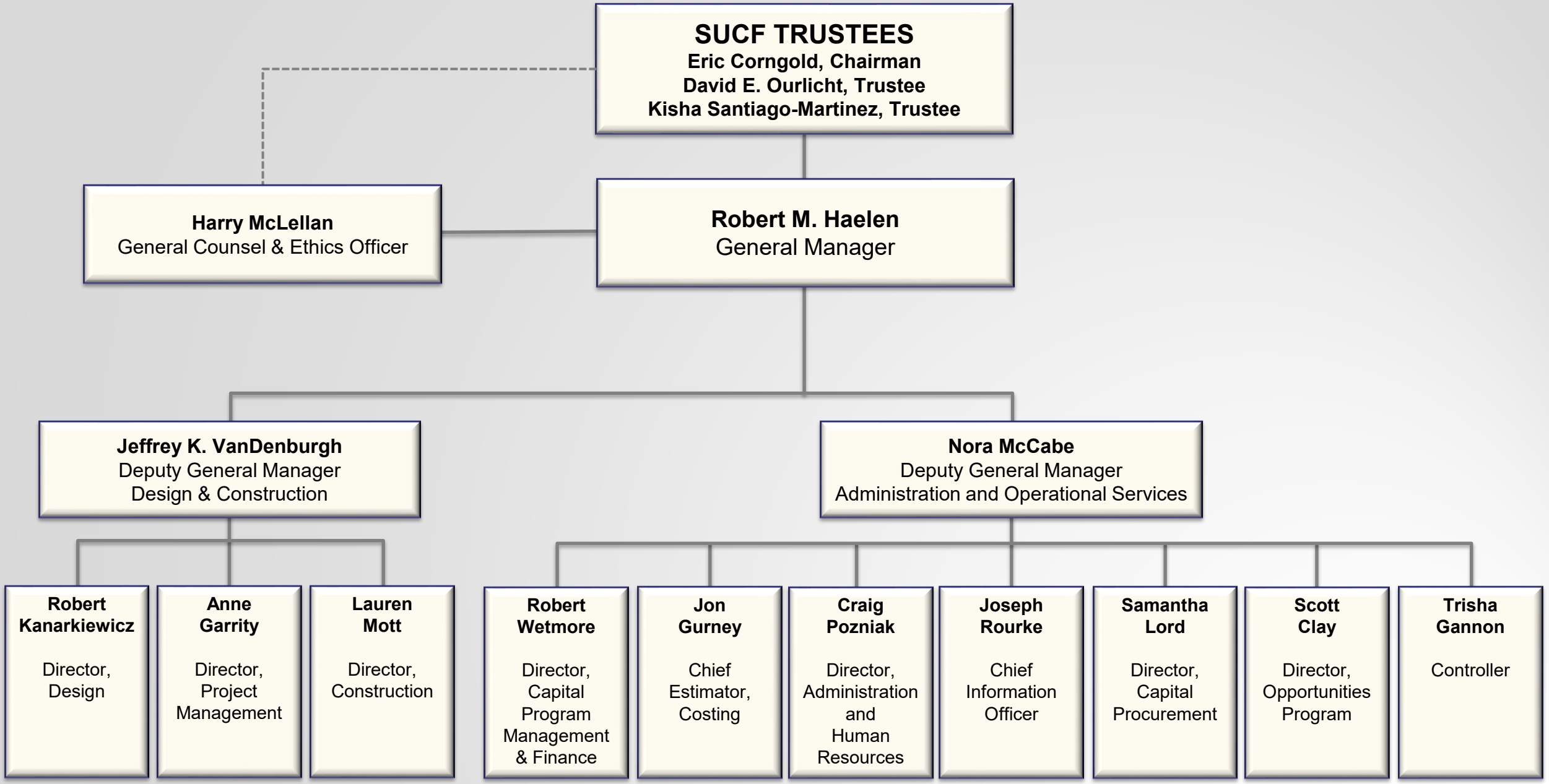
PPAA
UPDATE ON SUNY CAPITAL
February 1, 2023

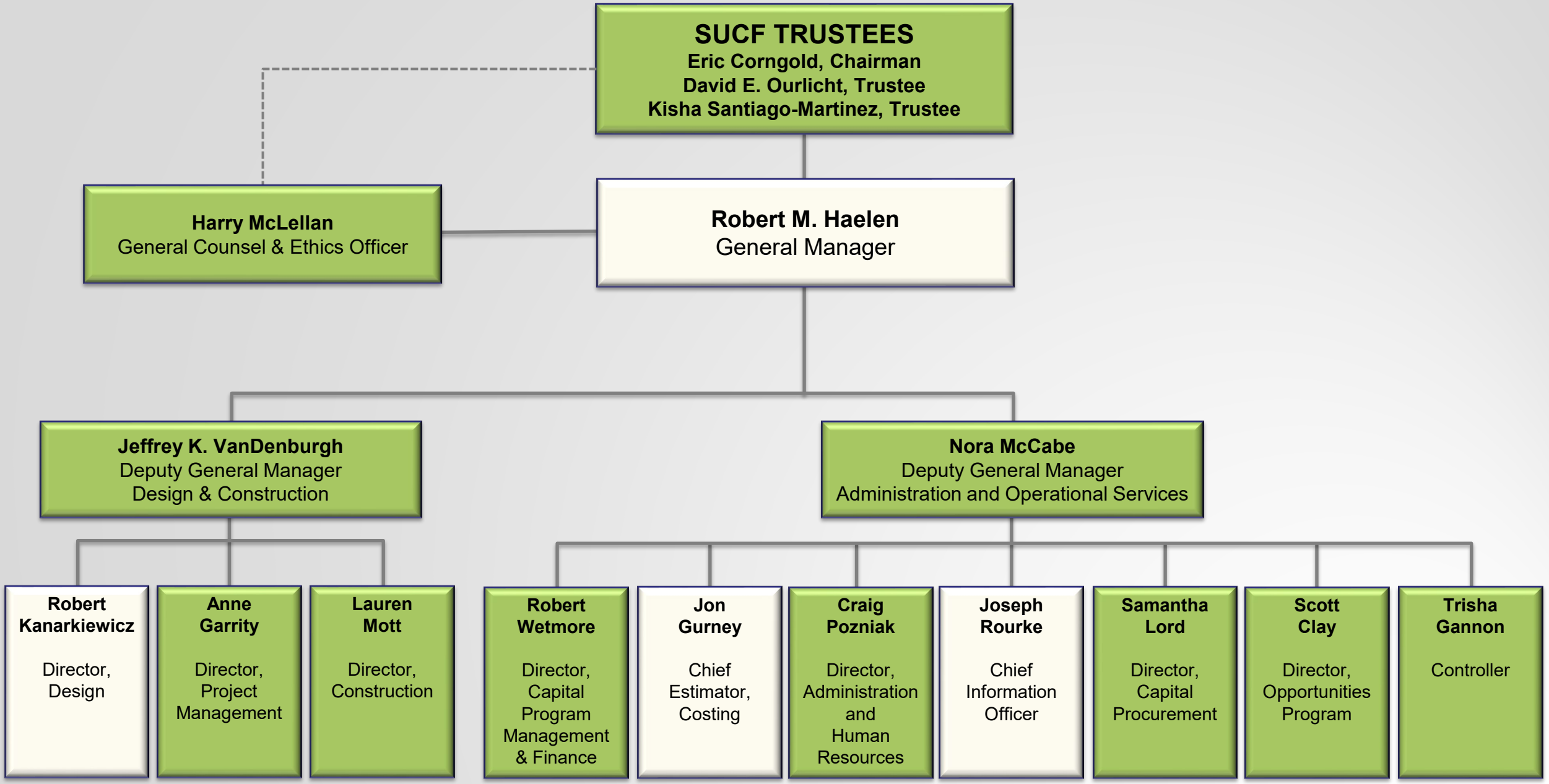
ESF Marshall Hall

State University
Construction Fund

The Fund leadership and staff continue to experience significant transition, including:

- **65%** of the Fund's leadership is **new** to their role in the past 2 years
- **13** people have **retired** from the Fund in the last 12 months with hundreds of combined years of Fund service.
- **21** people have **joined** the Fund in the last 12 months
- We currently have **137** full-time employees
- Approximately **247 active design and construction projects valued at $4.8B**


SUCF TRUSTEES
Eric Corngold, Chairman
David E. Ourlicht, Trustee
Kisha Santiago-Martinez, Trustee
Harry McLellan
General Counsel & Ethics Officer
Robert M. Haelen
General Manager
Jeffrey K. VanDenburgh
Deputy General Manager
Design & Construction
Nora McCabe
Deputy General Manager
Administration and Operational Services
Robert Kanarkiewicz
Director, Design
Anne Garrity
Director, Project Management
Lauren Mott
Director, Construction
Robert Wetmore
Director, Capital Program Management & Finance
Jon Gurney
Chief Estimator, Costing
Craig Pozniak
Director, Administration and Human Resources
Joseph Rourke
Chief Information Officer
Samantha Lord
Director, Capital Procurement
Scott Clay
Director, Opportunities Program
Trisha Gannon
Controller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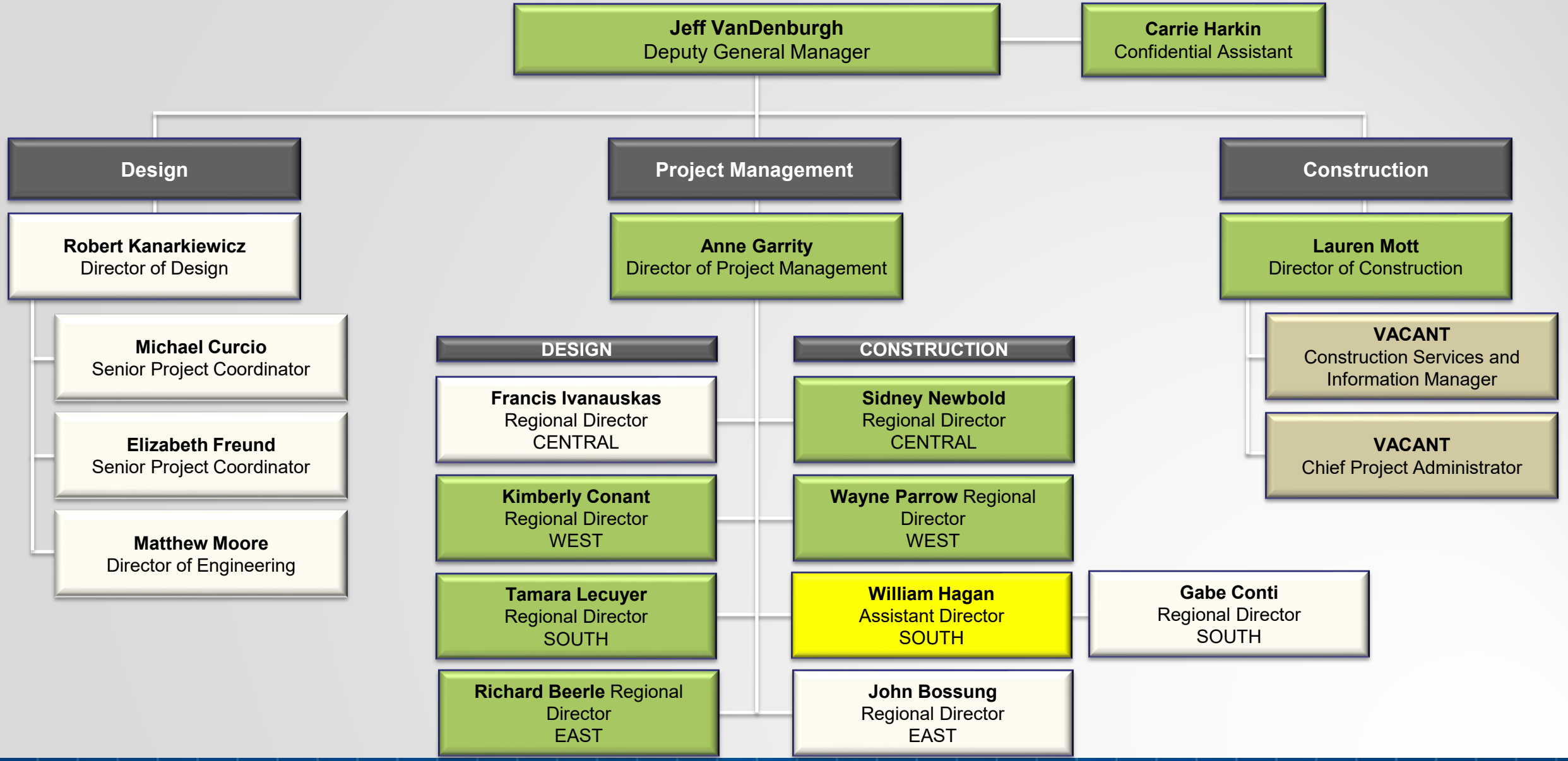
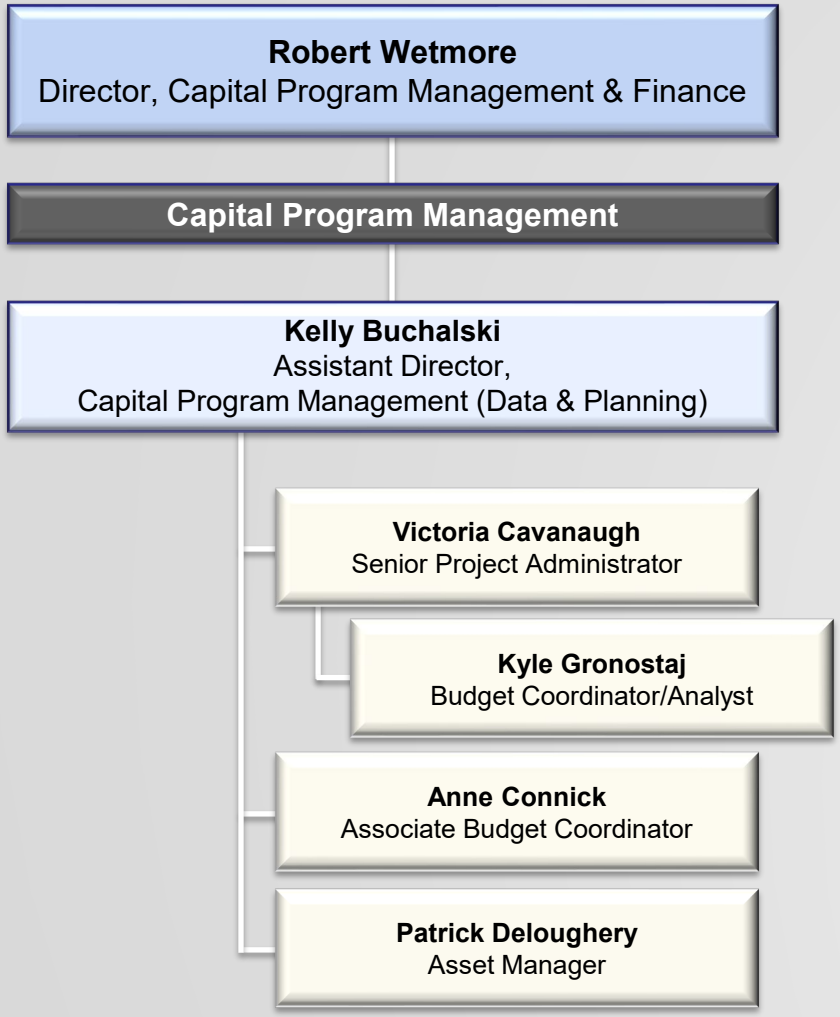
Design & Construction



Capital Program Management & Finance, Data & Planning Unit



- Centralized data and reporting
- Dashboards for Property, Space, and Asset Renewal information
- Development of project-driven data for planning
- Space planning and enrollment projections
- Campus-Let program administration
- All campuses have been trained on the system
- This unit is a resource for ALL campuses

How Do We Adapt

- New people at the Fund
- New people on campuses
- Lost institutional knowledge, especially with senior facility managers
- Need for communication and verification more important than ever
- Don’t make assumptions, verify facts
- Take the time to educate one another
- Strive to build a good, collaborative, problem-solving team

BUDGET

STATE UNIVERSITY OF NEW YORK
ENACTED and EXECUTIVE CAPITAL BUDGETS
IN MILLIONS

Program	2021/22 Enacted	2022/23 Enacted	2023/24 Executive
Educational Facilities			
- Critical Maintenance	550.0	550.0	
- Building Enhancements & New Construction	100.0	650.0	
- Renovation of Educational Opportunity Center	10.0	10.0	
Subtotal, Educational Facilities	**660.0**	**1,210.0**	
Hospitals			
- Maintenance & Initiatives	150.0	**150.0**	
Residence Halls			
- Pay-as-you-go Capital	75.0	75.0	
Community Colleges			
- 50% State Share	14.6	56.9	
TOTAL	**899.6**	**1,491.9**	

SUNY Educational and Hospital Capital Appropriations History

Governor Spitzer, 2007-2008
Governor Patterson, 2008-2010
Great Recession, 2007-2009

Spitzer - $4.4B for educational facilities

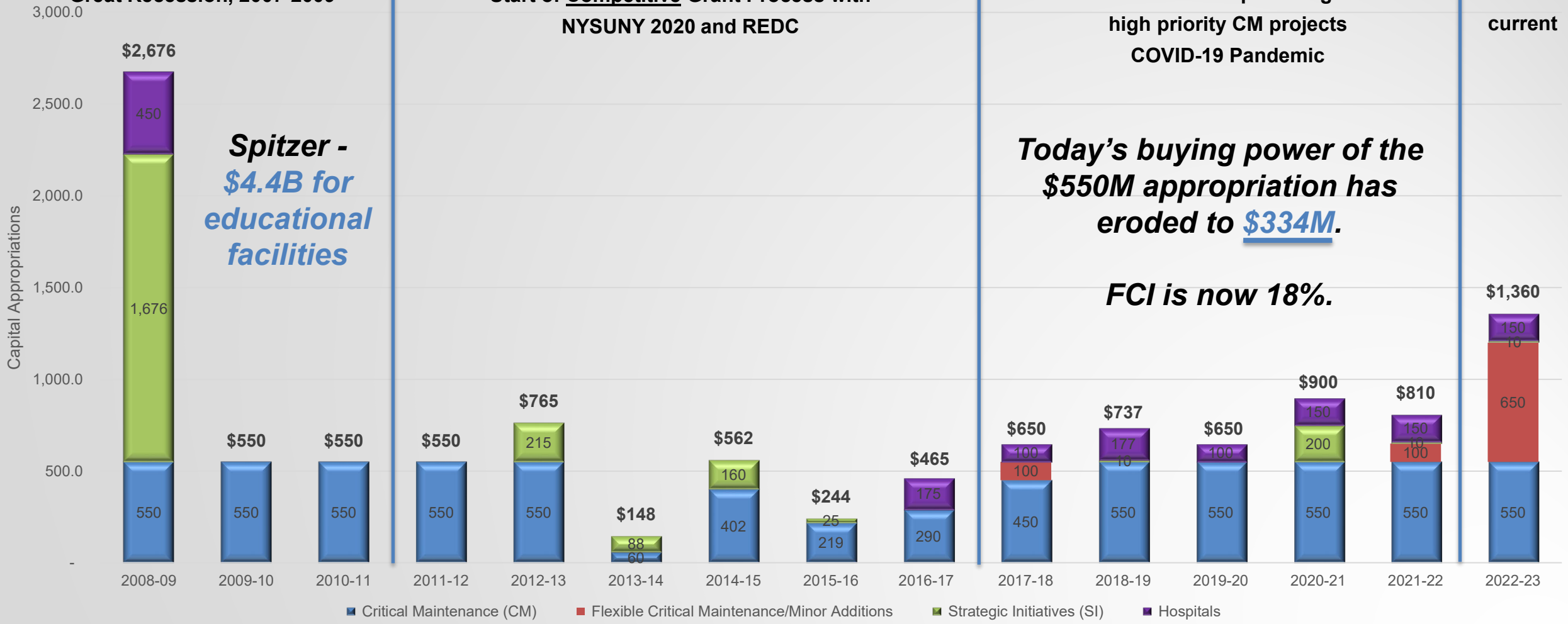
Governor Cuomo, 2011-2016
Early years of unpredictable funding levels
Start of Competitive Grant Process with NYSUNY 2020 and REDC

Governor Cuomo, 2017-2021
Predictable funding
Centralized lump funding for high priority CM projects
COVID-19 Pandemic

Today's buying power of the $550M appropriation has eroded to $334M.

FCI is now 18%.

Governor Hochul, 2021-current



Competing Demands for Capital Funding

$1.2B ($550M + $650M)

Impact of the $650M

- Certain campuses began to think about new buildings again
- Campuses want to eliminate the phasing of projects
- Multiple presentations made to the SUNY Board of Trustees on allocation of funding
- Resulted in the development of SUNY Capital Investment Guidelines
- Resulted in changes to the rating criteria for critical maintenance projects with a programmatic element

Framework for Identifying Projects for Lump Sum Funding

In 2022, guidelines for capital investment were developed to help guide how projects are prioritized. In connection with this exercise, rating criteria were refined for programmatic projects that have a critical maintenance element to allow for a wider variety of projects to be selected. The primary focus of capital investment is to **invest in existing facilities**. New buildings must be approved by the Chancellor, contingent upon DOB approval. The project classifications are:

Critical Maintenance Projects

- Ensuring health and life safety
- Providing accessibility for all
- Replacing aged building systems and supporting infrastructure
- Rehabilitating building exteriors
- Providing modern interiors

Programmatic Projects

- Supporting student access and success
- Enhancing student experience
- Facilitating research and entrepreneurialism
- Enhancing community engagement

New Construction

- Supports SUNY's mission and/or advance the New York State goals and objectives
- Represents a high campus priority
- Supported by Facilities Master Plan
- Developed in coordination with SUNY System Administration and subject to the approval by the SUNY Chancellor and DOB

Core Critical Maintenance Project Criteria

	Criteria (YES/NO questions)	Weight
1	Is the primary purpose of the project to correct potential threats to life or safety?	5
2	Does at least 50% of the total project Budget reduce deferred maintenance by an equivalent amount (based on Asset Works renewal cost?)	5
3	Has there been a fire safety code, regulatory, or environmental violation or citation made?	3
4	Is there evidence of imminent failure of a building system or component?	3
5	Has there been an emergency declared within the last 1-2 years?	2
6	Has there been an independent verification of cost? (engineering study, cost estimate, program study, etc.)	2
7	Is the project on the Construction shelf?	2

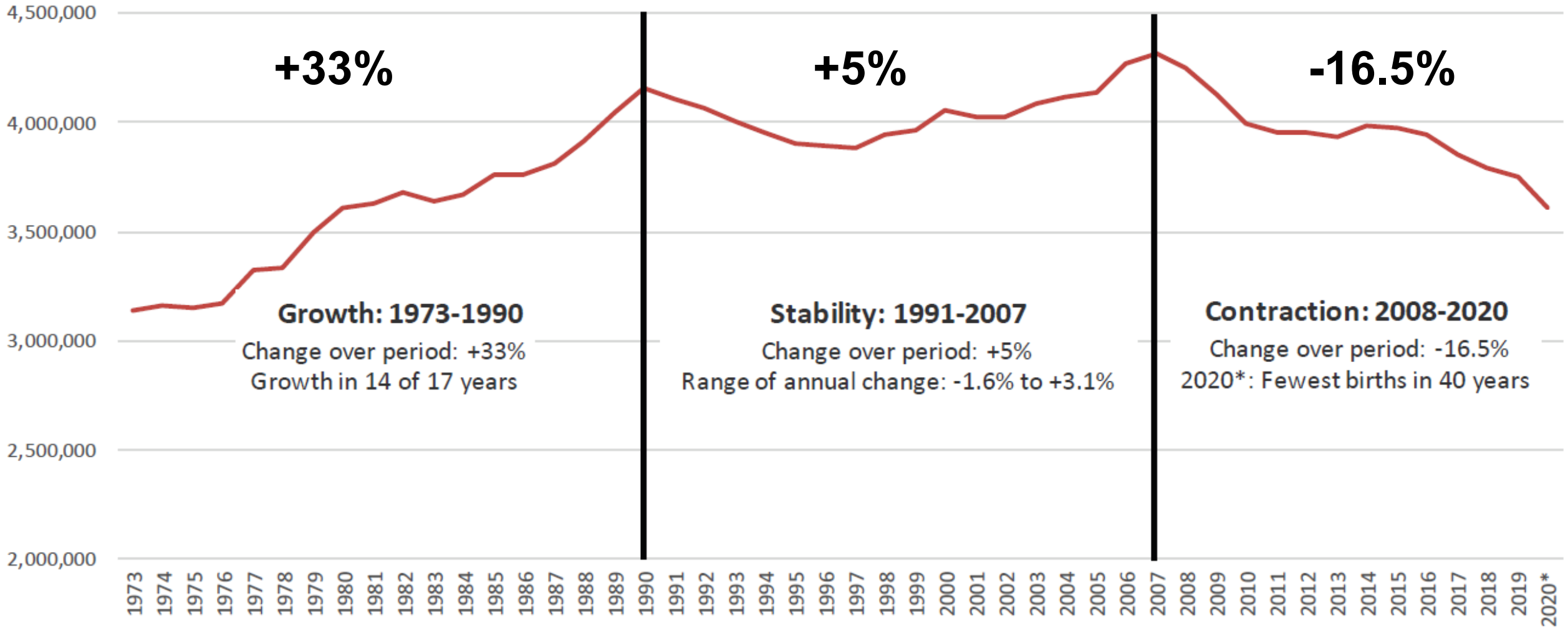
Programmatic Project Criteria - UPDATED

	Criteria (YES/NO questions)	Prior Weight	New Weight	Net Change	Notes
1	Does at least 50% of the total project Budget reduce deferred maintenance by an equivalent amount?	5	5	-	No change
2	Does the Project support high demand academic programs for that Campus?	4	4	-	No change
3	Does the Project support consolidation or improvement of academic support services?	4	3	-1	Less emphasis on consolidation
4	Does this Campus have a student recruitment/retention problem?	2	0	-2	Replaced by new criteria that weighs the campus' top priority projects
5	Is Funding for balance of Design or for phase of Construction previously supported by High Priority Lump Sum?	2	2	-	No change
6	Is the project ready to advance to Construction, or if a Design start, can the project be phased?	2	2	-	No change
7	Is the project a significant improvement to student life/amenities?	1	3	+2	Weight increased to award points for projects that impact student life
8	Does the project modernize classrooms or labs?	1	1	-	No change
9	Is this project required to facilitate future projects?	1	0	-1	Criteria eliminated to put less emphasis on enabling projects
10	Is this project a campus priority?	0	2	+2	New criteria awards points for priority projects
	TOTAL, ALL CATEGORIES	**22**	**22**	**0**	

NEED FOR ROBUST PLANNING

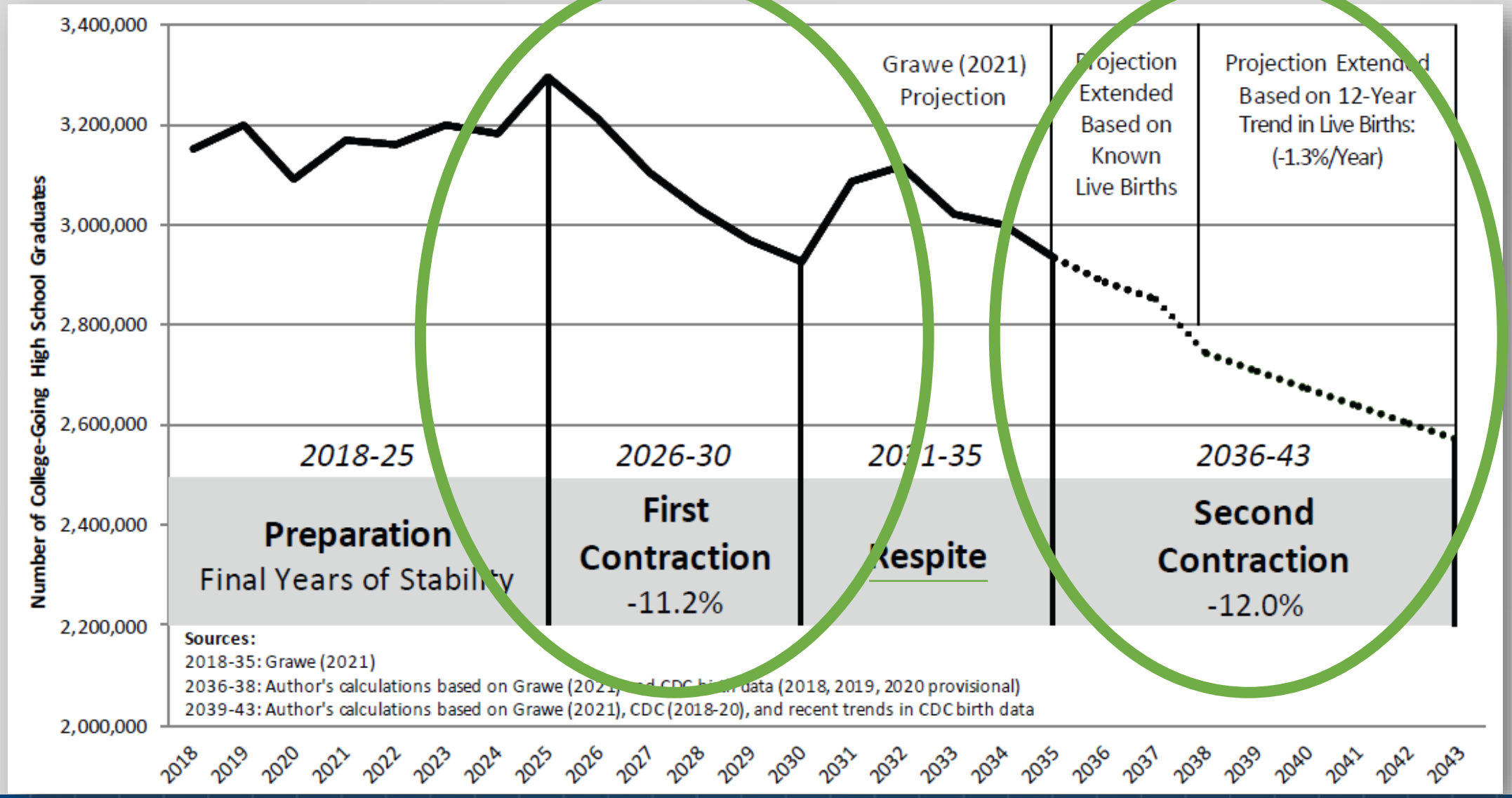
*Now more than ever!

U.S. Births from 1973 to 2020

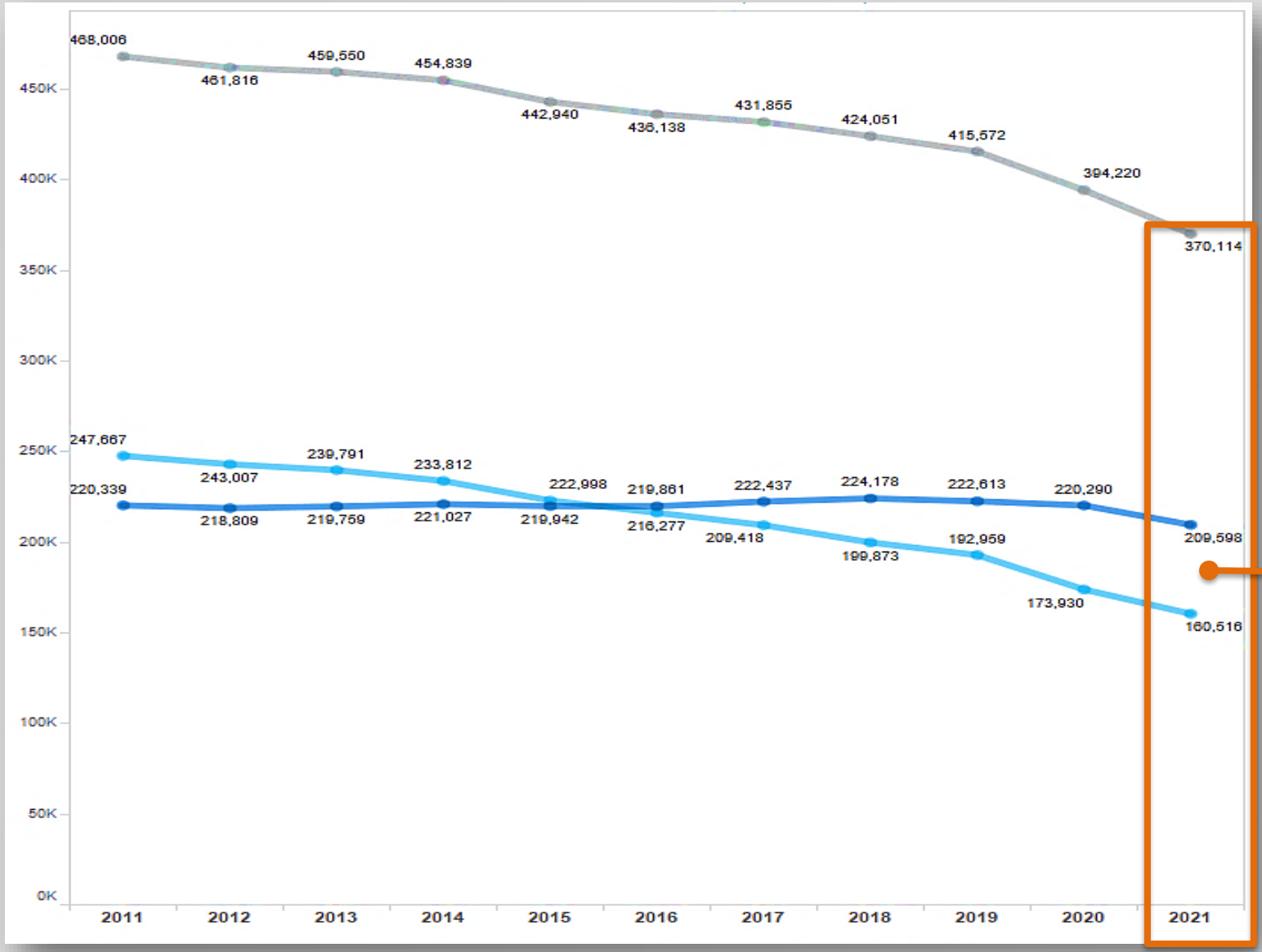


Sources: 1973-2003: Table 1.1 Vital Statistics of the United States, 2003, Volume I, Natality; 2004-2007: National Center for Health Statistics, Natality Public-Use Data 2003-2007; and 2008-2020: National Center for Health Statistics, Vital Statistics Rapid Release no. 12.

Projection of College-Going HS Graduates from 2018 to 2035 and Projected Possible Impacts of Ongoing Birthrate Declines from 2036 to 2043



SUNY Enrollment Trends 2011 to 2021



All SUNY

State-operated, 220K to 210K

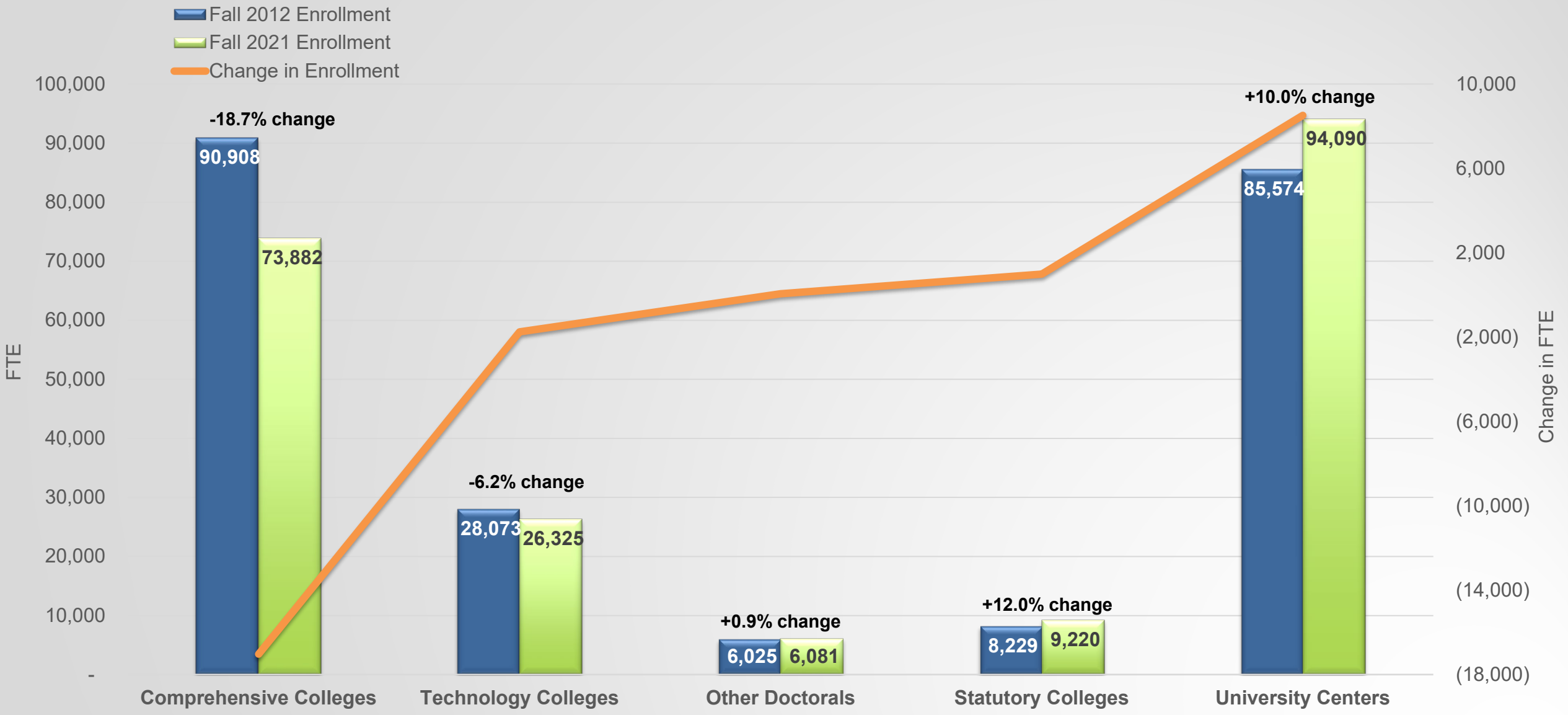
5% decrease

185K NYS HS Graduates in 2021

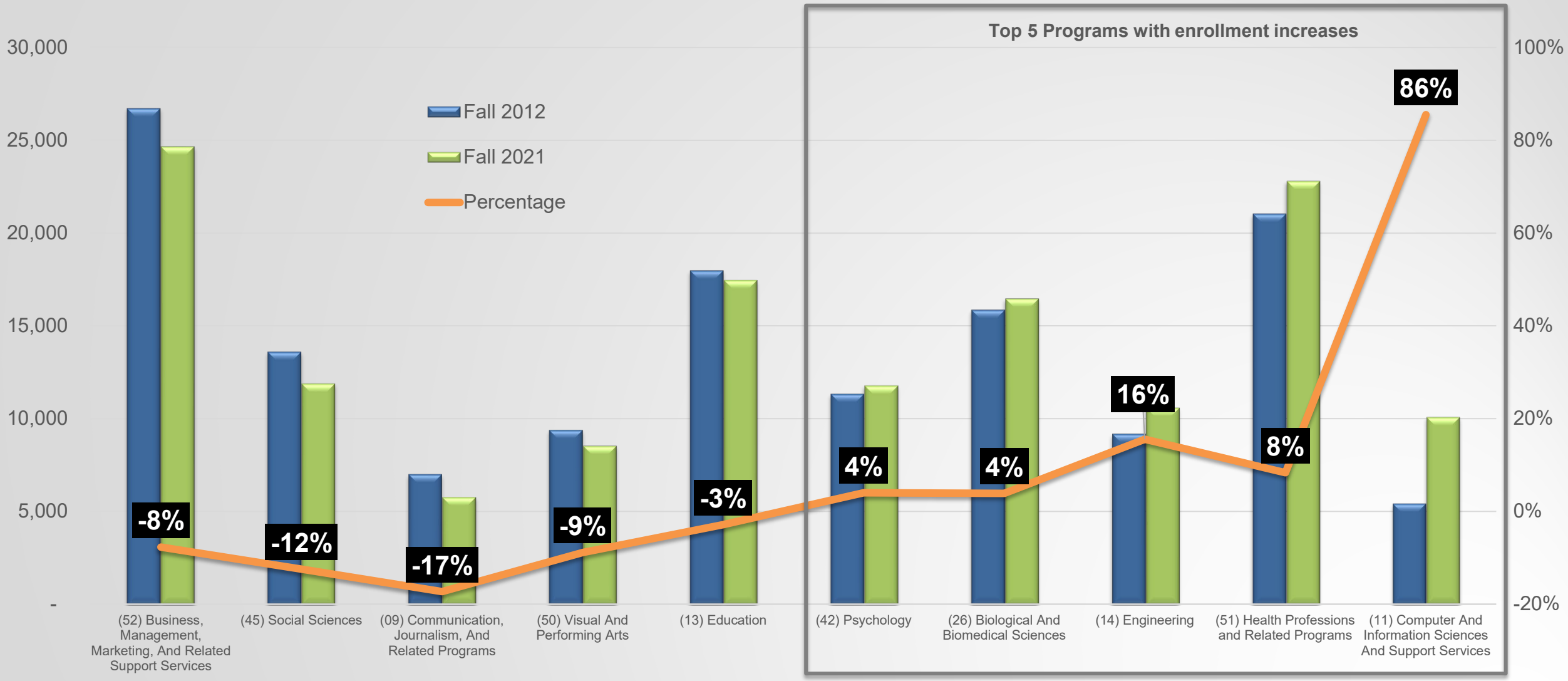
Community Colleges, 248K to 161K

35% decrease

SUNY Enrollment Over 10 Years, from 2012 to 2021, By Sector



SUNY Enrollment Comparison, 2012 and 2021, By Top Ten Programs



Enrollment Impact on Planning

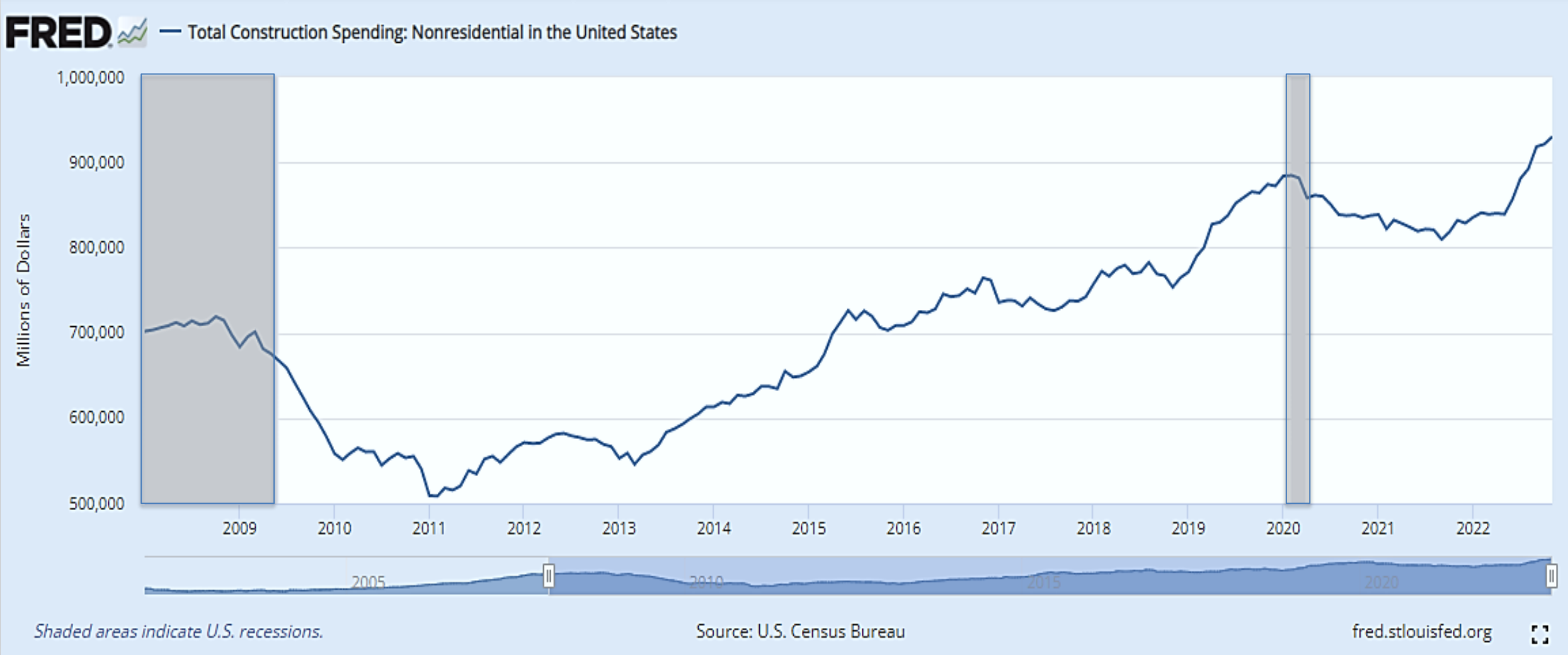
- ✓ Planning must be more thoughtful and impactful than ever.
- ✓ Project prioritization must recognize enrollment challenges.
- ✓ Projects need to become more targeted/surgical with the goal of addressing current challenges. Be VERY strategic.
- ✓ This may require a different design approach to projects i.e. targeted areas versus full renovation.
- ✓ Factor in key programmatic enrollment data.
- ✓ Remember the importance of social spaces for recruitment, retention, and the full higher education experience.
- ✓ Update Facility Master Plans

Status of Campus Facility Master Plan Updates

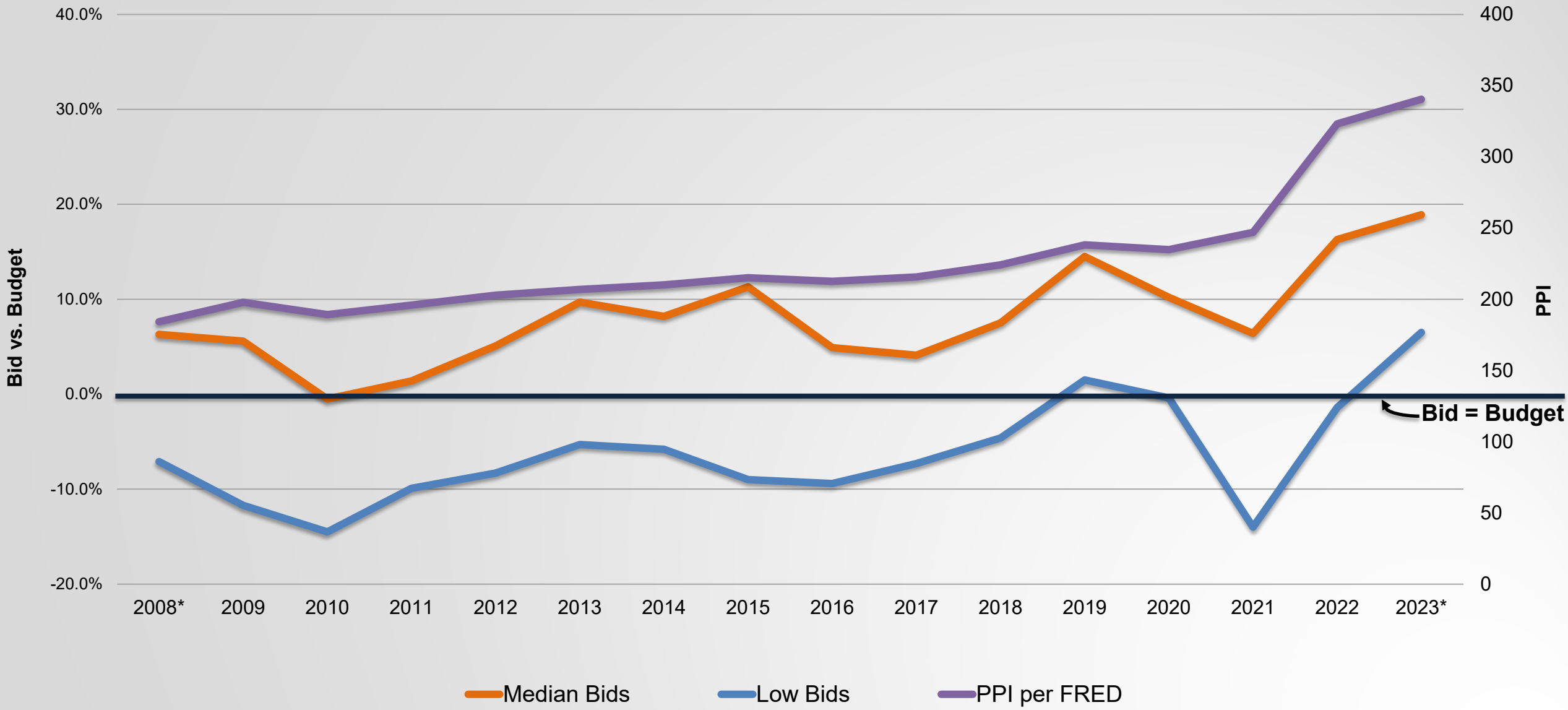
18 RECENT		10 UNDERWAY	5 PLANNED
Alfred	Fredonia	Albany	Binghamton
Buffalo University	Morrisville	Brockport	Maritime
Canton	New Paltz	Buffalo State	Old Westbury
Ceramics	Optometry	Cortland	Purchase
Cobleskill	Oswego	Downstate	Stony Brook
Cornell	Plattsburgh	ESF (satellite)	
Delhi	Potsdam	Farmingdale	
Empire	SUNY Poly	Geneseo	
ESF (main)	System Admin	Oneonta	
		Upstate	

ECONOMIC REALITIES OF THE CONSTRUCTION MARKET

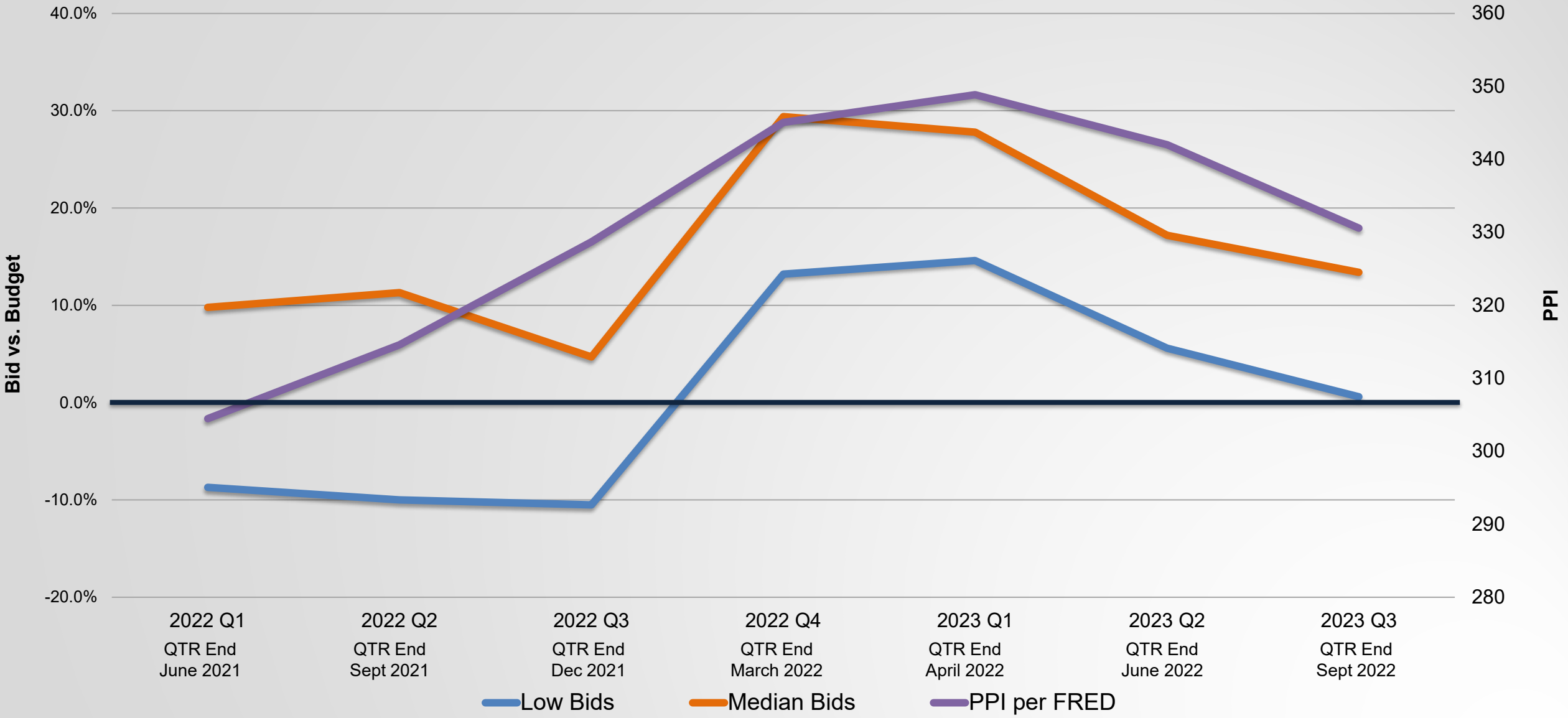
Federal Reserve Economic Data (FRED)
Total Construction Spending in U.S. 2009 through 2022



FY 2008 through 2023 Fund Construction Bids v. Budget

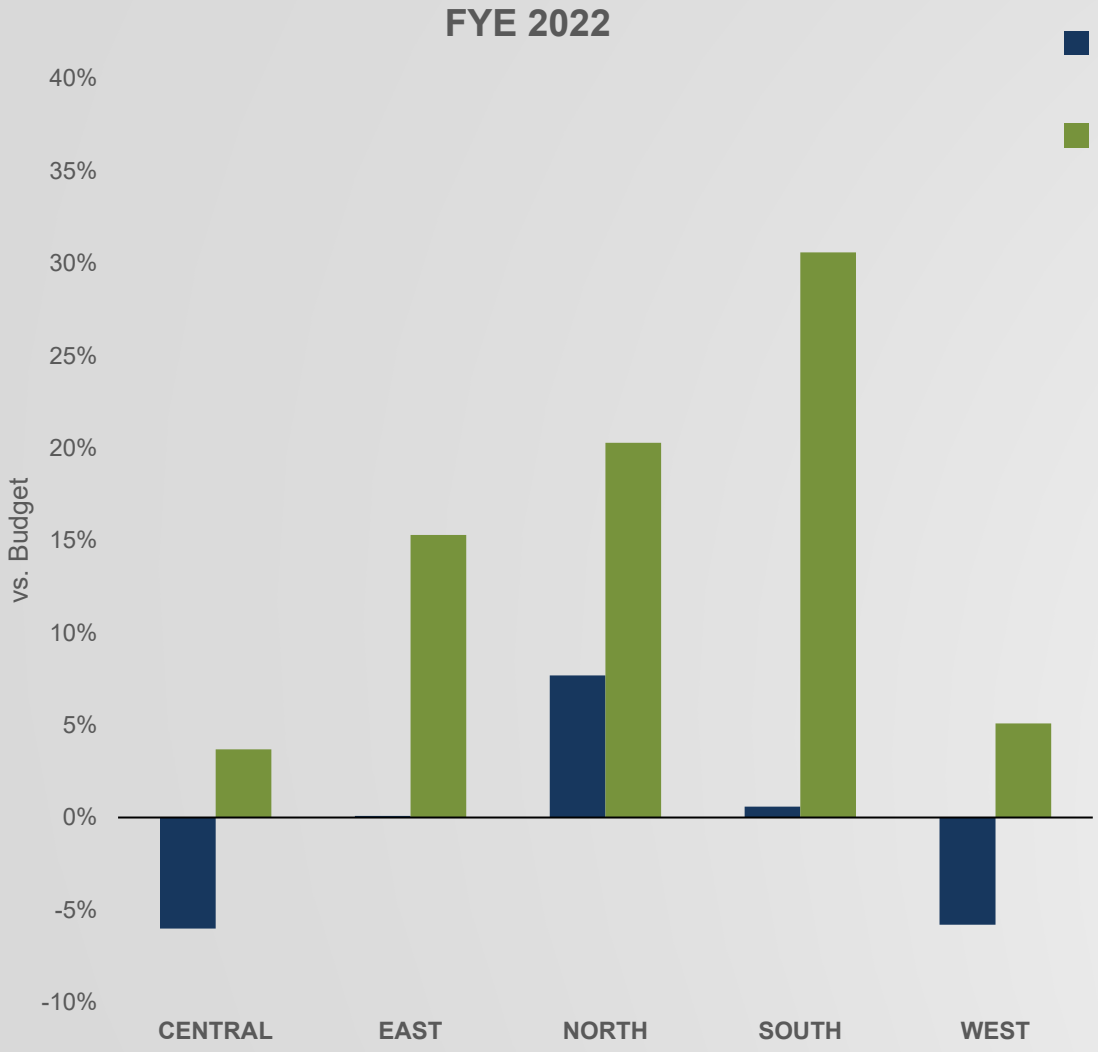


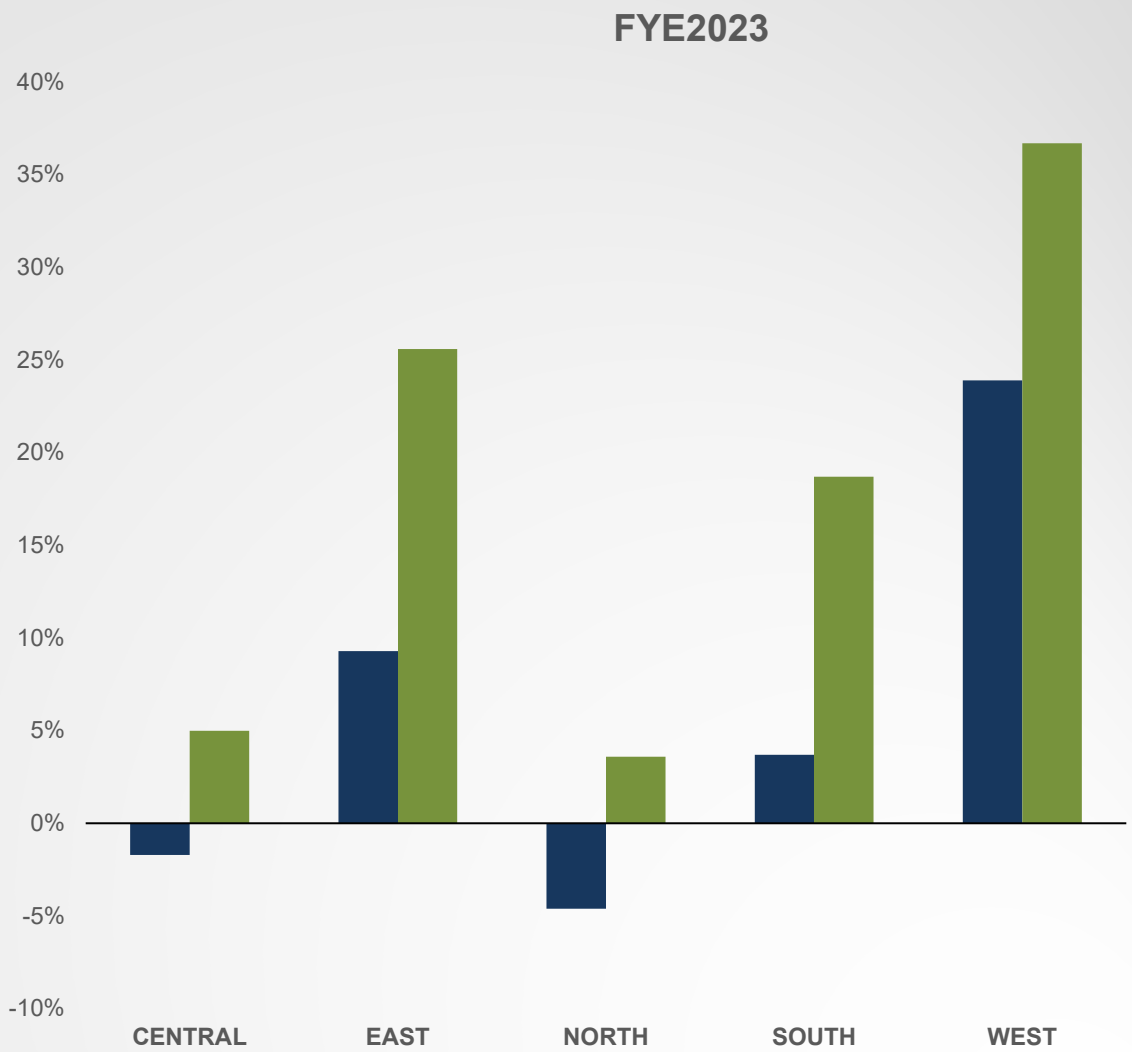
2022/2023 Fund Construction Bids v. Budget



Fund Construction Bids v. Budget BY REGION

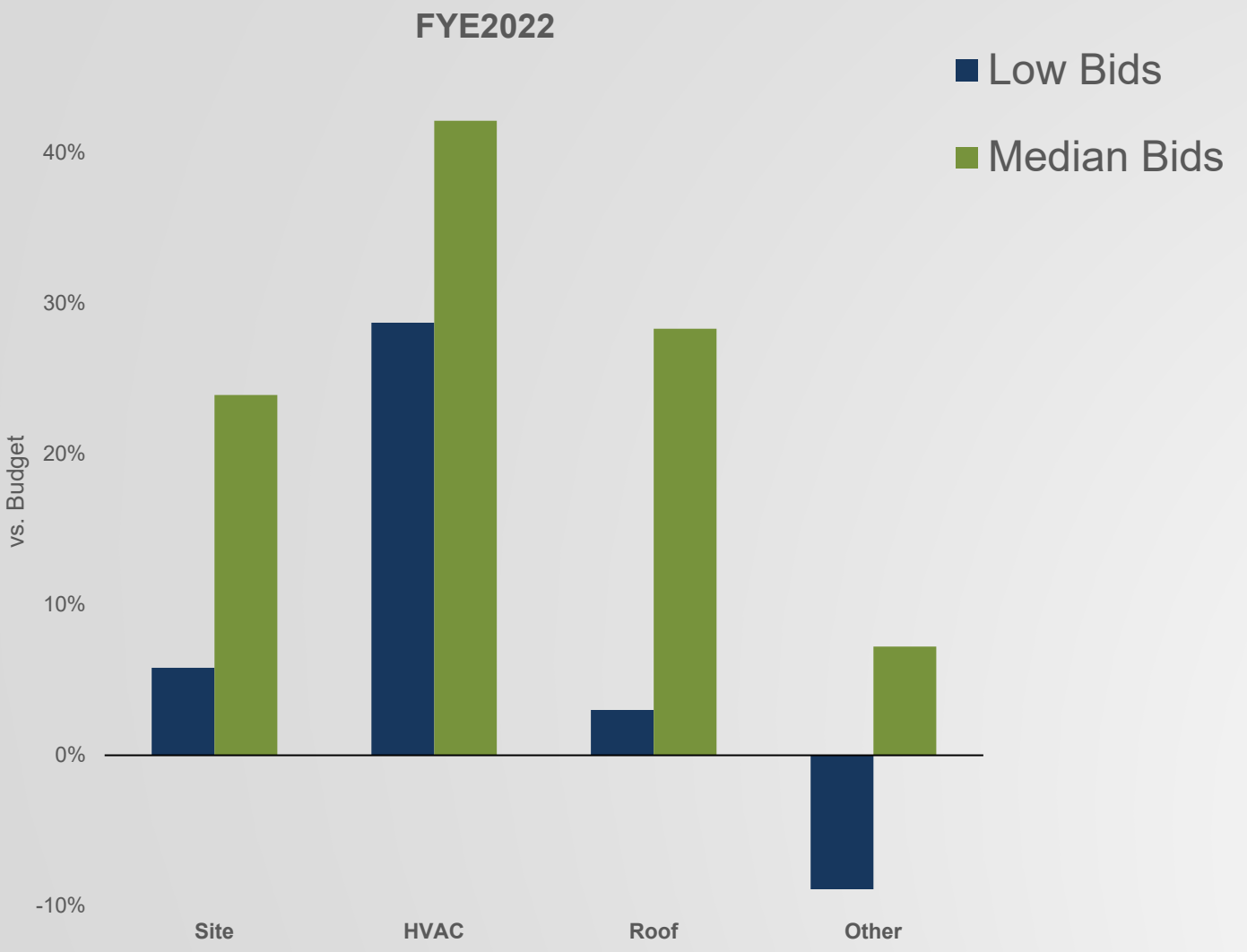
Fiscal Years Ending 2022 & 2023

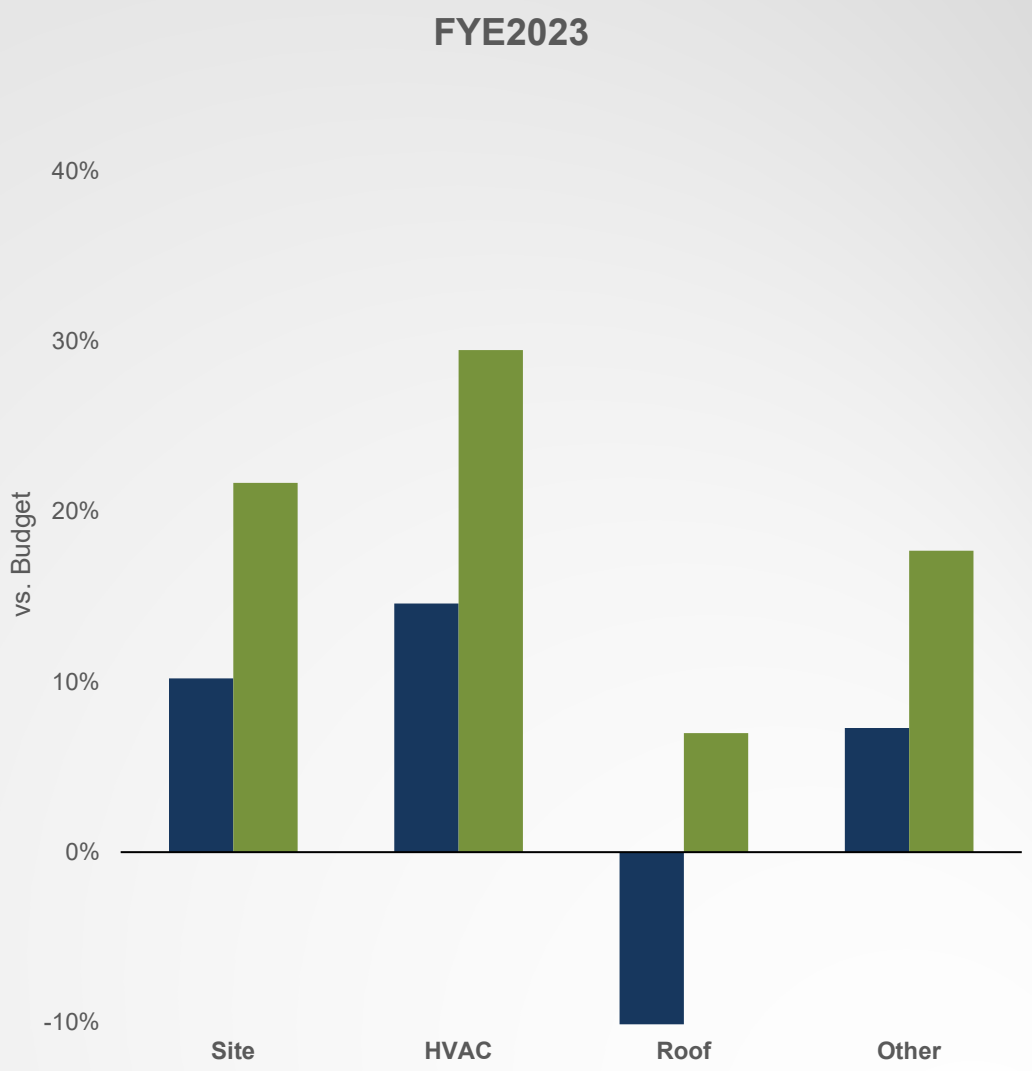




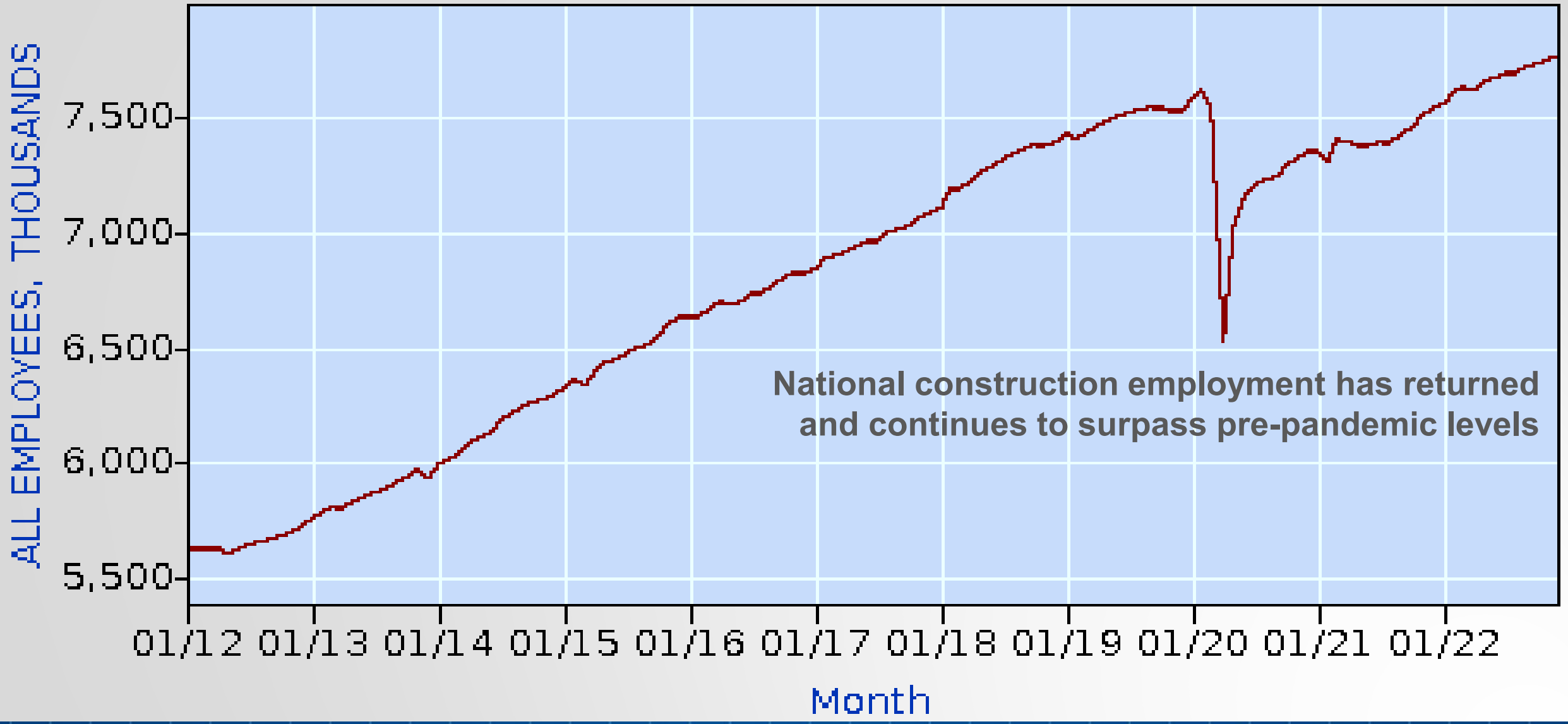
Fund Construction Bids v. Budget BY TYPE

Fiscal Years Ending 2022 & 2023

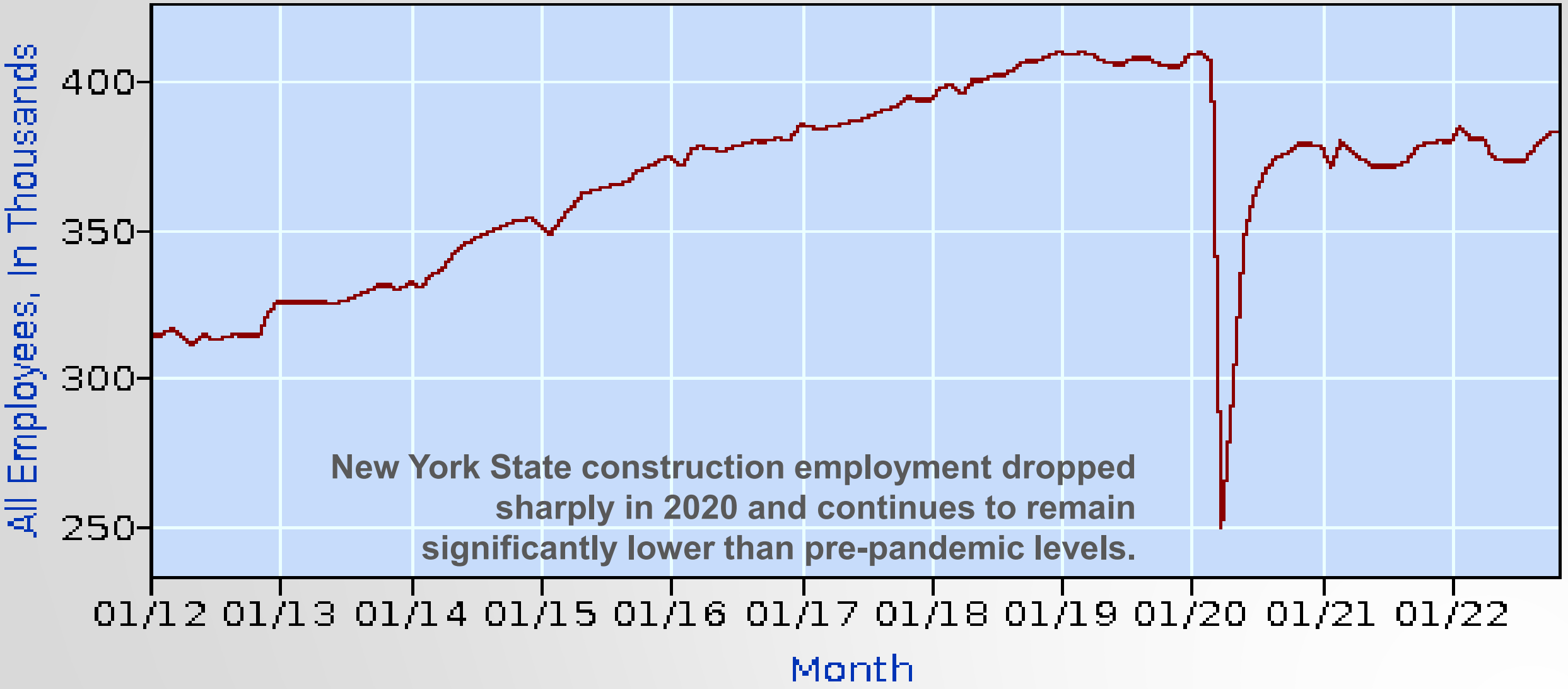




Comparison of Construction Employment, 2012-2022, National



Comparison of Construction Employment, 2012-2022, New York State

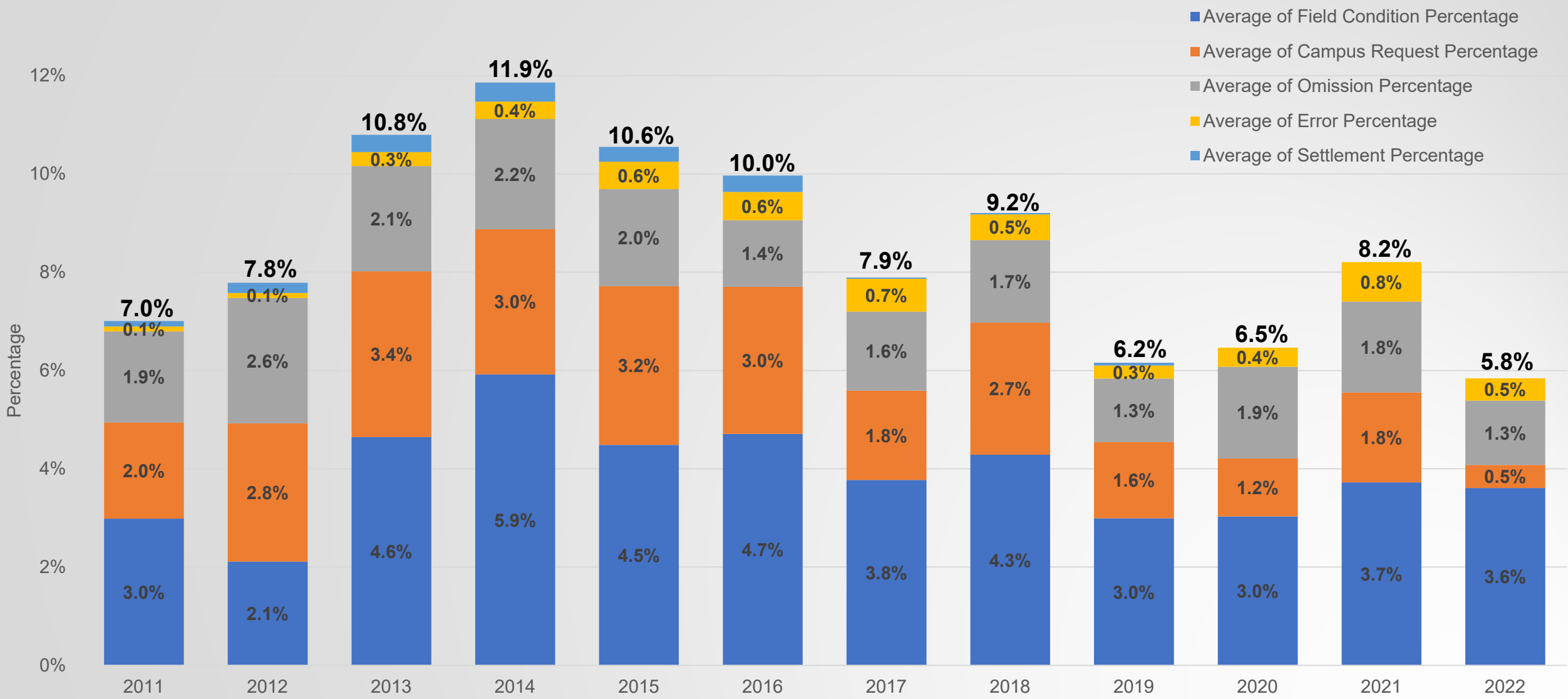


CHANGE ORDER DATA

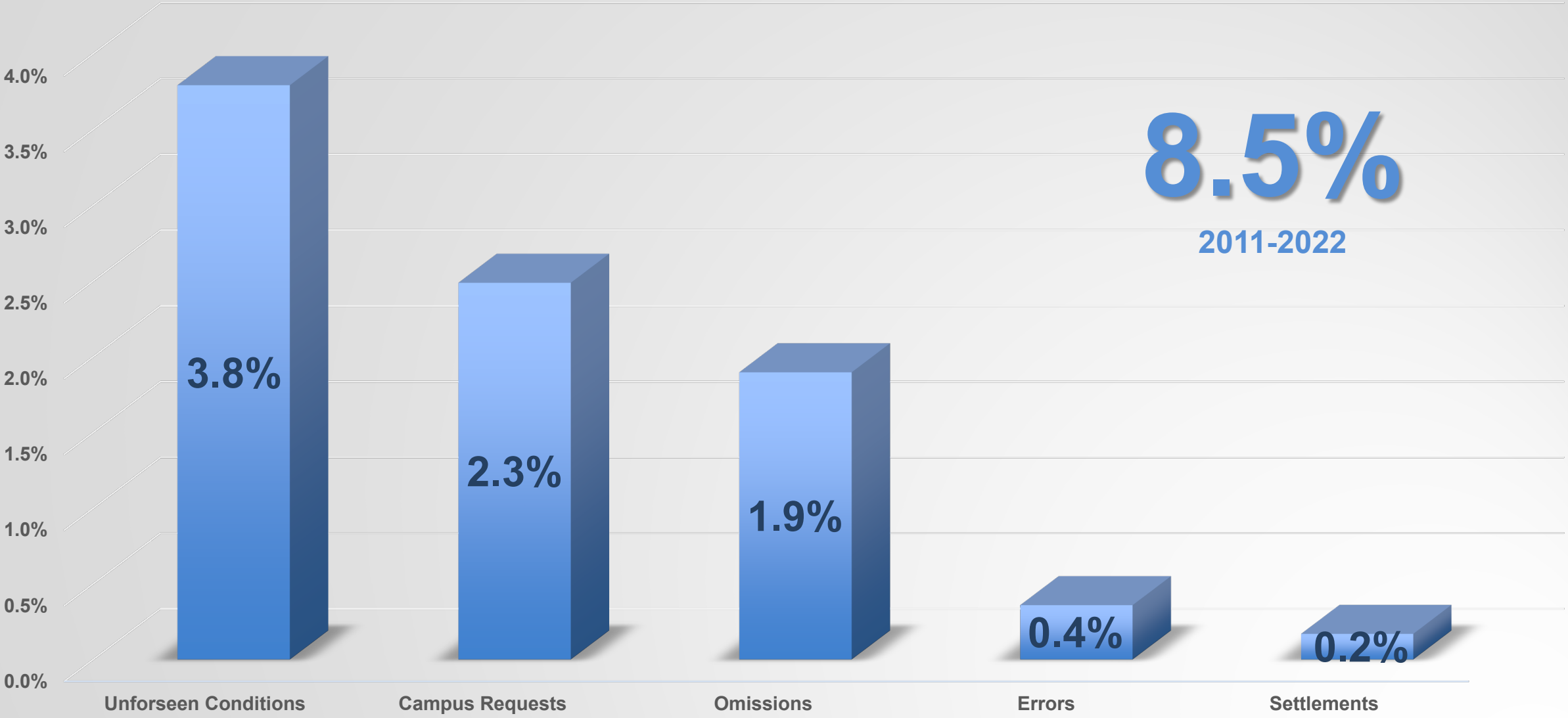
Volume of Fund Change Orders

- ✓ An average of **2,850** change order proposals are processed by the Fund **every year.**
- ✓ To process this volume of change orders requires the resources of the consultant, the contractor, and the owner.
- ✓ Each change order requires appropriate documentation, which can be a challenge.
- ✓ The **TOTAL** value of 2021 change orders was **$28.6M**
- ✓ The **AVERAGE** value of 2021 change orders was **$14,000**

History of Change Orders by Type, 2011 through 2022



Twelve-Year Average of Change Orders by Type



8.5%

2011-2022

FUND & CAMPUS PARTNERSHIP

New Approach to Project Initiation

- Develop a fundamental project description that remains consistent throughout the life of a project
- Scope more generally
- Budget more conservatively
- Insure that:
    1. The procurement is sound
    2. The project reflects the overall campus Capital Plan and is a strategic priority

New Approach to Project Initiation

- Program Management and Design, along with Campus staff, work collaboratively in the early Design process to establish comprehensive project needs

- Get it right by Schematic Design, then:

  KEEP IT THERE!

Current Construction Challenges Impacting Capital Projects

University at Albany
Engineering Building

- Volatile bid market
  - ✓ Supply chain
  - ✓ Trade labor shortage
  - ✓ Long lead time for mechanical and electrical equipment (up to 19 months in some cases)
- Campus facility staff turnover
- Inability to fill professional positions at the Fund and at the Campuses
- Constrained campus operating budgets
- Ongoing litigation and the strain on staff
- Poor Consultant performance

Elements of a Successful Project

- Communication.
- Campus engagement – especially early in Design
- Design and drawing reviews THROUGHOUT the project
- Phasing / Surge Plans / Strategies
- Constructability / Practicality / Logistics
- Coordination and messaging
- Manage expectations – construction is unpredictable
- Collaborative problem-solving

Fredonia Reed Library

Discussion

ESF Marshall Hall