

University of Alaska
Proposed FY12 Capital Budget Request and
FY12-FY17 Capital Improvement Plan

Development Guidelines

The goal of the Board of Regents' (BOR) University of Alaska (UA) FY12-FY17 Capital Improvement Plan is to ensure that the necessary facilities, equipment, and infrastructure are in place for the continued growth, refinement, and improvement of the University as prescribed in the UA Strategic Plan and the BOR approved MAU strategic and campus master plans. The long-range plan incorporates the six-year capital improvement plan described in the BOR Policy and also extends to include a 10-year scope to incorporate the state's plan. The Capital Improvement Plan mirrors the needs of the University and provides the BOR, President, executive staff, and university community a clear understanding of the needed resources for capital projects and the annual operating costs associated with those projects. The Capital Improvement Plan will balance program needs with realistic expectations of required capital improvements.

During development of the FY11 Capital Budget Request and long-range plan, the BOR adopted a new strategic approach for the Capital Improvement Plan. This strategic process arranges capital requests into a sequence by category (specific capital requests are further defined during the current budget cycle), to ensure the ability of UA to meet the short-term and long-term goals of the UA Strategic and Academic Plans. The top priority for each budget year is Renewal and Renovation (R&R) funding. Also included is new construction which has already received planning and design funding in the prior budget year, planning and design funds for projects to be included for construction in the subsequent budget year, planning funds for the Community Campus Study which will identify construction projects for inclusion in future budget years of the plan and funding for the further reduction of deferred maintenance and renewal backlog. New construction projects will be prioritized by theme for each specific year, such as; Academic Instruction, Research, High-Demand Academic Programs, Student Life, and Infrastructure. The BOR also established a target for total capital request of \$200-250 million per year for the current budget year and the subsequent years of the Capital Improvement Plan. This strategy and funding target continues for the FY12 budget cycle.

The FY11 Capital Budget Request follows the model prescribed by the Capital Improvement Plan. R&R funding is the top priority, new construction is the second priority, followed by planning for two projects to provide instructional facilities in support of the approved goal for increasing engineering graduates at UAA and UAF campuses (with an expectation that these projects would be included in the FY12 request for construction funding), planning to develop a system-wide list of projects needed to support instructional delivery at the community campuses, and further reduction of deferred maintenance and renewal backlog. The total BOR FY11 Capital Budget Request was \$235 million, fitting into the prescribed range of \$200-\$250 million.

The guidelines are organized in the following sections: Background, Guiding Principles, General Development Process, Capital Project Funding Categories, and Capital Project Evaluation and Prioritization Criteria.

Background

- UA maintains nearly 400 buildings worth in excess of \$1.9 billion. These facilities comprise 6.7 million gross square feet and have annual depreciation totaling \$56 million. More than half of UA's buildings are more than 30 years old. UA requires an annual investment of \$50 million for facility R&R to prevent adding to the deferred maintenance and renewal backlog. Although new facilities are important to the University, annual facility renewal and renovation (R&R), including deferred renewal, code corrections, and upgrades for University facilities and equipment has been and will continue to be the top capital budget priority for the UA BOR. (*Appendix A details the UA's funding history by fiscal year and category.*)

- Over the past 10 years (FY01-FY10), UA has requested an average of \$79.3 million in state funding for R&R, while receiving an average of \$16.4 million. The vast gap between funding requested and funding received, combined with inflation, has resulted in the elevation of UA's deferred maintenance backlog need from \$200 million in 2000 to over \$1 billion as of September 2009. Extending the life of existing facilities are essential because the longer UA goes without adequate funding for facilities R&R, the steeper the deferred maintenance curve climbs.
- Through its operating budget the University dedicates funding every year to routine and preventive maintenance and repair (M&R), and in FY09 dedicated over \$28 million (approximately 1.5% of adjusted facility value) of its operating budget to this category. National industry standards prescribe 2-4 percent of current replacement value as the appropriate annual investment for M&R. Factors such as the age of the buildings, level of building use, and climate will determine the specific percentage.
- In addition to adequate R&R funding the BOR recognizes the need for new facilities and major expansions for existing facilities. The current Capital Improvement Plan includes funding for new facilities as well as funding to plan future facilities.

Guiding Principles

- Consistent with the Board of Regents' strategic and academic plans and the MAU's strategic, campus, and academic and research planning, key goals will include:
 - Enhancing Student Success and College Readiness with an emphasis on increasing student enrollment and retention
 - Preparing Alaskans for the State's High-Demand Jobs
 - Enhancing Competitive Research and the benefits of research as an industry in Alaska
- Project requests will be included based on the 5 categories: Renewal and Renovation/Code/ADA/Expansion; Academic and Administrative Equipment; New Construction/Expansion/Major Building Repurposing; Planning and Design; and Land, Property, and Facilities Acquisitions.
- Project requests addressing annual facility renewal and renovation (R&R) as well as annual deferred renewal, code corrections, and upgrades for existing University facilities will be the highest priority for funding in the FY12 capital request and the Capital Improvement Plan.
- Each year UA will request planning and design for major construction/expansion/major building repurposing for one program theme area for main campuses, which will be accompanied by a business plan(s). Upon approval by the BOR and funding for planning and design, construction for the project will be prioritized in the request for funding in the subsequent year.
- UA will request funding for construction focused on R&R at the community campuses.
- New facility project requests included in UA's current Capital Improvement Plan for which planning and design funding has been appropriated will be given consideration in priority.
- The FY12-FY17 Capital Improvement Plan will reflect the total project cost based on the best available project budget information at the time of the request.
- Project requests for new construction and/or repurposed renewal and renovation must be accompanied by a business plan. For projects requiring debt financing, include the debt payment impact on the MAU and on UA's operating budget. For all projects requiring a business plan, the plan must identify the academic program, as well as construction and operating costs including the funding sources. It is

preferable to develop program and operating costs without planning to use additional state funding. If an increment for state funding is necessary the MAU should make every effort to identify an equal decrement.

General Development Process

- The capital budget will be developed in accordance with the timeframe set forth in the budget development calendar. Each MAU will submit its capital request bifurcated between main and community campuses and will rank the projects from the highest to lowest in terms of MAU priority. Submitted projects will be reviewed and prioritized system-wide by appropriate councils and President's Cabinet.
- Based on this input the President will submit a proposed FY12 Capital Budget Request and the long-range Capital Improvement Plan, including details of any changes to the previously adopted plan—to the BOR for review at the September meeting.
- All projects proposed for the FY12 Capital Budget Request and the Capital Improvement Plan will be entered into the capital database and obtain the Preliminary Administrative Approval in accordance with Board of Regents' Policy P05.12, through this capital budget process.

Capital Project Funding Categories

Projects will be presented in draft form to the BOR using these project funding categories:

- Renewal and Renovation (includes deferred renewal), Code, ADA, and Expansion
- Essential Renewal and Renovation of Academic (including technical) Equipment and Administrative (communications) Equipment
- New Construction, Expansion, and Major Building Repurposing*
- Planning and Design*
- Land, Property, and Facilities Acquisition*

*Projects in these categories will be presented to the administration for approval in the Capital Improvement plan and the thematic approach in early drafts of the FY11 plan. Themes include: Academic Instruction, Research, High-Demand Academic Programs, Student Life, and Infrastructure.

Capital Project Evaluation and Prioritization Criteria

In addition to the specific category criteria below, projects demonstrating responsiveness to programs and services directed at the goals listed in Guiding Principles section.

- Renewal and Renovation, Code and ADA will address the following criteria:
 - Code and ADA requirements
 - Impact on students, programs, faculty, and staff
 - Impact on meeting accepted performance goals
 - Impact on accountability and sustainability efforts
 - Impact on existing and planned space utilization
 - MAU/Campus priority
 - Reduction of legal liability; general improvement of well being; consequences of not proceeding with the project
 - Developed plan/project readiness/ability to execute
 - Demonstrates responsiveness to UA Strategic Plan and state needs
 - Potential for non-state funding
 - Actual non-state funding in hand

- Academic and Administrative Equipment
 - Impact on students, programs, faculty, and staff
 - Impact on meeting accepted performance goals
 - Impact on accountability and sustainability efforts

- New Construction, Expansion, and Major Building Repurposing will address the following criteria:
 - Impact on students, programs, faculty, and staff
 - Impact on meeting accepted performance goals
 - Impact on accountability and sustainability efforts
 - Impact on existing and planned space utilization
 - MAU/Campus priority
 - Developed plan/project readiness/ability to execute
 - Responsiveness to UA Strategic Plan and state needs
 - Potential for non-state funding
 - Actual non-state funding in hand

- Planning and Design will address the following criteria:
 - Impact on students, programs, faculty, and staff
 - Impact on meeting accepted performance goals
 - Impact on accountability and sustainability efforts
 - Impact on existing and planned space utilization
 - MAU/Campus priority
 - Developed plan/project readiness/ability to execute
 - Responsiveness to UA Strategic Plan and state needs
 - Potential for non-state funding
 - Actual non-state funding in hand

- Land, Property, and Facilities Acquisition
 - Conformance with the UA Strategic Plan, Campus Master Plan and campus land acquisition plan
 - Likelihood of adverse development/redevelopment by another party versus time horizon before campus use

Criteria Descriptions

- Addresses Code and ADA requirements
 - Does this project correct immediate code or ADA requirements issues? Those projects that address code issues will rate higher than those that do not.
 - The extent to which a project addresses health and code issues for students, faculty, staff and the general public.

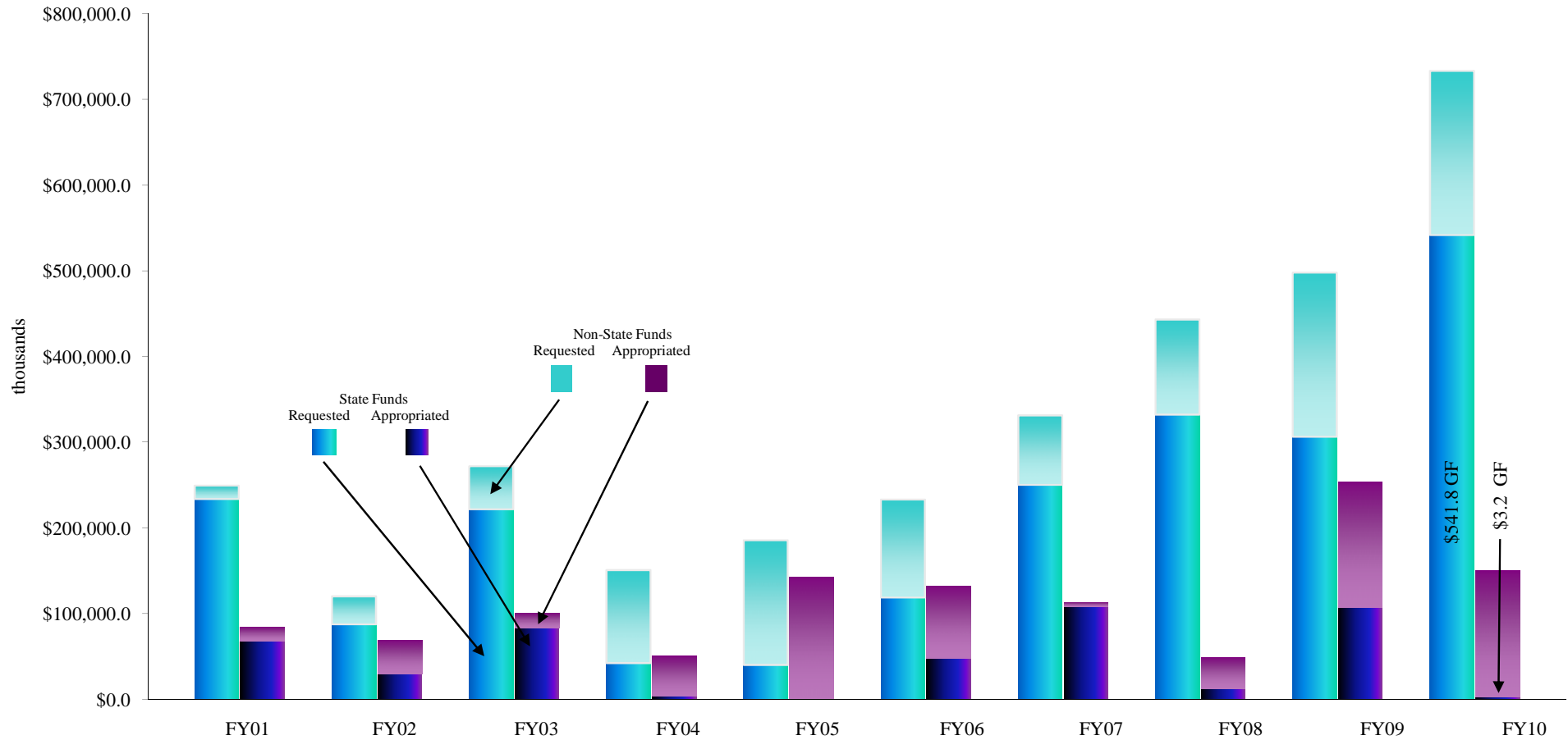
- Impact on students, programs, faculty, and staff
 - To what extent does the project enhance the students' educational experience and how many students will be served by the technology/service/new facility? A project that a large number of students will benefit from will rate higher than a project that benefits few students.
 - To what degree does the project enhance the ability to deliver programs and how many programs will be served by the technology/ service/new facility? A project impacting several programs will rate higher on this criteria than a project benefiting few programs. Programs may be instructional, research, outreach or administrative in nature.
 - To what extent will the project enhance the faculty/staff career/employment experience and strengthen the ability to recruit and retain faculty and staff?
 - To what extent does it strengthen research competitiveness?
 - To what extent will this project align with community and student demographic trends?

- Impact on meeting accepted performance goals
 - To what extent will the project enhance the MAU's ability to meet its accepted performance goals?
 - Which performance measures does this project impact?
- Impact on accountability and sustainability efforts
 - To what extent will the project enhance the MAU's efforts toward efficiency and cost savings?
- Impact on existing and planned space utilization
 - To what extent will the project enable the MAU to maximize its existing space?
 - What is the MAU existing space utilization?
 - Has an analysis of space use determined that this project is the best solution to meet the space needs?
- MAU/Campus priority
 - To what extent does the project meet the priority goals and objectives of the MAU academic/service plan? A project high on the MAU (campus) list will rate higher on this criteria than a project lower on the campus priority.
- Developed plan/ project readiness/ability to execute
 - What stage of the planning process is the project currently in (i.e. an identified project concept/vision/idea, project scope has been developed, the schema is developed, the project is bid ready)? A bid ready project will rate higher than a project in the idea stage. Additionally, added weight will be given to projects, which clearly demonstrate all operating cost and potential sources of funding for these costs.
- Demonstrates responsiveness to UA Strategic Plan and state needs
 - The extent to which the project supports the delivery of programs in strategic initiative areas and objectives outlined in the UA Strategic Plan. Projects that support identified goals addressed in academic initiatives, strategic plans or other goal setting processes will rate higher than projects that do not.
- Potential for non-state funding
 - What are the potential NGF funding sources (both construction and operating costs)?
 - What level of participation is expected?
 - What is the current commitment of partners?
- Strategic plan, campus master plan and campus land acquisition plan conformance
 - What is the necessity of the project within the framework of appropriate MAU and system goals and objectives as articulated in the UA Strategic Plan and MAU planning documents?
- For land acquisitions, identify the likelihood of adverse development/redevelopment by another party prior to time horizon for campus use and possibility that this acquisition will not be available if not included in the current capital budget cycle.

University of Alaska
 Capital Budget Request vs. State Appropriation
 FY01 - FY10
 (thousands)

	Renewal and Renovation / Code, ADA	Additions/ Expansions	New Facilities	Equipment	SBDC, Other	Total
Request						
FY01	128,515.1	24,522.6	72,414.3	7,500.0	900.0	233,852.0
FY02	26,372.1	18,342.7	37,261.2	5,272.3	450.0	87,698.3
FY03	36,917.1	14,000.0	162,685.0	7,658.1	565.0	221,825.2
FY04	14,007.0	3,400.0	19,515.5	4,141.5	1,405.0	42,469.0
FY05	10,055.0		26,550.0	3,111.3	550.0	40,266.3
FY06	40,753.5	2,600.0	70,536.0	4,403.4	550.0	118,842.9
FY07	87,520.0	9,650.0	135,983.0	16,721.9	550.0	250,424.9
FY08	131,016.0	6,395.0	186,500.0	7,874.7	550.0	332,335.7
FY09	114,000.0	2,000.0	163,870.0	26,000.0	550.0	306,420.0
FY10	204,130.0		194,495.0	90,000.0	53,150.0	541,775.0
Total	793,285.8	80,910.3	1,069,810.0	172,683.2	59,220.0	2,175,909.3
10 yr. Avg.	79,328.6	8,091.0	106,981.0	17,268.3	5,922.0	217,590.9
Appropriation						
FY01	22,288.0	5,000.0	39,500.0	400.0	450.0	67,638.0
FY02	14,136.9	1,425.0	11,429.0	2,224.6	450.0	29,665.5
FY03	9,490.0	5,094.0	66,620.0	1,650.0	750.0	83,604.0
FY04	3,641.5				450.0	4,091.5
FY05					450.0	450.0
FY06	8,100.0	1,950.0	35,700.0	1,750.0	550.0	48,050.0
FY07	48,725.0		58,500.0		715.0	107,940.0
FY08	8,475.0		3,750.0		640.0	12,865.0
FY09	45,822.6		61,300.0		125.0	107,247.6
FY10	3,200.0					3,200.0
Total	163,879.0	13,469.0	276,799.0	6,024.6	4,580.0	464,751.6
10 yr. Avg.	16,387.9	1,346.9	27,679.9	602.5	458.0	46,475.2

University of Alaska
Capital Request and Appropriation Summary
FY01-FY10

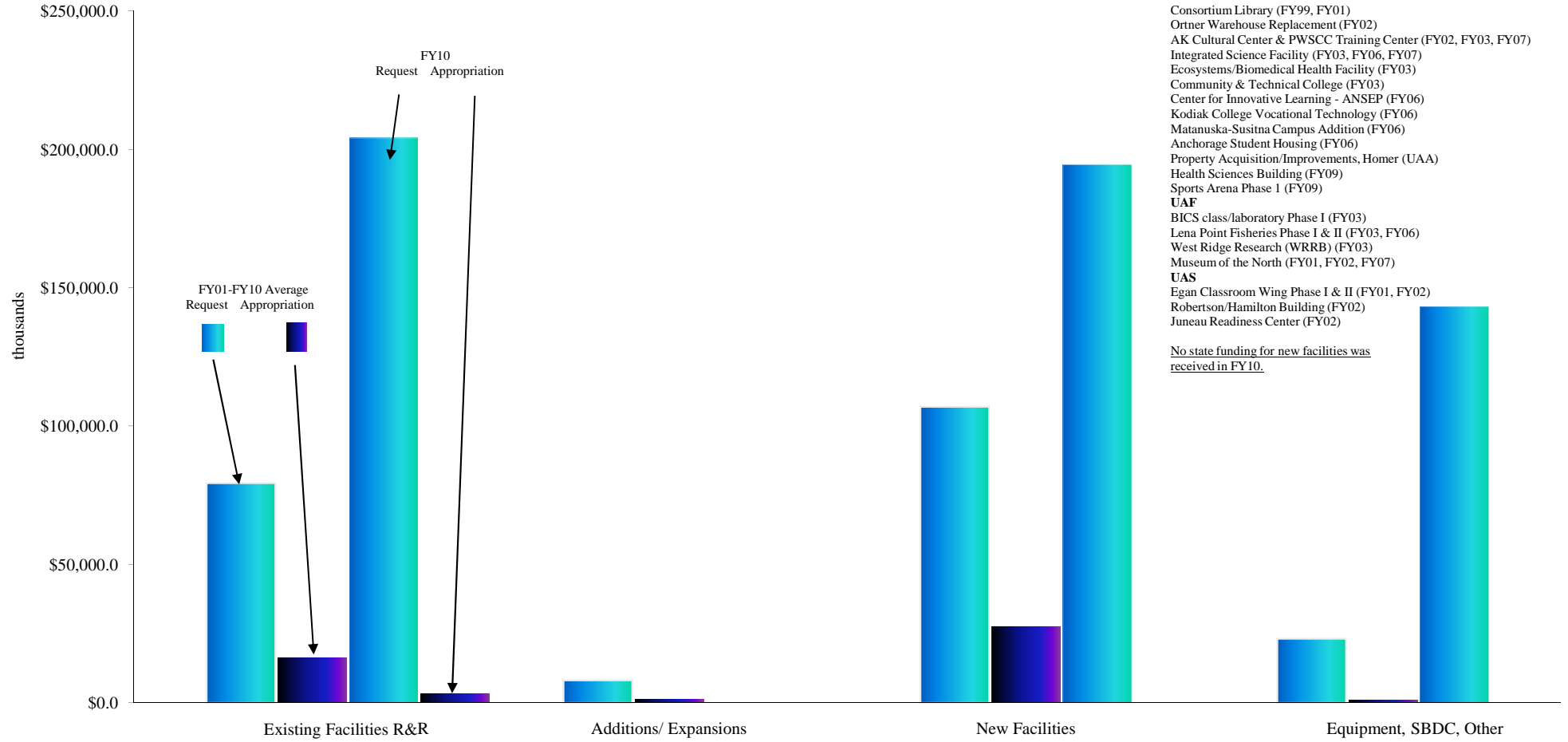


* State funds include: AHFC Bonds, General Obligation Bonds, Tobacco Settlement Bonds and Alaska Capital Income Funds

University of Alaska
 State Appropriation Summary by Category
 FY01-FY10
 (thousands)

	Location	Renewal and Renovation / Code, ADA		Additions/ Expansions		New Facilities		Equipment		SBDC, Other		Total	
	Anchorage Campus	Anchorage	25.0%			199,650.0	72.1%	640.0		4,200.0	45.6%	245,480.9	52.8%
	Kenai Peninsula College	Soldotna		850.0		3,000.0		27.5		50.0		8,664.4	
	Kenai Peninsula College - Kachemak Bay	Homer		3,750.0		2,500.0				165.0		6,505.0	
	Kodiak College	Kodiak	6.6%		34.2%	350.0	4.2%				2.8%	1,985.8	5.9%
	Matanuska-Susitna College	Palmer				1,004.0		55.3				3,396.1	
	Prince William Sound Community College	Valdez				4,700.0						6,775.1	
	UAA		31.6%	4,600.0	34.2%	211,204.0	76.3%	722.8		4,415.0	48.4%	272,807.3	58.7%
	Fairbanks Campus	Fairbanks				33,000.0		1,020.1		75.0		99,787.0	
	Fairbanks Campus	Juneau	40.1%			19,000.0	18.8%				10.3%	19,000.0	25.6%
	Fairbanks Campus	Palmer											
	Fairbanks Campus	Seward											
	Tanana Valley Campus	Fairbanks	7.9%	5,000.0								18,000.0	3.9%
	Fairbanks Campus (CES)	Kenai								90.0		90.0	
	Bristol Bay Campus	Dillingham		3,329.0								3,329.0	
	Chukchi Campus	Kotzebue										580.0	
	Interior-Aleutians Campus	Fairbanks	5.4%		24.7%						0.8%	240.0	2.6%
	Interior-Aleutians Campus	Fort Yukon											
	Interior-Aleutians Campus	Tok											
	Kuskokwim Campus	Bethel										4,324.5	
	Northwest Campus	Nome										3,690.0	
	UAF		53.4%	8,329.0	61.8%	52,000.0	18.8%	1,020.1		165.0	11.2%	149,040.5	32.1%
	Juneau Campus	Juneau	10.4%			13,595.0	4.9%	341.1			3.2%	31,030.5	6.7%
	Ketchikan Campus	Ketchikan	4.2%		4.0%							6,316.4	1.6%
	Sitka Campus	Sitka		540.0								1,047.2	
	UAS		14.6%	540.0	4.0%	13,595.0	4.9%	341.1			3.2%	38,394.1	8.3%
	Statewide		0.3%					3,940.6			37.2%	4,507.2	1.0%
	Systemwide											2.5	
	SW		0.3%					3,940.6			37.2%	4,509.7	1.0%
	Grand Total		100%	13,469.0	100%	276,799.0	100%	6,024.6		4,580.0	100%	464,751.6	100%
				35.3%		59.6%		2.3%					

University of Alaska
 Average Capital Request by Category Compared to Average Appropriation
 State Funds
 FY10 compared to the 10 year average



- Major Expansions and New Facilities FY01-FY10
- UAA**
- Consortium Library (FY99, FY01)
 - Ortner Warehouse Replacement (FY02)
 - AK Cultural Center & PWSCC Training Center (FY02, FY03, FY07)
 - Integrated Science Facility (FY03, FY06, FY07)
 - Ecosystems/Biomedical Health Facility (FY03)
 - Community & Technical College (FY03)
 - Center for Innovative Learning - ANSEP (FY06)
 - Kodiak College Vocational Technology (FY06)
 - Matanuska-Susitna Campus Addition (FY06)
 - Anchorage Student Housing (FY06)
 - Property Acquisition/Improvements, Homer (UAA)
 - Health Sciences Building (FY09)
 - Sports Arena Phase 1 (FY09)
- UAF**
- BICS class/laboratory Phase I (FY03)
 - Lena Point Fisheries Phase I & II (FY03, FY06)
 - West Ridge Research (WRRB) (FY03)
 - Museum of the North (FY01, FY02, FY07)
- UAS**
- Egan Classroom Wing Phase I & II (FY01, FY02)
 - Robertson/Hamilton Building (FY02)
 - Juneau Readiness Center (FY02)
- No state funding for new facilities was received in FY10.