

NDUS Report to the Budget Section, 12/11/13 on 13-15 Capital Projects Contingency Pool

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Background

The NDUS Office 13-15 appropriation includes \$5,483,413 in a capital projects contingency pool line item. This is the result of a legislatively imposed five percent reduction (except at SMHS where Phase I was reduced by 2.5%) to each approved 13-15 state funded capital project. Ninety-five percent of the project was funded in each individual campus capital asset line item, with the remaining five percent pooled for SBHE allocation. After pooling the five percent, the legislature then reduced the total amount of the pool by \$1 million. Due to the \$1 million reduction, the amount in the pool is closer to 4.45% (2.17% SMHS) on a project-by-project basis.

It is our understanding that the intent of this action was to encourage a diligent effort in developing, reviewing and awarding capital projects to meet necessary programmatic needs while limiting total cost, to the greatest extent possible.

SBHE Approved Guidelines

- All projects must be designed and bid based on the reduced project amount (original project amount less 4.45%/2.17%)
- For fiscal year 2014, campuses (excluding the SMHS) may request an allocation from the capital projects contingency pool, up to a maximum of 4.45% of the legislative appropriation for that project, if the lowest acceptable bid (or CM maximum price) exceeds the legislative appropriation provided for the project. The SMHS may submit a request for an allocation from the capital projects contingency pool, up to a maximum of 2.17% of the legislative appropriation for that project, if the lowest acceptable bid (or CM maximum price) exceeds the legislative appropriation provided for the project.
- The NDUS Office will consider and review each individual project request as submitted, with the Chancellor making an allocation recommendation of between 0-4.45percent (2.17% at SOMHS) to the SBHE, who has the final allocation authority.
- At the end of fiscal year 2014, the allocation criteria will be re-evaluated based on remaining funds, and adjustments to the guidelines may be made, as necessary.

Allocations to Date

| | | | |
|----------------------------|---|--------------------|-------|
| 13-15 appropriation | | \$5,483,413 | |
| WSC | Campus Drive Project | \$90,000 | 5% |
| WSC | Stevens Hall Renovation | \$517,551 | 4.45% |
| LRSC | Erlandson Remodel and Expansion Project | \$251,433 | 4.45% |
| Allocations to date | | \$ 858,984 | |
| Remaining Balance | | \$4,624,429 | |

Remaining Potential Projects

| | | Max at 4.45% | |
|--------------|---------------------------------------|---------------------|--|
| BSC | Communications and Creative Arts Ctr. | \$560,626 | |
| UND | SMHS Renovation/Addition | \$1,307,957 (2.17%) | |
| UND | Law School Renovation | \$505,828 | |
| NDSU | STEM classroom/lab Building | \$1,247,709 | |
| NDSCS | Old Main Renovation | \$358,778 | |
| MaSU | Old Gym Replacement and Improvements | \$244,484 | |
| MaSU | Campus-Wide Drainage Improvements | \$95,559 | |
| MISU | Plant Services Bldg. | \$76,798 | |
| VCSU | Vangstad Hall Renovation | \$153,286 | |
| VCSU | Hillside Slope Failure | \$21,321 | |
| DCB | Campus Backup Generator | \$16,675 | |
| DCB | Software update | \$1,265 | |
| DCB | Thatcher Hall Heating Upgrades | \$34,143 | |
| TOTAL | | \$4,624,429 | |

SB 2003, Section 24: The capital projects contingency pool line item contained in subdivision 1 of section 1 of this Act includes funding that may be transferred to institutions for capital projects as provided under this section. The state board of higher education may be transfer funds from capital projects contingency pool to an institution if the lowest acceptable bid received for a capital project exceeds the legislative appropriation provided for the project. The board shall provide a prorated amount to institutions from the pool if the amount of funding required for eligible projects exceeds available funding. An institution may only receive funding from the pool for capital projects that receive a general fund appropriation and are authorized under this Act. For purposes of this section, the "legislative appropriation provided for a project" does not include funds appropriated from private donations and other local funds to enhance a project. During the 2013-14 interim, the state board of higher education shall provide periodic reports to the budget section regarding funds distributed from the capital projects contingency pool.