

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

UW Capital Plan Overview

For information only. Materials will be distributed at the meeting.

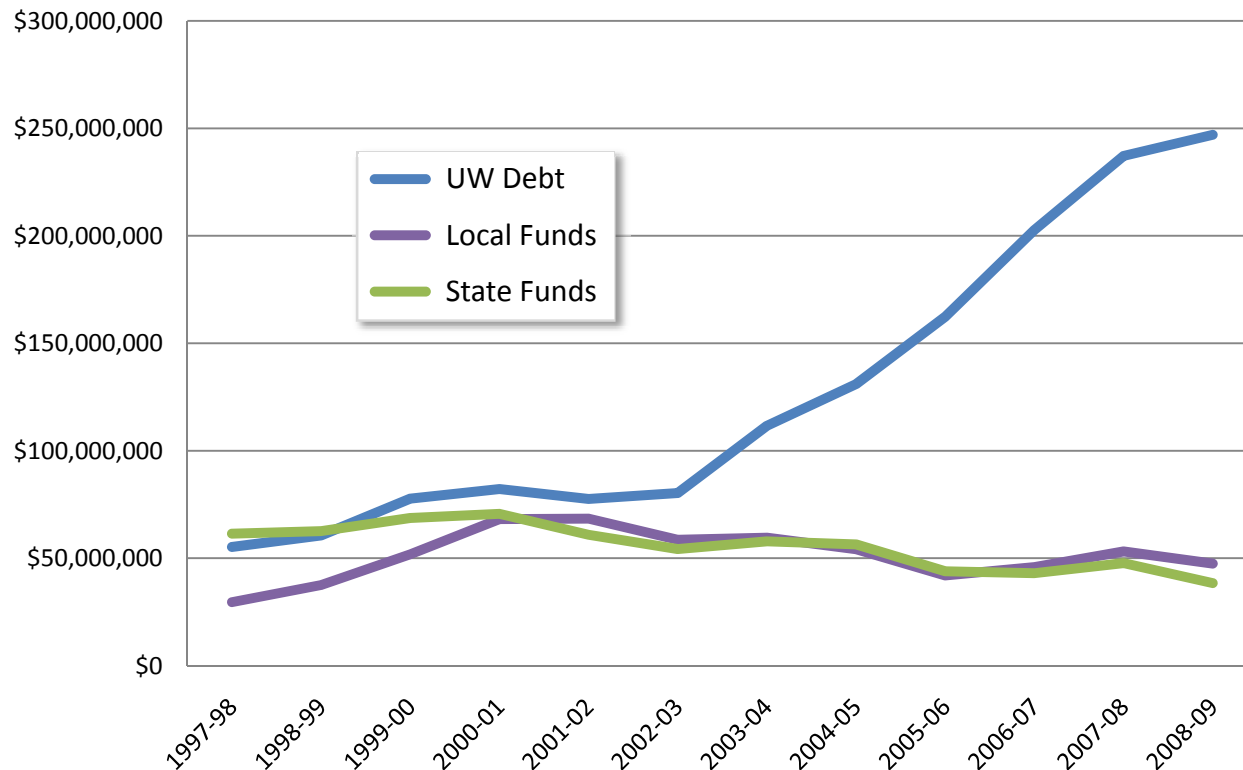
# Capital Plan 2011-2021

University of Washington  
Office of Planning & Budgeting

November 19, 2009 – For Discussion

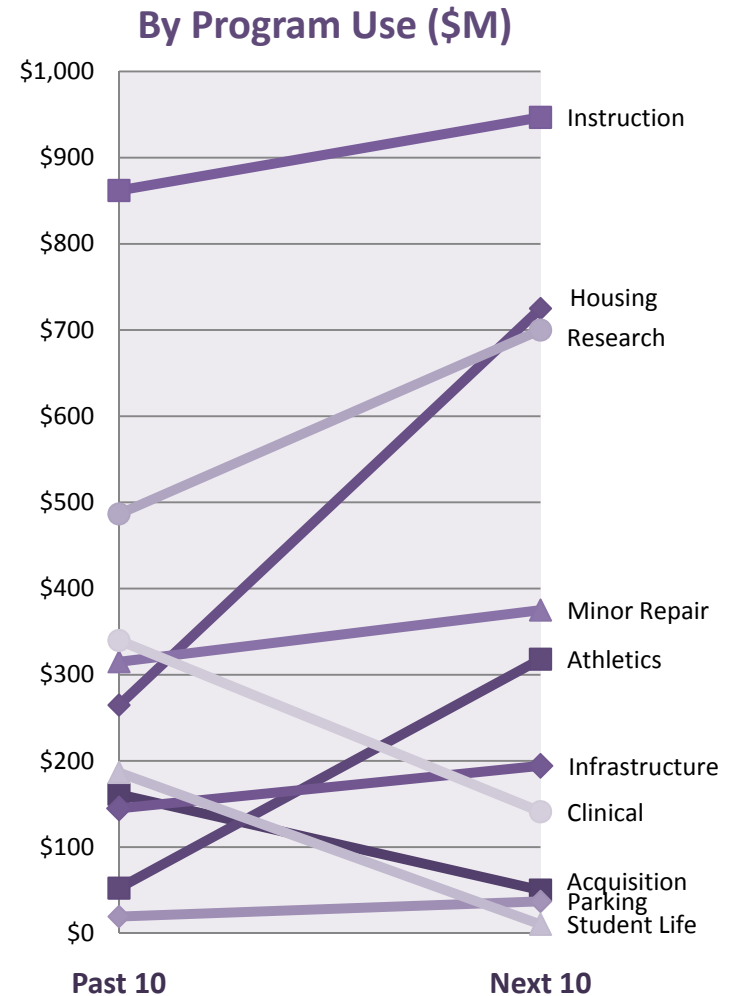
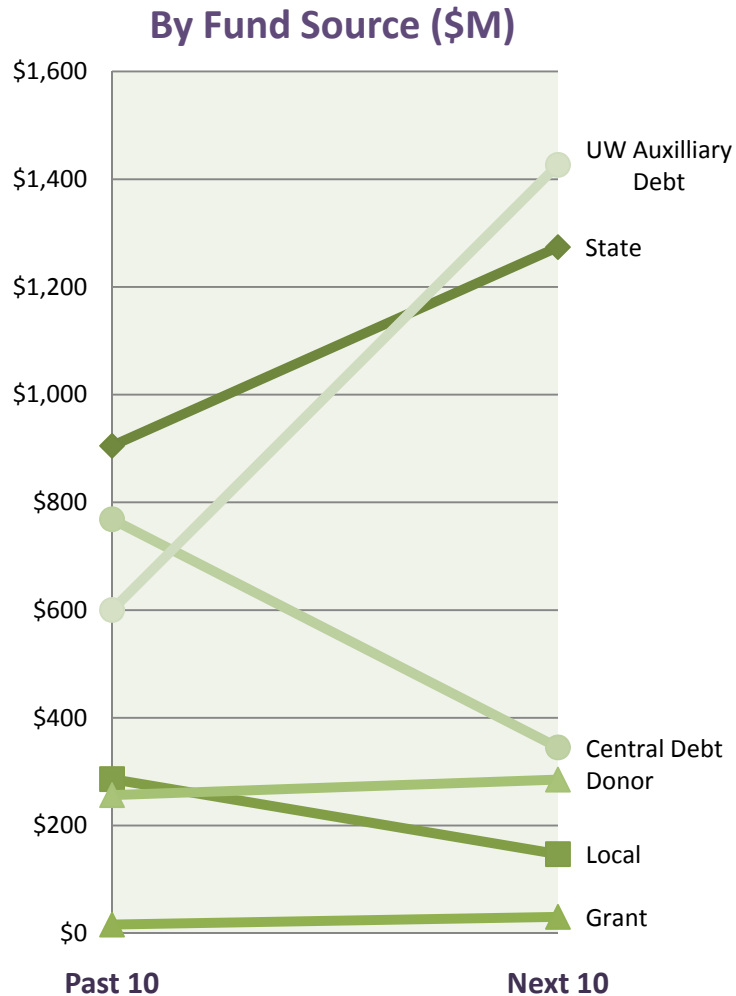
# Capital Funding Trend

## Moving Average – 1997 to 2009

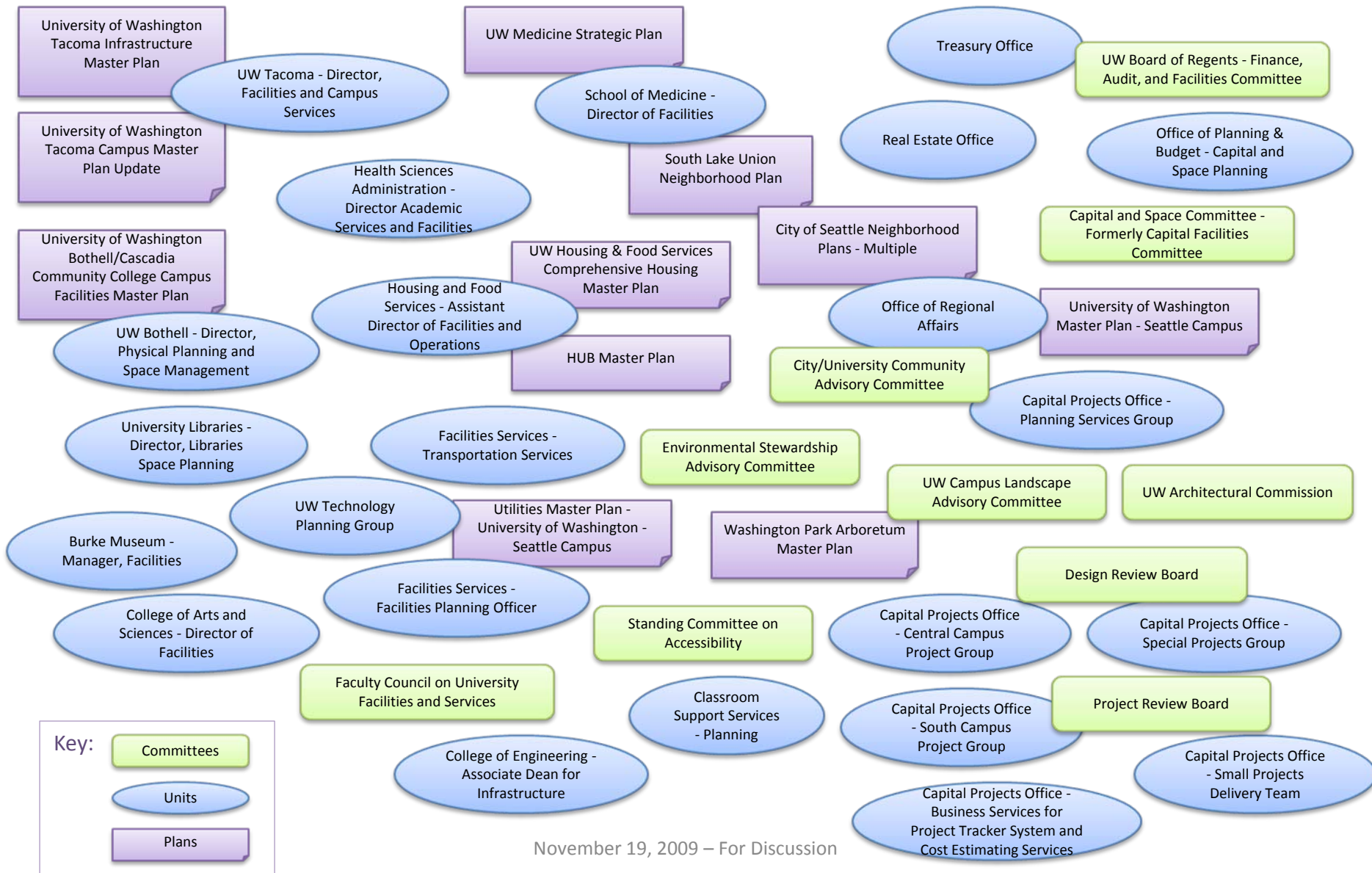


# Capital Investment

## \$3.6 Billion list of requested projects



# Many Plans



# One Capital Plan for our Future

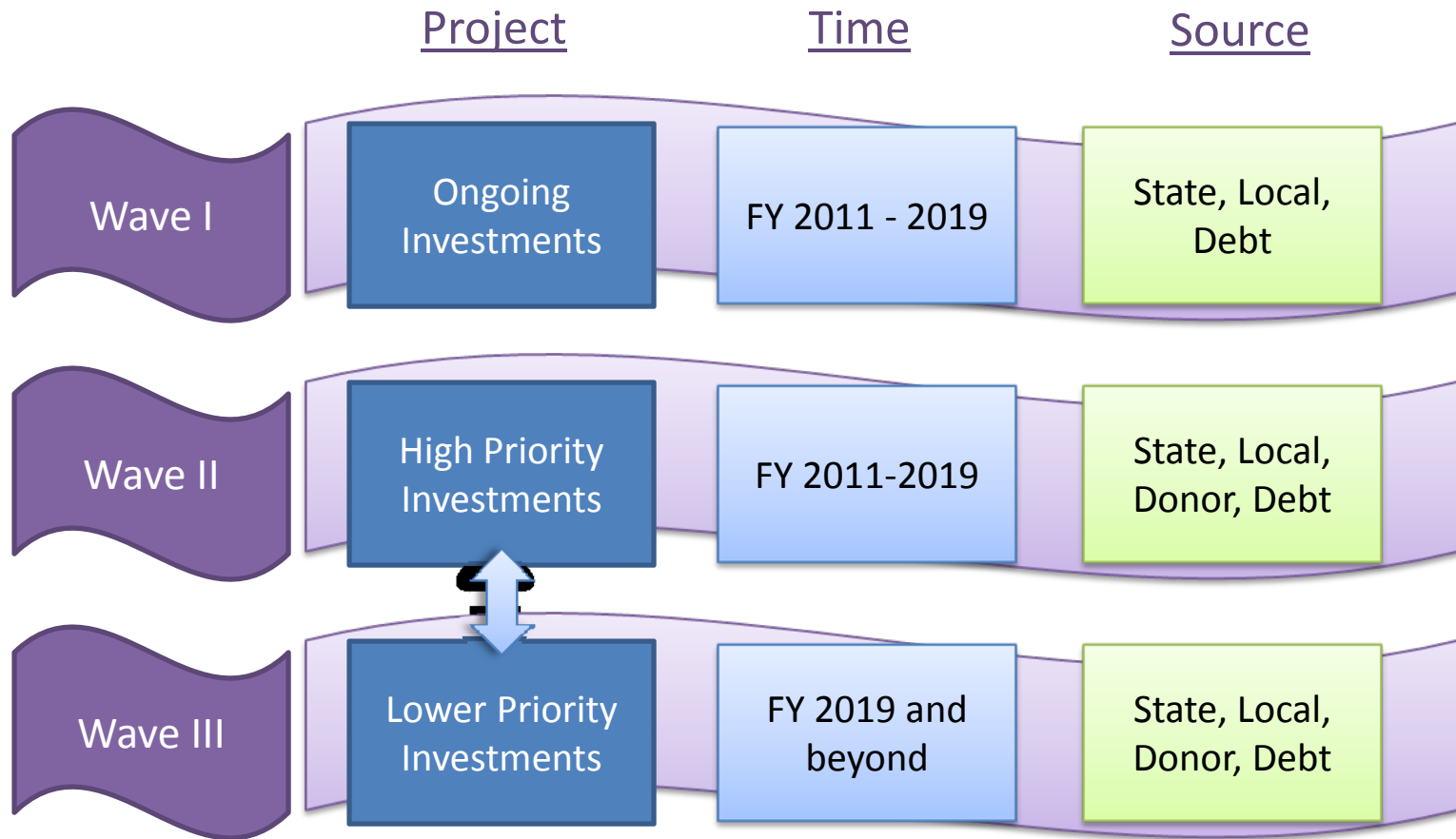
**To sustain our competitive position as a great research university –  
there is no status quo.**

**To energize/focus our collective strength to build our future together.**

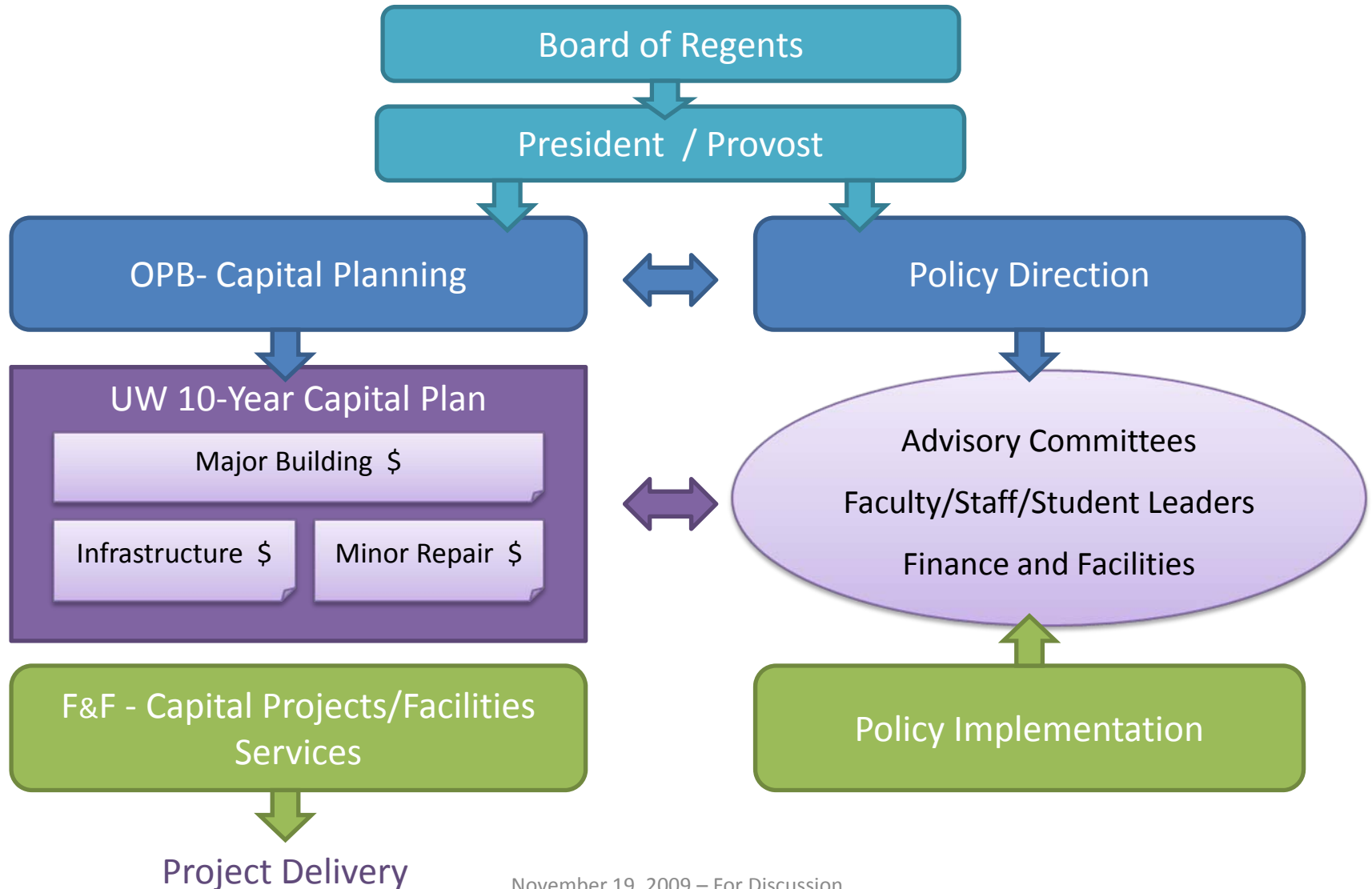
**To enhance our financial viability - by achieving more with less.**

**To support our mission by creating great and inspired places which  
sustain our communities each day.**

# One Capital Plan

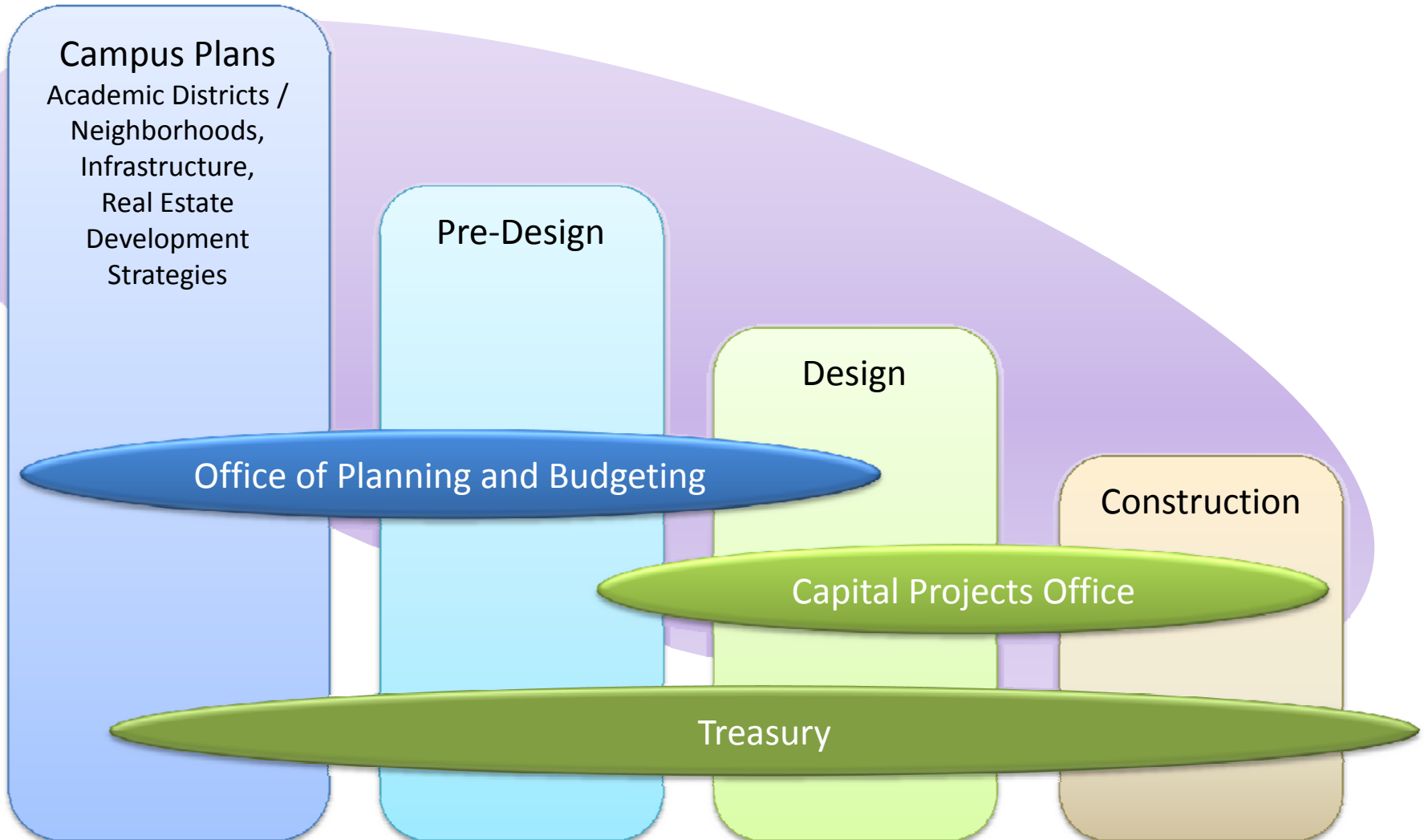


# One Capital Plan





# One Capital Plan



# Lean Capital Plan Process

**Balance great creativity at the beginning - with extreme economy in the execution.**

**Committees become truly advisory at early stages of work.**

**More concurrency and urgency; more fluid planning and design.**

**Office of Planning and Budgeting provides planning leadership.**

# Summary of Requested Projects

(Potential Fund Sources - \$3.6 Billion Total)



# List of Requested Projects Identified to Date

University of Washington  
Office of Planning & Budgeting

November 19, 2009 – For Discussion

UW List of Previously Identified Capital Projects - Working Draft For Discussion

DRAFT 11/19/09

\$ in Thousands (,000)

Requested Projects		Potential Expenditures					Potential Capital Sources						
Project Name		Planned Thru Jun-11	FY 2011-2015	FY 2015-2019	FY 2019-2021	Total Project Projection	Cash Funds				Debt		
							State Appropriated Funds	UW Local Funds	Grant Reimburse- ment Funds	Donor Funds	Building Account (State appropriated)	Central Supported Debt	UW Auxiliary Supported Debt
Wave I	UW Health / Life Sciences Plan	-	450	-	-	450	-	450	-	-	-	-	-
	UW Seattle West Campus Eco-District Plan	-	250	-	-	250	-	250	-	-	-	-	-
	UW Seattle Master Infrastructure Plan	-	250	-	-	250	-	250	-	-	-	-	-
	UW College of Engineering Precinct Plan	-	100	-	-	100	-	100	-	-	-	-	-
	UW College of Arts & Sciences Precinct Plan	-	100	-	-	100	-	100	-	-	-	-	-
	Major Infrastructure Upgrade Projects	-	16,000	16,000	8,000	40,000	40,000	-	-	-	-	-	-
	Minor Capital Repair - Infrastructure and Program Improvements	65,000	150,000	150,000	75,000	440,000	413,000	27,000	-	-	-	-	-
	Minor Strategic Real Estate Acquisitions	-	20,000	20,000	10,000	50,000	-	50,000	-	-	-	-	-
Subtotal Wave I		65,000	187,150	186,000	93,000	531,150	453,000	78,150	-	-	-	-	-

Wave II	Anderson Hall (Restore the Core)	200	24,050	-	-	24,250	24,250	-	-	-	-	-	-
	Biological & Environmental Sciences Building	-	80,000	40,000	-	120,000	80,000	-	20,000	20,000	-	-	-
	Denny Hall (Restore the Core)	4,000	53,000	-	-	57,000	57,000	-	-	-	-	-	-
	Enterprise Information System	-	44,000	40,000	16,000	100,000	-	-	-	-	-	100,000	-
	Foster School of Business Phase 2 - Balmer Hall Replacement	4,000	42,800	-	-	46,800	4,000	-	-	-	-	42,800	-
	Global Public Health, Nursing & Pharmacy Building	-	80,000	-	-	80,000	80,000	-	-	-	-	-	-
	Gould Hall Court Addition	-	5,000	-	-	5,000	-	-	-	5,000	-	-	-
	Guthrie Hall 3rd and 4th Floor Renovation	-	8,500	-	-	8,500	8,500	-	-	-	-	-	-
	House of Knowledge	300	10,300	-	-	10,600	3,000	-	-	7,600	-	-	-
	Husky Stadium	-	300,000	-	-	300,000	-	-	-	60,000	-	-	240,000
	Lewis Hall (Restore the Core)	2,000	23,000	-	-	25,000	25,000	-	-	-	-	-	-
	MHSC 6th Floor Comparative Med (Animal Facilities Phase 2a)	-	15,000	-	-	15,000	-	-	-	-	-	15,000	-
	MHSC 6th Floor Comparative Med (Animal Facilities Phase 2b)	-	35,000	-	-	35,000	-	-	-	-	-	35,000	-
	Miller Hall (Restore the Core)	-	44,000	-	-	44,000	44,000	-	-	-	-	-	-
	Molecular Engineering Phase 1 (Shell Space Improvement)	-	13,400	-	-	13,400	-	3,000	10,400	-	-	-	-
	Molecular Engineering Phase 2	-	6,000	56,500	-	62,500	62,500	-	-	-	-	-	-
	Odegaard Library Renewal (Interdisciplinary Academic Building Phase 1?)	-	32,000	-	-	32,000	16,000	-	-	16,000	-	-	-
	Rainier Vista Triangle Garage Improvements	-	-	25,000	-	25,000	-	-	-	-	-	-	25,000
	Robinson Center for Young Scholars	-	3,750	-	-	3,750	3,750	-	-	-	-	-	-
	Sand Point Building 5 - 4th Floor (Archival Storage)	-	-	-	22,400	22,400	-	-	-	-	-	22,400	-
	Sound Transit Overpass (Pacific to Garage)	-	3,500	-	-	3,500	-	3,500	-	-	-	-	-
	South Campus Center Improvements (Placeholder)	-	5,000	-	-	5,000	-	5,000	-	-	-	-	-
	South Lake Union Phase 3.1	-	168,000	-	-	168,000	-	-	-	-	-	79,000	89,000
	South Lake Union Phase 3.2	-	19,000	105,000	-	124,000	-	-	-	-	-	88,000	36,000
	South Lake Union Phase 3.3	-	-	168,000	-	168,000	-	-	-	-	-	-	168,000
	Student Housing Phase 2 (Sites 29W, 30W)	-	120,000	-	-	120,000	-	-	-	-	-	-	120,000
	Student Housing Phase 3.1 (Lander renovation)	-	13,500	40,500	-	54,000	-	-	-	-	-	-	54,000
	Student Housing Phase 3.2 (Terry renovation)	-	-	61,000	-	61,000	-	-	-	-	-	-	61,000
	Student Housing Phase 3.3 (McMahon renovation)	-	-	90,000	-	90,000	-	-	-	-	-	-	90,000
	Student Housing Phase 3.4 (McCarty renovation)	-	-	49,500	17,000	66,500	-	-	-	-	-	-	66,500
	Student Housing Phase 3.5 (Haggett renovation)	-	-	18,000	54,000	72,000	-	-	-	-	-	-	72,000
	Student Housing Phase 3.6 (Hansee renovation)	-	-	-	51,000	51,000	-	-	-	-	-	-	51,000
	Student Housing Phase 4 (1000-1500 new beds proposed)	-	-	-	201,000	201,000	-	-	-	-	-	-	201,000
	UW Bothell Phase 3 (New Academic Building)	5,150	62,850	-	-	68,000	68,000	-	-	-	-	-	-
	UW Medicine/Northwest Affiliation Improvements	-	-	-	-	-	-	-	-	-	-	-	-
	UW Seattle Structured Parking (Placeholder)	-	-	12,000	-	12,000	-	-	-	-	-	-	12,000
	UW Tacoma Land Acquisition/Remediation	-	10,000	10,000	-	20,000	20,000	-	-	-	-	-	-
	UW Tacoma Land Acquisition - Joy & Jefferson Building- Related	2,000	-	-	-	2,000	2,000	-	-	-	-	-	-
	UW Tacoma Phase 3 - Joy, Jefferson, Infrastructure	21,850	-	-	-	21,850	-	8,150	-	-	-	7,450	6,250
	UW Tacoma Phase 4	-	8,000	72,000	-	80,000	80,000	-	-	-	-	-	-
	UW Technology - Data Network	-	10,000	7,000	-	17,000	17,000	-	-	-	-	-	-
	UWMC Expansion Phase 2	-	138,000	3,000	-	141,000	-	-	-	-	-	-	141,000
	UWPD and Transportation Services Relocation / Waterfront Open Space	-	10,500	-	-	10,500	-	10,500	-	-	-	-	-
Subtotal Wave II		39,500	1,388,150	797,500	361,400	2,586,550	595,000	30,150	30,400	108,600	50,250	345,650	1,426,500
Cummulative Totals (Wave I + II)		Potential Expenditure:				\$3,117,700	Potential Cash: \$1,295,300				Potential Debt: \$1,822,400		

Wave III	Daycare Center Expansion	-	-	-	4,500	4,500	-	-	-	-	-	4,500	-
	Eagleson Hall (Restore the Core)	-	1,000	11,000	-	12,000	12,000	-	-	-	-	-	-
	Fine Arts Center & Library	-	-	-	65,000	65,000	-	-	-	65,000	-	-	-
	Harris Hydraulics (Restore the Core)	-	2,000	12,600	-	14,600	14,600	-	-	-	-	-	-
	Health & Biosciences Library	-	-	-	93,750	93,750	-	-	-	93,750	-	-	-
	Hutchinson Hall (Restore the Core)	-	3,000	32,400	-	35,400	35,400	-	-	-	-	-	-
	Restore the Core - Future Phase	-	-	-	100,000	100,000	100,000	-	-	-	-	-	-
	Sand Point Building 9 - Housing	-	-	1,000	-	1,000	-	-	-	-	-	1,000	-
	Soccer/Baseball Stadium	-	-	18,000	-	18,000	-	-	-	18,000	-	-	-
	UW Seattle Classroom Building Phase 1	-	-	45,000	-	45,000	45,000	-	-	-	-	-	-
	UW Seattle Interdisciplinary Academic Building Phase 2	-	-	-	80,000	80,000	80,000	-	-	-	-	-	-
	Subtotal Wave III	-	6,000	120,000	343,250	469,250	287,000	-	-	176,750	-	5,500	-
Cummulative Totals (Wave I + II + III)		Potential Expenditure:				\$3,586,950	Potential Cash: \$1,759,050			Potential Debt: \$1,827,900			

'Funded' Projects	Applied Physics Lab Tenant Improvement (Ben Hall Building)	8,700	-	-	-	8,700	-	8,700	-	-	-	-	-	-
	Ethnic Cultural Center	15,500	-	-	-	15,500	-	-	-	-	-	-	15,500	-
	Foster School of Business Phase 1 - PACCAR Hall	95,000	-	-	-	95,000	-	-	-	70,000	-	-	25,000	-
	Hall Health Primary Care Center Remodel	10,100	-	-	-	10,100	-	-	-	-	-	-	10,100	-
	HUB Renovation	128,300	-	-	-	128,300	-	3,000	-	-	-	-	125,300	-
	Institute fo Advanced Materials & Technology TI (Ben Hall Building)	6,610	-	-	-	6,610	-	-	-	-	-	-	6,610	-
	MHSC 6th Fl Comp Med and RR-wing NRPC (Animal Facilities Phase 1)	28,700	-	-	-	28,700	-	-	-	-	-	-	28,700	-
	MHSC J-Wing (J-1/J-2) Microbiology Renovation	23,600	-	-	-	23,600	-	8,000	-	-	-	-	7,800	7,800
	Molecular Engineering Phase 1	78,500	-	-	-	78,500	5,000	-	-	-	-	53,500	20,000	-
	Safe Campus (Fire Alarm / Notification System)	8,000	-	-	-	8,000	8,000	-	-	-	-	-	-	-
	Student Housing Phase 1 (Sites 31W, 32W, 33W, 35W)	162,000	-	-	-	162,000	-	-	-	-	-	-	-	162,000
	UW Tacoma Phase 3a (Joy Building)	40,150	-	-	-	40,150	40,150	-	-	-	-	-	-	-
	UW Tower Data Center	32,500	-	-	-	32,500	20,000	500	-	-	-	-	12,000	-
	UWMC Expansion Phase 1	165,500	-	-	-	165,500	-	-	-	-	-	-	-	165,500
	WA Dental Service Bdg. For Early Childhood Oral Health	19,769	-	-	-	19,769	-	13,769	-	6,000	-	-	-	-
		Subtotal 'Funded' Projects	822,929	-	-	-	822,929	73,150	33,969	-	76,000	53,500	251,010	335,300
	Totals ('Funded' Projects)				Expenditures:	\$822,929			Cash:	\$183,119		Debt:	\$639,810	

# Debt Profile

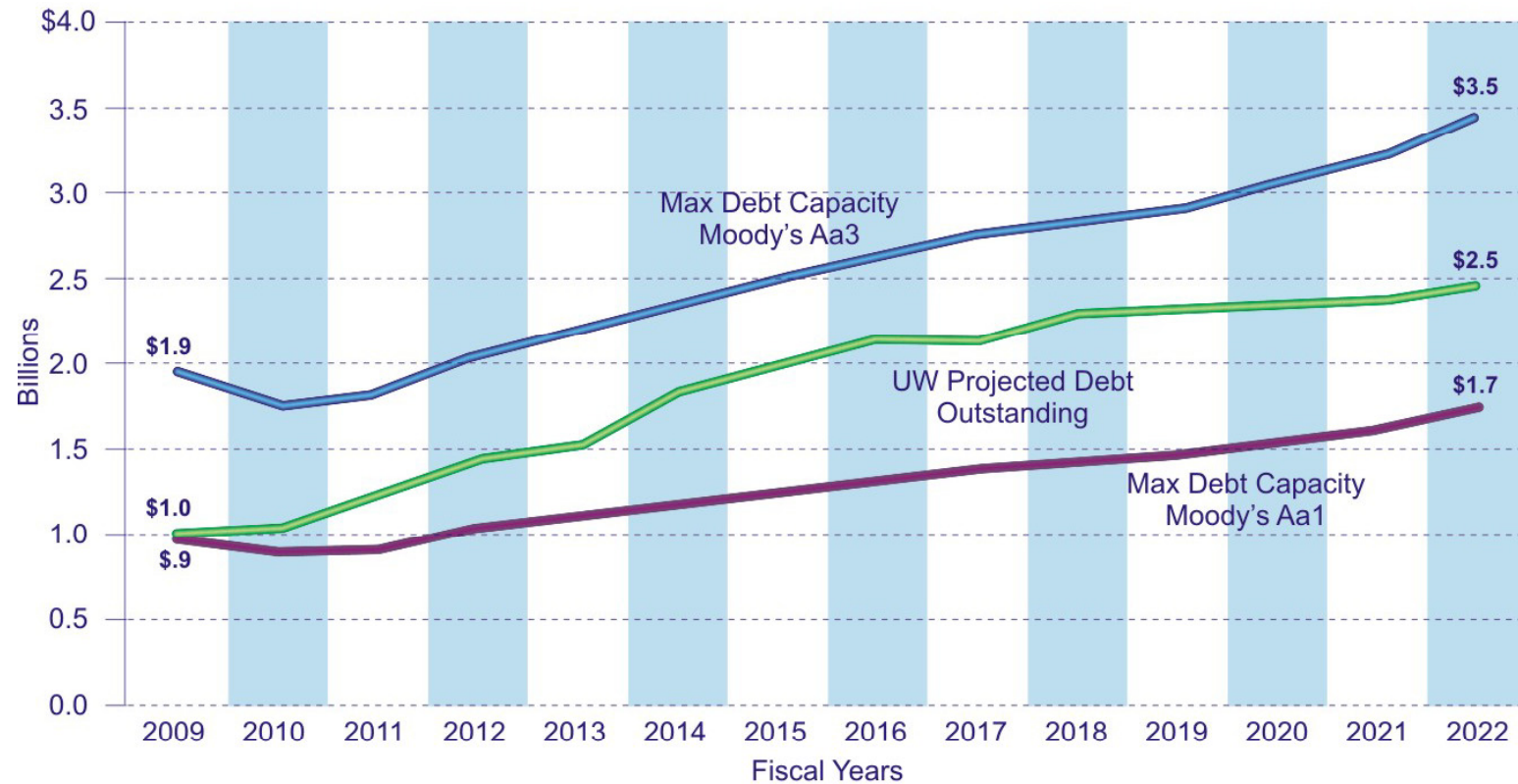
- Education Mission
  - Current Outstanding Debt - \$174M
  - Debt approved, but not funded – \$41M
  - Debt Service - \$17M
  - Retirement of Principal – average \$8M per year
- Research Mission
  - Current Outstanding Debt - \$352M
  - Debt approved, but not funded - \$106M
  - Debt Service - \$34M
  - Retirement of Principal – average \$16M per year
- Service Mission
  - Current Outstanding Debt - \$475M
  - Debt approved, but not funded - \$444M
  - Debt Service – \$42M
  - Retirement of Principal – average \$16M per year

# Debt Capacity

- What is it?
  - The amount of additional debt that the balance sheet can support at a given rating level
  - Dynamic by nature, ebbs and flows as organizations and investor perceptions change
  - Implies the ability to service the additional debt
  - Determined in part by national rating agencies based on their evaluation of comparative strengths and weaknesses of borrowers.
- UW's rating today
  - Moody's Aa1, Stable / S&P AA+, Stable
  - Due to excellent market position, nation prominent research enterprise, diversified funding sources, good financial flexibility, balanced operating performance over last three years
- What is our debt capacity today?
  - Estimated \$500m to \$1bil in addition to \$1.5bil in outstanding and approved future debt assuming current AA rating.
- What could impact debt capacity and cost of debt
  - Substantial increase in debt without corresponding increase in revenues
  - Significant additional cuts in state funding without offsetting increases in tuition or expense cuts
  - Reduction in other funding sources and/or liquidity
  - Exposure to health care (patient revenues 30% to 40% of total revenues)

# Debt Capacity Boundary Analysis 2009–2022

Key Ratio: Expendable Resources to Debt

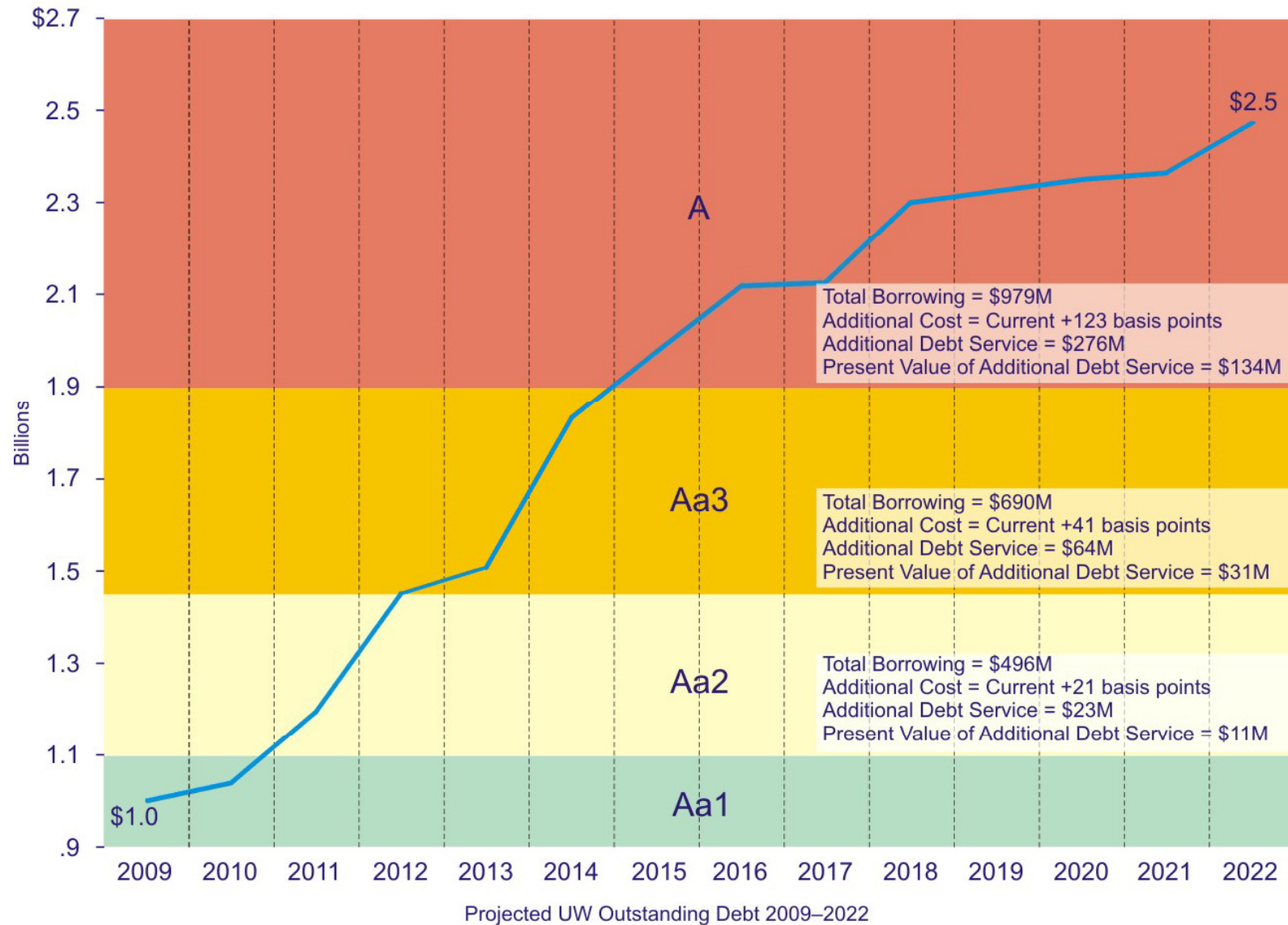


## Future Capital Projects by Funding Source 2009–2022 (\$=MM)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Bond	\$75	\$77	\$195	\$301	\$108	\$376	\$207	\$206	\$72	\$239	\$96	\$91	87	188
State	71	32	31	81	107	199	190	140	140	67	67	82	82	100
Donor	50	55	60	107	19	17	26	25	25	14	14	38	38	94
<b>Total</b>	<b>\$196</b>	<b>\$164</b>	<b>\$286</b>	<b>\$489</b>	<b>\$234</b>	<b>\$592</b>	<b>\$423</b>	<b>\$371</b>	<b>\$237</b>	<b>\$319</b>	<b>\$176</b>	<b>\$210</b>	<b>\$206</b>	<b>\$381</b>



# Estimated Additional Cost of Debt



- At current level of expendable resources (no growth assumed)
- Based on Moody's 2009 median "Expendable Resources to Debt"