

UNIVERSITY *of* WASHINGTON

OFFICE OF PLANNING & BUDGETING

# CAPITAL PLANNING GUIDELINES

Capital Planning Advisory Team (CPAT)

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# I. ABOUT THE CAPITAL PROJECTS PROCESS

As a public agency and a not-for-profit institution of higher education, the University of Washington (“UW”, the “University”) and its administrative officials have a duty to steward the physical and virtual infrastructure of its campuses that are provided through appropriations, allocations, and donations, to serve its missions of instruction, research, public service, and clinical operations.

The UW makes long-term financial commitments through major capital projects, regardless of their funding source and project delivery method, and must plan to allocate resources necessary to maintain and operate facilities for their entire life cycle. The capital budget development process ensures that the University's long-term investments are always directed to its highest priority needs, that broad stakeholder involvement occurs throughout the review process, and that equity and accessibility are centered in the prioritization and execution of capital projects, partnerships (e.g., public-private partnerships), and leasing commitments.

Unfortunately, the need for capital improvements far exceeds the amount of funding available. Many of the university's educational buildings, research facilities, and utility infrastructure are at risk of failing due to age, use and the inability to provide adequate funding to timely renew our physical assets. A 30-year renewal plan is under development that will require us to focus our efforts on renewal over growth in order to remedy all the deficiencies with our building and utility infrastructure systems.

To best utilize limited resources, a policy was developed to prioritize the greatest needs, the highest institutional priorities, and the most cost-effective solutions to advance all areas of our educational, research and service missions. The Capital Planning Guideline (“Guideline”) was designed as a supplemental document to the [Capital Planning & Space Stewardship Policy](#) (“Policy”). The Policy provides greater detail on definitions and responsibilities that are referenced in this Guideline. The primary focus of the Guideline is to provide a consistent, transparent process for submitting unit capital project needs to ensure they are reviewed and considered along with other institutional needs and demands on funding sources. The Guideline, as shown in the summary below, describes a continuous process with annual administrative and legislative deadlines, so that adequate time is available for the UW Facilities Account Managers to both assist and coordinate resources to fully develop the need into a capital project request. The capital project requests are submitted to the Capital Planning Advisory Team (CPAT) for review, prioritization, and potential recommendation.

## DEFINITIONS

**Capital Need:** Following a Unit’s Strategic Planning Phase, improvements to the spaces and physical assets of the university may be identified to optimize the Unit’s ability to serve the mission of instruction, research, public service, and clinical operations. Improvements may be related to:

**Access:** Add new facilities to serve student demand and enrollment growth.

**Excellence:** Modifications to existing facilities for student and program needs.

**Reinvestment:** Renewal of failing building systems to keep buildings safe and operational.

**Targeted Investment:** Strategic investments to support university priorities and/or the development of strategic partnerships that promote learning based academic and research collaborations.

**Capital Project:** A long term investment with the purpose to add, modify, or repair the physical assets of the university, which may include buildings or infrastructure. Capital Projects have fully developed scopes of work, schedule, and budget and represent the best solution to remedy a physical asset deficiency.

The CPAT serves in advisory role to the President and Provost and is comprised of campus community members that represent the following perspectives:

- Advancement
- Design Equity and Innovation
- Executive Office
- Facilities
- Faculty
- Finance/Treasury
- Office of Planning & Budgeting - Strategy and Funding
- Research Space Stewardship and Funding
- School/College Administration and Finance
- Student Instructional Space and Academic Prioritization
- UW Bothell and UW Tacoma representation

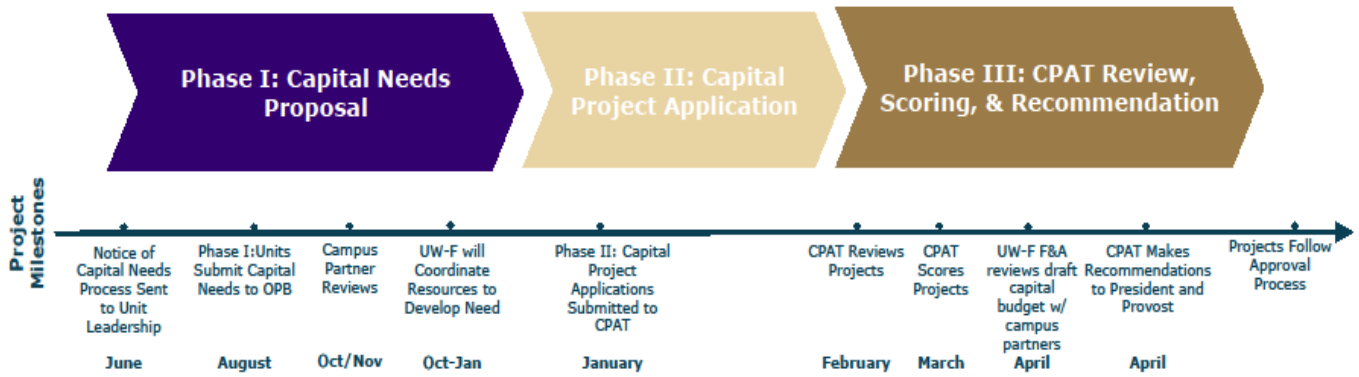
## WHO SHOULD FOLLOW THESE GUIDELINES

These guidelines apply to all academic, administrative, and auxiliary units seeking approval for a major capital project, as defined below, on the Bothell, Seattle, and Tacoma, campuses, and including off-campus locations, regardless of funding mechanism or source. However, they do not apply to the UW Medicine Select Units – UW Division” which includes: Montlake & NW Campuses, UWP, Airlift NW, Consolidated Laundry, Neighborhood Clinics, Shared Services

## SUMMARY OF THE PROCESS

The Guideline steps you through four phases to develop your capital need into a capital project. The graphic below summarizes the process, beginning with a capital needs proposal. An annual notice will be sent to all Unit Leaders that will provide additional instruction, timelines, and a link to the on-line Capital Needs Proposal form.

## Capital Guidelines Process Summary



### Questions?

For questions about this document or the capital projects process, please contact the Capital Planning Advisory Team (CPAT).

## II. APPROVAL PROCESS

### WHEN TO FOLLOW THESE GUIDELINES

Most major capital project needs are required to follow the capital projects process described in this document, except for actions deemed by the President and Provost as necessary to protect the University's interests and operations in response to an emergency. The distinguishing factor is typically based on the magnitude of estimated cost of the project and/or the impact on the broader campus.

Table 1 below defines the approval process required for capital projects:

**Table 1: Project Approval Summary**

Funding Type and Approval Level		
	\$2M-\$15M <sup>1</sup>	>= \$15M
<b>Requesting State Funds (Includes any amount of State Bonds or O&amp;M)</b>		
Unit Leader Approval	X	X
Capital Planning Advisory Team	X	X
President & Provost	X	X
Legislature/Governor approval of funding	X	X
Board of Regents	X	X
<b>Non-State Funds - Private Donations/Partnerships, Department Equity, Central Funding, etc.</b>		
Unit Leader Approval	X	X
Capital Planning Advisory Team	X <sup>2</sup>	X
President & Provost	X	X
Board of Regents		X

<sup>1</sup> Projects under \$2M are at the discretion of the Unit Leader

<sup>2</sup> Reviewed as a group.

### INSTITUTIONAL APPROVALS FOR CAPITAL PROJECTS

Before a capital project can officially begin, the project must be approved at the corresponding level as shown in Table 1. Each level of approval is summarized below but may not be relevant for all projects.

#### 1. Unit Leader

The Unit Leader is defined as the administrator (typically a dean, chancellor, vice president, vice provost, or administrative head) reporting directly to the President or Provost. The Unit Leader will first prioritize and recommend their unit's capital needs utilizing the procedure outlined in section III and section IV.

## 2. Capital Planning Advisory Team Recommendation

CPAT reviews, prioritizes, and makes recommendations to the President and Provost as to which capital project proposals greater than or equal to \$15 million, and all projects seeking state funding:

- should be approved for inclusion in the Annual Five-Year Capital Budget,
- should be added to the biennial State Capital Request, and
- which projects are a high priority but due to funding constraints need to be added to the Long-Term Capital Plan.

## 3. President and Provost Approval

The President and Provost are informed and advised by CPAT of recommended major capital project needs. They approve the projects included in the annual Five-Year Capital Budget (presented to the Board of Regents for approval) and the biennial State Capital Request. The President has delegated authority to approve projects below the \$15 million threshold with a requirement to provide a report to the Board of Regents for all approved projects.

## 4. University of Washington Board of Regents Approval

Board of Regents approval, both for inclusion in the Five-Year Capital Budget and individual project approvals, is managed by UW Facilities and is required for the following capital project scenarios:

- If the expected project budget exceeds or is equal to \$15 million.
- If any amount of state funding is part of the overall project budget, approval is required for inclusion on the University's biennial capital budget request to the state for allocation of state resources to support the project.
- Approval to Lease real property and modifications thereto for terms in excess of 20 years, or the total commitment over the term exceeds or is equal to the \$15 million threshold.

## 5. State Approval

Projects that include a state funding request for either capital or maintenance and operations (M&O) funding are included in the University's biennial capital or operating budget request(s) and sent to the Office of Financial Management (OFM). Upon legislative adoption, the Governor must sign budgets into law.

If the requested amount is not appropriated or if a reduced amount is appropriated, then a revised project plan will need to be reviewed and approved at the highest level of approval required for the project proposal.

# III. PROCESS OVERVIEW & TIMEFRAMES

The following information provides a high-level overview of the internal capital projects submission, review, and approval process, and general time frame for each phase. The [Capital Planning and Space Stewardship](#) Policy document describes each phase in greater detail and includes other valuable information related to capital project planning. The annual notice for capital needs from the Provost will provide the exact dates where possible.

**Table 2: Project Timelines**

PHASE	TIME-FRAME (GENERAL)
<p><b>Annual Notice</b> A notice from the Provost requesting Units submit their capital needs is distributed by CPAT to Unit Leaders and key staff members. The notice includes the Executive Office’s institutional priorities and due dates.</p>	June
<p><b>Strategic Planning</b> UNITS EVALUATE THEIR CAPITAL NEEDS Units work with UWF Campus Architecture + Planning (CAP) Account Managers to study and evaluate the alignment of the Unit’s vision and campus strategic priorities to achieve optimal use of current or new building assets.</p>	<i>(On-going and completed in support of your capital need)</i>
<p><b>Project Submission Phase I</b> UNITS COMPLETE PROJECT REQUEST FORM (Provided with Annual Notice) Requests are compiled by OPB and presented to CPAT</p>	August
<p><b>CPAT Review</b> Requests are compiled by OPB and presented to CPAT for discussion around bundling multiple projects together, and go/no-go recommendations in alignment with University priorities. Draft Business Case Document. CPAT will also review opportunities to combine or enhance projects to address additional strategic initiatives.</p>	September CPAT Meeting
<p><b>Campus Partner Briefings</b></p> <ul style="list-style-type: none"> <li>• President &amp; Provost</li> <li>• Faculty Council on Campus Planning &amp; Stewardship</li> <li>• Senate Committee on Planning &amp; Budgeting</li> <li>• Board of Deans and Chancellors (BODC)</li> <li>• Provost’s Advisory Committee for Students (PACS)</li> </ul>	<b>Oct/Nov</b> First info session to review the requests received and how they’re being prioritized by CPAT. Any concerns should be brought back to CPAT via your representative
<p><b>Project Formation</b> Units work with UWF CAP Account Managers to form each project recommended to advance to the next stage of development, collecting project information and completing the information as outlined in Table 3 below. UWF Finance &amp; Administration (F&amp;A), Treasury, Advancement, and OPB provide initial funding reviews in support of developing the capital project submission.</p>	October-January
<p><b>Capital Project Submission Phase II</b> Units work with UWF CAP Account Managers to complete and submit the Capital Project Application (Table 3).</p>	Submission to CPAT Due in January



<p><b>Annual Capital Project Review -</b>          CPAT will score each capital project request achieved from the Scoring Criteria shown in Table 4, to create a prioritized list for recommendation to the President and Provost.</p>	<p>CPAT reviews and scores projects in <b>February</b> for presentation to CPAT in <b>March</b></p>
<p><b>Project Recommendations &amp; Approval</b>          CPAT (via UWF F&amp;A) advises the President and the Provost as to what projects should be advanced as part of the Five-Year Capital Budget and/or the Long-Term Capital Plan. The President and the Provost make the final determination of what projects should move forward.</p>	<p>Late March/Early April</p>
<p><b>UW-F F&amp;A reviews the DRAFT CAPITAL BUDGET with campus partners</b></p> <ul style="list-style-type: none"> <li>o President and Provost</li> <li>o Faculty Council on Campus Planning &amp; Stewardship</li> <li>o Senate Committee on Planning &amp; Budgeting</li> <li>o Board of Deans and Chancellors (BODC)</li> <li>o Provost’s Advisory Committee for Students (PACS)</li> </ul>	<p>April</p>
<p><b>Capital Budget Review &amp; Approval</b>          UWF F&amp;A prepares and shares the annual Five-Year Capital Budget with the Board of Regents in May as an informational item, with formal approval requested in June.</p>	<p>May - Informational          June - Approval</p>
<p><b>Capital Budget Request to OFM</b>          UWF F&amp;A prepares and submits biennial capital budget requests to the Office of Financial Management in mid-September of even numbered calendar years. Supplemental capital requests are sometimes prepared and submitted during odd numbered calendar years. UWF CAP is responsible for preparing any necessary project proposals and predesigns for submission to OFM.          While the process is annual, biennial budget submissions (even-numbered calendar years) are usually the primary opportunity to request state capital funding. For projects receiving some amount of state funding for construction, subsequent M&amp;O requests are submitted through the operating budget process in advance of project completion.</p>	<p>September - Submission (even numbered years). Approval - typically in June (odd numbered years) after the legislative session has concluded</p>

## IMPORTANT THINGS TO NOTE:

Before exploring a capital project need, it is important to keep the following items in mind:

- All capital project work, including programming studies, conceptual designs, cost estimates, etc., must be coordinated through and managed by UWF-Asset Management. (Exceptions may be granted by Asset Management) Units are not permitted to procure external capital project planning and design consultants on their own.
- The Provost's Office is actively involved in capital project planning whenever central funding is used or multiple units are involved in a project. A Provost's Office representative participates as a member of the CPAT committee to ensure that institutional needs are addressed.
- All projects estimated at \$15 million or higher require Board of Regents Project approval. UW Facilities manages the Regents' approval process, in partnership with OPB.

## EXCEPTIONS OR SPECIAL SITUATIONS

- Unit leaders may appeal recommendations made by CPAT to the Provost and President.
- The Provost and President must approve of materials elevated for approval by the Board of Regents.
- Any efforts necessary for the safety and well-being of the campus community, or in response to emerging opportunities, may be advanced outside of this process if deemed necessary by the President and Provost.

# IV. UNIT SUBMISSION: HOW TO APPLY

## PHASE I: CAPITAL NEEDS PROPOSAL

Units interested in submitting their capital needs to the CPAT for consideration must first submit an initial request form, provided with the Annual Notice, to UW Facilities Asset Management. The information required for this phase includes:

- Point of contact
- Unit(s)/Department(s) affected
- Summary of need

This step gives notice of all potential requests and allows the university to prioritize resources to assist in the development of projects that can best align with the university's highest priority needs as outlined in the scoring criteria below. Projects may then receive assistance from UWF Asset Management, Treasury, Office of Planning and Budgeting, and Advancement.

Projects greater than \$15M that are recommended from Phase I will develop a Phase II Capital Project Proposal Application.

**PHASE II: FEASIBILITY DEVELOPMENT & CAPITAL PROJECT PROPOSAL**

To ensure that each capital proposal submission is considered fairly, we ask that you work with your assigned UWF Account Manager in the feasibility development and submission process below:

1. Submit your Capital Project Application and any supporting documentation on or before the date published in the annual capital needs notice (but can be submitted anytime during the year prior to the March deadline)
2. Your application should be concise and address each of the items in the application to help explain the context of your unit’s overall need:

**Table 3: Application**

Capital Proposal Application	Description	Resource
1. Project Name:		
2. Campus, School(s)/Department(s) affected:		
3. Primary point of contact:		
4. Capital Plan Strategy alignment:	Renewal, Growth, Strategic Investment, or Clinical Needs	
5. Unit Priority	Rank if more than one project is being requested	
6. Location of proposed project:	Identify campus and facility	
7. Problem statement and program need:	<ul style="list-style-type: none"> <li>• What is the purpose, scale/size, and scope of the problem and/or proposed project? Consider the amount of space and its uses and/or the types of systems and equipment to be considered to serve your purposes for the project.</li> <li>• What is driving this capital project need currently? For example:               <ul style="list-style-type: none"> <li>○ Changes in programming, pedagogy, or research</li> <li>○ Increased enrollments</li> <li>○ Faculty or student recruitment and retention; ability to compete with peer institutions)</li> <li>○ Need to improve the condition of, change the function of, or repurpose existing assets</li> </ul> </li> <li>• Trends in student enrollments, faculty headcounts, patient visits (if applicable), or visitors (for public goods, if applicable) over</li> </ul>	

	<p>the past few years and projects for the next 5 and 10 years.</p> <ul style="list-style-type: none"> <li>• Trends in research expenditures (or other measures of research productivity) over the past few years and projections for the next 5 and 10 years.</li> <li>• Relevant comparisons between your unit and peer institutions             <ul style="list-style-type: none"> <li>○ e.g., enrollments, faculty, square footage, research expenditures</li> </ul> </li> <li>• Faculty or student recruitment or retention issues that are directly related to the limitations of your current facilities, including inclusion and health and safety challenges. Provide the projected enrollment growth the project will enable.</li> </ul>	
<p>8. Facility Information &amp; Program Impact:</p>	<ul style="list-style-type: none"> <li>• Condition assessments, energy use, seismic resilience assessment, renewal needs, water intrusion, etc.</li> <li>• You may include photos of your existing facilities to help describe the challenges you face.</li> <li>• How are your existing facilities supporting or limiting:             <ul style="list-style-type: none"> <li>○ Your unit’s ability to meet its core mission?</li> <li>○ Faculty, student, or staff success?</li> <li>○ Your unit’s ability to compete with peer institutions?</li> </ul> </li> <li>• How has your unit worked to accommodate your program need to date? (e.g., repurposing existing space to other uses, using another unit’s space, leasing space, optimizing and/or reconfiguring existing space)</li> <li>• How will your unit continue to operate if this capital need is not addressed at this time?</li> </ul>	<p>UWF will assist in providing information about current facilities, if applicable</p>
<p>9. Strategic Alignment:</p>	<p>Please share your unit’s vision for alignment with the following:</p> <ul style="list-style-type: none"> <li>• Campus Master Plan</li> <li>• Unit Strategic Plan or other unit plan(s)</li> <li>• The UW Diversity Blueprint goals?</li> </ul>	

		UW Diversity Blueprint goal
10. Desired Solution:	<p>Please share your unit’s vision for what facility solution(s) would best address your needs:</p> <ul style="list-style-type: none"> <li>• What are the programmatic improvements/needs?</li> <li>• Are improvements to the quality of existing assets incorporated into your proposal, including building system renewal and seismic remediation?</li> <li>• Provide benchmark project comparisons including total SF, space types, costs, etc.</li> <li>• How will your project promote and support the University’s sustainability goals?</li> <li>• What is the proposed effect of your project on energy use intensity for your facilities, and on the greenhouse gas emissions from operating your facilities?</li> <li>• How would this project assist your facilities and communities in becoming more resilient to extreme events (e.g., heat, high wind, smoke, earthquake) ?</li> <li>• What spaces will be vacated, if any, with the execution of this project?</li> <li>• How will the project and information about the project be made available for research and educational purposes (i.e campus as a living lab)?</li> </ul>	
11. Schedule & Budget:	<p>What is a realistic timeline, including major milestones driving the schedule, for design and construction of the project? Is this project the continuation of a previous phase, or will the proposed project require phasing due to logistical or funding constraints?</p> <p>Provide a conceptual estimate of anticipated total project cost, including design and construction, with an escalation factor projected to the start of construction. Also estimate the annual changes to the</p>	UW Facilities Account Manager to provide

	<p>maintenance and operations expenses, including <u>if any change in the amount of electricity, water, natural gas, chilled water, or steam consumed/generated by your facilities; estimate the current and new annual quantities and associated utility costs.</u></p>	
<p>12. Funding Strategy:</p>	<p>Provide a funding plan to explain how your capital needs and the associated operating needs would be met. Your plan should consider the following:</p> <ul style="list-style-type: none"> <li>• Unit reserves</li> <li>• Donor Funds</li> <li>• Central Funding</li> <li>• Debt (including bridge loans)</li> <li>• State Funds for operating and capital needs</li> <li>• Tuition revenue from additional enrollment capacity</li> <li>• Fee based programs</li> <li>• <u>Potential alignment with Environmental, Social, and Governance (ESG) considerations and other specialized financial instruments</u></li> </ul>	<p>See Appendix A below - Funding Plan Resources</p>
<p>13. University and State Priorities:</p>	<p>The following priorities may be modified each year with the Notice of Capital Needs letter:</p> <p>Seek to reduce the risk of building and infrastructure failure by appropriately investing in the renewal of existing University facilities and major components and infrastructure when appropriate, to reduce/stabilize the growth of the deferred maintenance backlog.</p> <p>The project should address the following quality metrics:</p> <ul style="list-style-type: none"> <li>○ Reducing or eliminating the amount of deferred maintenance in buildings and/or with infrastructure systems.</li> <li>○ Improving overall energy efficiency and environmental attributes in meeting or exceeding campus sustainability goals.</li> <li>○ Regulatory compliance regarding green building, energy use intensity, and greenhouse gas emissions.</li> </ul> <p>The project should clearly identify risks and how they will be mitigated. Risks may include:</p> <ul style="list-style-type: none"> <li>○ Seismic</li> <li>○ Accessibility and compliance with ADA</li> </ul>	

	<ul style="list-style-type: none"><li>○ Fire protection,</li><li>○ Security and safety (such as lighting, building access...)</li></ul> <p>The project should seek to reduce the total square footage growth rate for the University, yet meet the need for general assignment classrooms in the campus core. This may include:</p> <ul style="list-style-type: none"><li>○ Strategic space re-utilization</li><li>○ Consolidation</li><li>○ Building removal by transforming the spaces we have, to be more productive in service of the University's mission.</li></ul> <p>How does the project promote Innovation? Examples may include:</p> <ul style="list-style-type: none"><li>○ Leveraging partnerships. The UW will need to engage partners to pursue strategic objectives, including leveraging the value of property holdings and academic and research strengths.</li><li>○ Support FTE growth and the number of degrees awarded in high-demand fields.</li></ul>	
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## V. REVIEW & DECISION ON INSTITUTIONAL PRIORITIES

### PHASE III: CAPITAL PROJECT REVIEW, SCORING, AND RECOMMENDATION

After receiving all capital proposal submissions, the CPAT will review and assess each new capital need carefully to determine institutional priorities and which projects should be recommended for further approval.

#### *Facility Tours*

As part of the review process, some CPAT members may request onsite tours of the buildings related to the capital request. The tours are invaluable in providing committee members with a first-hand view of a unit's facility challenges and enabling members to ask questions about the facility and the unit's programs to help them better understand the unit's situation. When possible, facility tours are arranged to coincide with the CPAT review of each capital proposal submission.

#### *Prioritization of Capital Needs*

The CPAT reviews and discusses each capital need individually, considering how the unit's facility challenges are affecting its core academic and research mission; its faculty, student, and staff success; its ability to compete with peer institutions; the urgency to address the need currently; and more. The committee then prioritizes all needs, identifies opportunities for units to partner on potential solutions, and recommends priorities to the President and Provost for consideration. The President and Provost make the final decision on institutional priorities.

### CAPITAL PROJECT SCORING AND RECOMMENDATION

The CPAT Committee, or a subcommittee of faculty, academic leadership and staff will utilize the following scoring criteria to evaluate capital proposal submissions as a component of alignment with our major capital risks and institutional priorities. **The score sheet example below demonstrates the scoring approach, with refinement expected over time as we iterate and improve upon this process. Scoring provides a basis for common evaluation, and we acknowledge that a final score may not be the deciding factor as to whether the University advances a project.**



**Table 4: Scoring Criteria**

Scoring Criteria	Max Score
<b>1-6 Project Ownership Information</b>	<b>Y/N</b>
Is the application complete? Y/N:	
<b>7. Problem Statement and Program Need</b>	<b>15</b>
<p>Is there a strong case that supports the need for a capital solution? <b>(10 points)</b>            How significant are the consequences for delay? <b>(5 points)</b></p> <p>Items that could be addressed include the following:</p> <ul style="list-style-type: none"> <li>• Changes in programming or pedagogy</li> <li>• Changes in headcounts (student, faculty, visitors...)</li> <li>• Trends in research</li> <li>• Recruitment limitations</li> <li>• Need to improve the condition of, change the function of, or repurpose existing assets</li> </ul>	
<b>8. Facility Information and Program Impact</b>	<b>Y/N</b>
Are the current conditions documented? Y/N:	
<b>9. Strategic Alignment</b>	<b>10</b>
<p>Does the project conform to the University of Washington Campus Master Plans? Y/N,</p> <ul style="list-style-type: none"> <li>○ If a strong relationship is not demonstrated, an explanation should be provided to show why the project is being requested. Non-conformance may disqualify the project from consideration.</li> </ul> <p>Does the project further the goals of the University Diversity Blueprint <b>(5 points)</b>, and any additional Unit Plans? <b>(5 points)</b>.</p>	
<b>10. Desired Solution</b>	<b>30</b>
<p>How will the proposed project improve the ability of a facility to enhance the delivery of programs <b>(30 points)</b>, including:</p> <ul style="list-style-type: none"> <li>• Improving classrooms to align with teaching pedagogies (higher score for classrooms within the campus inventory <u>in proximity to campus core</u>)</li> <li>• Improving labs to align with current research typologies, with the flexibility to address the full range of potential hazards in maximizing occupant safety.</li> <li>• Improving a facility to enhance services or participant experience, including a sense of belonging and welcome.</li> <li>• Improving the optimization of space and exploring the potential to consolidate programs.</li> <li>• Ensure spaces adequately address accreditation needs.</li> </ul>	

<p><b>11. Funding</b></p>	<p><b>10</b></p>
<p>How are funding sources addressed to leverage the most advantageous position for the University, balancing risk, return, and control?</p> <ul style="list-style-type: none"> <li>• Have multiple funding sources been explored to maximize and leverage funding to the full extent possible? <b>(5 points)</b></li> <li>• Have preliminary reviews been performed for each type of funding type? <b>(5 points)</b> For example:             <ul style="list-style-type: none"> <li>○ For fundraising efforts, has University Advancement reviewed the funding plan to determine the potential to support this project?</li> <li>○ For any central funding or unit lease or rent payments, has OPB reviewed the financial proforma?</li> <li>○ If debt funded, has Treasury reviewed the overall strength of the financial proforma?</li> <li>○ If a public/private partnership is proposed, has CPAT financial and Legal review sub-committee reviewed and made recommendations?</li> </ul> </li> </ul>	
<p><b>12. Schedule and Budget</b></p>	<p><b>10</b></p>
<p>Is the project timeline realistic and include important milestones that drive the schedule for design and construction? <b>(5 points)</b></p> <p>Is the conceptual estimate for project cost and maintenance and operations realistic with an appropriate escalation factor for inflation? <b>(5 points)</b></p>	
<p><b>13. University and State Priorities</b></p>	<p><b>25</b></p>
<p>The University and State priorities are listed below. However, these priorities may be modified in the Annual Notice of Capital Needs letter:</p> <p>How effective is the proposed project in relation to the following quality metrics <b>(10 points)</b>:</p> <ul style="list-style-type: none"> <li>○ Reducing or eliminating the amount of deferred maintenance in buildings and/or with infrastructure systems.</li> <li>○ <u>Effect of the project on the unit and University's capacity to meet sustainability goals, including but not limited to energy use intensity and greenhouse gas emission targets.</u></li> </ul> <p>Does the project clearly identify risks and how they will be mitigated? <b>(5 points)</b> Risks may include:</p> <ul style="list-style-type: none"> <li>• Seismic</li> <li>• Accessibility, including ADA compliance.</li> <li>• Fire protection,</li> </ul>	

<ul style="list-style-type: none"> <li>• Security and safety (such as lighting, building access...)</li> </ul> <p>Does the project seek to align the total square footage growth rate with trends in student enrollment for the University? <b>(5 points)</b> This may include:</p> <ul style="list-style-type: none"> <li>• Strategic space re-utilization to meet specific demands for space (<u>e.g., classrooms, laboratories, support services, utility capacity</u>)</li> <li>• Consolidation</li> <li>• Removal by transforming the spaces we have, to be more productive in service of the University’s mission.</li> </ul> <p>Does the project promote Innovation? <b>(5 points)</b> Examples may include:</p> <ul style="list-style-type: none"> <li>• Leveraging partnerships. The UW will need to engage partners to pursue strategic objectives, including leveraging the value of property holdings and academic and research strengths.</li> <li>• Support FTE growth and the number of degrees awarded in high-demand fields.</li> <li>• <u>Does the application of the capital project advance research and educational purposes? (i.e., campus as a living lab).</u></li> </ul>	
<p><b>Total Points possible</b></p>	<p><b>100</b></p>

All submitted projects will receive an initial score, and it will be made available to each proposer so that they can review the overall strength of their submission and improve upon the project over time in coordination with Facilities. If a proposal is not recommended, the Unit Leader will have the opportunity to submit their capital need at the next cycle with the knowledge of how to improve their project.

## VI. INITIATING A PROGRAMMING STUDY/CONCEPTUAL DESIGN WITH UW FACILITIES-ASSET MANAGEMENT

Once a project has all funding in place and has been approved to proceed, the unit will continue to work with Asset Management to officially explore the capital project further and begin program studies and design.

It is important to note that all capital projects must be coordinated through and managed by each campus’s Facilities Management group. Units will have input in the selection but are not permitted to procure architectural firms or general contractors.

# APPENDIX A

## CAPITAL PROJECT FUNDING RESOURCES

### *Funding*

After you have identified your needs, formulated a solution, and determined the appropriate budget, it is time to make the case for funding your project. The value and merits of your project will assist in bringing partners to the table to generate commitments required to fund your entire project. Capital projects cannot be executed until all funding has been identified and is in place, so this is often the point where the process can slow down (sometimes quite a bit).

Prior to final approval of any project, all funds must be committed, and a cash flow plan developed and validated, detailing that sufficient receipt of funds leads anticipated expenditures by at least three months through the life of the project. Failure to meet this cash flow standard may result in a work stoppage.

- For state appropriations, design funding must be in hand and the future construction funding must be included in the legislative appropriation language.
- For loans from the Internal Lending Program, financial due diligence must be completed by the Treasury Office.
- For donor funding, a minimum of 10% of donor funds must be received, and the rest confirmed by signed pledges.
- For local funds, a separately identifiable budget must be established with the fully committed amount deposited.

### *Creating a Funding Plan*

With all capital projects, units are responsible for creating a funding plan that covers the entire cost of the capital project. A list of funding sources is provided below in Table 5. Given how unpredictable the economic climate is and will likely continue to be, central funding may or may not be available to subsidize capital projects. Assistance in developing your funding plan is available from multiple sources and can be coordinated by your FM Unit Manager.

As your unit considers its funding plan, it is important to keep the following key funding principles and assumptions in mind:

- Every proposed capital project must have a funding plan to support the design, construction, furnishings, and equipment, and operating costs, as well as the costs associated with any interim moves, of the renovated new or expanded asset from the unit's own financial resources.
- Any commitments from non-unit funds (Provost's Office, Dean, etc.) must be approved in writing.
- Any central University commitments used for the completion of any project will be reimbursed first if the funding sources for the project exceed the final costs of the project.
- All gift agreements must be signed and executed [to be included in the funding plan at the time of board approval].

- For donor-funding, cash available for the project will be equal to the gift received minus the University's gift assessment for current-use gifts.
- When gift funds are pledged but not yet received, the unit is responsible for supplying the cash needed for construction costs. Units may request "bridge funding" using University debt financing to cover this gap. If the Provost and Treasurer agree that debt financing can be used, the unit is responsible for paying the interest expense on the debt. The interest expense must be included as a cost in the unit's funding plan.
- All grant agreements and contracts must be signed and executed.

### ***Funding Plan Review***

To ensure that a unit's funding plan is feasible, the CPAT Committee turns to several administrative units for their input.

*Note: The Treasurer's Office, University Advancement, Office of Planning and Budgeting, and UW Facilities are available to assist units as they develop their funding plans.*

### ***Treasury Office Review***

The Treasury Office, with input from the Office of Planning and Budgeting, provides consulting on financing principles and options in constructing a viable funding plan. This office can also assist in determining prevailing rates, terms and principles in the established debt policy for the University. The Treasurer considers the following information when reviewing a unit's capital project funding plan:

- Does the project leverage external funds, such as a gift or grant?
- Is the funding plan feasible?
- Are the assumptions conservative or aggressive?
- Are the assumptions based on one good year or is there a historical pattern that supports the assumptions?
- Is there a strategy for incremental costs like staffing, maintenance, utilities, moving, storage, temporary space, and interest?
- How strapped will the unit be to support unexpected program initiatives or operating expenses that arise after the capital project is approved?
- Does the unit have unrestricted fund balances that can be applied to the capital project?
- For projects that require University debt financing, does the proposing unit have the financial capacity to pay the debt service, as well as any new net operating costs from the renovation, construction, or asset acquisition (for major technology or equipment)?
- Is the funding plan sufficient to cover the life cycle repair and improvement costs of the new or expanded facility?

### ***University Advancement Review***

University Advancement (UA) provides consulting on fundraising objectives and reviews the final fundraising plan to ensure its viability. UA considers the following information when reviewing a unit's capital project funding plan:

- Has a fundraising feasibility analysis been conducted? What do its results suggest?
- Does donor funding potential meet philanthropic goal?
- How does this project intersect with other fundraising priorities at the unit and University levels?

- Has the appropriate donor coordination taken place?
- Is there alignment between project scope and donor expectations?

**Office of Planning & Budgeting Review**

OPB provides review of any projects requiring central commitment or state funding for capital or operating budget needs. OPB considers the following information when reviewing a unit’s capital project funding plan:

- Unit carryover balances
- State funding feasibility

TABLE 5.

FUNDING SOURCES & FINANCING OPTIONS

The following sources or combination of sources are typically used to fund capital projects, depending on availability:

<i>Unit reserves, gifts, &amp; grants</i>	Typically, there are more high priority capital needs than there are currently available central funding resources, so units are expected to contribute to capital projects, whenever possible. This includes using unit reserves (if available) and securing external funding (gifts or grants) to support their capital need.
<i>Central resources</i>	Given the unpredictable economic climate, central resources are often limited and may or may not be available for a capital project. If central resources are available, the OPB will work with the unit to ensure that the funding is committed.
<i>Capital renewal funding</i>	UW Facilities manages capital renewal funds that were established specifically to renovate and reprogram existing buildings to address major infrastructure needs and to renew and extend the useful life. Capital renewal funding may be leveraged toward projects that meet the building system renewal criteria.
<i>Debt financing</i>	The University has limited debt capacity and approval of external financing requires a rigorous funding plan (operating forecast and capital plan) that demonstrates the University unit’s capacity to pay the debt service. Approval of the use of debt capacity is made by the President in consultation with the

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Treasurer. In any given period, the University may have a greater or lesser debt capacity depending on the capital projects in progress, market conditions, and the relationship of new capital activity to the University's competitiveness and overall financial condition. Key principles of debt financing includes:

- The Treasury Office is responsible for obtaining the most cost-effective financing possible by strategies that include the pooling of overall capital needs and issuing various forms of debt to meet these aggregate needs.
- The Treasury Office manages the actual payments of each debt issue to assure an event of default will not occur.
- Each Unit will be assigned an internal payment schedule with an interest rate that can be changed with 1-years notice. Adjustments will be made periodically to credit or assess units for any variations between the budgeted interest rate and the actual interest rate.

*NOTE:* The Board of Regents of the University of Washington is vested by statute with the authority to issue bonds to fund certain capital projects and to enter into financing contracts to acquire real and personal property.

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*State of Washington  
capital outlay*

Each biennium, the State of Washington requires state agencies, universities, and community colleges to submit ten-year capital plans to the Office of Financial Management (OFM). Each plan must include prioritized capital project requests, special maintenance needs, and other information about their facilities. Plans are submitted by UW Facilities each September in even numbered years.

Although the State of Washington requests biennial submissions of capital project needs, State funding is not always available to support these needs. Funding amounts, availability, and timing vary from biennia to biennia, and are directly related to the State budget situation.

When the State of Washington provides capital funding to the University, it does not require the University to contribute funding to the capital project(s). However, projects that demonstrate additional sources of funding are more competitive and have a greater chance of approval.