

Update Report on the Capital Outlay Plan for 2020-2026

JOINT FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE

August 1, 2019

Background:

At the April 2019 meeting, the Board of Visitors reviewed a resolution requesting approval of the University's 2020-2026 Capital Outlay Plan (Plan) and authorization to submit an updated Capital Plan to the state, in accordance with future guidance from the state and based on the projects on the approved list. The resolution was approved, and the university has proceeded accordingly.

On June 21, 2019, the state issued instructions for the preparation and submission of the 2020-2026 Capital Outlay Plan. The deadline for submission of the Six-Year Capital Outlay Plan to the state was July 26, 2019, and the university prepared and submitted the plan by the due date. The state instructions required submission of only projects requesting some portion of General Fund resources in their budget. Attachment A shows the list of projects with General Fund support provided to the state. The list of items and their priority rankings are consistent with the list approved at the April 2019 meeting, with a few minor adjustments for refined project costs and fund splits.

The Department of Planning and Budget provided further guidance that only a subset of projects may be submitted for funding consideration for the 2020-2022 capital budget. In response to this guidance, the university submitted full-blown budget request for five of the fifteen priorities in University Division and the three priorities in the Cooperative Extension/Agricultural Experiment Station. The projects are listed below.

	Dollars in Thousands		
	General Fund	Nongeneral Fund	Total
University Division			
Undergraduate Science Laboratory Building	\$ 90,500	\$ -	\$ 90,500
Randolph Hall Replacement	208,710	23,190	231,900
Hahn Hall Renovation and Expansion	75,000	29,300	104,300
Academic Efficiency and Renewal Package	79,100	-	79,100
Life, Health, Safety, Code Compliance Package	6,100	-	6,100
Total University Division Projects	<u>\$ 459,410</u>	<u>\$ 52,490</u>	<u>\$ 511,900</u>

**Cooperative Extension / Agriculture Experiment Station
Division (CE/AES)**

Global Systems Sciences Building	\$ 135,700	\$ -	\$ 135,700
Animal Production and Livestock Facilities, Ph II	72,600	-	72,600
System-wide Agricultural Research and Extension Centers Improvements	42,100	-	42,100
Total CE/AES Division Projects	<u>\$ 250,400</u>	<u>\$ -</u>	<u>\$ 250,400</u>

Early Indications of State Capital Funding for the 2020-2022 Biennium:

Preliminary signals from Six-Year Capital Outlay Plan Advisory Committee indicate modest capital funding expectations for the 2020-2022 biennium. The state funds nearly all of its capital program with external debt and actively manages debt to a five percent debt burden ratio as part of a strategy to preserve its AAA Credit Rating. The outstanding obligations from large capital funding programs for the 2016-2018 and 2018-2020 bienniums are limiting the state's flexibility to fund another large program for the 2020-2022 period.

State Capital Budget Review and Approval Process:

The General Fund projects on Attachment A may be included by the state to update its capital outlay plan and to make funding decisions in the 2020 General Assembly.

The next steps for the state's 2020 budget session include at least five major phases as summarized below:

- 1) A state appointed Six-Year Capital Outlay Plan Advisory Committee (staffed by several central agencies and offices) will review all 2020-2026 capital plans submitted by agencies and institutions over the summer of 2019. This phase will include ongoing interactions by the university to position its projects.
- 2) By November 1, 2019, the Advisory Committee will provide a set of recommendations to the Governor, Chairman of the Senate Finance Committee, and Chairman of House Appropriations Committee to update the state's capital outlay plan for the 2020-2026 period.
- 3) On December 17, 2019, the Governor is scheduled to present to the General Assembly a bill proposing the state's updated capital outlay plan and a budget bill including planning funds or full funding for high priority items in the plan.

- 4) The legislature may amend the proposed plan and the proposed funding program in the Executive Budget Bill during the 2020 General Assembly. Depending on the overall size of the capital program and the amount of General Fund support for its projects, the University may submit legislative amendments for projects. This phase includes ongoing interactions by the university until a budget bill is passed.
- 5) July 1, 2020, the state's updated 2020-2026 plan, capital funding program, and list of projects for the 2020-2022 biennium becomes effective.

Nongeneral Fund Projects and University Debt:

The Plan includes projects with 100 percent nongeneral fund support and these are shown on a separate schedule (Attachment B) because they do not compete for General Fund resources. The state instructions for this submission specified not to submit any projects supported entirely with nongeneral fund resources. Under the university's Management Agreement for Capital Projects, the state has authorized the Board of Visitors to approve and implement projects supported 100 percent by nongeneral funds. Each project must be individually approved by the Board of Visitors. Under this authority, the university may bring resolutions to the Board to initiate projects from the Plan independent of the state budget process. When the university is prepared to initiate a project supported entirely with nongeneral funds, including a financing plan, the university submits a capital project resolution to the Board for consideration. The list in Attachment B includes the high priority projects for which nongeneral fund resources are anticipated to be sufficient to start a project during the six-year period or for which a private fund raising campaign is a high priority.

Projects with nongeneral fund support, including portions of some gift campaigns, may use external debt to finance a portion of the budget. Each potential debt financing undergoes a financial feasibility assessment to ensure resources are sufficient to cover the full debt service term without unnecessary financial risk to the unit's operations. The positioning of debt is further analyzed to ensure the university does not exceed the parameters of the university debt policy and guidance from the Board of Visitors, which has consistently held the maximum allowable debt ratio (total annual debt service to total operating expenses) to below five percent. This evaluation is projected six-years out and includes anticipated issuances for projects in the Plan. This practice provides an important check to ensure the institution's debt obligations do not become a point of inflexibility in reaching the operational goals of the institution and to ensure the university is holding sufficient debt capacity for its highest priorities.

A brief narrative description of each project on Attachment A and Attachment B is shown on Attachment C.

Attachment A

General Fund Six-Year Capital Outlay Plan for 2020-2026

as of August 1, 2019

		Dollars in Thousands		
		<u>General Fund</u>	<u>Nongeneral Fund</u>	<u>Total</u>
University Division				
1	Undergraduate Science Laboratory Building	\$ 90,500	\$ -	\$ 90,500
2	Randolph Hall Replacement	208,710	23,190	231,900
3	Hahn Hall Renovation and Expansion	75,000	29,300	104,300
4	Academic Efficiency and Renewal Package	79,100	-	79,100
	Renovate Media Building			
	Student Advising and Academic Services Center			
	Classroom Renovations			
	Music / Theater Program Space			
	Lane Hall Renovation			
5	Robeson Hall Renovation	36,990	7,310	44,300
6	Newman Library Renovation	67,200	-	67,200
7	Derring Hall Renovation	93,500	7,600	101,100
8	Burruss Hall Infrastructure and Code Compliance Renovation	48,700	-	48,700
9	New Building for Pamplin College of Business	40,400	40,400	80,800
10	Price Hall Renovation	31,900	-	31,900
11	Life, Health, Safety, Code Compliance Package	6,100	-	6,100
12	Western Perimeter Road (VT portion)	38,000	-	38,000
	Total University Division Projects	<u>\$ 816,100</u>	<u>\$ 107,800</u>	<u>\$ 923,900</u>
Cooperative Extension / Agriculture Experiment Station Division (CE/AES)				
1	Global Systems Sciences Building	\$ 135,700	\$ -	\$ 135,700
2	Animal Production and Livestock Facilities, Phase II	72,600	-	72,600
	Renew Animal-based Facilities			
	Renew and Expand Center Woods Facilities			
	Agricultural Research and Extension Centers Top Priority Needs			
3	System-wide Agricultural Research and Extension Centers Improvements	42,100	-	42,100
	Total CE/AES Division Projects	<u>\$ 250,400</u>	<u>\$ -</u>	<u>\$ 250,400</u>
Total General Fund Capital Plan for 2020-2026		<u>\$ 1,066,500</u>	<u>\$ 107,800</u>	<u>\$ 1,174,300</u>

Attachment B
Nongeneral Fund Six-Year Capital Outlay Plan for 2020-2026
as of August 1, 2019

	Dollars in Thousands		
	<u>General Fund</u>	<u>Nongeneral Fund</u>	<u>Total</u>
Intelligent Infrastructure Destination Area			
HITT Hall and Intelligent Infrastructure Building	\$ -	\$ 35,000	\$ 35,000
New Dining Hall	-	33,000	33,000
	-	68,000	68,000
National Capital Region			
Innovation Campus: Innovation Building	-	-	-
Innovation Campus: Residential Capacity	-	-	-
Falls Church Development: Building Construction Program	-	-	-
	-	-	-
Residential and Dining System Improvements			
Food Processing Center and Warehouse	-	10,000	10,000
Slusher Hall Replacement	-	77,000	77,000
	-	87,000	87,000
Athletics Program Improvements			
Football Weight Room Renovations	-	5,000	5,000
Tennis Stadium Expansion	-	4,500	4,500
Cassell Coliseum Renovations	-	30,000	30,000
	-	39,500	39,500
College of Architecture and Urban Studies/ Student Commons			
New College of Architecture and Urban Studies Building	-	130,000	130,000
North Academic Commons: Student Unions	-	60,200	60,200
	-	190,200	190,200
Growth and Infrastructure			
North End Center II Building (capital lease)	-	58,000	58,000
Research Swing Space (capital lease)	-	18,700	18,700
Life Span and Family Services Research Center (capital lease)	-	8,000	8,000
Veterinary Teaching Hospital Expansion	-	19,100	19,100
Surplus Property, Mail, Printing, and Storage Space (capital lease)	-	6,900	6,900
Future Parking Capacity Improvements	-	18,750	18,750
	-	129,450	129,450
Total Nongeneral Fund Capital Plan for 2020-2026	\$ -	\$ 514,150	\$ 514,150
GRAND TOTAL SIX-YEAR CAPITAL OUTLAY PLAN	\$ 1,066,500	\$ 621,950	\$ 1,688,450

Attachment C

Project Descriptions for the 2020-2026 Capital Outlay Plan

JOINT FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE

August 1, 2019

General Fund Projects – Attachment A:

University Division

1. Undergraduate Science Laboratory Building

This project is essential for accommodating the university's growing demand for STEM-H degrees. The proposed project envisions a new 102,720 gross square foot (GSF) facility of high quality instructional laboratories for basic and upper division sciences that will be located proximal to the new Classroom Building.

2. Randolph Hall Replacement

Randolph Hall was constructed in 1952 with an addition in 1959, and no major renovations since construction was completed. This project envisions razing and replacing the entire 166,000 GSF existing building and constructing a new 284,000 GSF building at the same site.

3. Hahn Hall Renovation and Expansion

Hahn Hall was constructed in 1988 with an addition in 2002, and no major renovations since construction was completed. The proposed project includes renovating the entire 71,100 GSF existing building and expanding with a 53,000 GSF addition to provide space for instructional classrooms, laboratory space, and support space for the physics and chemistry programs.

4. Academic Efficiency and Renewal Package

This project packages together several small and medium sized high priority facility renewal items.

- **Renovate Media Building:** This project will renovate the entire 13,200 square foot Media Building located in the Creativity and Innovation District to provide updated spaces for art programs.
- **Student Advising and Academic Services Center:** This project will renovate the entire 24,500 GSF of the G. Burke Johnson Student Center to repurpose it for the consolidation of Undergraduate Academic Affairs and Degree and Enrollment Management functions.

- Classroom Renovations: This project will renovate approximately 56,250 GSF of outdated and underutilized general assignment classroom space to meet the existing space demand and to support planned enrollment growth.
- Music / Theater Program Space: The project relocates the music and theater programs from Squires Student Center to a new facility in the Creativity and Innovation District. This is a critical precursor to vacating Squires Student Center to move forward other major projects in the Creativity and Innovation District.
- Lane Hall Renovation: Originally known as Barracks No. 1, Lane Hall was built in 1888 and converted to office use in 1967. This project is for the renovation and preservation of the 26,500 GSF historic building to house academic programs.

5. Robeson Hall Renovation

Robeson Hall was constructed in 1960 with no major improvements or renovations since construction was completed. The project includes renovating the entire 67,000 GSF existing building to provide modern laboratories and support space to meet the needs for instructional classrooms and laboratory space for the physics and materials sciences programs.

6. Newman Library Renovation

Newman Library was constructed in 1955 with an addition in 1980, with no major renovations since construction was completed. This project envisions constructing a new library storage facility off-campus followed by a renovation of the entire Newman Library to address student demand for a high quality library environment with up-to-date interactive learning formats.

7. Derring Hall Renovation

Derring Hall was constructed in 1969 with no major improvements or renovations since the original construction was completed. This request is to renovate and modernize this high demand instructional building for physical sciences programs.

8. Burruss Hall Infrastructure and Code Compliance Renovation

Burruss Hall was built in 1936 with additions in 1968 and 1970, and a renovation in 2007 to convert a portion the north elevation to academic use. This project replaces and updates the major building systems within the building.

9. New Building for Pamplin College of Business

The project includes approximately 104,000 GSF of new construction to house the Pamplin College of Business. The proposed building will provide the college expanded, modern instructional space sufficient to meet demand for interactive learning including a variety of general purpose and specialized classrooms, learning laboratories, and seminar rooms.

10. Price Hall Renovation

Price Hall was constructed in 1907 and is one of the oldest buildings on campus. The 56,000 GSF building has received no major improvements or renovations since construction was completed. This project proposes to gut and renovate the entire building to repurpose for academic programs.

11. Life, Health, Safety, Code Compliance Package

The university's health, safety, and accessibility initiative for the campus is an ongoing effort, and the university includes a request for this program in each capital plan. This project continues progress on needed campus improvements including accessibility improvements and life safety repairs that are beyond the scope of the Maintenance Reserve program.

12. Western Perimeter Road (VT portion)

This project is the continuation of campus road projects envisioned to support the future build out of the campus master plan. This will provide a perimeter road on the western side of campus to relieve traffic pressure on and around campus and to link Southgate Drive with Prices Fork Road. The entire project is expected to cost \$64 million with \$26 million provided through a Virginia Department of Transportation funding program.

Cooperative Extension / Agricultural Experiment Station Division

1. Global Systems Sciences Building

This project builds a new 135,000 GSF research facility for interdisciplinary plant sciences research. The scope also includes approximately 12,000 square feet of backfill renovations in Latham Hall to support the College of Natural Resources and Environment.

2. Animal Production and Livestock Facilities, Phase II

- **Renew Animal-based Facilities:** The agency has 250,000 GSF of animal-based facilities that have aged past their useful life. The state appropriated a project to address 126,000 GSF of improvements. This project is for a second phase of improvements for 167,000 GSF. The replacement facilities consolidate functions and operational efficiencies.
- **Renew and Expand Center Woods Facilities:** This project proposes 28,000 GSF of improvements to the Center Woods Complex for the Fisheries and Wildlife program, located off Plantation Road.
- **Agricultural Research and Extension Centers Top Priority Needs:** This project will address the top priority infrastructure and renovation needs for Agricultural Research and Extension Centers across the state. The balance of the needs will be addressed in a larger system-wide project.

3. System-wide Agricultural Research and Extension Centers Improvements

The agency has 11 ARECs that support a variety of key industries in the Commonwealth through research and Extension programs. The AREC facilities do not support demand for the program activities and require improvements and expansion. This project will bring the system up-to-date and provide capacity to meet client demand for services.

Nongeneral Fund Projects – Attachment B:

Intelligent Infrastructure Destination Area

The core components of the destination area include HITT Hall and a new dining center. These facilities are in the design process and this project is to fully fund and complete construction of the facilities.

- HITT Hall and Intelligent Infrastructure Building

HITT Hall is programmed as a 29,600 GSF program for instruction and laboratory space, as well as faculty, staff, and graduate student work space for the growing School of Construction. The Intelligent Infrastructure component is a 8,000 GSF program for Makers Laboratory space that would be an innovative learning environment to promote interdisciplinary collaboration to support emerging research.

- New Dining Hall

The Dining Hall is anticipated to be an approximately 56,000 GSF facility located in the northwest academic section of campus and may house other functions on upper floors.

National Capital Region

- Innovation Campus: Innovation Building

This project is envisioned to create approximately 200,000 GSF of innovation space for the Innovation Campus, including space for start-ups and industry collaboration. The proposed facility will be delivered and operated by a private partner with the university leasing a portion of the building.

- Innovation Campus: Residential Capacity

This project is envisioned to create approximately 300,000 GSF of residential and retail space, including neighborhood serving retail, to support the Innovation Campus. The proposed facility will be delivered and operated by a private partner with the university leasing units as needed.

- Falls Church Development: Building Construction Program

This project envisions the development of the Falls Church location with a private partner. The overall development includes approximately 50,000 square feet of space for the Building Construction Program and 46,000 square feet for the National Institute for Smart Construction.

Residential and Dining System Improvements

- Food Processing Center and Warehouse

This project is for a new 45,000 GSF food processing center and warehouse to provide Dining Services with modern space for central food preparation, bakeshop, and cold storage to meet the growing demands of campus dining centers.

- Slusher Hall Replacement

This project is part of a long-range strategic plan to modernize the inventory of campus residential facilities. The proposed project will demolish and remove Slusher Hall, and then build two residential buildings on the same site. The target bed count for the new facilities is 700 beds.

Athletics Program Improvements

- Football Weight Room Renovations

This project will renovate and expand the football weight room within the Merryman Center. The project will provide state-of-the-art spaces for weight training, team meeting space, and circulation.

- Tennis Stadium Expansion

This project will renovate the existing tennis facilities to include expanded locker rooms, team lounges, medical training support, and fan viewing areas.

- Cassell Coliseum Renovations

This project envisions several improvements including updated graphics and branding, additional club seats, improved food service, and improved fan comfort to enhance athletic program competitiveness and fan experience.

College of Architecture and Urban Studies/ Student Commons

A key part of the university's plan to develop the Creativity and Innovation District includes a long-term vision to relocate the College of Architecture and Urban Studies (CAUS) to the district and to renovate the vacated college buildings to a student commons.

- New CAUS Building

This project provides a permanent home to consolidate the College of Architecture and Urban Studies, which allows the college to vacate Cowgill Hall and Burchard Hall. The proposed 200,000 GSF building will house the college and provide space for district functions and programs, including the Honors College.

- North Academic Commons: Student Unions

This project will repurpose Cowgill Hall and Burchard Hall into student commons space, currently located in the Squires Student Center. The combined 110,500 GSF renovations will provide convenient space for high demand student activity spaces.

Growth and Infrastructure

- North End Center II Building (capital lease)

This project envisions an approximately 225,000 GSF building located adjacent to the North End Center. This building will provide space for retail operators on the ground level and space to consolidate several university external leases and campus functions on the upper levels.

- Research Swing Space (capital lease)

This project will provide an approximately 68,000 GSF of necessary swing space capacity to renovate high priority academic buildings. The proposed facility will be located off-campus in the Corporate Research Center and be configured for research functions.

- Life Span and Family Services Research Center (capital lease)

The project will provide approximately 40,000 GSF in the Corporate Research Center to consolidate multiple client-centered programs and to better accommodate client needs, client capacity, and student engagement through experiential learning.

- Veterinary Teaching Hospital Expansion

The project includes approximately 16,300 GSF of renovation and 25,300 GSF of new construction at the veterinary hospital to provide space for program expansion and enrollment growth.

- Surplus Property, Mail, Printing, and Storage Space

This project provides a long-term, economical solution for several central support functions in the form of a capital lease with ownership transfer for a portion of the space to the university at the conclusion of the lease.

- Future Parking Capacity Improvements

This project provides parking capacity to accommodate on-going campus development and programmatic growth.