

(\$ in thousands)

Project Title	Rank	Fund	Project Requests for State Funds			Gov's Rec	Gov's Planning Estimates	
			2024	2026	2028	2024	2026	2028
Higher Education Asset Preservation and Replacement (HEAPR)	1	GO	500,000	0	0	102,994	102,994	102,994
<b>Total Project Requests</b>			500,000	0	0	102,994	102,994	102,994
<b>General Obligation Bonds (GO) Total</b>			500,000	0	0	102,994	102,994	102,994

<https://www.umn.edu/>

### AT A GLANCE

- Five Campuses (Crookston, Duluth, Morris, Rochester, Twin Cities)
- Six Research and Outreach Centers throughout the state
- FY21 Actual Spend: \$3.7 billion
- Faculty & Staff Employee Headcount: 19,909, *October 2021*
- Graduate Student & Professional-in-Training Employee Headcount: 6,309, *October 2021*
- Fall 2021 Total Student Enrollment: 66,496
  - Undergraduate: 42,212
  - Graduate: 12,537
  - First Professional: 4,243
  - Non-Degree: 7,504
- Degrees awarded (2020-21 Award Year): 16,304
- Sponsored Research Awards (FY21): \$1.15 billion

### PURPOSE

The University of Minnesota's statutory mission is to offer undergraduate, graduate, and professional instruction through the doctoral degree and be the primary state supported academic agency for research and extension service (MN Statute 135A.052). The University's mission is threefold: research and discovery, teaching and learning, and outreach and public service. The University of Minnesota is the state's only land grant and research institution and has a unique responsibility to better the lives of Minnesotans. As one of the nation's top research institutions, the University is an institution where teaching and learning, discovery and innovation, service, outreach, and engagement converge to fuel Minnesota's economy and improve our quality of life.

### STRATEGIES

The University of Minnesota Systemwide Strategic Plan was approved by the Board of Regents in June 2020 to better align resources and leverage system strengths - a system including five unique campuses as well as an array of Extension and Outreach centers and services affecting people statewide.

The plan highlights ways to better connect, leverage, and align the system's distinctive statewide resources and can be found here, <https://president.umn.edu/systemwide-strategic-plan>. Commitment areas include: Student Success; Discovery, Innovation, and Impact; MNintersections; Community and Belonging; and Fiscal Stewardship.

Through these strategic planning efforts, the University will make resource allocation decisions that strengthen student success, enhance knowledge transfer between the University, the state of Minnesota, communities and businesses, build upon research opportunities affecting Minnesotans, and align the University's health sciences work with Minnesota's health policy and workforce needs. The University is committed to providing world-class learning, discovery, and service to improve outcomes for all Minnesotans and the world.

In recent annual operating budgets, the President and the University of Minnesota Board of Regents have focused revenue and spending plans on achieving the goals of access, affordability, academic and operational excellence, and accountability. As examples, the University will continue to capitalize on the following:

- **Crookston Campus:** Known for its focus on experiential learning for its campus-based students, the University of Minnesota Crookston is also one of the nation's pioneers in online and distance education. In Fall 2021, the campus enrolled 2,304 undergraduate and non-degree students.

- **Duluth Campus:** The University of Minnesota Duluth integrates liberal education, research, creative activity, and public engagement to prepare students to thrive as lifelong learners and globally engaged citizens. As a land-grant and sea-grant university, the University of Minnesota Duluth achieves its mission through vibrant and high-quality academic and co-curricular programs; impactful research, scholarship, and creative activities; and service and engagement beyond the confines of the campus. In Fall 2021, the campus enrolled 9,884 undergraduate, graduate, professional, and non-degree students.
- **Morris Campus:** The University of Minnesota Morris is a nationally ranked, undergraduate-focused liberal arts campus with a deep commitment to environmental sustainability and diversity. The “Morris experience” emphasizes faculty-student collaborative research, study abroad opportunities, and service learning. The campus enrolled 1,286 undergraduate and non-degree students in Fall 2021.
- **Rochester Campus:** The University of Minnesota Rochester offers distinctive health sciences and biosciences education to prepare students for a broad spectrum of current and emerging careers, ranging from patient care to pure and applied research. The campus enrolled 646 undergraduate and non-degree students in Fall 2021.
- **Twin Cities Campus:** The University of Minnesota Twin Cities campus is the University’s flagship campus and is one of only five campuses in the country with schools of engineering, medicine, veterinary medicine, law, and agriculture on a single campus. Because of the Twin Cities campus size and scope of programs, unique opportunities exist for interdisciplinary education, research, and outreach. The campus enrolled 52,376 undergraduate, graduate, professional, and non-degree students in Fall 2021. The Twin Cities campus will continue its excellence in:
  - Education: The Twin Cities campus attracts high caliber students from across the globe due to its world-renowned faculty and staff. The entering class in the fall of 2021 had an average GPA (grade point average) of 3.7 on a 4.0 scale and included 112 National Merit Scholars in its ranks.
  - Research: The University’s contributions in research include world class innovation known for life-changing inventions such as the pacemaker, the retractable seat belt, HIV drug Ziagen, cancer therapies, biodegradable plastics, and technologies that advance agricultural production. The University of Minnesota has launched 200 startup companies since 2006, a major milestone, and has been ranked first for technology transfer within the heartland, a 20-state region, and fifth among all US public universities.
  - Outreach: The Twin Cities campus continues its vast array of outreach efforts through initiatives and partnerships in health and wellness, such as its mobile dental clinic and the Community-University Health Care Center, youth and community activities at UROC site in Minneapolis, and arts and other community- focused events and programs throughout the year.
- **Minnesota Extension:** Extension researchers and educators engage individuals and organizations in asking the challenging questions to discover science-based answers. It builds a better future for Minnesotans through University science-based knowledge, expertise, and training. The Extension works in rural, suburban, urban, and tribal communities and serves more than 1 million people through Extension education.

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Minnesota Statutes 137 (<https://www.revisor.mn.gov/statutes/cite/137>) provides the legal authority for the University of Minnesota.

### At A Glance

- The statutory mission of the University of Minnesota is to "offer undergraduate, graduate, and professional instruction through the doctoral degree, and be the primary state-supported academic agency for research and extension services" (M.S. 135A.052, subd. 1).
- University of Minnesota facilities comprise approximately 32 million gross square feet including classrooms, research labs, clinics, offices, libraries, performance space, student unions, housing, and utilities. Being responsible stewards of this portfolio requires ongoing renewal investments.
- The University has incorporated five strategic objectives into its long-range capital planning process.
  - Renew high priority buildings and right-size the overall amount of campus space
  - Invest in high demand academic programs and mission-support facilities
  - Advance innovation in health sciences, agriculture, biotechnology, and other MNtersections priorities
  - Enhance student-facing facilities and services
  - Create spaces and places that make campuses more inclusive, accessible, and welcoming

### Factors Impacting Facilities or Capital Programs

For more than 150 years, the University of Minnesota has met the changing needs of the state's residents, businesses, farmers, and public institutions. The University must continuously strengthen its role as the state's only major research university, as its land grant institution, and as its magnet for students, faculty, professionals, entrepreneurs, and civic and artistic leaders.

As a large, multi-faceted research institution, a variety of factors affect the University's demand for facilities and capital programs. Five issues that are relevant to the 2023 capital request and future capital plans are outlined below:

#### 1. Renew high priority buildings and right-size the overall amount of campus space

University of Minnesota facilities comprise approximately 32 million gross square feet (GSF) including classrooms, research labs, clinics, offices, libraries, performance space, student unions, housing, and utilities. Owning and operating this large and diverse portfolio of more than 900 facilities is fundamental to supporting the University's mission of teaching, research and outreach.

Despite diligent efforts to keep buildings clean and well maintained, all systems and equipment eventually age out. With the average building age now exceeding 50 years, and several constructed before 1900, the University's portfolio is comprised of numerous buildings beyond their useful life. Through a comprehensive Facility Condition Assessment (FCA) the relative health of each building is defined on a scale from Excellent down to Poor and Critical. The University is committed to reducing Poor and Critical space. It is unacceptable to have people study, live, work, or receive care in buildings classified as "Poor" or "Critical".

To meet this goal, results from the independent FCA are combined with an internal operational assessment that evaluates maintenance and operations costs, utility consumption, and space utilization. Based on conclusions from both efforts, each building is assigned to a strategic renewal path: Keep Up, Catch Up, Sustain, or Dispose. This strategy ensures that funding is directed to the most essential facilities that need it most.

The University's current capital plan puts the highest and most significant emphasis on fixing or replacing some of the University's worst buildings. High priority HEAPR-funded projects reinforce the commitments made in the MPact 2025 plan by complementing institutional values, and optimizing how resources are used across the campus system. Higher Education Asset Preservation and Replacement (HEAPR) funding is the core of this strategy.

Strategic HEAPR-funded projects will enable the University to right-size the overall amount of campus space while reducing poor and critical space. This will be accomplished by consolidating colleges and academic units in closer geographic locations or buildings, and by relocating office building occupants in improved spaces. These consolidations come with an added advantage of improving programmatic alignment for colleges and units that want to be brought together on campus.

Additionally, increased hybrid officing and remote work are enabling space assignment changes. Once office facilities are improved, hybrid work creates flexibility and opportunities for space moves, which in turn allows the University to reclaim or reduce space.

Finally, the strategic redesign of poor and critical space makes it possible for the University's capital strategy to line up a domino effect of projects. As projects can be phased in sequence to renew highest priority buildings and sequentially reduce campus space and future obligation for renewal and replacement of the spaces that can be freed up.

## **2. Invest in high demand academic programs and mission-support facilities**

This priority supports teaching and learning as well as research scholarship across disciplines. High demand academic programs have an established record of consistent enrollment and academic success. Other programs may be emerging and benefit from investment in facilities to bolster their ability to thrive. The Twin Cities Food Science and Nutrition and the UMD Heller Hall capital renewal projects are both examples of shared University / State investments in high demand academic programs.

## **3. Advance innovation in health sciences, agriculture, biotechnology, and other MNtersections priorities**

This priority promotes a long-term investment strategy into core areas of research and scholarship that are dedicated to improving human potential and the natural and physical world we live in. Representative projects include key lab renovation projects to support systemwide research. Clinical research and care across multiple health sciences disciplines are also part of this group of project targets.

## **4. Enhance student-facing facilities and services**

The University's campuses and buildings are important places that play a major role in the overall student experience. These can include libraries, unions, recreation, wellness, student counseling, and academic support. Current capital plans call for continued investment in auxiliary student-facing projects, including HEAPR investment in Lysaker Gym in Crookston, Sports and Health Center in Duluth, and Cougar Sports Center in Morris, as well as academic buildings such as Briggs Library in Morris.

## **5. Create spaces and places that make campuses more inclusive, accessible, and welcoming**

This priority focuses on the many ways that changes to facilities and grounds can make University campuses more welcoming, foster a sense of belonging and improve accessibility related to daily life. For example, projects might address Americans with Disabilities Act (ADA) accessibility on all system campuses, the renewal of important public spaces and landscapes, the ability to provide signature space indoors or outdoors, and enhancements to wayfinding systems including how campus entry points are treated. This priority will also guide plans to balance the level of investment in specialized-use facilities

while considering equity and diversity. HEAPR investments in projects such as the Multi-Ethnic Resource Center on the Morris campus will improve building accessibility for all.

## **Self-Assessment of Agency Facilities and Assets**

The University's Facility Condition Assessment (FCA) identifies a facility's physical condition and needs. This process looks at each building across the system and identifies deferred, non-recurring, and projected renewal needs to determine a facility condition needs index (FCNI). The FCNI (ten-year projected needs divided by the estimated replacement value of the facility) determines the relative health of each building on a scale that starts at 0.0 (new building, excellent) and extends to 1.0 (significant needs, critical.) This industry standard assessment is conducted by a third-party under contract.

As previously stated, the University supplements the FCA with an internal operational assessment that evaluates numerous quantitative and qualitative metrics of a building, from operating and maintenance costs to usability and adaptability for programs. This rigorous approach ensures alignment between infrastructure and programmatic investments, and focuses scarce funding into the right facilities at the right time.

## **Agency Process for Determining Capital Requests**

Long range strategic facility planning at the University of Minnesota begins with the academic planning process. Each year Vice Presidents, Chancellors, and Deans are asked to identify their most important program priorities and the facility improvements necessary to support those programs as part of the budget process. Through the academic planning process, academic leadership establishes the priorities for each college and campus.

Facilities Management simultaneously evaluates the current condition of the buildings and infrastructure that support all academic programs. The capital planning process merges the academic priorities, available financial resources, facility needs, and facility conditions into an institution-level strategic facility plan (Six-Year Capital Plan) that is reviewed and approved by the Board of Regents every year.

Additionally in Summer 2023, the University hosted three supplemental meetings to inform the capital budget planning process with University leaders and members of the campus community including student leaders. The input received emphasized the importance for the University to take care of our campuses, facilities, and infrastructure to best support our students, faculty, staff, and visitors. Asset preservation as a strategy supports the University's goals around improved student experiences, the training of talent to support the state's workforce needs, sustainability, and research and innovation, and empowers the institution to right-size the overall amount of space on University of Minnesota campuses.

In addition to academic priority and facility condition, factors included in the long-range strategic facility plan include:

- Projected size of future bonding bills
- Debt and operating cost impact
- Private fundraising capacity
- Timing and sequencing of projects
- Impact on academic programs
- Health, safety, and regulatory requirements
- Geographic distribution

The resulting Six-Year Capital Plan advances the University's highest capital priorities while retaining flexibility in support of emerging strategic initiatives. Investments are targeted to programs with academic strategic value.

## Major Capital Projects Authorized in 2022 and 2023

2023 Appropriation	(\$ in Thousands)
HEAPR	\$43,350
Twin Cities – Fraser Hall Chemistry Undergraduate Teaching Lab	\$92,600

Higher Education Asset Preservation and Replacement (HEAPR)

**AT A GLANCE**

<b>2024 Request Amount:</b>	\$500,000
<b>Priority Ranking:</b>	1
<b>Project Summary:</b>	This request is for funds to renew existing campus facilities and infrastructure in accordance with Minnesota Statutes, section 135A.046 Asset Preservation and Replacement.

**Project Description**

The purpose and use of Higher Education Asset Preservation and Replacement (HEAPR) funds is defined in statute 135A.046 Asset Preservation and Replacement. Funds are intended to preserve and renew existing campus facilities by supporting five categories of projects: Accessibility, Health and Safety (e.g. hazardous material abatement, building code compliance), Building Systems (e.g. exterior envelope, mechanical, and electrical systems), Energy Efficiency, and Infrastructure. HEAPR funds are used throughout the University of Minnesota system. Funds are allocated to campuses and research stations based on facility need and overall quantity of space. The University regularly reports on the status of its HEAPR funding to Minnesota Management and Budget and the Legislature.

**Project Rationale**

HEAPR funds are essential in supporting the University of Minnesota’s mission of teaching and learning, research and discovery, and outreach and public service. This mission will be compromised without continued, sustained reinvestment in buildings and infrastructure to extend and maximize useful life while ensuring the health, safety, and well-being of facility occupants and visitors.

Rigorous process ensures every HEAPR dollar supports the most urgent and impactful needs. Individual projects are identified and prioritized through the University’s Facility Condition Assessment (FCA). The FCA is a comprehensive systemwide evaluation of the condition of campus facilities and infrastructure portfolio. FCA data is used to triage existing buildings into those that need long-term investments, those that need short-term investments, and those where no investment is required, in alignment with academic priorities.

HEAPR funds are used throughout the University of Minnesota system and are allocated to campuses and research stations based on facility need and overall space. Funds keep people safe and make the campuses accessible for all Minnesotans. Funds leverage the State’s past investment in buildings and infrastructure by extending the functionality and useful life of those assets. HEAPR projects are green, since renewing an existing facility and maximizing useful life is always more sustainable than new construction. HEAPR dollars are flexible, allowing the University to respond quickly to emergencies and to respond to unique opportunities. Regulatory compliance items, e.g. elevators, storm water and building code compliance are funded with HEAPR allocations. HEAPR projects move faster, put people to work quicker, and provide different firms an opportunity to participate in design and



construction at the University of Minnesota.

**Project Timeline**

NA - project timelines vary by individual project.

**Other Considerations**

None

**Impact on Agency Operating Budgets**

No anticipated impact on operating budget.

**Description of Previous Appropriations**

The University includes HEAPR in each capital request. Over the previous 10 year period, the University received \$43.35 million in 2023, \$38.495 million in 2020, no appropriation in 2019, \$45 million in 2018, \$20.6 million in 2017, no appropriation in 2016, no appropriation in 2015, \$42.5 million in 2014, and no appropriation in 2013.

**Project Contact Person**

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**Governor's Recommendation**

The Governor recommends \$102.994 million in general obligation bonds for this request. Also included are budget estimates of \$102.994 million for each planning period for 2026 and 2028.

(\$ in thousands)

**Higher Education Asset Preservation and Replacement (HEAPR)**

**PROJECT FUNDING SOURCES**

Funding Source	Prior Years	FY 2024	FY 2026	FY 2028
<b>State Funds Appropriated and Requested</b>				
General Obligation Bonds	\$ 126,845	\$ 500,000	\$ 0	\$ 0
<b>State Funds Pending</b>				
<b>Non-State Funds Already Committed</b>				
<b>Non-State Funds Pending</b>				
<b>TOTAL</b>	<b>\$ 126,845</b>	<b>\$ 500,000</b>	<b>\$ 0</b>	<b>\$ 0</b>

**TOTAL PROJECT COSTS**

Cost Category	Prior Years	FY 2024	FY 2026	FY 2028
Property Acquisition	\$ 0	\$ 0	\$ 0	\$ 0
Predesign Fees	\$ 0	\$ 0	\$ 0	\$ 0
Design Fees	\$ 0	\$ 40,000	\$ 0	\$ 0
Project Management	\$ 0	\$ 18,750	\$ 0	\$ 0
Construction	\$ 0	\$ 441,250	\$ 0	\$ 0
Relocation Expenses	\$ 0	\$ 0	\$ 0	\$ 0
One Percent for Art	\$ 0	\$ 0	\$ 0	\$ 0
Occupancy Costs	\$ 0	\$ 0	\$ 0	\$ 0
Inflationary Adjustment	\$ 0	\$ 0	\$ 0	\$ 0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 500,000</b>	<b>\$ 0</b>	<b>\$ 0</b>

**IMPACT ON STATE OPERATING COSTS**

Cost Category	FY 2024	FY 2026	FY 2028
IT Costs	\$ 0	\$ 0	\$ 0
Operating Budget Impact (\$)	\$ 0	\$ 0	\$ 0
Operating Budget Impact (FTE)	0.0	0.0	0.0

**SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS**

	Amount	Percent of Total
General Fund	\$ 500,000	100 %
User Financing	\$ 0	0 %

**STATUTORY REQUIREMENTS**

The following requirements will apply to projects after adoption of the bonding bill.

<b>Is this project exempt from legislative review under M.S. 16B.335 subd. 1a?</b>	Yes
<b>Predesign Review (M.S. 16B.335 subd. 3):</b>	
Does this request include funding for predesign?	N/A
Has the predesign been submitted to the Department of Administration?	N/A
Has the predesign been approved by the Department of Administration?	N/A
<b>Will the project design meet the Sustainable Building Guidelines under M.S. 16B.325?</b>	Yes
<b>Will the project designs meet applicable requirements and guidelines for energy conservation and alternative energy sources (M.S. 16B.335 subd. 4 and 16B.32)?</b>	Yes
<b>Have Information Technology Review Preconditions been met (M.S. 16B.335 subd. 5 &amp; 6)?</b>	N/A
<b>Will the project comply with the targeted group purchasing requirement (M.S. 16C.16 subd. 13)?</b>	Yes
<b>Will the project meet public ownership requirements (M.S. 16A.695)?</b>	Yes
<b>Will a use agreement be required (M.S. 16A.695 subd. 2)?</b>	No
<b>Will program funding be reviewed and ensured (M.S. 16A.695 subd. 5)?</b>	Yes
<b>Will the matching funds requirements be met (M.S. 16A.86 subd. 4)?</b>	N/A
<b>Will the project be fully encumbered prior to the Cancellation Deadline (M.S. 16A.642): December 31, 2028?</b>	Yes
<b>M.S. 16A.502 and M.S. 16B.31 (2): Full Funding Required</b>	Yes
<b>M.S. 473.4485: Guideway Project</b>	
Is this a Guideway Project?	N/A
Is the required information included in this request?	N/A