

# South Dakota Board of Regents ISSUE Briefs

South Dakota Public Universities: Your Future is Here!

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## ISSUE: Ten-Year Capital Improvement Plan

Investments in the system's facilities can come from different sources: state appropriations, outside gifts, federal government appropriations or grants, residence hall and student union fees, and tuition dollars placed in the Higher Education Facilities Fund (HEFF). In addition each institution has student fees dedicated to maintenance and repair (M&R). The sum of these resources accounts for the financial capacity of the system to acquire and maintain its physical plant. The Ten-Year Capital Plan, adopted by the Regents in 2000, is a comprehensive examination of the entire campus major project needs for facilities.

### BACKGROUND:

Prior to the adoption of the plan, decisions on facility investments were made by rotating projects among the six universities. Each waited its turn, then developed a project that was taken forward for approval. The institutions had to wait until the HEFF resources were sufficient to support the next institution's project. The primary source of money for the system's facilities is found in HEFF. This fund supports the new construction and the major M&R project needs of the universities, such as whole building projects or large projects that cannot be covered by the basic M&R resources. In addition campuses are appropriated an annual amount to use for the smaller, on-going facility repair and maintenance needs of the institution, such as roof repairs, painting, room renovations, and so forth. After the project was approved the HEFF capacity would have to be rebuilt for the subsequent projects. The Ten-Year Capital Plan was created by the Board of Regents to replace the rotation among institutions and address the system's priority needs. The comprehensive perspective maximizes the facility investment opportunities. With the plan in place the Regents, and, in turn, policymakers are no longer required to react to individual institutional initiatives.

**Plan Structure:** The Ten-Year Capital Plan is based on continuing the role of the Building Committee that is composed of the State Engineer, Executive Director of the Board of Regents, a Regent and the institutional president. The committee oversees the detail of a project and approves all actions related to the project's specifications and completion.

#### Factors in Judging the Need for Projects, Best Sources for Funding, and Priority

1. Renovation of existing space rather than new construction and adding space.
2. Life safety issues of space.
3. Campus need for upgraded space based on enrollments and programs in disciplines to be benefitted.
4. Institutional need for space based on enrollment.
5. Facility use for instruction.
6. Quality (condition) of existing space.
7. Institutional capacity to raise external dollars for a project.
8. The likelihood that external funding sources would support a specific project.

The committee also conducts an on-going review of the project and makes decisions on the most cost-efficient approaches. For instance, savings that are possible on a project by using prison labor to complete parts of the work can be identified and built into the project through committee. Savings always accrue to the funding source, such as HEFF. The Building Committee also is responsible for ensuring that sufficient resources are available for projects. This is especially true when undertaking projects by non-public sources. If the funds are not available, the project will not advance.

### Ten-Year Capital Improvement Projects List

Campus	Fiscal Year	Project Name	Renovation/New Const	Cost Estimate	HEFF
<u>100% HEFF Funding - In Ten-Year Legislation</u>					
BHSU	2003	Cook Classroom	New Construction	\$ 8,250,000	\$ 8,250,000
DSU	2003	Technology Classroom Building/Renovation	Renovation	\$ 2,500,000	\$ 2,500,000
SDSMT	2007	Library - 1st/4th Floor Remodel/Completion	Alteration	\$ 881,000	\$ 881,000
SDSMT	2007	Upgrade Primary Elec Dist System	Renovation	\$ 784,000	\$ 784,000
SDSMT	2007	M.I. Building Air Conditioning	Renovation	\$ 376,000	\$ 376,000
NSU	2011	Remodel Seymour Hall - Technology Center	Alteration	\$ 3,500,000	\$ 3,500,000
NSU	2011	Mewaldt Jensen Classroom Building	Renovation	\$ 3,500,000	\$ 3,500,000
Subtotal				\$ 19,791,000	\$ 19,791,000
<u>Partial HEFF &amp; Partial Federal/Private Funding - In Ten-Year Legislation</u>					
USD	2006	Lee Medicine & Science Hall Renovation	Ren (86%) New (14%)	\$ 32,000,000	\$ 12,500,000
SDSU	2009	Shepard Hall Renovation	Ren (59%) New (41%)	\$ 20,000,000	\$ 11,800,000
Subtotal				\$ 52,000,000	\$ 24,300,000
<u>100% Federal or Private - In Ten-Year Legislation</u>					
SDSU	2002	Solberg Hall Renovation*	Renovation	\$ 7,570,000	
USD	NA	New Business School	New Construction	\$ 12,800,000	
USD	2002	Old Armory Renovation	Renovation	\$ 2,200,000	
USD	2002	Al Neuharth Media Center	Renovation	\$ 4,200,000	
USD	NA	Slagle Auditorium	Renovation	\$ 3,500,000	
Subtotal				\$ 30,270,000	
<u>100% Federal or Private - Not in Ten-Year Legislation</u>					
BHSU	NA	Woodburn Hall Entrance & Theatre	Ren (65%) New (35%)	\$ 5,400,000	
BHSU	NA	Expansion of E.Y. Berry Library	New Construction	\$ 3,270,500	
DSU	NA	Kennedy Center Addition	New Construction	\$ 1,000,000	
NSU	NA	Remodel Dacotah Hall - Computer Labs	Alteration	\$ 2,000,000	
SDSMT	NA	High Plains Technology Center	Ren (80%) New (20%)	\$ 11,295,000	
SDSU	NA	West Greenhouse Replacement	Renovation	\$ 3,000,000	
SDSU	NA	Library Expansion/Fire Sprinkler System	Ren (7%) New (93%)	\$ 15,350,000	
SDSU	NA	Performing Arts Center, Phase II	New Construction	\$ 11,250,000	
SDSU	NA	General Classroom Building	New Construction	\$ 5,250,000	
Subtotal				\$ 57,815,500	
<b>Grand Total All Capital Improvement Projects</b>				<b>\$ 159,876,500</b>	<b>\$ 44,091,000</b>

\*Solberg Hall is privately funded by the Foundation

All Planned renovation projects will be reviewed to determine whether renovation or replacement is most appropriate and cost effective.

## CONCLUSION:

The Ten-Year Capital Plan results in better distribution of funds for the system. When both funding sources and projects are considered over a period of time, the Regents manage state resources wisely to ensure a comprehensive approach to physical plant acquisition and maintenance.