

PPAA: SUNY CAPITAL UPDATE

February 16, 2022



State University
Construction Fund

2022/23 CAPITAL BUDGET

STATE UNIVERSITY OF NEW YORK

2022/23 SUNY REQUESTED AND EXECUTIVE CAPITAL BUDGET

IN MILLIONS

Program	2021/22 Request	2021/22 Executive
Educational Facilities		
- Critical Maintenance	850.0	550.0
- Building Enhancements & New Construction	150.0	425.0
Subtotal, Educational Facilities	1,000.0	975.0
Hospitals		
- Maintenance & Initiatives	150.0	150.0
Residence Halls		
- Pay-as-you-go Capital	75.0	75.0
Community Colleges		
- 50% State Share	56.9	56.9
TOTAL	\$1,281.9	\$1,256.9

Budget Considerations and Notes of Interest

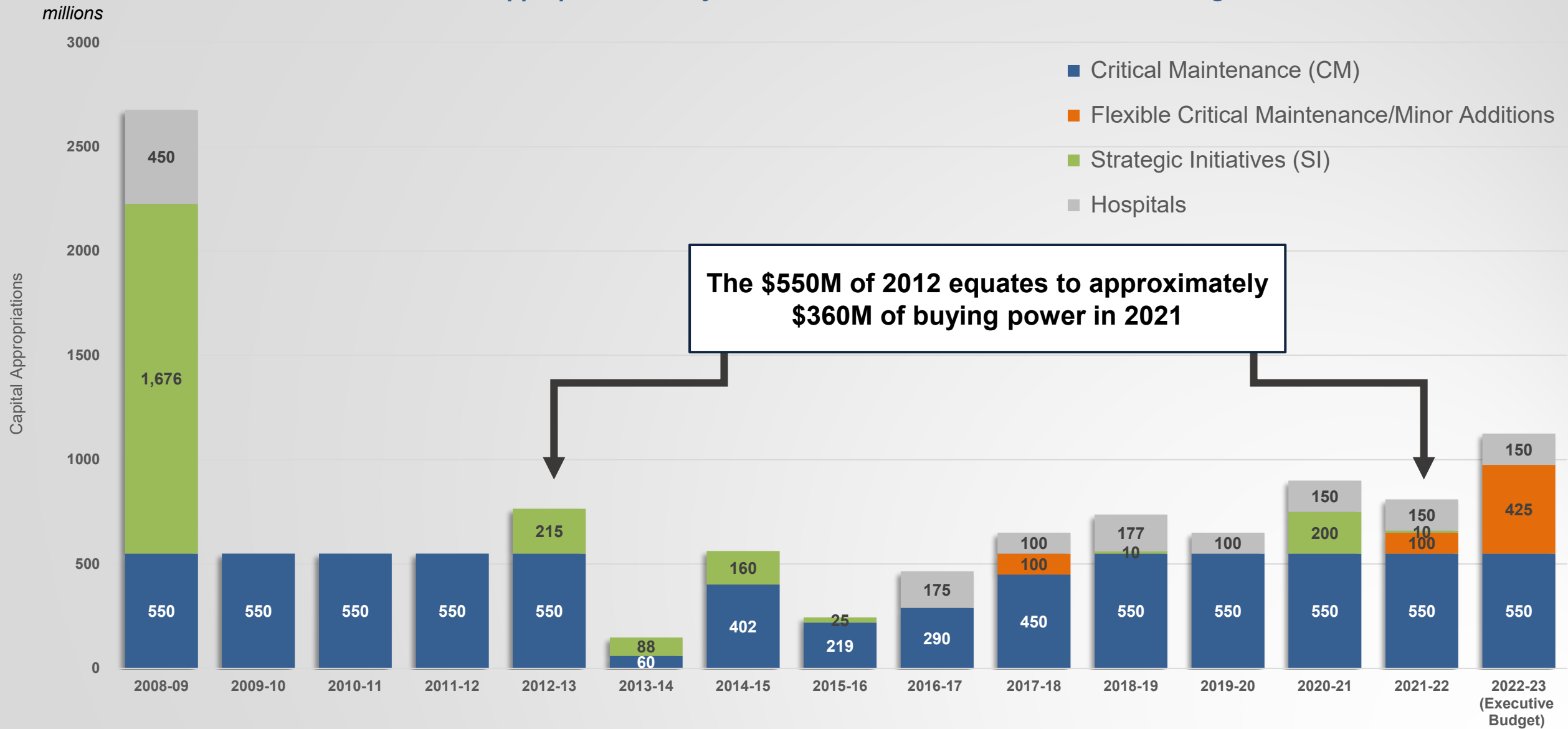
- **SUNY requested \$1 billion per year for 5 years:**
 - ✓ \$850 million for critical maintenance
 - ✓ \$150 million in more flexible funding that would allow for new construction
- **Executive Budget recommends \$975 million** for 2022-23, an increase of \$425 million over the \$550 million received every year for the past five years.
- **Capital Financing Plan provides a total of \$3.175 billion over the 5 years:**
 - ✓ \$550 million per year for years 1-5 for critical maintenance at existing facilities
 - \$396.6 million lump sum for high priority projects continues for 2022-23
 - ✓ \$425 million lump sum in year 1 (subject to a plan to be developed by SUNY) of flexible funding for new construction, programmatic projects, or critical maintenance

Budget Considerations and Notes of Interest

- The Executive Budget eliminates the reappropriation for the \$200 million State share of the Strategic Needs Capital Matching Program, with the expectation that the engineering schools at Stony Brook and the University at Buffalo (estimated State funding of \$118 million) will be funded with the new \$425 million appropriation.
- The Executive Budget eliminates all unused reappropriations for the NYSUNY 2020 Challenge Grants.
- The Executive Budget recommends \$150 million (\$50 million each) for SUNY hospitals and continued payment of the associated debt service.

SUNY Educational and Hospital Capital Appropriations

Includes Bonded Appropriations Only / Does Not Include Funds from Other State Agencies



MARKET TRENDS

Pressures Driving Capital Procurements

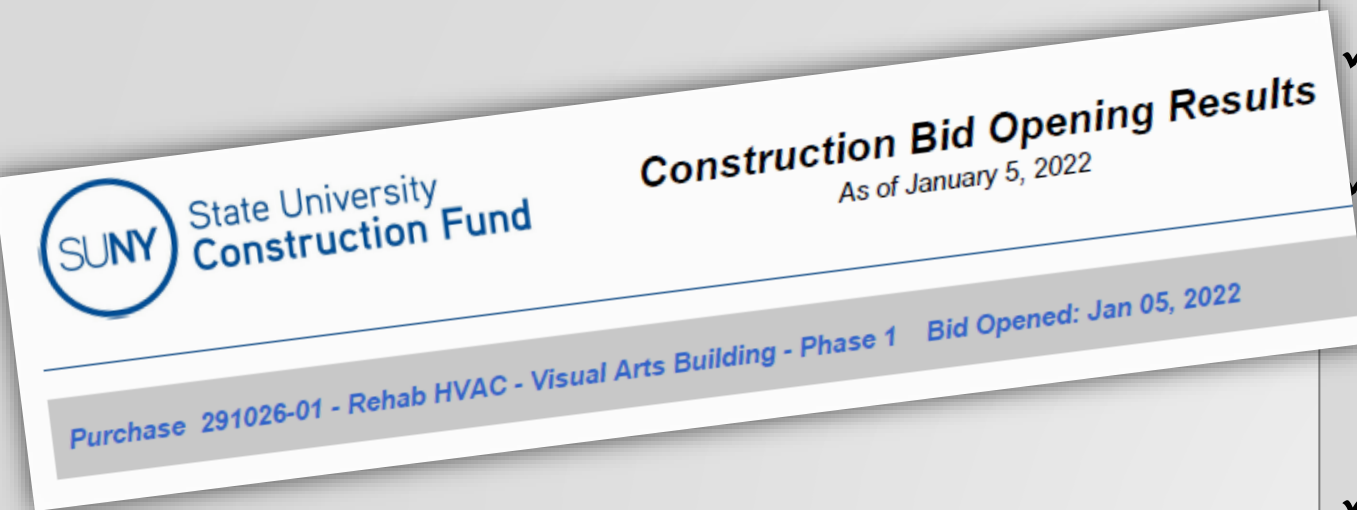


- ✓ Bidding Climate
- ✓ Bid v. Budget – segments of the market have flipped
- ✓ Inflation Impacts
- ✓ Supply Chain Impacts
- ✓ Labor Shortage Impacts
- ✓ Longer schedules

Construction Industry Jitters



Example of Project Impacted by the Market Environment



- ✓ Increasing contractor shortages
- ✓ 6-month project schedule extension
- ✓ Current industry escalation rate exceeds Fund-mandated escalation rate
- ✓ Increases in equipment carrying costs, materials costs, controls costs
- ✓ Contractor escalated 'General Conditions' due to multiple unknowns such as logistical challenges, increasing prevailing wages, rental costs, etc.

Bid versus Budget in dollars:

$$9,240,000.00 - 6,411,000.00 = 2,829,000.00$$

Bid versus Budget in percentage:

$$(9,240,000.00 - 6,411,000.00) / 6,411,000.00 = 44.13\%$$

Examples of Supply Chain Challenges

- **AHUs:** Shortages on electrical components like wires, connectors and terminals in addition to larger components (especially fans with EC motors) are a major concern. COVID-related staffing issues are also impacting production. Depending on the specific air handler type and size, lead times are **10-20 weeks** for catalog and semi-custom units. Units with EC fan motors are much longer. Full custom units are **26-28 weeks**.
- **Chillers (Air-Cooled):** Lead times are anywhere from **22-52 weeks** depending on the chiller. Scroll chillers are in the **22-30 week** range, while most screw chillers are approximately **30-40 weeks**.
- **Chillers (Water-Cooled):** Difficulties sourcing consistent labor and other components are the main drivers of extended lead times. Centrifugal chillers have a lead time of **26-40 weeks** depending on size and type. Screw chillers are approximately **18-26 weeks**.
- **Heat Pumps:** Getting product imported from Asia, and shipping and getting it through the ports, has been challenging. When a shipment comes in, units go quickly. Anything not in stock is likely a **16+ week** lead time.
- **Heat Pumps (Water-Water or Air-Water):** These have similar lead times as chillers since some of them are the same product. For modular heat pumps, lead time is **22-26 weeks**.

OTHER ITEMS

DB as an Alternative Project Delivery Method

- The Infrastructure Investment Act (as amended in 2020) authorized use of DB on capital projects.
- The 2020 authorization included a December 2022 sunset date. The 2022/2023 Executive Budget recommends extending this authorization to 2027.
- Authorization granted to the Construction Fund, but not to SUNY.
- DB combines the design and construction scope (and teams) into one contract.
- Best Value is the basis for awarding DB contracts:
 - Cost is not the only factor considered when awarding a DB contract.
 - In addition to cost, consideration is given to other factors that include team qualifications and experience, team approach to the project, and other similar criteria.
- DB is used successfully on projects managed by other New York State Agencies and Public Authorities.
- Legal DB contract is nearly complete and will be commencing first DB project at Oneonta.



New Leadership and the Next Chapter in the Fund's Evolution

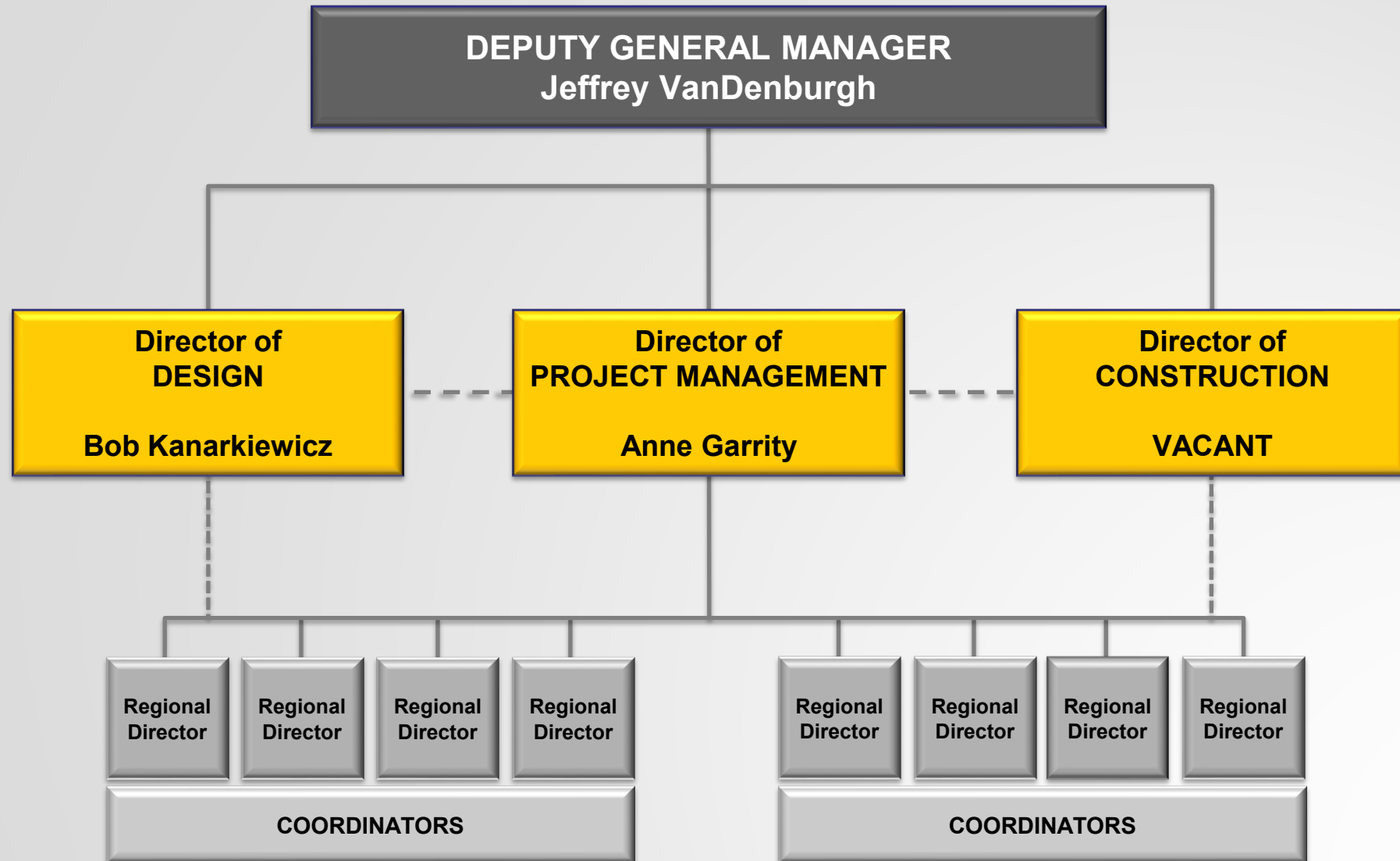


The Fund leadership is experiencing a significant transition, including new appointments/changes such as:

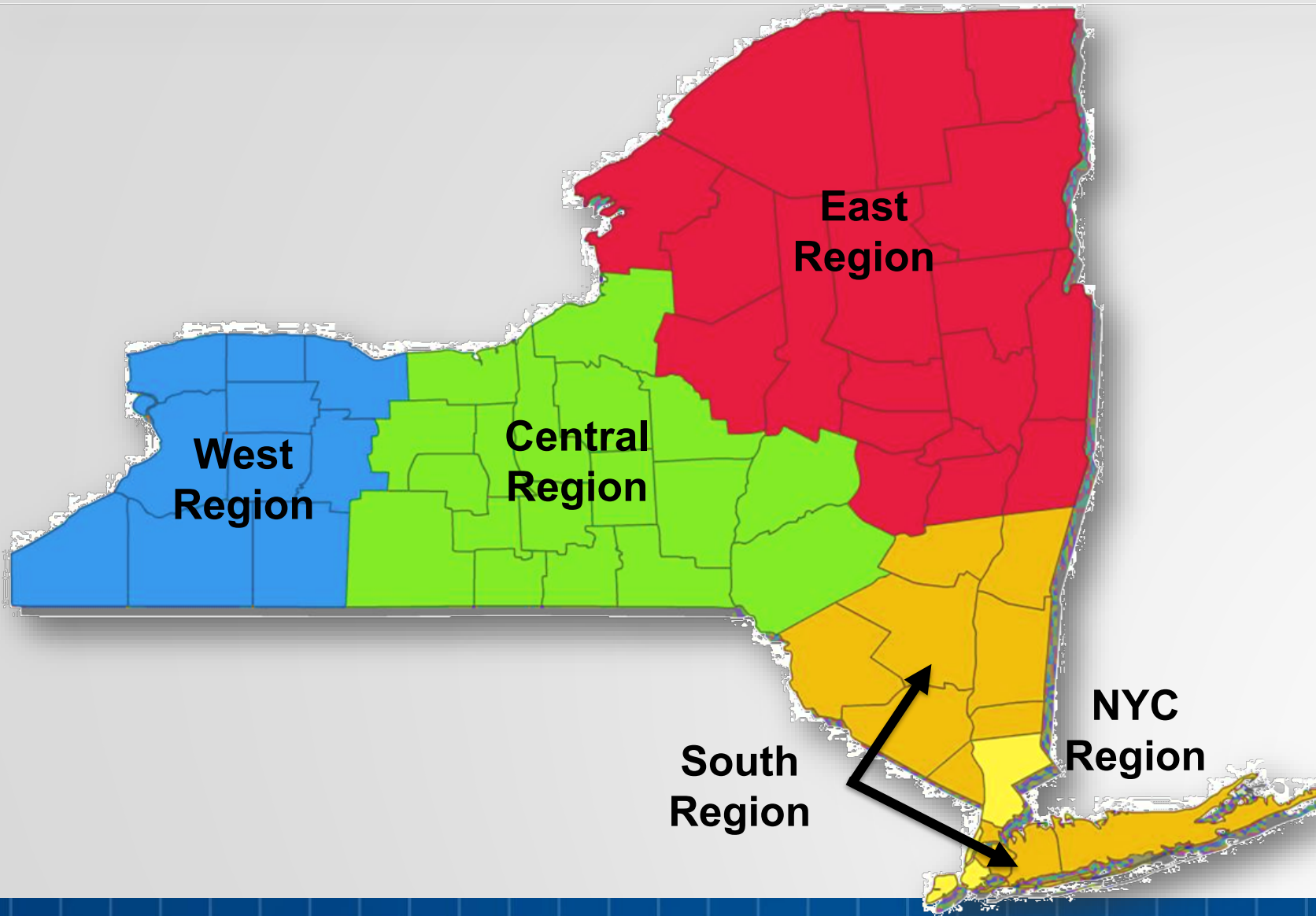
- New General Counsel: Harry McLellan
- New Secretary to the Fund Board of Trustees: Scott Clay
- New Deputy General Manager of Design and Construction (D&C): Jeff VanDenburgh
- New Director of D&C Project Management: Anne Garrity
- In process of hiring 3 or more new D&C Regional Directors
- New Director of Capital Procurement: Samantha Lord
- Leadership and staffing changes in Program Management: Robert Wetmore, Dan Donlon, Patrick Deloughery (from OCF)

**Almost
13%
of our staff is
new
in the last 2
years.**

Design & Construction Organization



Restructuring D&C Regions



FROM:	TO:
West	West
Central	Central
East	East
NYC	South
South	

Current Fund Openings

Regional Director (Construction) OFFICE OF DESIGN & CONSTRUCTION	←
Programmer/Analyst INFORMATION SERVICES	
Electrical Engineer (Associate Project Coordinator) OFFICE OF DESIGN & CONSTRUCTION - SERVICES	←
Regional Director (Design) OFFICE OF DESIGN & CONSTRUCTION	←
Construction Project Manager OFFICE OF DESIGN & CONSTRUCTION	←
Design Project Manager OFFICE OF DESIGN & CONSTRUCTION	←

18
Total Fund
openings
(most in D&C)

sucf.suny.edu/about/careers

EXPECT CHANGE.



- ✓ New faces (everywhere)
- ✓ Campus Partners, not Clients or Customers
- ✓ New processes
- ✓ Regional realignment
- ✓ Hiccups
- ✓ More of an effort on building teams, improving budgetary controls and quality of scope
- ✓ Training



Looking Forward - Planned Initiatives



- Program Management, Design, and Campus *team approach* on initial scope and budget
- Program Management, Design, and Campus team approach on determining project scope and budget at schematic phase
- Reduce changes after the DM phase is complete
- Revisit the use of alternates
- Evaluate contractual risk from Campus-requested change orders
- Provide training on access to and proper use of capital funding, as well as procuring and administering capital projects
- Link AssetWorks facility condition data to projects identified in the Campus' 5-year capital plans
- Replace eBuilder with customized software platform





Morrisville Agricultural and Clean Energy Technology Center

\$16 million
30,000-square-foot applied learning technology
building