STANDING COMMITTEES

Finance and Asset Management Committee

UW One Capital Plan

INFORMATION ITEM

This item is being presented for information only.

BACKGROUND

This is a standing agenda item.

Attachments
1. One Capital Plan Process
2. Prioritized 6-Year Capital Plan
3. Major Capital Assets Summary Scorecard (As of March 31, 2016)
The Prioritized One Capital Plan captures three bienniums of planned projects with overall targets established for each fund source. The Plan will be re-evaluated on a two-year cycle corresponding with the State Capital Budget Request and modified depending on the State's actions and newly emerging priorities.

Planning targets are set by examining historical funding trends for both total value and the intended use to ensure the feasibility of each planning target. The Capital Plan can be adjusted based on these targets. Note funding shown below is based on the approval date by the Regents.

**Funding Targets by Source**

Planning Cycle

**Call for Project Proposals**
January
(even years)

**Analyze & Prioritize**
May/June BOR review
(even years)

**State Capital Budget Request**
September
(even years)

**6 Year Prioritized Plan / BY Budget**
June
(odd years)

Legend:
- Athletics/Student Life
- Research
- Instruction
- Academic Support
- UW Medicine
- Target

![Graphs showing historical funding trends for different sources](image-url)
One Capital Plan Process

Campus Planning Assumptions

- Student enrollment in Seattle (46,000 FTE) will remain flat for the next few years, then grow 1.5% annually - 48,000 FTE by 2023
- Faculty and staff growth in Seattle (20,200 FTE) will follow a similar trend - roughly 21,000 FTE by 2023
- Research expenditures to remain flat for the next two years, then grow at 2.5% annually
- Percentage of students housed on campus will remain constant (currently ~18%)
- Student enrollment at Bothell (4,900 FTE) is expected to grow to 6,100 FTE by 2020
- Student enrollment at Tacoma (4,600 FTE) is expected to grow to 6,000 FTE by 2023
- Current Replacement Value (CRV) of campus buildings ($6.4 billion) will grow by roughly 3% per year, plus new buildings

Campus Planning Targets

- Total square footage in Seattle should grow by roughly 1 million GSF by 2023 (not including housing, athletics, or partners)
- Total square footage in Bothell (currently 700,000 GSF) should grow by roughly 200,000 GSF by 2020 at 150 sf/student
- Total square footage in Tacoma (currently 735,000 GSF) should grow by roughly 225,000 GSF by 2023 at 160 sf/student
- Additional 400 beds will be needed in Seattle to maintain current on-campus percentage
- Capital reinvestment in existing facilities should be between 1.5-2.5% of the CRV - $100-160M per year in Seattle
- Deferred maintenance backlog should be reduced in part by removing poorly utilized buildings - target 150-200,000 GSF

Overall Capital Plan Goals

In addition to helping achieve the planning targets listed above, individual projects can be linked to larger Strategic Initiatives with corresponding Goals and Implementation Strategies, which create a framework for the individual projects. This ensures alignment with the Campus Master Plan, Academic Facilities Planning, and the Capital Campaign.

Strategic Initiatives

1. Student Experience
   - Provide quality student housing
   - Improve learning environments
   - Accommodate areas of growth

2. Innovation Mindset
   - Develop an Innovation District in West Campus

3. Public as a Philosophy
   - Improve public realm west of 15th Ave. and along waterfront

4. Transforming Administration
   - Consolidate non-core functions in U District to decant other sectors
   - Address infrastructure & renewal

Capital Plan Goals

- Proforma driven projects with increasing equity
- Focus local/minor capital on classroom improvements
- Create new flexible spaces, considered as shell/fit out
- Combine University investments with private development to attract research partners
- Attach development of open spaces to major projects and private development
- Develop tower above Sound Transit for office and other uses - flexible space designed for churn
- Leverage new and existing funding sources
Based on a total replacement value of $6.4 billion for the campus buildings and grounds, the University should reinvest $100-160 million per year (1.5-2.5% CRV) in its existing facilities - including capital projects, minor modifications and preventative maintenance. The chart below illustrates the amount of spending projected in the draft One Capital Plan (see following page) relative to these targets. Any annual shortfall results in increased levels of deferred maintenance in the future.

Deferred Maintenance Needs

The draft One Capital Plan (see following page) can be checked against initial planning targets by aligning projects with Strategic Initiatives and funding targets. Diagrams below show the current draft plan with heavy investments in the student experience. The bar chart shows the current draft One Capital Plan compared to established funding targets.
## Prioritized 6-Year Capital Plan

<table>
<thead>
<tr>
<th>Funding in $ Millions</th>
<th>GSF</th>
<th>Total Cost</th>
<th>Prior Fund'g</th>
<th>2017-2023 Totals</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>State</td>
<td>Debt</td>
</tr>
</tbody>
</table>

### Student Experience (47% of total)

- **UW Bothell - Phase 4 - Academic STEM**
  - 105,000
  - 60
  - 1
  - 59
  - -
  - -

- **Health Sciences Education - Interprofessional Education (IPE)/Nursing - Translational Medicine**
  - 282,400
  - 203
  - 1
  - 182
  - 20
  - -

- **Foster School of Business - MacKenzie Hall Replacement**
  - 90,000
  - 65
  - -
  - 65
  - -

- **Evans School - Parrington Hall Remodel**
  - 59,000
  - 20
  - 10
  - -
  - 10
  - -

- **College of Arts & Sciences - Lewis Hall Renovation**
  - 23,220
  - 16
  - -
  - -
  - -

- **College of the Environment - Anderson Hall Renovation**
  - 35,900
  - 23
  - 23
  - -
  - -

- **College of Engineering - Classroom & Research Building Renovation**
  - 26,800
  - 13
  - 13
  - -
  - -

- **School of Dentistry - Dental School Building**
  - 163,500
  - 156
  - 31
  - 94
  - -

- **Student Housing - North Campus - Phase 4b**
  - 293,000
  - 140
  - -
  - 105
  - 35
  - -

- **UW Bothell - Student Housing & Dining Phase 2**
  - 140,000
  - 50
  - -
  - 40
  - -
  - 10

- **UW Tacoma - Student Housing Development**
  - 125,000
  - 20
  - -
  - 16
  - -
  - 4

**Subtotals:**

- $766k
- $2
- $334
- $192
- $189
- $49

### Innovation Mindset (27% of total)

- **Center for Advanced Materials and Clean Energy Technologies**
  - 220,000
  - 179
  - 9
  - 60
  - 50
  - 60

- **College of Arts & Sciences - Kincaid Hall Renovation**
  - 85,000
  - 49
  - 49
  - -
  - -

- **School of Medicine - South Lake Union Phase 3.3**
  - 262,000
  - 197
  - -
  - 182
  - -
  - 15

- **School of Medicine - Core Research Facilities**
  - 11,000
  - 12
  - -
  - -
  - 12

- **School of Medicine - South Lake Union Rosen Remodel**
  - 60,375
  - 6
  - -
  - -
  - 6

**Subtotals:**

- $443k
- $9
- $109
- $232
- $60
- $33

### Public as a Philosophy (8% of total)

- **Burke Museum**
  - 110,000
  - 83
  - 30
  - 24
  - 20
  - 9

- **UW Medicine - Northwest Hospital Expansion**
  - 150,000
  - 85
  - -
  - 85
  - -

- **UW Tacoma - Soil Remediation**
  - -
  - 6
  - -
  - -
  - -

- **University District Station - Transit Oriented Development**
  - 200,000
  - 100
  - -
  - 100
  - -

**Subtotals:**

- $274k
- $30
- $30
- $185
- $20
- $9

### Transforming Administration (28% of total)

- **Capital Repair - Preservation**
  - -
  - 90
  - -
  - 90
  - -

- **Minor Capital Repair - Preservation and Program Renewal**
  - -
  - 207
  - -
  - -
  - 207

- **Enterprise Information Systems**
  - -
  - 100
  - -
  - 50
  - -

- **UW Medicine - Information Technology Core Applications and Infrastructure**
  - -
  - 74
  - -
  - -
  - 74

**Subtotals:**

- $471k
- $-90
- $50
- $-331

**Totals:**

- $1.953m
- $563
- $659
- $269
- $422

**Targets:**

- $1.850m
- $300
- $650
- $450
- $450
### Major Capital Assets Summary Scorecard (As of March 31, 2016)

<table>
<thead>
<tr>
<th>Project</th>
<th>Target Cost Est. (SM)</th>
<th>Phase</th>
<th>Bldg. Type</th>
<th>Gross Square Footage</th>
<th>Cost ($M)</th>
<th>Scheduled Use Date</th>
<th>Selections</th>
<th>Contractor</th>
<th>Business Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animal Research and Care Facility</td>
<td>$123.5</td>
<td>Const</td>
<td>Research</td>
<td>83,000</td>
<td>$123.5</td>
<td>$134.3</td>
<td>4/17/16</td>
<td>ZGF</td>
<td>Skanska 2.1%</td>
</tr>
<tr>
<td>Burke-Gilman Trail Phase 1 &amp; Phase 2 Design</td>
<td>6.1</td>
<td>Const</td>
<td>Infrastructure</td>
<td>n/a</td>
<td>6.1</td>
<td>6.2</td>
<td>3/16/16</td>
<td>KPFF</td>
<td>CA Carey Corp 10.1%</td>
</tr>
<tr>
<td>Computer Science and Engineering Exp.</td>
<td>104.6</td>
<td>Planning</td>
<td>Research</td>
<td>130,000</td>
<td>9.0</td>
<td>104.6</td>
<td>-</td>
<td>LMN</td>
<td>Mortenson X X</td>
</tr>
<tr>
<td>Denny Hall Renovation *</td>
<td>56.9</td>
<td>Const</td>
<td>Classroom</td>
<td>86,400</td>
<td>52.9</td>
<td>49.8</td>
<td>12/16/16</td>
<td>THA</td>
<td>BNBuilders 10.0%</td>
</tr>
<tr>
<td>Fluke Hall Renovation *</td>
<td>28.5</td>
<td>Design</td>
<td>Research</td>
<td>n/a</td>
<td>37.0</td>
<td>36.6</td>
<td>12/16/16</td>
<td>HDR</td>
<td>Hoffman X X</td>
</tr>
<tr>
<td>GIX Tenant Improvements *</td>
<td>19.6</td>
<td>Design</td>
<td>Classroom</td>
<td>99,900</td>
<td>19.6</td>
<td>23.4</td>
<td>9/17/16</td>
<td>Bora</td>
<td>Skanska X X</td>
</tr>
<tr>
<td>Life Sciences Building</td>
<td>164.8</td>
<td>Design</td>
<td>Classroom</td>
<td>189,000</td>
<td>164.3</td>
<td>164.3</td>
<td>7/18/16</td>
<td>Perkins + Will</td>
<td>Skanska X X</td>
</tr>
<tr>
<td>Nanomedical and Sciences Building *</td>
<td>58.9</td>
<td>Const</td>
<td>Research</td>
<td>78,000</td>
<td>87.8</td>
<td>84.9</td>
<td>7/16/16</td>
<td>ZGF</td>
<td>Hoffman 8.1%</td>
</tr>
<tr>
<td>New Burke Museum</td>
<td>79.0</td>
<td>Design</td>
<td>Other</td>
<td>110,000</td>
<td>79.0</td>
<td>79.0</td>
<td>8/17/16</td>
<td>Olson Kundig</td>
<td>Skanska X X</td>
</tr>
<tr>
<td>North Campus Housing Replacement</td>
<td>240.0</td>
<td>Design</td>
<td>Housing</td>
<td>240,000</td>
<td>240.0</td>
<td>240.0</td>
<td>6/18/16</td>
<td>Kieran Timberlake</td>
<td>WG Clark X X</td>
</tr>
<tr>
<td>Police Department Facility</td>
<td>19.5</td>
<td>Const</td>
<td>Other</td>
<td>29,000</td>
<td>19.5</td>
<td>19.5</td>
<td>6/16/16</td>
<td>Miller Hull</td>
<td>BNBuilders 9.3%</td>
</tr>
<tr>
<td>UW Medicine Lake Union 3.2</td>
<td>143.0</td>
<td>Design</td>
<td>Research</td>
<td>180,886</td>
<td>143.0</td>
<td>150.4</td>
<td>9/17/16</td>
<td>Perkins + Will</td>
<td>Sellen X X</td>
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<tr>
<td>Tacoma Urban Solutions Center</td>
<td>28.0</td>
<td>Bidding</td>
<td>Student</td>
<td>43,600</td>
<td>28.0</td>
<td>27.5</td>
<td>9/17/16</td>
<td>Miller Hull</td>
<td>Mortenson X X</td>
</tr>
<tr>
<td>UWMC Expansion Phase II *</td>
<td>186.9</td>
<td>Const</td>
<td>Medical</td>
<td>244,000</td>
<td>186.9</td>
<td>189.6</td>
<td>10/17/16</td>
<td>NBBI</td>
<td>Mortenson 27.9%</td>
</tr>
<tr>
<td>West Campus Utility Plant</td>
<td>30.5</td>
<td>Const</td>
<td>Infrastructure</td>
<td>17,000</td>
<td>44.2</td>
<td>38.2</td>
<td>1/17/17</td>
<td>Miller Hull</td>
<td>Mortenson 7.9%</td>
</tr>
</tbody>
</table>

| Other Capital Projects                        | $68.1                | IT    | n/a       | $70.0             | $68.1     | $39.2             | 2/14/16    | Miller Hull     | Mortenson 7.9% |

| Totals                                        | $1,357               | 1,290,786 | $1,311 | $1,416 | $324 |

**Legend**

1. Forecast to Budget Variance: On Budget = Green; 1-10% Over Budget = Yellow; >10% Over Budget = Red
2. Schedule Variance: On Schedule = Green; Within One Month = Yellow; > One Month = Red

**Closed out projects moved out of chart -** Bothell Activities and Recreation Center
Recent Events

- Long-term tax-exempt interest rates remain low, with the current 30-year fixed borrowing cost estimated to be 3.53%
- While short-term rates remain extremely low, recent increases have occurred due to liquidation of some money market funds and money market reform. The University re-priced commercial paper with a 2-month term at 0.21% on March 21st (up from 0.04%)

Estimated Project Capacity

<table>
<thead>
<tr>
<th>FY 2016-2020 (in millions)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Debt Capacity</td>
<td>$1,300</td>
<td></td>
</tr>
<tr>
<td>Plus: Remaining CAP(1)</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,400</td>
<td></td>
</tr>
<tr>
<td>Less: Authorized Projects(2)</td>
<td>(757)</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remaining Project Capacity</td>
<td>$643</td>
<td></td>
</tr>
</tbody>
</table>

- Project capacity will be updated in May based on 2015 audited financial statements and projections. The June Monthly Debt Report will include this update
- Figures represent how much additional debt the University can issue over the next five years while aligning with peer minimum ratios
- $643 million of debt funded project capacity is available

External Debt Portfolio - $2,356 Million

- The external portfolio as of 2/29/2016 was $2,357 million. This report is $500k lower, which is a result of $500k in principal payments
- Weighted average cost of capital: 3.55%
- Portfolio Composition: 98% fixed rate; 2% variable rate
- $123 million in internal funding provided by the CAP is excluded from the external debt portfolio

Annual Debt Service

(1) 10% of the Invested Funds (IF), less previously allocated Capital Assets Pool (CAP) dollars
(2) Includes $118 million for South Lake Union 3.2, $121 million for Life Sciences, $238 million for Housing Phase 4a and $280 million for other authorized projects. Some of this debt has already been issued, leaving approximately $430 million of debt to be issued for authorized projects after the September 2015 General Revenue Bonds issue
(3) Excludes principal payments on Commercial Paper
(4) Excludes Valley Limited Tax General Obligation Bonds
## Outstanding External Debt

<table>
<thead>
<tr>
<th>Project</th>
<th>Purpose</th>
<th>Balance</th>
<th>Final Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Molecular Engineering Building</td>
<td>Instruction and Research</td>
<td>70.8</td>
<td>2043</td>
</tr>
<tr>
<td>Dempsey Hall</td>
<td>Instruction and Research</td>
<td>39.6</td>
<td>2041</td>
</tr>
<tr>
<td>Foege Building</td>
<td>Instruction and Research</td>
<td>31.8</td>
<td>2031</td>
</tr>
<tr>
<td>UW Bothell Phase 3</td>
<td>Instruction and Research</td>
<td>25.5</td>
<td>2043</td>
</tr>
<tr>
<td>William H. Gates Law School</td>
<td>Instruction and Research</td>
<td>23.8</td>
<td>2028</td>
</tr>
<tr>
<td>AAAALAC</td>
<td>Instruction and Research</td>
<td>23.2</td>
<td>2035</td>
</tr>
<tr>
<td>Ben Hall</td>
<td>Instruction and Research</td>
<td>19.6</td>
<td>2037</td>
</tr>
<tr>
<td>Animal Research and Care Facilities</td>
<td>Instruction and Research</td>
<td>16.7</td>
<td>2047</td>
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<tr>
<td>Denny Hall</td>
<td>Instruction and Research</td>
<td>15.0</td>
<td>2046</td>
</tr>
<tr>
<td>Ocean Sciences</td>
<td>Instruction and Research</td>
<td>13.4</td>
<td>2024</td>
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<tr>
<td>Physics-Astronomy</td>
<td>Instruction and Research</td>
<td>8.4</td>
<td>2023</td>
</tr>
<tr>
<td>Other Instruction and Research</td>
<td>Instruction and Research</td>
<td>28.7</td>
<td>various</td>
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<tr>
<td><strong>Subtotal Instruction and Research</strong></td>
<td></td>
<td><strong>316.6</strong></td>
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<tr>
<td>South Lake Union (Ph I, II, 3.1, &amp; 3.2)</td>
<td>UW Medicine</td>
<td>408.2</td>
<td>2048</td>
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<tr>
<td>UWMC Expansion</td>
<td>UW Medicine</td>
<td>186.0</td>
<td>2046</td>
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<tr>
<td>Valley Medical Center</td>
<td>UW Medicine</td>
<td>79.0</td>
<td>2040</td>
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<tr>
<td>NW Hospital</td>
<td>UW Medicine</td>
<td>79.0</td>
<td>2033</td>
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<tr>
<td>UWMC Surgery Pavilion</td>
<td>UW Medicine</td>
<td>47.0</td>
<td>2028</td>
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<tr>
<td>Other UW Medicine</td>
<td>UW Medicine</td>
<td>30.5</td>
<td>various</td>
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<td><strong>Subtotal UW Medicine</strong></td>
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<tr>
<td>Housing Expansion</td>
<td>Student Life</td>
<td>383.1</td>
<td>2045</td>
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<tr>
<td>Husky Union Building</td>
<td>Student Life</td>
<td>106.6</td>
<td>2043</td>
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<tr>
<td>IMA Building</td>
<td>Student Life</td>
<td>33.1</td>
<td>2030</td>
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<tr>
<td>Radford Court Apartments</td>
<td>Student Life</td>
<td>32.9</td>
<td>2032</td>
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<tr>
<td>Nordheim Court</td>
<td>Student Life</td>
<td>21.6</td>
<td>2033</td>
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<tr>
<td>Bothell Student Center</td>
<td>Student Life</td>
<td>17.6</td>
<td>2046</td>
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<tr>
<td>Ethnic Cultural Center</td>
<td>Student Life</td>
<td>13.2</td>
<td>2043</td>
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<tr>
<td>UW Tacoma YMCA</td>
<td>Student Life</td>
<td>12.1</td>
<td>2046</td>
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<tr>
<td>Other Student Life Facilities</td>
<td>Student Life</td>
<td>30.1</td>
<td>various</td>
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<tr>
<td><strong>Subtotal Student Life</strong></td>
<td></td>
<td><strong>650.3</strong></td>
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<tr>
<td>UW Tower</td>
<td>Academic Support</td>
<td>109.8</td>
<td>2037</td>
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<tr>
<td>Cobb Building</td>
<td>Academic Support</td>
<td>32.9</td>
<td>2045</td>
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<tr>
<td>HR Payroll Modernization</td>
<td>Academic Support</td>
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<tr>
<td>4225 Roosevelt</td>
<td>Academic Support</td>
<td>17.2</td>
<td>2029</td>
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<tr>
<td>4545 Building</td>
<td>Academic Support</td>
<td>15.8</td>
<td>2024</td>
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<td>Other Academic Support</td>
<td>Academic Support</td>
<td>38.7</td>
<td>various</td>
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<td><strong>Subtotal Academic Support</strong></td>
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<td><strong>239.4</strong></td>
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<td>Husky Stadium</td>
<td>Athletics</td>
<td>231.3</td>
<td>2045</td>
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<td>Husky Ballpark</td>
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<td>11.8</td>
<td>2045</td>
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<td>Athletics</td>
<td>7.5</td>
<td>various</td>
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<td><strong>Subtotal Athletics</strong></td>
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<td><strong>250.7</strong></td>
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<tr>
<td>Available Proceeds</td>
<td>Unallocated</td>
<td>69.9</td>
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<tr>
<td><strong>Total University Outstanding Debt</strong></td>
<td></td>
<td>$2,356</td>
<td>100%</td>
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(1) Will not exactly match ILP balances due to bond premiums and use of the EAP.