Committee: Finance, Facilities and Technology  Date of Meeting: January 21, 2009

Agenda Item: Minnesota State University, Mankato Construction Contract Approval

Cite policy requirement, or explain why item is on the Board agenda: Board Policy 5.14, Procurement and Contracts, requires pre-approval by the Board of Trustees for contracts, including amendments, with values greater than $2,000,000.

Scheduled Presenter(s): Laura M. King, Vice Chancellor – Chief Financial Officer Allan Johnson, Associate Vice Chancellor Facilities

Outline of Key Points/Policy Issues: This request is to seek Board of Trustees approval of a proposed construction project to renovate portions of the McElroy Residence Community, “H” and “I” Wings, at Minnesota State University, Mankato.

Background Information: The project will include significant upgrades of interior areas for floors 1 through 4 in both the “H” and “I” wings of the residence hall and will generally include improvements to lounge windows, flooring, walls, ceilings, doors and hardware, plumbing, heating, ventilation, air conditioning, lighting, telecommunications and card access systems. Built-in closets and furniture replacement is also included in the project. Design and construction of the project will be funded by the University using $5,252,000 of Revenue Fund operating reserves, and repair and replacement funds. The construction contract is estimated at $3,800,000.
BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES

BOARD ACTION

Minnesota State University, Mankato Construction Contract

BACKGROUND:
The purpose of this report is to seek Board of Trustees approval of a proposed construction project to renovate portions of the McElroy Residence Community, “H” and “I” Wings, at Minnesota State University, Mankato (MSU,M). Board approval is necessary because the project includes a construction contract valued over $2 million. This is similar to the March 2008 approval of the renovation of the Crawford Residence Community for $4.1 million. This is consistent with the University’s long term plan for renovation of existing campus housing. The University continues to evaluate the benefits of replacing older housing with new as feasible.

The project will include significant upgrades of interior areas for floors 1 through 4 in both the “H” and “I” wings of the residence hall and will generally include improvements to lounge windows, flooring, walls, ceilings, doors and hardware, plumbing, heating, ventilation, air conditioning, lighting, telecommunications and card access systems. Built-in closets and furniture replacement is also included in the project.

Design and construction of the project will be funded by the University using $5,252,000 of Revenue Fund operating reserves, and repair and replacement funds which have been specifically planned and earmarked for this project. The construction contract is estimated at $3,800,000. State universities have a choice of financing this type of capital improvement, either through Revenue Fund operating reserves accumulated over time or the use of revenue bond proceeds with resultant debt. Expenditure of these funds will not impact the University’s ability to maintain required reserve levels. No state appropriation or tuition funds will be used for the project.

Because this project is funded through student room and board fees, student consultation is required. MSU, M indicated that consultation has taken place and students are in support of the planned renovation work.

The design, construction, inspection, testing, and installation of furnishings and equipment will be managed by University personnel in accordance with Minnesota State Colleges and Universities’ design and construction standards. A project predesign study was completed to define the scope and costs of the project and will be used as a basis for the design. The proposed schedule for design, construction, and related contract awards is as follows: design – winter 2009; begin construction - May 2009; and substantial completion - July 2010.
RECOMMENDED COMMITTEE ACTION:
The Facilities/Finance Policy Committee recommends that the Board of Trustees adopt the following motion.

RECOMMENDED MOTION:
The Board of Trustees approves the construction contract to renovate McElroy Residence Community, “H” & “I” Wings on the campus of Minnesota State University, Mankato as described herein.

Date Presented to the Board: January 21, 2009