

## **Approved**

### **FY09- FY14 Capital Improvement Plan and FY09 Capital Budget Request**

#### **Development Guidelines**

The goal of the Board of Regents' University of Alaska (UA) FY09-FY14 Capital 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. A six-year capital plan that mirrors the needs of the University provides the Board, 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 six-year capital plan, which is based on the assumption of full funding by the State, will balance the required capital improvements with realistic expectations of UA's ability to systematically implement such improvements.

These guidelines are organized in the following sections: Background, Guiding Principles, General Development Process, Capital Project Categories, and Capital Project Scoring Criteria.

#### **Background**

- Facility renewal and replacement (R&R), deferred renewal, code corrections, and safety upgrades for University facilities are significant capital budget priorities. UA maintains over 390 buildings worth in excess of \$1.6 billion. These facilities comprise 6.7 million gross square feet and have annual depreciation totaling \$60 million. Of particular note, 56% of UA buildings exceed 30 years-old. UA must assure adequate funding requests for major renewal and replacement and deferred renewal projects for University facilities. Given the magnitude of its facilities, UA requires an annual minimum of \$40 million for facility renewal and replacement. UA has received an average of \$12.4 million over the last eight years.
- Through its operating budget, UA currently funds over \$20 million annually for facilities maintenance and repair (approximately 1.5% of adjusted facility value). National industry standards prescribe two-four 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 November 2002 the State approved a significant General Obligation Bond, the first in over 20 years for Alaska. As a result of the GO Bond, UA received partial funding for three major science facilities. Since that time, full funding has been appropriated for the UAA Integrated Sciences Facility (2006 and 2007); however, additional funding is still required for the UAF School of Fisheries and Ocean Sciences Lena Point facility in Juneau (\$6.8 million in non-state funding is expected in FY08), and for the UAF Biosciences Research and Teaching Facility in Fairbanks.

- Prior to FY07, an average of \$7 million in state capital funding was appropriated for maintaining existing facilities, thus elevating UA's deferred maintenance amount from \$200 million in 2000 to over \$500 million. In FY07, the Board requested, as its highest capital budget priority, \$98 million for maintaining existing facilities and the legislature appropriated \$48 million toward those priorities.
- State funding for UA's capital project priorities averaged \$43.1 million annually in the eight year period 2000 to 2007. Since 2000, UA has received \$344.9 million of state capital funding; one-third of that total was received in FY07.
- The current six year capital plan totals \$1.3 billion. The UA FY08 Capital Budget Request totaled \$431 million, with \$332 million requested from state funding and \$99 million from University receipt authority. Of the \$332 million request, \$111 million was requested for maintaining existing UA facilities and equipment.

### **Guiding Principles**

- Project requests addressing Renewal, Replacement, Deferred Renewal, Code Corrections and Safety Improvements for existing University facilities will be the highest priority for funding in the FY09 capital request and the six year capital plan.
- New facility project requests included in the UA current six-year capital plan for which partial funding has been appropriated will be the second highest priority.
- Consistent with the Board of Regents' strategic plan and the MAU's academic and research plan, key strategies will include:
  - Programs necessary to meet state needs
  - Funding necessary for competitive research as an industry
- Project requests to be fully funded through university-generated revenue (UA Revenue Bonds or Partnership Funding) will be categorized separately from project requests requiring partial or full State funding.
- The FY09-FY14 capital plan total cost will reflect the actual amounts of total project needs based on the best available project budget information at the time of the request.
- Project requests requiring University-generated revenue must be accompanied with an appropriate business plan. A review will be provided detailing the debt payment impact on the operating unit, the MAU, and on UA's operating budget.
- Facilities used primarily for instructional and administrative activities that have limited revenue generating capacity must be contingent upon State funding. Facilities used primarily for sponsored research or auxiliary enterprises that have moderate to significant revenue generating capacity must evaluate a funding plan that includes university-generated funding.

### **General Development Process**

- The capital budget will be developed in accordance with the timeframes 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 highest to lowest in terms of MAU priority.
- Submitted projects will be reviewed, scored and ranked systemwide by appropriate councils including the Facilities Council, Business Council, Systemwide Academic Council and Information Technology Council. Sufficient time will be allocated in the process to allow for appropriate input from the chancellors.
- Based on this input the President will submit a draft of the six-year plan—including details of any changes to the current plan—to the Board of Regents for review at the September meeting.
- Safety, Code and ADA projects will be requested only for the current year
  - Each MAU will submit projects in this category
  - Projects will be bifurcated between main and community campuses
  - In addition to the review for all projects, SW Risk Management will provide input on the urgency of each project in this category
- All projects proposed for the FY09 budget request will have obtained the requisite project approval in accordance with Board of Regents' Policy P05.12.

### **Capital Project Categories**

Projects will be presented in draft form to the Board of Regents using these categories:

- Safety, Code, ADA
- Essential Renewal and Replacement of Academic (including technical) Equipment and Administrative (communications) Equipment
- Renewal and Renovation (includes deferred renewal)
- New Construction
- Land, Property and Facilities Acquisition (reflects change in criteria per BOR 11.06.03)

New construction projects for the present year will be scored and ranked. As usual, the final draft will be presented to the administration for approval in a thematic approach.

### **Capital Project Scoring Criteria**

In addition to the specific category criteria below, projects demonstrating responsiveness to programs and services directed at the following goals will be given priority consideration:

- Programs necessary to meet state needs
- Funding necessary for competitive research as an industry
- Safety, Code, and ADA will address the following criteria without scoring:
  - Safety, 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

- Renewal and Renovation will address the following criteria without scoring:
  - 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
  - Demonstrates responsiveness to UA Strategic Plan 2009 and state needs
  - Potential for non-state funding
  - Actual non-state funding in hand
- New Construction will address the following criteria with scoring:
  - 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
  - Demonstrates responsiveness to UA Strategic Plan 2009 and state needs
  - Potential for non-state funding
  - Actual non-state funding in hand
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- Academic and Administrative Equipment
  - Impact on students, programs, faculty, and staff
  - Impact on meeting accepted performance goals
  - Impact on accountability and sustainability efforts
- Land, Property and Facilities Acquisition
  - UA Strategic Plan 2009, Campus Master Plan and campus land acquisition plan conformance
  - Likelihood of adverse development/redevelopment by another party versus time horizon before campus use

### **Criteria Descriptions**

- Addresses Safety, Code, and ADA requirements
  - Does this project correct immediate code or ADA requirements or safety issues? Those projects that address code issues will rate higher than those that do not.
  - The extent to which a project addresses health, safety 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 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 utilization? What is the MAU existing space utilization? Has an analysis of space utilization 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 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 costs and potential sources of funding for these costs.
- Demonstrates responsiveness to UA Strategic Plan 2009 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 2009. 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 with the framework of appropriate MAU and system goals and objectives as articulated in the UA Strategic Plan 2009 and MAU planning documents?
- Likelihood of adverse development/redevelopment by another party versus time horizon before campus use
  - What is the possibility that this acquisition will not be available if not included in the current six-year capital plan or 1 year capital budget request?