

Project Title	Agency Priority	Strategic Score	Funding Source	Agency Request			Governor's Rec	Governor's Planning Estimates	
				2004	2006	2008	2004	2006	2008
Systemwide - HEAPR: Traditional	1	470	GO	\$90,000	\$80,000	\$80,000	\$38,000	\$38,000	\$38,000
Systemwide - HEAPR: Major Building Renewal	2	459	GO	49,000	37,500	79,833	38,600	0	0
Duluth - Recreational Sports Addition	3	243	GO	8,000	0	0	0	0	0
Morris - District Facilities	4	218	GO	5,333	0	0	0	0	0
Minneapolis - Carlson School Expansion & Classrooms	5	233	GO	1,667	15,000	0	0	0	0
Duluth - Business School & Utility Infrastructure	5	253	GO	1,467	13,200	0	0	0	0
Minneapolis - Teaching & Technology			GO	0	35,000	0	0	0	0
Minneapolis - AHC Clinical Partnership			GO	0	12,500	0	0	0	0
Minneapolis - AHC Clinical Renovation (Design)			GO	0	3,000	0	0	0	0
Statewide - Regional Centers and Stations			GO	0	2,500	2,500	0	0	0
2006/2008 Capital Improvement Program			GO	0	0	0	0	39,000	39,000
St. Paul - North Project			GO	0	0	25,000	0	0	0
Crookston - Academic Priorities			GO	0	0	5,000	0	0	0

Project Total	\$155,467	\$198,700	\$192,333	\$76,600	\$77,000	\$77,000
General Obligation Bonding (GO)	\$155,467	\$198,700	\$192,333	\$76,600	\$77,000	\$77,000

Funding Sources:	GF = General Fund	THF = Trunk Highway Fund	OTH = Other Funding Sources
	GO = General Obligation Bonds	THB = Trunk Highway Fund Bonding	UF = User Financed Bonding

Agency Profile At A Glance

The University of Minnesota is governed by a 12-member, legislatively appointed Board of Regents.

Statewide Presence:

- ◆ Four campuses (Crookston, Duluth, Morris, Twin Cities)
- ◆ One collaborative center in Rochester
- ◆ Seven research and outreach centers (Crookston, Grand Rapids, Lamberton, Morris, Rosemount, Waseca, Cloquet)
- ◆ 18 regional University of Minnesota Extension Offices

Annual Budget:

\$1.98 billion (FY 2002 actual revenues)

Student Enrollment (Fall 2002):

39,626	Undergraduate
12,524	Graduate
2,810	Professional
<u>7,829</u>	Non-Degree
62,789	TOTAL / all campuses

Faculty and Staff (Fall 2002):

18,288	Faculty and Staff
12,955	Student Workers

Agency Purpose

The University of Minnesota is both the state's land-grant university, with a strong tradition of education and public service, and a major research institution, with faculty of national and international reputation. Its 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 services." (M.S. 135A.052)

The University of Minnesota, founded in 1851, has four campuses (Twin Cities, Duluth, Morris, Crookston), a collaborative center at Rochester, and research and outreach centers and extension offices throughout the state.

The University is a multi-campus university and not a system with a separate system office. The chief operating officers for the Twin Cities campus also serve as the senior officers for the entire University.

The Twin Cities campus is one of the three largest campuses in the country in terms of enrollment (46,000 students) and also one of the most comprehensive. It is the state's major research campus and with \$400 million annually in research, it accounts for more than 93% of all research expenditures at Minnesota's higher education institutions, both public and private.

The Duluth campus (9,000 students) is a comprehensive regional university that offers instruction through the master's degree and has unique research strengths in natural and fresh water resources.

The Morris campus (2,000 students) provides an innovative and high quality residential undergraduate liberal arts education to a very select and intellectually-gifted student body.

The Crookston campus (1,200 students) provides career-oriented education at the baccalaureate level, primarily in poly-technical disciplines.

The Rochester collaborative center is focused on meeting the educational needs of the Rochester area at the upper division and post-baccalaureate levels.

Core Functions

The University of Minnesota's three mission activities are: 1) instruction; 2) research; and 3) public service.

Instruction: The University of Minnesota provides instruction through a broad range of educational programs that prepare undergraduate, graduate, and professional students for productive roles in society.

Research: The University of Minnesota generates and preserves knowledge, understanding, and creativity by conducting research, scholarship, and artistic activity.

Public Service: The University of Minnesota exchanges its knowledge and resources with society by making them accessible to the citizens of the state.

Operations

The University of Minnesota conducts its mission activities from its campuses and other facilities throughout the state. Each year, the University of Minnesota:

- ◆ provides instruction for more than 60,000 students;
- ◆ graduates 10,500 students, 35% with graduate or first professional degrees;
- ◆ conducts approximately \$500 million in research sponsored by the National Institutes of Health, the National Science Foundation, many other federal agencies, and numerous private companies and foundations; and
- ◆ reaches out to more than one million Minnesotans through various outreach and public service activities.

Budget

The University of Minnesota’s FY 2002 revenues of \$1.98 billion are a combination of five main sources of revenue:

- ◆ Gifts, Grants, and Contracts* \$712 million / 36%
- ◆ State Appropriations: \$643 million / 32%
- ◆ Sales Revenue: \$311 million / 16%
- ◆ Tuition and Fees: \$296 million / 15%
- ◆ Endowment/Other: \$23 million / 1%

*NOTE: Includes approximately \$400 million of sponsored research grants and contracts.

The University of Minnesota’s total state appropriation includes both a general unrestricted appropriation that supports the University’s core operations and appropriations that are restricted to special purposes (e.g., University of Minnesota Extension Service).

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At A Glance: Agency Long-Range Strategic Goals

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).

The University of Minnesota, founded in the belief that all people are enriched by understanding, is dedicated to the creation of knowledge and the advancement of learning and artistic activity; to the sharing of this knowledge through education for a diverse community; and to the application of this knowledge to benefit the people of the state, the nation, and the world. The University's mission is three-fold:

Research and Discovery. Generate and preserve knowledge, understanding, and creativity by conducting high quality research, scholarship, and artistic activity that benefits students, scholars, and communities across the state, the nation, and the world.

Teaching and Learning. Share that knowledge, understanding, and creativity by providing a broad range of educational programs, in a strong and diverse community of learners and teachers, and prepare a graduate, professional, and undergraduate student body for active roles in a multiracial and multicultural world.

Outreach and Public Service. Extend, apply, and exchange knowledge between the University and society by applying scholarly expertise to community problems, by assisting organizations and individuals to respond to their changing environments, and by making the knowledge and resources created and preserved here accessible to the citizens of the state, the nation, and the world.

Trends, Policies and Other Issues Affecting the Demand for Services, Facilities, or Capital Programs

For over 150 years the 'U' has met the changing needs of Minnesota's citizens, businesses, farmers, and public institutions. Minnesota's long-term

interests are best served by an institution capable of offering quality instructional programs, supporting productive research in a wide variety of fields, and reaching out to communities on issues of local importance. As a large, comprehensive, research institution a wide variety of factors impact the University's demand for facilities and capital programs. The three issues most relevant to the 2004 capital request are outlined below:

- ⇒ *Aging and Obsolete Facilities* – Approximately 65% of the University's major campus buildings are more than 30 years old (more than 25% are over 70 years old). The Twin Cities campus alone has nearly 100 buildings that are more than 50 years old. Buildings become less functional and require more maintenance as they age. New security requirements imposed in the wake of September 11 are just one more example of how old buildings must be adapted to meet current conditions.
- ⇒ *Promising New Discoveries* – The University must continually renew its existing programs and make targeted investments in emerging fields to meet state needs and remain competitive. High quality programs, for example, allow the University to compete at the national level for federal science and health initiatives funds (e.g. National Institutes of Health).
- ⇒ *Increased Student Expectations* – The University in recent years has placed a considerable emphasis on upgrading its research facilities and infrastructure. A similar effort is now required to improve the conditions and capabilities of its educational facilities. The University's most heavily used instructional facilities are in some of the oldest buildings and often lack the necessary technological and programmatic components required to effectively teach at the university level.

Provide a Self-Assessment of the Condition, Suitability, and Functionality of Present Facilities, Capital Projects, or Assets

The University of Minnesota takes its facilities stewardship responsibilities seriously. While there is an ongoing effort on each campus to keep buildings clean and well maintained, as buildings age and programs evolve, it becomes necessary to invest additional resources to keep a building

functional and operating. Recognizing the importance of “taking care of what we have,” the University has surveyed and documented the condition of all the major systems within University buildings on the Twin Cities Campus. This *Facilities Condition Assessment* program has collected information on heating, ventilation, and air conditioning (HVAC) systems, elevators, plumbing, building interiors, electrical systems, code issues, and other building conditions. This assessment expands on a similar effort done in recent years on building exteriors - roofs, walls, and windows. The Facilities Condition Assessment will identify needed building improvements and help the University plan and prioritize projects. The projects outlined in the University’s \$139 million Higher Education Asset Preservation and Replacement (HEAPR) request were selected, in part, based on information from this assessment.

The capacity and condition of campus infrastructure remains a critical concern. The infrastructure of a University campus is a critical component of the physical and operational systems necessary to support the much more visible teaching, research, and outreach mission. Individual buildings depend upon campus infrastructure to deliver heating, cooling, communications, electricity, and water. In portions of the campus the existing buildings have stretched the service capacity of the infrastructure to the maximum limits; while in other areas, buildings are being fed by aging, obsolete services from near the turn of the century. In these areas, any new construction, significant remodeling or expansion of existing services will require a corresponding increase in infrastructure capacity.

Agency Process Used to Arrive at These Capital Requests

The University of Minnesota’s annual Capital Budget and Six-Year Capital Improvements Program is a method of providing for disciplined financial management. This decision making process: 1) supports the University’s desire to focus on its mission; 2) follows the Regents’ directive to make the most efficient use of limited resources; and 3) ensures compliance with the state’s Capital Budget Reform legislation.

The Capital Budgeting Process consists of the following steps:

Need Identification/Preliminary Ranking - Academic units, Auxiliary Services, Facilities Management, Campus Planning, Environmental Health and Safety,

and other University groups identify capital needs. Capital needs are typically the outcome of either an academic priority (i.e. expansion of the Pharmacy program) or deficient facility condition (i.e. inadequate ventilation or electrical capacity). Capital and programmatic needs are reviewed as part of the compact process. The Provost, Chancellors, and Vice Presidents rank these needs.

Project Definition and Prioritization - A predesign study, including a needs analysis, a preliminary facility program, cost estimates, and an implementation schedule, is prepared for each project and is evaluated against academic priorities, the campus master plan, and code requirements.

Annual Budget Approval/Program Acceptance - The senior administrative officers forward a recommendation to the Regents. The Regents approve the annual Capital Budget, including Capital Request items, and accept the 5-year Capital Improvement Program.

The University’s capital budget calendar is synchronized with the biennial budgeting process in the state legislature.

The legislature requested (M.S. 135A.034) that the board of regents of the University of Minnesota consider the following criteria in establishing priorities for requests for bond funds for capital projects:

- ◆ maintenance and preservation of existing facilities;
- ◆ completion of projects that have received funding;
- ◆ updating facilities to meet contemporary needs;
- ◆ providing geographic distribution of capital projects; and
- ◆ maximizing the use of non-state contributions.

The University's response to this request is outlined below:

	Maint. & Preserv.	Previous Funding	Program Renewal	Geog. Distrib.	Non-State \$
HEAPR: Trad	X		X	Statewide	
Renewal	X		X	TC/Duluth	X
Rec. Sports			X	Duluth	X
Dist. Facilities			X	Morris	X
CSOM / Class			X	Twin Cities	X
UMD Business			X	Duluth	X

Major Capital Projects Authorized in 2002 and 2003

2002 Appropriation	(\$ in Thousands)
HEAPR	\$35,000
Nicholson Hall Renovation	\$24,000*
Plant Growth Facilities – Phase II	\$17,700
UMC Bede Hall Replacement	\$7,701
UMD Laboratory Science Building	\$25,500 (+ 7,500 University)
Classroom Improvements	\$2,000

* \$10 million in funding for this project was put on hold by Governor Ventura in 2002. This funding was released by Governor Pawlenty in 2003 and the project is now underway.

2003 Appropriation	(\$ in Thousands)
Jones Hall Renovation	\$8,000
Translational Research Facility	\$24,700 (+12,300 University)
Teaching and Technology Center Design	\$3,000
Veterinary Diagnostics Laboratory	\$1,500
UMM Social Science Building Renovation	\$8,600 (+400 University)
Research and Outreach Centers	\$2,508
Rochester Genomics Building Predesign	\$400

Systemwide - HEAPR: Traditional

2004 STATE APPROPRIATION REQUEST: \$90,000,000

AGENCY PROJECT PRIORITY: 1 of 6

PROJECT LOCATION: Statewide

Project At A Glance

- ◆ Higher Education Asset Preservation and Replacement (HEAPR) funds are an essential part of the investments that the University makes to “take care of what we have.”
- ◆ Health and Safety funds are used by the University to meet its basic obligation of providing a safe, accessible environment for students, employees and visitors.
- ◆ Replacing building components such as roofs, windows, elevators, and mechanical systems extends the useful life of existing facilities.
- ◆ Upgrading and replacing infrastructure is essential to sustain functional and efficient facilities.

Project Description

HEAPR funds will be used system-wide to maximize and extend the life of the University’s existing physical plant. Individual projects will fall into one of three broad categories:

- ⇒ **Health, Safety, and Accessibility** – These funds will continue the system-wide program to correct fire and life safety code deficiencies identified by the Building Code Deficiency Survey, to increase accessibility to all University facilities for people with physical disabilities and to reduce health hazards by eliminating or correcting environmental problems within buildings. This category also includes security improvement projects.
- ⇒ **Building Systems** – These funds will be used to address renewal issues in existing University facilities. Individual projects will target roofs,

building envelopes, interiors, electrical, and mechanical systems. This category also includes funds to improve existing centrally scheduled classrooms on each campus.

- ⇒ **Utility Infrastructure** – These funds will primarily be used to replace aging, obsolete, stand-alone cooling equipment with more efficient, energy saving centralized systems. Other utility infrastructure renewal projects will address aging campus heating and electrical distribution systems.

A complete list of proposed projects is available upon request.

Project Rationale

The University is responsible for 28 million square feet of space in more than 800 buildings on four campuses and 18 regional research and outreach centers. Approximately 65% of the University’s major campus buildings are more than 30 years old, and more than 25% are over 70 years old. Major investments are needed to maximize the useful life of these assets.

The University's capital budget principles emphasize stewardship, accountability, and sustainability through investments in existing facilities to extend their useful life and to ensure the health, safety, and well being of the more than 60,000 students, faculty, staff, and visitors who use them each day. All projects included in this HEAPR request are consistent with those principles and will improve the University's facilities in support of strategic goals. All projects are also consistent with the statutory definition of HEAPR (M.S. 135A.046) which includes "code compliance, including health and safety, Americans with Disabilities Act requirements, hazardous material abatement, access improvements, or air quality improvement; building or infrastructure repairs necessary to preserve the interior and exterior of existing buildings; or renewal to support the existing programmatic mission of the campuses." Individual projects have been identified through the University's capital planning process, and were prioritized according to established criteria.

Systemwide - HEAPR: Traditional

Impact on Agency Operating Budgets (Facilities Notes)

HEAPR improvements to existing facilities will have negligible impact on the annual operation budget. No additional maintenance or program staff will result directly from these improvements.

The estimated annual repair and replacement cost for all HEAPR projects is \$3.6 million, fully effective in FY 2008. This amount is equivalent to the annual depreciation of the building components, such as windows, roofs, walls, interiors, and mechanical, electrical, and plumbing systems.

Previous Appropriations for this Project

The University received \$9 million in 2000, and \$35 million in 2002. The University includes HEAPR in each biennial capital request.

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Governor's Recommendations

The Governor recommends general obligation bonding of \$38 million for this program. Also included are budget planning estimates of \$38 million in 2006 and \$38 million in 2008.

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
1. Property Acquisition	0	113	0	0	113
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	7,030	0	0	7,030
4. Project Management	0	3,149	0	0	3,149
5. Construction Costs	0	78,728	80,000	80,000	238,728
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	79	0	0	79
8. Occupancy	0	901	0	0	901
9. Inflation	0	0	0	0	0
TOTAL	0	90,000	80,000	80,000	250,000

CAPITAL FUNDING SOURCES	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	90,000	80,000	80,000	250,000
State Funds Subtotal	0	90,000	80,000	80,000	250,000
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	0	90,000	80,000	80,000	250,000

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	2,750	7,200	9,950
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	2,750	7,200	9,950
Revenue Offsets	0	0	0	0
TOTAL	0	2,750	7,200	9,950
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	90,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2009

Systemwide - HEAPR: Traditional

STATEWIDE STRATEGIC SCORE		
Criteria	Values	Points
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	120
Safety/Code Concerns	0/35/70/105	70
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	100
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	60
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	470

Systemwide - HEAPR: Major Building Renewal

2004 STATE APPROPRIATION REQUEST: \$49,000,000

AGENCY PROJECT PRIORITY: 2 of 6

PROJECT LOCATION: Duluth, Minneapolis, St. Paul

Project At A Glance

- ◆ Renewal of the University of Minnesota Duluth (UMD) Life Science Building will provide a functional teaching environment for the biology and pharmacy programs.
- ◆ The air quality in Kolthoff Hall is considered to be among the most serious health risks at the University. The building will be renewed to provide a safe, functional environment for the chemistry program.
- ◆ An existing building will be renovated for Education Sciences, units of the College of Education and Human Development that focus on improving K-12 school achievement. The renovation improves the riverfront and frees up lab space in an adjacent building for cognitive neuroscience, an interdisciplinary academic priority.
- ◆ The Academic Health Center's (AHC's) educational facilities will be renovated to create flexible learning environments that support state-of-the-art teaching methods for the education of health care professionals.

Project Description

This request is for four renovation projects:

- ◆ UMD Life Science
- ◆ Kolthoff Hall
- ◆ Education Sciences (formerly Mineral Resources Research Center)
- ◆ AHC Education Facilities, including Mayo Auditorium, the Veterinary Medicine Teaching Center (Old Dairy Barn), and classrooms and teaching labs in various AHC buildings

In each case, the total project cost will be funded with a combination of state and University funds. The state funds will be used for health and safety, building system, and utility infrastructure improvements, as allowed by statute. The University funds will be used to make additional programmatic improvements in the renovated buildings.

Project	State	U Contribution
UMD Life Science	\$9,300	\$4,700
Kolthoff Hall	\$16,800	\$7,200
Education Sciences (MRRC)	\$13,300	\$6,700
AHC Education Facilities	\$9,600	\$6,400
Total:	\$49,000	\$25,000

Project Rationale

Life Science Building -- Renewal of the Life Science Building is the second phase of improvements to basic science facilities on the Duluth Campus. The first phase, construction of the new Swenson Laboratory Sciences Building that was funded in 2002, will provide contemporary laboratory facilities needed to support the rapidly growing teaching and research programs for both chemistry and biology. Renovation of the Life Science Building will make it functional for the classrooms, teaching labs, laboratory support facilities, and faculty offices not accommodated in the Swenson Building, and will also provide a permanent home for the School of Pharmacy in Duluth, a program focused on graduating pharmacists who will serve communities in greater Minnesota.

The 35-year-old Life Science Building suffers from air quality problems caused by inadequate ventilation in instructional labs, numerous life safety and accessibility code deficiencies, and a high level of asbestos in floor, ceiling, and fireproofing materials throughout the building. Renewal will extend the useful life of the facility.

Kolthoff Hall -- Kolthoff Hall is a 35-year-old building that houses research and teaching labs for the Department of Chemistry. Although the structure is sound and will serve the needs of chemistry for the foreseeable future, the building systems are in need of renewal. University officials responsible for

Systemwide - HEAPR: Major Building Renewal

monitoring building codes and laboratory safety consider Kolthoff among the most serious health risks on the Minneapolis Campus because the obsolete mechanical system cannot provide adequate ventilation to laboratories that regularly use toxic chemicals. This condition is also limiting the level of research activities in the building. Some repairs have been made to improve the air quality, but the entire HVAC and electrical systems need to be upgraded to safely support teaching and research activities. Remodeling of vacated biology space is needed to support new initiatives in chemical biology in collaboration with the Medical School.

Kolthoff is an intensely used building. Each day nearly 300 undergraduate students, 170 graduate students, and 19 faculty members attend courses and conduct research in its laboratories. In addition, numerous researchers from other departments, universities, and industry use facilities located in Kolthoff every day.

Education Sciences Building (formerly MRRC) -- The Education Sciences project will convert a structure once used as a minerals laboratory to office and research space for the College of Education and Human Development (CEHD), restoring a building that is important to the history of Minnesota. The renovation improves the riverfront and frees up lab space in an adjacent building for cognitive neuroscience, an interdisciplinary academic priority. The openness and large volume of the existing interior space allows its cost-effective conversion to the new use.

The renovated Education Sciences will be occupied by three units of the CEHD, which attract \$9 million annually in sponsored research. The complementary nature of their work – ranging from research into early childhood development and education, to K-12 concerns in special education, accountability, assessment, and school psychology, to research on policy and practice in K-12, and to preparing young adults for higher education and careers -- will be enhanced by housing some of the top education faculty and researchers in the nation in close proximity. The result will be additional sponsored research that will benefit of Minnesota's children, and more effective assistance to teachers and administrators in solving real problems in real schools.

AHC Educational Facilities -- Recent investments in the AHC have focused on improving research facilities. These investments have resulted in state-

of-the-art research laboratories that play an important role in recruiting top medical researchers to the University of Minnesota. New investments to AHC facilities must now focus on improving classrooms and other learning environments for nearly 7,000 full-year-equivalent students. The University must provide up-to-date facilities in order to stay competitive with other regional universities and to attract the best and brightest students to its health profession programs.

During the past 10 years, advances in health research, technology, and student assessment have transformed health professional education. Current AHC classrooms are configured for a traditional learning environment that relies heavily on lectures, where students are passive learners. New teaching methods require spaces that allow for small-group learning and problem-based teaching. Flexible, adaptable space is needed to allow for a range of learning environments, including computer-based testing facilities, computer labs, and simulation facilities.

Impact on Agency Operating Budgets (Facilities Notes)

Renovation of classrooms will have negligible impact on the annual operation budget. Renovation of buildings that are currently vacant (Education Sciences and Veterinary Medicine Teaching Center) or have minimal building mechanical systems (Life Science) will increase annual operating costs by an estimated \$821,500.

No additional faculty or program staff will result directly from these projects.

The estimated annual repair and replacement cost for all projects is \$2.07 million. This amount is equivalent to the annual depreciation of building components, such as windows, roofs, walls, interiors, and mechanical, electrical, and plumbing systems.

Previous Appropriations for this Project

None.

Systemwide - HEAPR: Major Building Renewal

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Governor's Recommendations

The Governor recommends general obligation bonding of \$9.3 million for the renovation of the Life Science Building on the Duluth campus, contingent upon a commitment of \$4.7 million to complete the project (issuance of University bonds).

The Governor recommends general obligation bonding of \$16 million for the renovation of Kolthoff Hall on the Twin Cities campus, contingent upon a commitment of \$8 million to complete the project (issuance of University bonds).

The Governor recommends general obligation bonding of \$13.3 million for the renovation of a building for Education Sciences on the Twin Cities campus, contingent upon a commitment of \$6.7 million to complete the project (issuance of University bonds).

The Governor does not recommend capital funds for the renovations at AHC facilities. Furthermore, the Governor does not recommend the proposed expansion of the HEAPR program for major building renewal projects.

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
1. Property Acquisition	0	48	0	0	48
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	5,176	0	0	5,176
4. Project Management	0	1,513	0	0	1,513
5. Construction Costs	0	56,242	45,000	95,000	196,242
6. One Percent for Art	0	193	0	0	193
7. Relocation Expenses	0	254	0	0	254
8. Occupancy	0	5,701	0	0	5,701
9. Inflation	0	4,873	0	0	4,873
TOTAL	0	74,000	45,000	95,000	214,000

CAPITAL FUNDING SOURCES	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	49,000	37,500	79,833	166,333
State Funds Subtotal	0	49,000	37,500	79,833	166,333
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	25,000	7,500	15,167	47,667
TOTAL	0	74,000	45,000	95,000	214,000

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
Compensation -- Program and Building Operation	0	384	700	1,084
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	517	943	1,460
Building Repair and Replacement Expenses	0	2,520	4,144	6,664
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	3,421	5,787	9,208
Revenue Offsets	0	<16>	<33>	<49>
TOTAL	0	3,405	5,754	9,159
Change in F.T.E. Personnel	0.0	2.9	2.5	5.4

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	49,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
Yes	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
Yes	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2009

Systemwide - HEAPR: Major Building Renewal

STATEWIDE STRATEGIC SCORE		
Criteria	Values	Points
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	120
Safety/Code Concerns	0/35/70/105	70
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	100
User and Non-State Financing	0-100	34
State Asset Management	0/20/40/60	40
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	25
Total	700 Maximum	459

Duluth - Recreational Sports Addition

2004 STATE APPROPRIATION REQUEST: \$8,000,000

AGENCY PROJECT PRIORITY: 3 of 6

PROJECT LOCATION: Duluth

Project At A Glance

- ◆ Over 90% of the University of Minnesota Duluth (UMD) student body participates in the Recreational Sports Outdoor Program and there are over 430 students involved in varsity athletics.
- ◆ Additional facilities are proposed to allow more students to participate in intramural sports and fitness and weight training for both recreation and varsity athletics.
- ◆ One third of the project cost will be funded with student fees, approved by a vote of the students in April of 2002.

Project Description

This request is for funds to construct, furnish, and equip the Recreational Sports Facility, an addition to the existing Sports and Health Center, at the Duluth campus. The facility will include fitness and conditioning space, multi-purpose recreational space, and office space for Recreational Sports Outdoor Program.

Project Rationale

The UMD's Department of Recreational Sports Outdoor Program has consistently been ranked one of the top 40 collegiate recreation programs in the nation by the National Intramural Recreational Sports Association. The demand for recreational sports and training facilities has grown because of three factors:

Increased enrollment -- Student enrollment has increased over 25% since 1996. According to planning guidelines for recreational facilities the Duluth Campus has only 55% of the space it needs to serve its enrollment. Although current recreational facilities and programs are in operation 18 hours each day for seven days a week students are being turned away from programs and access to facilities.

Shared space – Recreational sports programs and intercollegiate athletics on the Duluth Campus share the same facilities. When intercollegiate teams practice, there is no open gym space available for recreational use.

Program expansion -- Participation in open recreational programs has increased by 60% since 1996. Two women's sports programs with over 130 participants have been recently added. All athletic teams are placing increased emphasis on year-round training.

Campus recreation facilities attract and retain students by contributing to the quality of the student experience. The addition of this facility will improve UMD's ability to encourage and develop active lifestyles for students, faculty, and staff.

Impact on Agency Operating Budgets (Facilities Notes)

The addition of approximately 46,000 gross square footage (GSF) for the recreational sports program to the Duluth Campus will increase the University's operating costs by an estimated \$457,000 per year.

No additional faculty or program staff will result directly from these projects.

The estimated annual repair and replacement cost for this project is \$336,000. This amount is equivalent to the annual depreciation of building components, such as windows, roofs, walls, interiors, and mechanical, electrical, and plumbing systems.

Previous Appropriations for this Project

None.

Duluth - Recreational Sports Addition

Project Contact Person

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Governor's Recommendations

The Governor does not recommend capital funds for this project.

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	811	0	0	811
4. Project Management	0	437	0	0	437
5. Construction Costs	0	9,680	0	0	9,680
6. One Percent for Art	0	82	0	0	82
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	484	0	0	484
9. Inflation	0	506	0	0	506
TOTAL	0	12,000	0	0	12,000

CAPITAL FUNDING SOURCES	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	8,000	0	0	8,000
State Funds Subtotal	0	8,000	0	0	8,000
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	4,000	0	0	4,000
TOTAL	0	12,000	0	0	12,000

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
Compensation -- Program and Building Operation	0	424	424	848
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	571	571	1,142
Building Repair and Replacement Expenses	0	672	672	1,344
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	1,667	1,667	3,334
Revenue Offsets	0	0	0	0
TOTAL	0	1,667	1,667	3,334
Change in F.T.E. Personnel	0.0	3.3	0.0	3.3

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	8,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
Yes	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2009

Duluth - Recreational Sports Addition

STATEWIDE STRATEGIC SCORE		
Criteria	Values	Points
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	40
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	75
User and Non-State Financing	0-100	33
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	25
Total	700 Maximum	243

2004 STATE APPROPRIATION REQUEST: \$5,333,000

AGENCY PROJECT PRIORITY: 4 of 6

PROJECT LOCATION: Morris

Project At A Glance

- ◆ District heating/cooling facilities and a football stadium will be accomplished in partnership with the Morris school district.
- ◆ Expansion of the campus heating plant so it can burn biomass as an alternative fuel to augment the use of natural gas will stabilize the campus' utility costs.
- ◆ Additional steam and chilled water capacity from the plant will serve the campus and the adjacent community high school/elementary school complex.

Project Description

This request is for funds to design, construct, and equip an addition to the heating plant on the Morris Campus to provide the capability to burn biomass fuel to produce steam. The project will provide the campus with fuel flexibility and required system redundancy. The facility is a component of a partnership agreement with the Morris School District. The project also includes the construction of a football stadium to be shared with the Morris School District.

Project Rationale

The Morris Campus has a history of partnerships with the community (city, school district, county), including a shared track facility and the recently completed Regional Recreation Center. This request represents another unique opportunity to partner with the Morris community on two facilities.

Biomass Heating Plant -- The increasing volatility of natural gas prices has had a significant impact on utility costs at the Morris Campus since natural gas is its sole fuel. The campus also needs a reliable back-up heating source and additional heating and cooling capacity to meet future demands. The proposed addition to the heating plant will include a solid fuel boiler that will allow the campus to burn locally available fuels, such as waste wood and corn screenings, to augment the gas-fired boiler. The plant will also provide steam and chilled water to the Morris High School and elementary school complex adjacent to the campus, and potentially to the nearby community hospital.

The heating plant addition will benefit the Morris Campus by providing:

- ◆ additional steam capacity for back-up and increased demand;
- ◆ immediate cost savings because the cost per BTU from biomass fuel is less than the cost per BTU from natural gas; and
- ◆ future cost avoidance and stabilized utility costs as the price of natural gas increases.

The project will benefit the community by:

- ◆ eliminating the need for the school district to construct their own heating and cooling plant;
- ◆ providing a market for waste material and avoiding the cost of disposal in landfills, an estimated economic impact of \$150,000 annually; and
- ◆ protecting the environment by burning carbon-neutral biomass materials.

The project will also provide:

- ◆ demonstration opportunities for other communities related to district facilities and the use of biomass fuels; and
- ◆ research opportunities related to fuel collection, preparation and use in collaboration with other University alternative fuel programs.

Shared Football Stadium – The new football stadium will consist of a field and a small structure for spectator seating, team rooms, public toilets, and concessions. Expansion of the heating plant will encroach on the existing campus football field, a functional, but minimal facility, requiring its relocation. The existing field for Morris High School is located on a remote site that is to be sold for future redevelopment. The community has already approved a referendum for \$1 million to contribute to a new joint-use football field.

Morris - District Facilities

Operation and maintenance costs will be shared, and both parties have agreed to a ticket surcharge to fund long-term maintenance and replacement.

Impact on Agency Operating Budgets (Facilities Notes)

The purpose of the heating plant project is to stabilize operating costs related to steam and chilled water production for the Morris Campus. An immediate cost savings is anticipated from the use of biomass fuel to augment the use of natural gas. As the cost of natural gas increases, additional cost avoidance will result. Steam and chilled water will be provided to the school district at cost.

The new football facility will include team rooms and public toilets that are expected to increase operating costs by \$10,000. This cost will be shared by the Morris Campus and the Morris school district.

No additional University faculty or program staff will result from this project.

The estimated annual repair and replacement cost for these projects is \$160,000. This amount is equivalent to the annual depreciation of the facility components.

Previous Appropriations for this Project

None.

Project Contact Person

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Governor's Recommendations

The Governor does not recommend capital funds for this project.

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
1. Property Acquisition	0	5	0	0	5
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	579	0	0	579
4. Project Management	0	346	0	0	346
5. Construction Costs	0	6,602	0	0	6,602
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	73	0	0	73
9. Inflation	0	395	0	0	395
TOTAL	0	8,000	0	0	8,000

CAPITAL FUNDING SOURCES	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	5,333	0	0	5,333
State Funds Subtotal	0	5,333	0	0	5,333
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	2,667	0	0	2,667
TOTAL	0	8,000	0	0	8,000

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
Compensation -- Program and Building Operation	0	4	4	8
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	6	6	12
Building Repair and Replacement Expenses	0	320	320	640
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	330	330	660
Revenue Offsets	0	0	0	0
TOTAL	0	330	330	660
Change in F.T.E. Personnel	0.0	0.1	0.0	0.1

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	5,333	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
Yes	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
Yes	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
Yes	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2009

STATEWIDE STRATEGIC SCORE		
Criteria	Values	Points
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	40
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	50
User and Non-State Financing	0-100	33
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	25
Total	700 Maximum	218

Minneapolis - Carlson School Expansion & Classrooms

2004 STATE APPROPRIATION REQUEST: \$1,667,000

AGENCY PROJECT PRIORITY: 5 of 6

PROJECT LOCATION: Minneapolis

Project At A Glance

- ◆ The undergraduate and full-time MBA programs of the Carlson School of Management (CSOM) are expanding to satisfy the demand by Minnesota businesses for more graduates with degrees in business.
- ◆ Entrants to the CSOM's undergraduate program rank in the top 7% of students nationwide for academic achievement.

Additional technology-rich classrooms are needed to accommodate the increasing enrollment in the Carlson School's programs and to serve the needs of the College of Liberal Arts.

Project Description

This request is for funds to design a new instructional facility adjacent to the existing CSOM of Management on the Minneapolis Campus. The facility will include undergraduate classrooms for the Carlson School and the College of Liberal Arts, undergraduate computer laboratories, and offices for the Carlson School's undergraduate student support services programs.

Project Rationale

The CSOM is expanding its undergraduate business program by 50% to meet the needs of Minnesota's business community. In order to support this growth and provide a fully integrated undergraduate business program, classroom space and the associated program support components must be increased and consolidated within a single facility.

Expanding the undergraduate business program, improving the full-time MBA program, and addressing the instructional requirements of the College of Liberal Arts requires adding classrooms for both large and small group instruction. In addition to classrooms, this new facility will house faculty and teaching assistants for an expanded CSOM Undergraduate Business Program, a larger Undergraduate Business Career Center to accommodate more advisors and provide space for on-campus interviews by prospective employers, and a new undergraduate computer lab. Informal individual and group study space will also be provided.

The CSOM currently admits 300 freshman and 150 transfer students each year, attracting students of high academic achievement. Fifty three percent of the incoming freshmen are in the top 5% of their class, and their average ACT score of 28 places them in the top 7% of students nationwide. The new building will permit the admission of 150 more freshman and 100 more transfer students.

Impact on Agency Operating Budgets (Facilities Notes)

This request is for design funds only. There is no annual operating cost impact at this time.

Previous Appropriations for this Project

None.

Other Considerations

The current estimated cost of the final project is \$25 million to \$35 million, based on preliminary programming and cost modeling. For a \$25 million project, the University's share would be \$8.3 million.

Minneapolis - Carlson School Expansion & Classrooms

Project Contact Person

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Governor's Recommendations

The Governor does not recommend capital funds for this project.

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
1. Property Acquisition	0	23	0	0	23
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	2,416	0	0	2,416
4. Project Management	0	61	0	0	61
5. Construction Costs	0	0	22,500	0	22,500
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	0	0	0
9. Inflation	0	0	0	0	0
TOTAL	0	2,500	22,500	0	25,000

CAPITAL FUNDING SOURCES	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	1,667	15,000	0	16,667
State Funds Subtotal	0	1,667	15,000	0	16,667
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	833	7,500	0	8,333
TOTAL	0	2,500	22,500	0	25,000

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	1,667	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
Yes	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2009

Minneapolis - Carlson School Expansion & Classrooms

STATEWIDE STRATEGIC SCORE		
Criteria	Values	Points
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	80
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	25
User and Non-State Financing	0-100	33
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	25
Total	700 Maximum	233

Duluth - Business School & Utility Infrastructure

2004 STATE APPROPRIATION REQUEST: \$1,467,000

AGENCY PROJECT PRIORITY: 5 of 6

PROJECT LOCATION: Duluth

Project At A Glance

- ◆ The Labovitz School of Business and Economics (LSBE) on the Duluth Campus is expanding its undergraduate business and MBA programs to meet the needs of Minnesota's business community.
- ◆ Student enrollment in LSBE has grown by 40% and additional growth is projected.
- ◆ An external donor is providing \$4.5 million of the \$22 million project.

Project Description

This request is for funds to design a new building for the LSBE on the Duluth Campus. The facility will include classrooms, offices, teaching laboratories, student services, and administrative support spaces. The project design will also include upgrades to the campus's central utility distribution system needed to accommodate increased demand from new and renovated facilities.

Project Rationale

The LSBE is expanding its facilities to meet the needs of its undergraduate business program. The current facility is undersized and not capable of accommodating the current level of enrollment. The existing building was planned for 1,200 undergraduates. The school currently has more than 1,750 students and projects an enrollment of 1,800 by the time the proposed facility is scheduled to open. The existing building was not designed to

accommodate either the MBA program or distance education, two current campus programs.

The present LSBE building was completed nearly 20 years ago. The building was designed to facilitate a 1980s-style business and management curriculum. Changes in technology and pedagogy in the past 20 years have made the building functionally obsolete. All the classrooms in the building were designed as tiered fixed-seating case study rooms. These classrooms, in addition to being inflexible, are too small for undergraduate instruction, resulting in more sections and higher instructional costs. Classrooms lack projection systems, internet access, and network connections.

Campus enrollment has grown significantly in the last decade, creating a need for more classrooms, student support space, and faculty offices. Construction of a new business school will allow other academic programs to use the vacated space in the existing building, relieving some of the space deficiency.

Impact on Agency Operating Budgets (Facilities Notes)

This request is for design funds only. There is no annual operating cost impact at this time.

Previous Appropriations for this Project

None.

Other Considerations

The current estimated cost of the final project is \$22 million. Of the total \$22 million project cost, a private donation of \$4.5 million would contribute to the University's share of \$7.3 million.

Project Contact Person

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Governor's Recommendations

The Governor does not recommend capital funds for this project.

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
1. Property Acquisition	0	22	0	0	22
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	2,125	0	0	2,125
4. Project Management	0	53	0	0	53
5. Construction Costs	0	0	19,800	0	19,800
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	0	0	0
9. Inflation	0	0	0	0	0
TOTAL	0	2,200	19,800	0	22,000

CAPITAL FUNDING SOURCES	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	1,467	13,200	0	14,667
State Funds Subtotal	0	1,467	13,200	0	14,667
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	733	6,600	0	7,333
TOTAL	0	2,200	19,800	0	22,000

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	1,467	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
Yes	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2009

Duluth - Business School & Utility Infrastructure

STATEWIDE STRATEGIC SCORE		
Criteria	Values	Points
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	80
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	25
User and Non-State Financing	0-100	33
State Asset Management	0/20/40/60	20
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	25
Total	700 Maximum	253