any private use of spaces/facilities within the project.

The Cost Workbook (.xls file)

Guidelines for the Workbook

- Be sure to fill out the header information (campus name and project name) separately for each worksheet.
- Indicate costs in thousands on the Prior Year Funding, Funding Sources, Project Cost, Operating Costs, and Debt Service worksheets (for example, a cost of \$137,500 would be shown as \$138). All other worksheets use full dollars.
- When submitting Workbook drafts to SharePoint, always upload the complete .xls file (not a .pdf copy).

6 tabs (worksheets) you'll need to fill out:

1. Prior Year Funding

- Be sure to fill out the "Funding" and "Expenses" portions; Expenses should equal Funding for each fiscal year
- Use Other State Funds to show **predesign fees** paid by the campus

2. Funding Sources

- This is the total amount of funding you are requesting (or receiving) for each biennium.
- The amounts shown on line 23 (Total Funding Sources Related to the Request) should equal the Grand Total—Project Costs (Project Cost tab) for each fiscal year

3. Project Cost

- Cells with gray shading are auto-calculated or not editable.
- The inflation multiplier (line 8b) will auto-calculate based on the midpoint of construction that you enter on line 8a

[Enter name of college/university]		Minnesota State CAPITAL BUDGET REQUEST Fiscal Years 2022-26				PROJECT COST
[Enter name of project]		Project Cost All Prior Years	Request Amt. 2022	Request Amt. 2024	Request Amt. 2026	Request Amt. All years
TOTAL PROJECT COSTS (Dollars in thousands)						
1. Property Acquisition						
1a) Land, Land and Easements Options		0	0	0	0	0
1b) Buildings and Land		0	0	0	0	0
1. SUBTOTAL		0	0	0	0	0
2. Predesign (autofill from Prior Year Funding worksheet)						
3. Design Fees (6-12% of construction costs)						
3a) Schematic (20% of design fee)		0	0	0	0	0
3b) Design Development (20% of design fee)		0	0	0	0	0
3c) Contract Documents (30% of design fee)		0	0	0	0	0
3d) Construction Administration (20% of design fee)		0	0	0	0	0
3e) Bidding, Close out (10% of design fee)		0	0	0	0	0
3f) Additional design fees for B3 compliance		0	0	0	0	0
3. SUBTOTAL		0	0	0	0	0
4. Project Management (3-10% constr. costs)						
4a) State Staff Project Management (.8% total project cost)		0	0	0	0	0
4b) Nonstate Construction Management (2-4% total project)		0	0	0	0	0
- Owner's Rep. CM at Risk Pre-Con		0	0	0	0	0
4c) Commissioning (.5% of construction cost)		0	0	0	0	0
4d) Add'l Proj. Management costs for B3 compliance		0	0	0	0	0
4. SUBTOTAL		0	0	0	0	0
5. Construction Costs						
5a) Site and Building Preparation		0	0	0	0	0
5b) Demolition/Decommissioning		0	0	0	0	0
5c) Construction		0	0	0	0	0
5d) Infrastructure/Roads/Utilities		0	0	0	0	0
5e) Hazardous Materials Abatement		0	0	0	0	0
5f) Testing/Quality Assurance (1-4% construction cost)		0	0	0	0	0
5g) Construction Contingency (6-10% of 5c: Construction)		0	0	0	0	0
5. SUBTOTAL		0	0	0	0	0
6. Art (1% of construction cost; no limit)		0	0	0	0	0
6. SUBTOTAL		0	0	0	0	0
7. Occupancy (4-10% of 5c: Construction)						
7a) Furniture, Fixtures and Equipment (4-8% of construction)		0	0	0	0	0
7b) Telecommunications - Voice & Data (1% of construction)		0	0	0	0	0
7c) Security Equipment (1% of construction)		0	0	0	0	0
7. SUBTOTAL		0	0	0	0	0
PROJECT COST SUBTOTAL						
		0	0	0	0	0
8. Inflation						
8a) Midpoint of Construction (mo/yr)			Jul-20	Jul-20	Jul-20	
8b) Multiplier (auto calculated)			0.00%	0.00%	0.00%	
8c) Inflation Cost (auto calculated)			0	0	0	
8d) Inflationary adjustment (explain):			0	0	0	
9. Other costs (explain):			0	0	0	
GRAND TOTAL - PROJECT COSTS		0	0	0	0	0
10. Total Funding Sources (auto-populated from Funding Sources)						
		0	0	0	0	0
11. Costs less Funding						
		0	0	0	0	0
12. IT Costs						
		0	0	0	0	0
13. Operating Budget Impact (\$)						
		0	0	0	0	0
14. Operating Budget Impact (FTE)						
		0	0	0	0	0
15. System Calculated Contingency (5% of Grand Total costs)						
		0	0	0	0	0
Comments		(Enter comments here related to expenses, operating costs, etc.)				
SOURCE OF FUNDS FOR DEBT SERVICE PAYMENT		Amount	Amount	Amount	Amount	
General Fund (GO Bonds) - 2/3 of Grand Total project costs		0	0	0	0	0
System Financing - 1/6 of Grand Total project costs		0	0	0	0	0
Campus Financing - 1/6 of Grand Total project costs		0	0	0	0	0
addition check		OK	OK	OK	OK	OK

The Project Cost worksheet.

The Cost Workbook (.xls file)

- **Additional Design and Project Management fees.** The Project Cost sheet calls out those particular additional design and project management costs related to additional B3 requirements. Costs for design and project management should contemplate adequate funds needed for the necessary consultants.
 - Row 11 (Costs Less Funding—auto-calculated) should always equal **zero**
 - Cells in row 10 will autofill your total funding from the Funding Sources tab
 - 1% for Art: up to 1% of construction cost (no dollar limit) for the acquisition of art for public spaces or grounds
 - Occupancy costs (section 7): Furniture, Fixtures and Equipment (FF&E) are items not normally considered permanently attached to the structure but are considered a bondable cost in situations of new construction or major renovation. Office systems furniture is an example. Equipment is not eligible unless purchased and installed upon initial acquisition and construction of a building, expansion or major remodeling and needed for the program to be operated in the project.
 - ◇ Information technology systems: Computers and software are generally not bondable costs, but they may be eligible in certain circumstances.
 - ◇ Telecommunications (voice & data) are specialty equipment supplied by a separate contract from those for construction or FF&E.
 - ◇ Security Equipment is usually supplied by a separate contract from those for construction or FF&E.
 - IT Costs (row 12) are new information technology costs as a result of the project that would be managed by MN.IT. These costs are not included in the Grand Total - Project Costs.
- #### 4. Construction Costs
- Be sure to enter costs in **full** dollars, not thousands
- #### 5. Operating Costs
- Calculate operating costs per biennium
 - Operating costs should not include personnel/labor costs
 - Include all debt service expenses, including debt service if this project is fully funded.
- #### 6. Debt Service (*new this year*)
- The college or university will be responsible for 1/6 share of total debt service. Use the “GO DS” worksheets (explained on the following pages) to calculate debt service for the project, and enter costs on this worksheet for the years indicated.
 - If your project will **not** be seeking additional funding in 2024 or 2026, do not fill in costs for 2032 and 2037.
 - If your project **will** be seeking additional funding in 2024 and/or 2026:
 - ◇ Each of the GO DS sheets will calculate debt service only for the funding received in that bonding year. For example, the GO DS 2024 sheet only calculates debt service for funding received in 2024.
 - ◇ You will need to add the debt service amounts from each worksheet to obtain your total debt service for 2027, 2032, and 2037 (if applicable).
 - Contact Metody Popov (metody.popov@minnstate.edu) in Financial Reporting if you need assistance calculating debt service for the project.

The Cost Workbook (.xls file)

New this year: The *Debt Service Model* worksheets help you calculate debt service associated with your project. There are three worksheets (GO DS 2022, GO DS 2024, and GO DS 2026). You only need to refer to the worksheet(s) for the year(s) in which your project will seek funding. The most important parts of this worksheet (numbered in the graphic below) are explained on the following page.

Note: Dollar amounts on the worksheets are shown as full dollars, not truncated to thousands like the other worksheets.

Minnesota State Debt Service Model

Check 1: -
Check 2: -

INSTRUCTION: FILL IN ORANGE CELLS
When the expenses are spent will determine the debt service (principal and interest) allocated in any fiscal year.

Principal: 100,000
Rate: 4.00%
Principal Pay over 20 yrs: 16,667
Principal MINCU TOTAL = 1/3: 16,667
Checkpoint: -
Total principal Inst will pay: 16,667
Checkpoint: -

AVE Annual DS - Principal (both portions): 1,400
MAX Annual DS - Principal (both portions): 1,700
AVE Annual DS - Interest (both portions): 600
MAX Annual DS - Interest (both portions): 1,400

DUE DATE	INT. RATE	PRINCIPAL	INTEREST	Principal		Interest		1/2		1/2		2023		2024		2025		2026		2027		Principal	Interest	Total P & I
				Transfer	MinnState	Transfer	MinnState	Institution																
2022	4.00%	5,000.00	2,000.00	5,000	5,000	1,667	1,967	833	983													208	246	454
2023	4.00%	5,000.00	2,000.00	5,000	5,000	1,667	1,967	833	983													625	646	1,271
2024	4.00%	5,000.00	1,800.00	5,000	3,700	1,667	1,233	833	617													833	700	1,533
2025	4.00%	5,000.00	1,600.00	5,000	3,500	1,667	1,167	833	583													833	583	1,417
2026	4.00%	5,000.00	1,400.00	5,000	3,300	1,667	1,100	833	550													833	550	1,383
2027	4.00%	5,000.00	1,200.00	5,000	3,100	1,667	1,033	833	517													833	517	1,350
2028	4.00%	5,000.00	1,000.00	5,000	2,900	1,667	967	833	483													833	483	1,317
2029	4.00%	5,000.00	800.00	5,000	2,700	1,667	900	833	450													833	450	1,283
2030	4.00%	5,000.00	600.00	5,000	2,500	1,667	833	833	417													833	417	1,250
2031	4.00%	5,000.00	400.00	5,000	2,300	1,667	767	833	383													833	383	1,217
2032	4.00%	5,000.00	200.00	5,000	2,100	1,667	700	833	350													833	350	1,183
2033	4.00%	5,000.00	0.00	5,000	1,900	1,667	633	833	317													833	317	1,150
2034	4.00%	5,000.00	0.00	5,000	1,700	1,667	567	833	283													833	283	1,117
2035	4.00%	5,000.00	0.00	5,000	1,500	1,667	500	833	250													833	250	1,083
2036	4.00%	5,000.00	0.00	5,000	1,300	1,667	433	833	217													833	217	1,050
2037	4.00%	5,000.00	0.00	5,000	1,100	1,667	367	833	183													833	183	1,017
2038	4.00%	5,000.00	0.00	5,000	900	1,667	300	833	150													833	150	983
2039	4.00%	5,000.00	0.00	5,000	700	1,667	233	833	117													833	117	950
2040	4.00%	5,000.00	0.00	5,000	500	1,667	167	833	83													833	83	917
2041	4.00%	5,000.00	0.00	5,000	300	1,667	100	833	50													833	50	883
2042	4.00%	5,000.00	0.00	5,000	100	1,667	33	833	17													833	17	850
2043	4.00%	5,000.00	0.00	-	-	-	-	-	-													625	21	646
2044	4.00%	5,000.00	0.00	-	-	-	-	-	-													417	4	421
2045	4.00%	5,000.00	0.00	-	-	-	-	-	-													-	-	-
2046	4.00%	5,000.00	0.00	-	-	-	-	-	-													-	-	-
2046	4.00%	5,000.00	0.00	-	-	-	-	-	-													-	-	-
		100,000.00	42,000.00	100,000.00	42,000.00	33,333.33	14,000.00	16,666.67	7,000.00			4,167	1,700	8,333	3,500	4,167	1,700				16,667	7,000	23,667	

100,000 total project
33,333 pay debt of 1/3
16,667 Institution pays 1/2 of debt over 20 yrs
16,667 s.o. pays other 1/2 of debt over 20 yrs
- check

2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
- both portions	417	1,250	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,250	417	
both portions	450	1,400	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,400	450	
oth portions	908	2,542	3,067	2,833	2,767	2,700	2,633	2,567	2,500	2,433	2,367	2,300	2,233	2,167	2,100	2,033	1,967	1,900	1,833	1,767	1,292	425	

The Cost Workbook (.xls file)

1. The total project request amount (in GO bonds) is auto-filled into this cell from the amount on the Funding Sources worksheet.
2. The interest rate is assumed to be 4%.
3. The **% Expense Executed** indicates what proportion of the total project cost is anticipated to be executed in each year following the appropriation. The default percentages are 25% in the first year, 50% in the second year, and 25% in the third year, as shown. You may edit these percentages but make sure they total 100%.
4. The **Institution Portion Only** columns show your college or university's share of the debt service (**Total P & I**). Use these numbers to fill in the Debt Service worksheet.

Minnesota State Debt Service Model

check 1: -
check 2: -

INSTRUCTION: FILL IN ORANGE CELLS

When the expenses are spent will determine the debt service (principal and interest) allocated in any fiscal year.

Principal:	100,000	GO total request for 2022 (autofilled from Funding Sources worksheet)
Rate:	4.00%	
Principal: Pay over 20 yrs	5,000	
Principal: MnSCU TOTAL = 1/3	1,667	

3

FISCAL YEAR	% Expense Executed 2023		% Expense Executed 2024		% Expense Executed 2025		% Expense Executed 2026		% Expense Executed 2027	
	Principal	Interest								
2022	25.0%		50.0%		25.0%		0.0%		0.0%	

INSTITUTION PORTION ONLY

Principal	Interest	Total P & I
208	246	454
625	646	1,271
833	700	1,533
833	583	1,417
833	550	1,383

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Capital Project Scoring

Note: This page describes the typical project scoring process; however, the 2022 scoring process will be altered to accommodate the new submittal schedule due to COVID-19 restrictions. The structure of the revised scoring process is not known at the time of this writing; campuses will be notified of the revised scoring process when details are finalized.

Major capital projects and initiatives are subject to a scoring process involving president-appointed representatives from nearly all system universities and colleges. These representatives come together for a scoring session that is scheduled for [TBD] at [location TBD]. Representatives are assigned to teams that discuss and score 6-8 capital project submittals each. Scoring teams are designed to have members of diverse geography (rural/urban), type of institution (college/university), and job disciplines (academic, student affairs, finance, facilities, IT). No representative scores a project from their own institution.

Capital project scores are tabulated and rank ordered to help create a recommended capital budget list for the Chancellor's consideration. The Chancellor reviews the list and may adjust the list to reflect a 2021 capital bonding bill or other emerging issues that may have bearing on the project priorities. After Chancellor review, the list is shared with the Leadership Council, and then finalized to be presented as a recommendation for Board approval.

Scoring criteria organized around the Strategic Framework integrate the guiding principles from the Board's capital budget guidelines. Scoring forms are available on the system office Facilities website.

Prior to scoring, the system office will evaluate each project on quantitative criteria, such as facility backlog reduction and projected space utilization. The

system office will also evaluate bonus points for each project. The result of this quantitative scoring will be made available to project scorers as part of each project's documentation.

Minimizing Square Footage

One point of emphasis for 2022, like previous years, will be on creating better—not necessarily bigger—space to serve students. Projects that shrink a footprint while improving the quality of instructional or student support space are preferred. Additional scoring criteria will be applied to projects that propose additional square footage for a campus. The Board's goal is to put forth a 2022 capital budget request that reduces the overall net square footage of the system, but does not prohibit projects that propose the addition of new square footage where circumstances warrant.

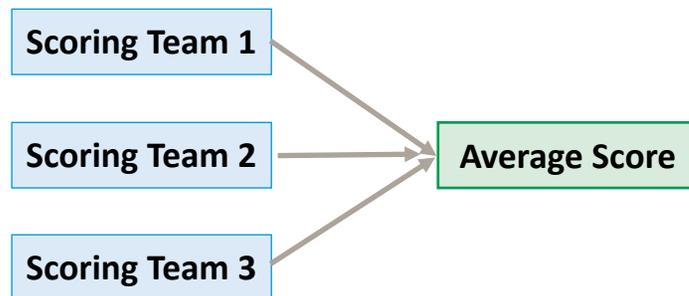
Generally, a net increase in square footage by 5,000 sq. ft. or less for purposes of accommodating egress, addressing access or ADA issues, or that would be more cost effective than renovation will be excluded from considerations of "no new net square footage".

Capital Project Scoring

Scoring Feedback

Scoring teams are strongly encouraged to provide written feedback on how to improve the project request.

After the scoring process, the system office prepares a Project Analysis that is used by system leadership (including the Chancellor and Leadership Council). Each college or university receives a copy of the analysis for their project(s). The analysis form lists the total score from each scoring team, the average of the 3 teams' scores, and the quantitative and bonus points assessed by the system office. It also contains all written feedback from the scoring teams. Campuses do not receive copies of the teams' scoring forms for their projects.



Each capital project is scored separately by 3 teams. The project's final score is the average of the 3 scores.

APPENDICES

Appendix A: Reference Links

The links on this page are also included within the various sections of this document.

Link	Description
http://www.minnstate.edu/system/finance/facilities/capitalbudget/index.html	Main Facilities Capital Budget website for guidelines, forms, and templates (including HEAPR forms).
https://mnsu.sharepoint.com/sites/CBR/Shared%20Documents/Forms/AllItems.aspx	CBR SharePoint site for uploading CBR and HEAPR submittals (restricted access)
https://www.minnstate.edu/system/finance/facilities/planning-programming/Predesign%20Guidelines%20Update%202020.pdf	Predesign Guidelines (including HEAPR requirements)
https://mnsu.sharepoint.com/sites/finance/SitePages/topic.aspx?topicID=122&state=about	Project eManual Documents (Design & Construction) for vendor selection and contracting
http://www.mmd.admin.state.mn.us/mn02001.htm	Targeted Group/Economically Disadvantaged Small Business information
https://www.minnstate.edu/Equity2030/index3.html	Equity 2030 information

Appendix B: Definitions

Asset Preservation: the state’s capital budget guidelines describe it as "committing necessary resources to preserving, repair, or adaptive re-use of current assets." Renewal in this context is defined as "expenditures to keep the physical plant in reliable operating condition for its present use, without programmatic change." Higher education systems are governed under Minn. Stat. §135A.046, Asset Preservation and Replacement. See **HEAPR** on the following page.

B3: Buildings, Benchmarks and Beyond: B3 refers to two component items designed to reduce energy consumption in public buildings: building sustainability requirements and energy benchmarking. The B3 Sustainable Building Guidelines are statutory requirements applicable to all new buildings and major renovations of 10,000 sq. ft. or more that include replacement of HVAC. Guidelines are available at <https://www.b3mn.org/guidelines/>. Energy benchmarking is found here: <https://mn.b3benchmarking.com/default.aspx>

Capital project: A project for construction, renovation, major repair/ replacement, or land acquisition, such that the total cost is “capitalized” on the books of the college or university under traditional accounting standards. Capital projects are normally authorized and funded by the state legislature, through the sale of tax exempt state general obligation bonds. Bonds are backed by the “full faith and credit” of the state, with interest based on the state’s current bond rating, and are repaid over 20 years. The state of Minnesota carries 2/3 of the cost of the bonds for higher education capital projects; the remaining 1/3 is split between the system as a whole and the college or university benefiting from the project. A capital project includes all costs associated with delivery of that project: design, construction, demolition, testing, inspection, furniture and furnishings, equipment, land acquisition, and project management.

Composite Financial Index (CFI): A measurement tool used to annually gauge the financial health of a college or university based on generally accepted accounting principles (GAAP). A higher CFI indicates stronger health, with a CFI of 3 being a target benchmark. The Higher Learning Commission has noted that if a campus is below 1.0, it is a warning sign concerning an institution’s financial health. For purposes of evaluating capital projects, the CFI will be examined over a three year time period. The CFI consists of four ratios or measures that are complex and aim for a more balanced look at financial health. The two current operating measures, return on net assets and operating margin, demonstrate the level of return on net assets and the extent to which operating revenues do or do not cover operating expenses, respectively. The primary reserve and viability ratios measure an organization’s liquid net assets that are available directly, or through additional borrowing, to cover emergency expenditures or invest in innovation.

Debt service: Payments made by the state for principal, interest and issuance costs for the 20-year general obligation bonds. Minnesota State’s colleges and universities pay one-third of the debt service on their own projects, except Higher Education Asset Preservation and Replacement funding (HEAPR).

Deferred Maintenance and Repair Backlog (“Backlog”): Necessary facilities renewal work that has not been accomplished and has been deferred due to lack of funding and forecast based on VFA.facility (formerly FRRM). This is often referred to as “deferred maintenance”, which can give the mistaken impression that work has been deferred due to inattentiveness to maintenance or repair. A better term is “deferred capital renewal.” Items in the backlog might be in marginal condition, be obsolete where replacement

Appendix B: Definitions

parts are no longer available, be in failing condition, or have already failed and will require expensive repairs in the future.

For example, a boiler or roof that is past its useful life expectancy and is marginally functioning would be in the backlog. A single pane window system may be 50 years old, has failing material composition due to age and is energy inefficient. Despite the fact it provides marginal view and weather protection, the window system would be in the backlog. On the other hand, a 40-year old boiler may be in top condition due to exceptional maintenance and timely replacement of components. It would not be in the backlog.

For VFA facility purposes, backlog represents the existing (or extrapolated) estimated costs associated with major maintenance, repair and replacement requirements for buildings, grounds, fixed equipment and infrastructure. The total equals the amount of funding that is needed for a facility or entire campus to be “whole and at current value.” It does not include work that is associated with program or academic improvements. Note the word ‘deferred’ is used only in that lack of funding creates this ‘deferred’ condition and does not imply that the campus has willingly chosen to not maintain the physical plant.

Facility Condition Index (FCI): A ratio to measure the physical condition of a building, or entire campus, with the value of deferred maintenance and repair divided by the replacement plant value. The Association of Higher Education Facilities Officers (APPA) indicates an FCI less than 5% is considered “good;” 5% to 10% as “fair;” and over 10% as “poor.” Minnesota State has been tracking conditions since 2005.

Furniture, fixtures and equipment (FF&E): The outfitting phase of the

project. State policy allows the purchase of FF&E using bond proceeds when included in a capital project. Most FF&E is purchased by the college or university using recommendations from the project architect, MinnCor (prison industries), or local preferences and sources. Computers and other technology equipment may also be procured this way as part of the project.

Guaranteed Energy Savings Program (GESP): A financing and construction strategy using energy and operational savings achieved through 1) the installation of energy efficient and renewable energy equipment and 2) implementation of operational best practices to finance the cost of building retrofit and renewal projects, with no net cost increase to the public entity. Although GESP has been in existence for many years, the state has recently prioritized the use of the GESP through the Department of Commerce program.

Higher Education Asset Preservation and Replacement (HEAPR) (“hee-per”). The HEAPR program, defined in Minnesota Statutes Chapter 135A.046, focuses on facilities maintenance and repair needs that are capital in nature and unable to be funded through the campus operating budget. HEAPR also includes funding for compliance with life safety and building codes; Americans with Disabilities Act (ADA) requirements; hazardous material abatement and indoor air quality improvements; and facilities renewal in support of existing programs. As a part of the capital budget, HEAPR is usually expressed as a total, lump-sum requirement for appropriation purposes with a detailed campus-by-campus project list provided as backup information. HEAPR, since its inception in 1992, has been funded by general obligation bonds. The state covers the entire debt service of HEAPR with no debt service obligation on behalf of the Minnesota State system.

Operating Costs: In context with the capital budget, projects must consider

Appendix B: Definitions

the impact on the campus operating budget. Operating costs include utilities, custodial care, maintenance and repair and staff labor expenses. For purposes of operating costs, debt service is included in this definition. The state does not provide additional operating budget funding in support of new or expanded facilities.

Space utilization: A measure of how efficiently space is used as expressed by hours of classroom/class lab usage over a given time period. Measurements are taken after 30 days have elapsed in a given term. The current baseline is 32 hours a week of any credit class and any timeframe (day or hourly) for 100% utilization.

Sustainability: There's considerable variation in the definition of sustainability. In the context of the capital budget process, sustainability is focused primarily on financial and facilities sustainability. Components of sustainability include recycling and minimizing solid waste, conserving water and energy, purchasing appropriate goods and materials, low maintenance cost construction and development, and appropriate grounds maintenance.

Stages of a Project: Predesign – Design – Construction:

Predesign: An element of project planning required by statute to define the project scope, cost and schedule. Minnesota State requires predesign reports to be funded by the respective college or university from their operating budgets. An architecture or engineering firm should prepare the predesign.

Design: The process that takes the project scope and budget as defined in the predesign and creates the architectural and engineering specifications and drawings on which a construction contractor will bid

and perform the work. The design process normally has three phases:

- **Schematic Design** – the phase during which the project evolves as to siting, size, functionality, materials, and program placement
- **Design Development** – the phase during which the architectural and engineering details emerge
- **Construction Documents** – the final phase where specific drawings, specifications, details and instructions are provided to define the construction and provide the basis on which a contractor will bid. Cost estimates are prepared, analyzed and adjusted during all phases. Design of state buildings and other facilities must be accomplished by architects and engineers licensed to practice in Minnesota.

Construction: The phase of the project where construction trades build the new facility, and renovate or repair the existing facility. Construction is normally accomplished through one contract with one general contractor, thereby minimizing risk to the owner. However, two or more contracts may be used to facilitate progress, e.g. an early contract for asbestos removal, site work and utilities; or a later contract for a parking lot, landscaping, or ancillary items able to be funded through cost savings over the life of the project. The system also uses other forms of project delivery such as design/build and construction manager. Construction normally represents about 70% of the total project cost.

Reinvestment: The amount of funds that must be spent on an existing facility each year to preserve its physical state of readiness and programmatic value; the funds needed to return the capital asset to its full intended use, whether through planned renewal or reduction of the backlog. In the VFA facility context, it is funding of Backlog plus Renewal. All building

Appendix B: Definitions

components have a predicted life span and must be replaced and/or refreshed periodically. To not reinvest is to “defer” and thus build a backlog of maintenance, repair and renewal.

Renewal: The amount required to maintain facilities “at par” condition; the current or anticipated replacement need of a subsystem. For example, a 40-year old boiler that is scheduled to be replaced due to its age in 2022 would be indicated in that year as a “renewal” need. The VFA.facility software predicts future renewal requirements.

Repair and Replacement (R&R): The amount of investment from a campus for items that assist in lengthening the life of the building which are typically coded from Fund 830.

VFA.facility (formerly FRRM): This software forecasts the life cycle of building components and systems to determine and quantify campus conditions, both in terms of backlog of needs not addressed (or deferred due to lack of funding) and the upcoming needs for renewal of major systems and sub-systems. The model is updated by campus personnel on a yearly basis, thus providing an ongoing forecast of campus conditions. The model has 2005 as the base year and is updated by campus personnel regularly.