University of Alaska
Approved FY11 Capital Budget Request and
FY11-FY16 Capital Improvement Plan

Development Guidelines

The goal of the Board of Regents' University of Alaska (UA) FY11-FY16 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 and the Board approved MAU strategic and campus master plans. 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.

The 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 renovation (R&R), deferred renewal, code corrections, and upgrades for University facilities are significant capital budget priorities. UA maintains nearly 400 buildings worth in excess of $1.7 billion. These facilities comprise 6.4 million gross square feet and have annual depreciation totaling $57 million. More than half of UA's buildings are more than 30 years old. UA must assure adequate funding requests for major renewal and renovation and deferred renewal projects for University facilities. Given the magnitude of its facilities, UA requires an annual minimum investment of $50 million for facility renewal and renovation. UA has received an average of $16.1 million over the last ten years.

- Through its operating budget the University dedicates funding every year to maintenance and repair (M&R), and in FY08 dedicated about $31 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 November 2002 the State approved a significant General Obligation (GO) Bond, the first in over 20 years. 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 (FY03, FY06 and FY07); for the UAF School of Fisheries and Ocean Sciences Lena Point facility in Juneau (final $6.8 million in non-state funding received in FY08); and for the UAA Health Sciences Building ($46 million in FY09). Additional funding is still required for the final phase of the biological and computational sciences (BiCS) concept, the UAF Life Sciences Innovation and Learning Facility in Fairbanks satisfies the biosciences research and teaching components of this concept (FY10 request: GF $82.195 million, NGF $20.625 million).

- Prior to FY07, an average of $7 million in state capital funding was appropriated for maintaining existing facilities, thus elevating UA's deferred maintenance need from $200 million in 2000 to over $800 million as of August 2008. State funding for UA's capital project priorities averaged $46.5 million annually in the ten year period 2000 to 2009. Since 2000, UA has received $464.8 million of state capital funding. The Board requested, as its highest capital budget priority, $98 million and $120 million

in FY07 and FY08 respectively, for maintaining existing facilities and equipment. The legislature appropriated $49 million and $46 million toward those priorities.

- The current six-year capital plan totals $2.3 billion. The UA FY10 Capital Budget Request totaled $717.2 million, with $541.8 million requested from state funding and $175.4 million from receipt authority. Of the $717.2 million request, $200 million was requested for maintaining existing UA facilities and equipment.

Guiding Principles

- Project requests addressing renewal, renovation, deferred renewal, and code corrections for existing University facilities will be the highest priority for funding in the FY11 capital request and the six-year capital plan.

- New facility project requests included in UA's 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:
    - Enhancing student success and college readiness with an emphasis on increasing student enrollment
    - Preparing Alaskans for the state's high-demand jobs
    - Enhancing competitive research and taking advantage of UA's position in the international research community and benefits of research as an industry in Alaska

- 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 FY11-FY16 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 by an appropriate business plan, which includes review of 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 should 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 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, scored and ranked system-wide by appropriate councils including the Facility Council, Business Council, System-wide 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.

- All projects proposed for the FY11 budget request and the six-year capital 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 Categories

Projects will be presented in draft form to the Board of Regents using these 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 (if the project only includes expansion)

- Land, Property and Facilities Acquisition

New construction projects for the present year will be scored and ranked. The final draft will be presented to the administration for approval in the 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:

  - Enhancing student success and college readiness
  - Preparing Alaskans for the state's high demand jobs
  - Enhancing competitive research and taking advantage of UA's position in the international research community and benefits of research as an industry in Alaska

- Renewal and Renovation Code and ADA will address the following criteria without scoring:
  - 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

- 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
- 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

- 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 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 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?

- 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 one year capital budget request?