

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees

FROM: President Sabah Randhawa by:
Richard Van Den Hul, Vice President, Business and Financial Affairs

DATE: June 9, 2017

SUBJECT: **Capital Planning Overview**

PURPOSE: Informational Item

Purpose of Submittal:

An overview on capital planning for academic, academic support, and auxiliary buildings and infrastructure will be presented to the Board of Trustees.

The presentation will be made by:

- Richard Van Den Hul, Vice President for Business and Financial Affairs
- Rick Benner, Director, Facilities Development and Capital Budget/University Architect
- Linda Beckman, Director, Budget and Administration for Enrollment and Student Services
- Francis Halle, Director, Space Administration/Management

Capital Planning Overview

Board of Trustees Meeting
June 9, 2017

- Explain current processes for developing:
 - State-Funded Biennial Capital Request and Ten-Year Capital Plan
 - Auxiliary-Funded Capital Plans
- Describe current efforts to enhance the process
- Discuss opportunities for improvements and adjustments for Resource Plan

All WWU Assets on Main Campus

Total Gross Square Feet (GSF) - 3.32 Million
Current Replacement Value (CRV) - \$1.8 Billion

Traditionally State-Funded Academic & Academic Support

2.04 million GSF
\$1.1 billion CRV

26 Major Buildings*

20 Minor Buildings

Playfields*, Grounds & Utilities

University Residences & Dining Services

980,000 GSF
\$535 Million CRV

16 Residence Halls & 1 Apartment Complex

3 Dining Commons & 11 Retail Markets***

Commissary*

Other Auxiliaries

300,000 GSF
\$165 Million CRV

Viking Union

Western Associated Students Bookstore

Wade King Student Recreation Center

Parking**

Notes:

* Some facilities have blended ownership, use, management and/or maintenance agreements between State and Auxiliaries (e.g. Commissary, Fairhaven Administrative Building, Harrington Field and Lockers, Softball Field).

** Parking is an auxiliary with slightly over 3,500 spaces on campus.

*** Most retail dining markets are housed within academic buildings; Housing & Dining funds the buildout and maintenance.

State-Funded Project Categories for Biennial Capital Request & Ten-Year Capital Plan

Major

Over \$5 Million

- Typically three biennia (six years) to complete
- Predesign
- Design
- Construction

Intermediate

Between \$2 - \$5 Million*

- Typically completed within a single biennia
- Design & Construction

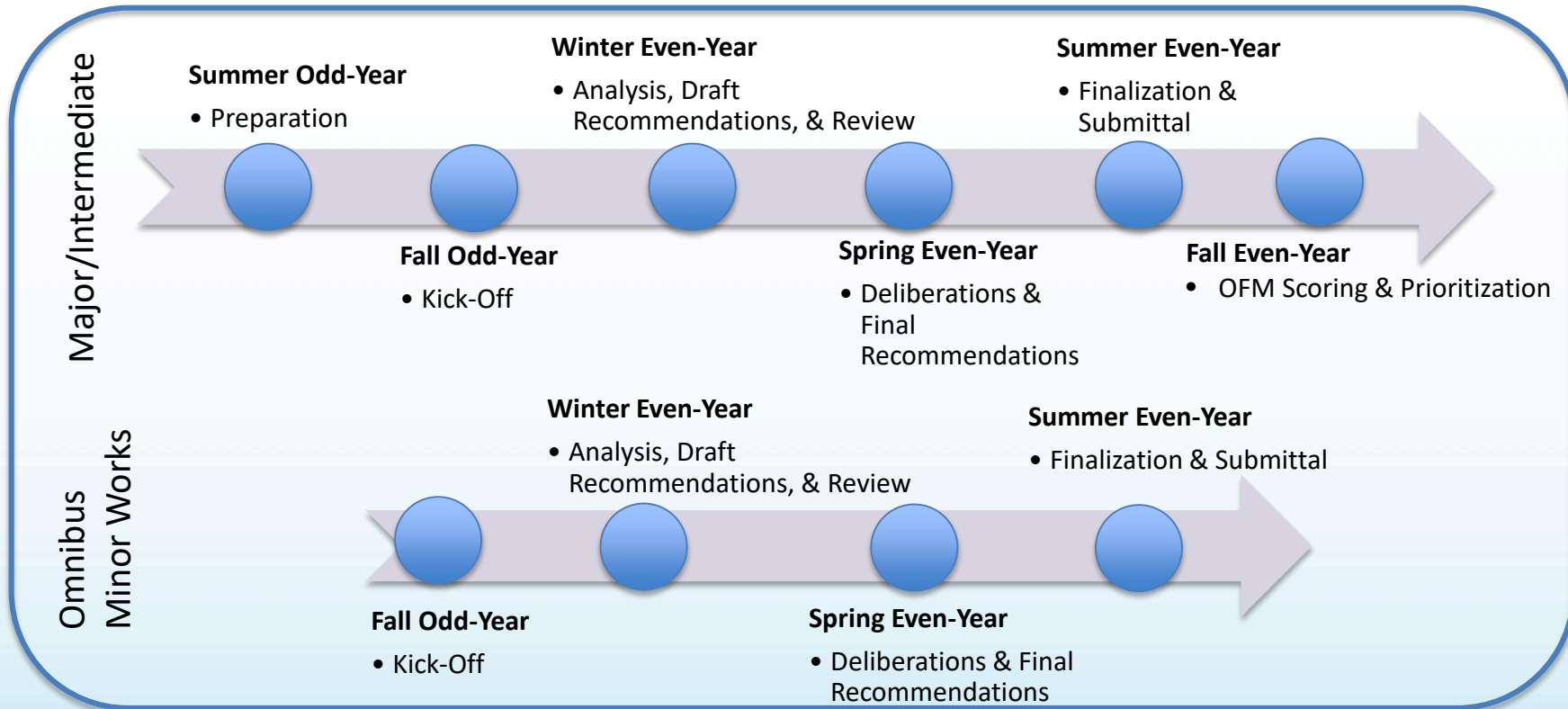
*Infrastructure type projects may exceed \$5 Million

Omnibus Minor Works

Preservation and Programmatic categories with each project between \$25,000 - \$2 Million

- Single Biennia
- Design & Construction

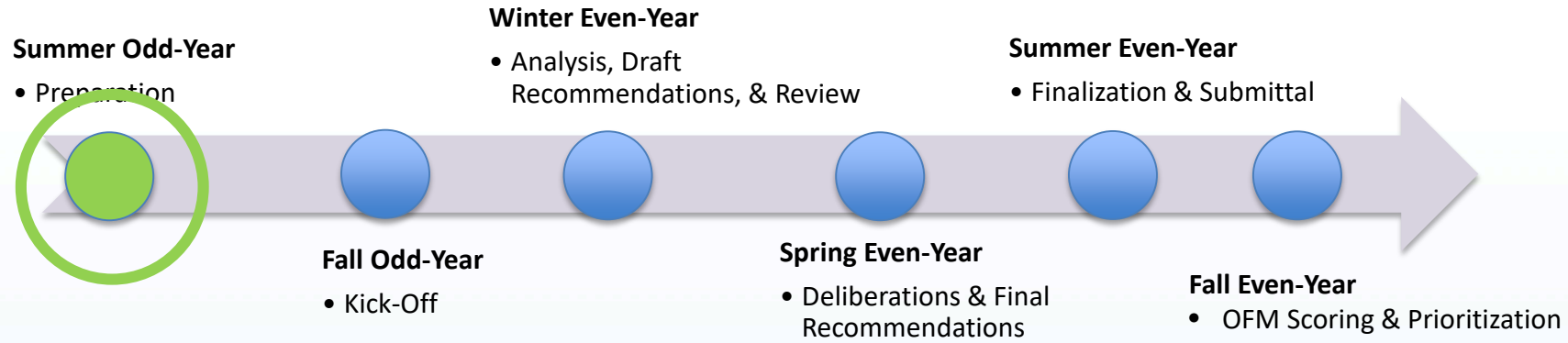
Biennial Capital Request & Ten-Year Capital Plan



Supplemental



Major/Intermediate



Participants

- President, Vice Presidents, UPRC, Capital Working Group* and FDCB staff

* See Appendix for Capital Working Group Charter and Membership

Omnibus Minor
Works

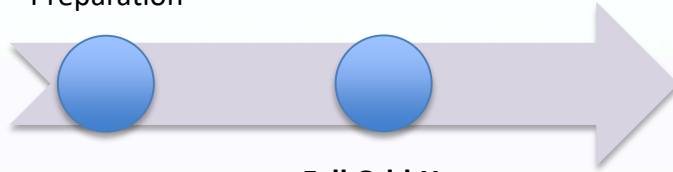


Process and Participant Differences from Major/Intermediate Projects

Supplemental

Summer Odd-Year

- Preparation



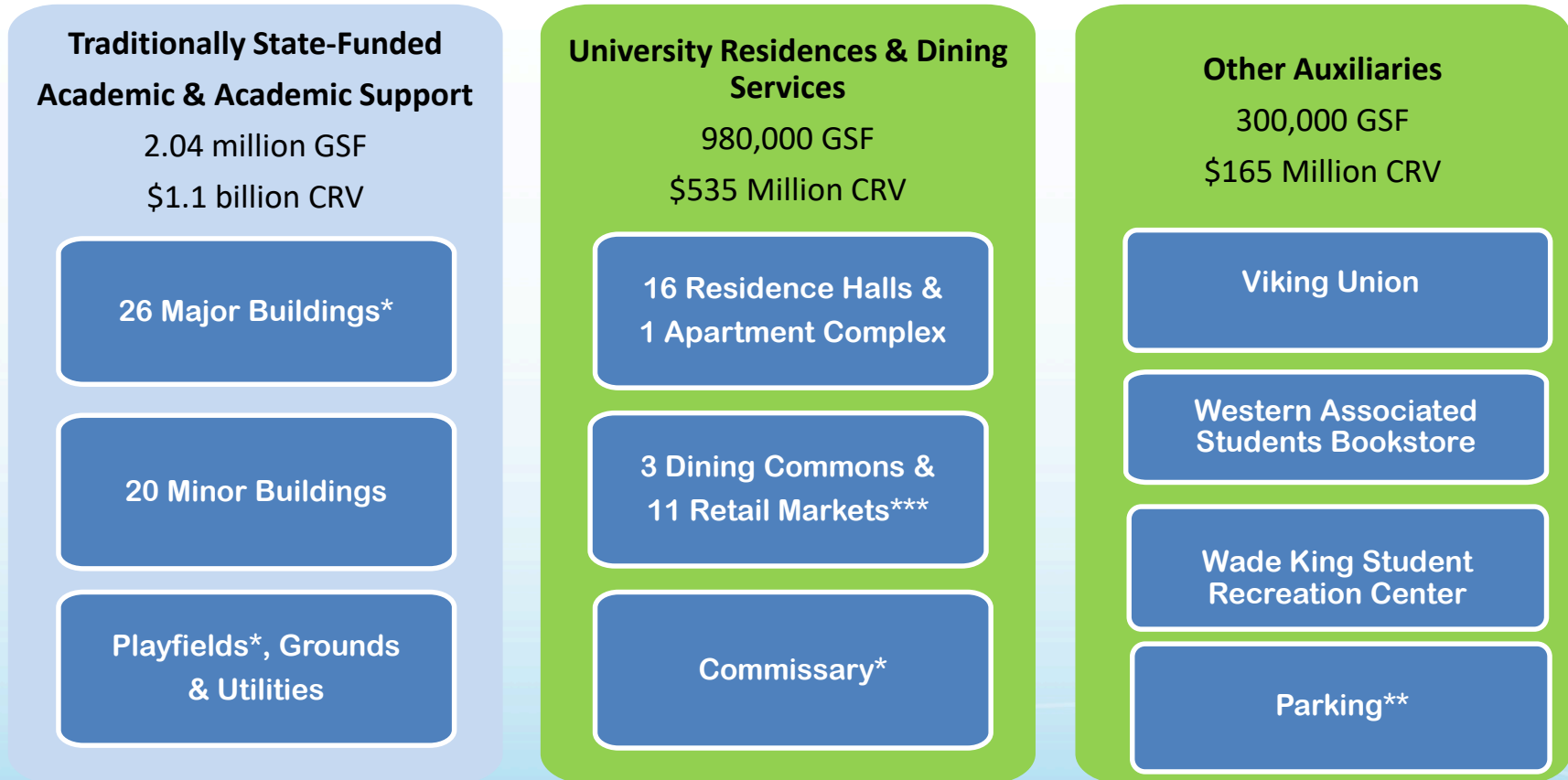
Fall Odd-Year

- Finalization & Submittal

Process and Participant Differences from Major/Intermediate Projects

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Capital Projects

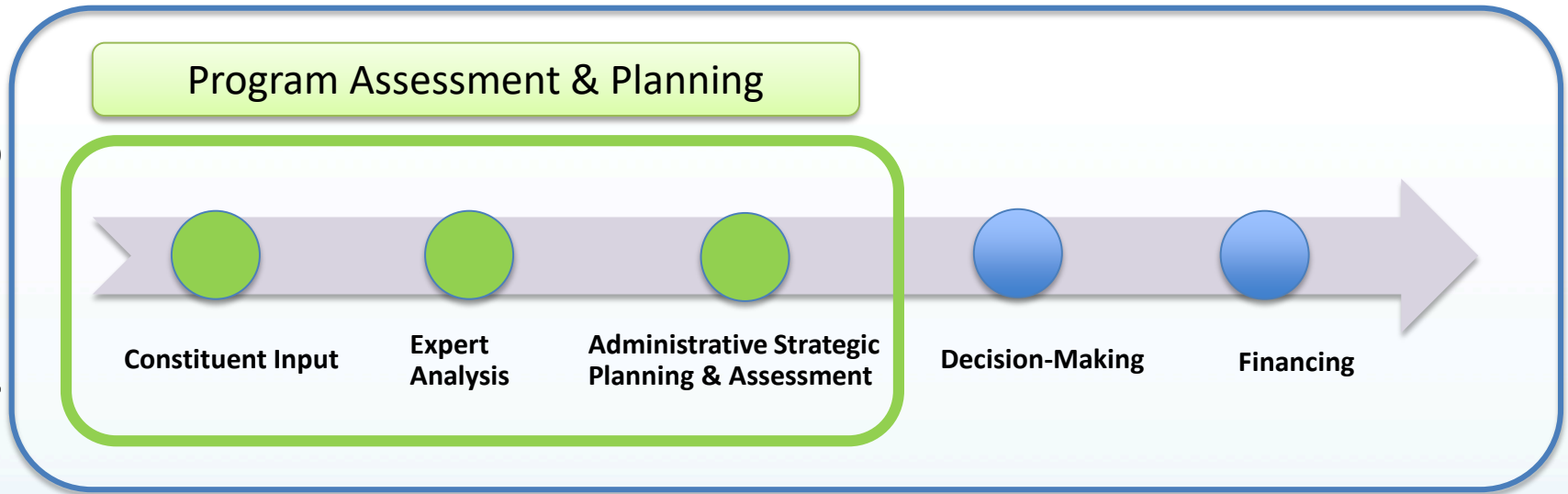
**New Buildings &
Major Additions**

**Long Term Renewal
& Replacement**

Operating Projects

**Annual Repair &
Maintenance**

Major & Long-Term
Capital Planning



Constituent Input

- Student surveys, “Dinner with the Director” conversations, Residence Hall Association, Dining Committee
- AS Structure and Program Assessment Committee reviews
- Student referendums

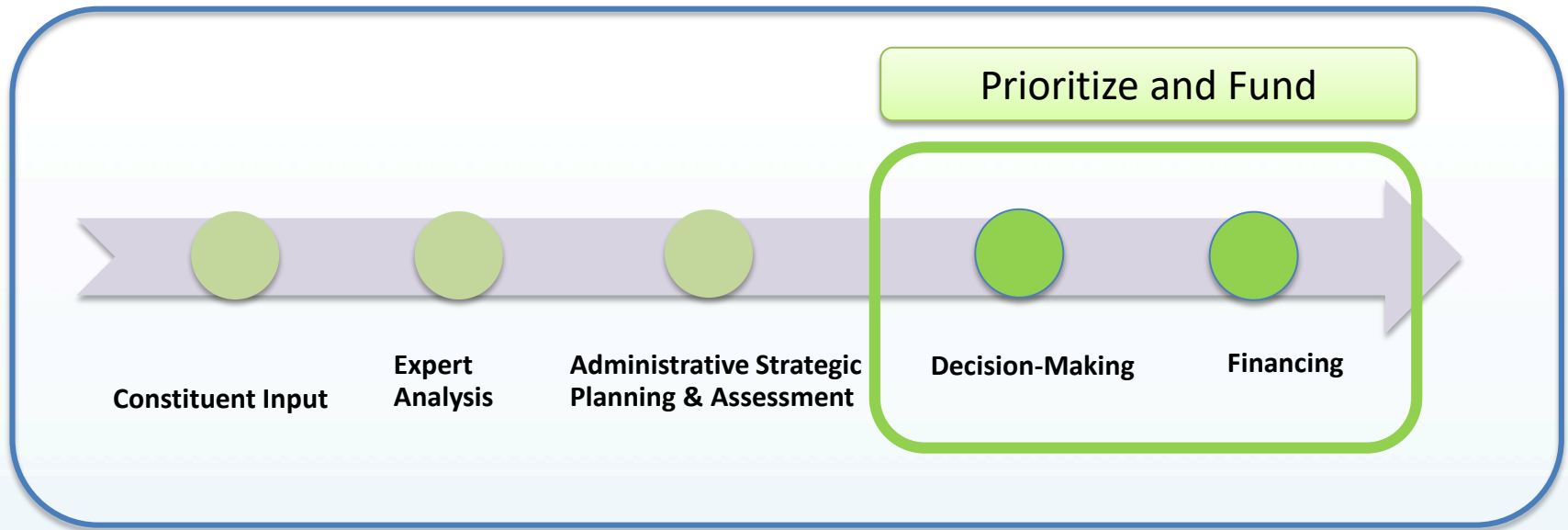
Expert Analysis

- Consultants, Architects, WWU Capital and Facilities Staff – Program studies and benchmarking, demand assessment, facilities condition assessment, project feasibility
- Financial Advisor and Bond Counsel – fiscal capacity and bond debt planning

Administrative Strategic Planning and Assessment

- Review institutional enrollment goals and projections
- Tour peer institution facilities
- Long term fiscal modeling and sensitivity analysis, operational capacity assessment

Major & Long-Term Capital Planning



Decision-Making

- Continuous planning feedback loop with constituents, Associated Students and others
- Review projects and budgets, set room and board rates
- Add projects to 10+-Year Housing & Dining System Capital Plan and develop fiscal strategy
- Present Capital Plan to Board of Trustees at least biennially

Financing

- Secure partner funding when available – donations, reserves, State Minor Capital funding, etc.
- Board of Trustees approves room and board rates, student fees, project scope and bond debt to support the Capital Plan
- Work with financial advisor and bond counsel to secure ratings and execute bond sale

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Project

Budget

Design Phase:

- Ridgeway Gamma Renovation - Phase 2 \$8,500,000
- Ethnic Student Center/Multicultural Services \$19,700,000
- DisAbility Resources/Veterans Services at Wilson Library* \$2,700,000
- Buchanan Towers Renovation \$22,900,000

Construction Phase (includes those starting this summer):

- Carver Academic Renovation & Addition \$81,500,000
- Multiple Building Elevator Renewals \$1,200,000
- South Campus Parking Lot Improvements - Phase 2 \$3,300,000
- Carver Food Service \$1,250,000
- Birnam Wood Apts. Moisture Mitigation - Phase 3 \$1,340,000
- Birnam Wood Apts. Deck & Railing Repairs - Phase 1 \$875,000

* Under consideration by the Legislature

- Ad-hoc Committee on Space
 - Charged to develop tools to aid decision making:
 - Performance metrics for space utilization, planning and performance
 - Benchmarking of appropriate interinstitutional space data
 - Means and methods by which space may be allocated/reallocated; purposed/repurposed; accessed and scheduled
 - Advance the Institution's space management capabilities:
 - A process and structure to develop and implement a governance model for space management
 - The identification of institutional priorities concerning the future development of space policies, procedures, and guidelines

- Capital Asset Benchmarking Analysis – in partnership with Washington State public four year institutions
 - Annual Stewardship
 - Asset Reinvestment
 - Operational Effectiveness
 - Service
- Connecting planning for all capital projects to the Strategic Plan

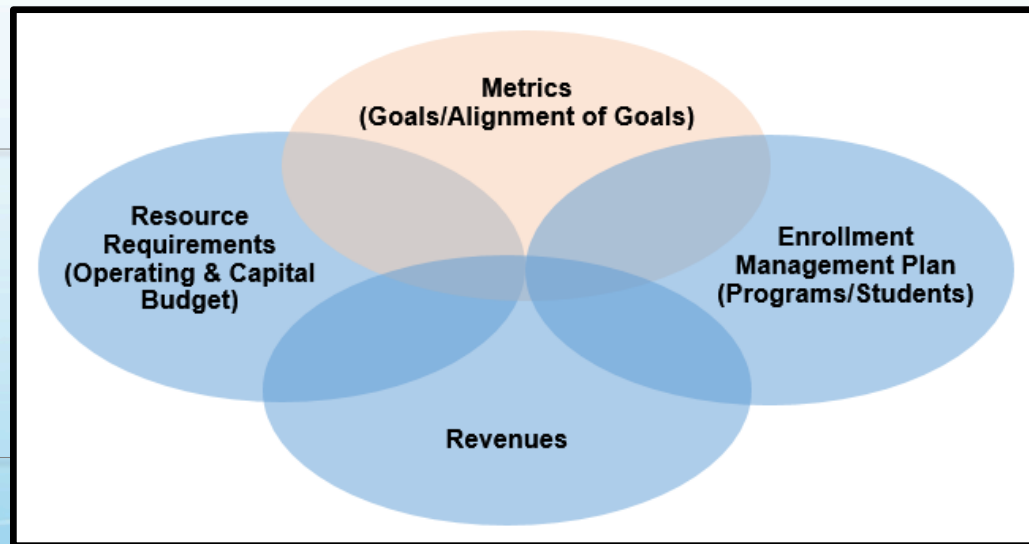
Strategic Plan

Aspirations / Goals (examples)	
• Serve Washington	• Student Success
• Enhance Diversity	• Access / Affordability
• Increase # of Graduates	• Excellence

Guiding Principles



Resource Plan



**Comprehensive
Operating &
Capital
Budget Processes**

Planning Process

Plan / Goal / Metrics → Execute → Evaluate Results (Metrics)

Questions and Discussion Topics

Appendix

Project Criteria

Criteria #1 – Space Need, Functionality and Utilization for Current and Future Programs

- Highest consideration for those projects that meet the strategic goals and six-year plans while demonstrating both an improvement in the space's utilization and its functionality.
- Lowest consideration for projects that don't demonstrate support for strategic goals, and six-year plans that request new space when existing spaces are significantly under-utilized and function appropriately.

Criteria #2 – Codes, Standards, Health Safety, and Environmental Impact

- Highest consideration for those projects that connect a record of citations, notices of non-compliance, or correct deficiencies based upon current use and applicable codes/standards, or best practices appropriately.

Criteria #3 – Infrastructure, Maintenance, and Operational Impacts

- Highest consideration for renovation of existing space or system that will reduce maintenance and/or operational costs.
- Lowest consideration for new space or system that adds significant maintenance and/or operational costs.

Criteria #4 – Leveraging Partnerships and Return on Investment

- Highest consideration for projects that demonstrate a commitment of funds from non-capital sources and based on the other criteria listed above.
- Lowest consideration for projects that rely entirely on capital funds and have minimal return on investment based on the other criteria listed above.

- **Charter:**

- The Capital Working Group will assist the Vice Presidents in developing a ten-year Capital Plan. That assistance will include, but not be limited to, the following tasks:
 - Review major and intermediate-sized projects as submitted for consideration by the Vice Presidents; confirm with the Vice Presidents the major and intermediate-sized projects moving forward for consideration in the biennium portion of the ten-year plan.
 - Preliminary review and documentation of current needs to include:
 - Space quantity issues;
 - Space quality issues;
 - Facility preventive maintenance backlogs; and,
 - Grounds, circulation, and infrastructure issues.
 - Integration of facility needs identified in strategic six-year plans.
 - Produce a written explanation on how each of the current major and intermediate Capital requests addresses the current needs identified above, based upon the request documentation and any additional research completed by the group.
 - Develop a set of draft ten-year plan options (including minor works preservation and programmatic requests) for Vice Presidential consideration, review and modification.
 - Facilitate meetings and provide supporting information to the Vice Presidents in their deliberations and development of a ten-year plan.
 - Develop recommendations for modifications to the process.

- **Membership:**

- Rick Benner, Chair, Director, Facilities Development & Capital Budget, BFA
- Linda Beckman, Director, Budget and Administration, ESS
- John Furman, Director, Facilities Management, BFA
- Francis Halle, Director, Space Management & Administration, AA
- Becca Kenna-Schenk, Director, Government Relations, URCD
- Joe Timmons, Asst. Director, Government Relations, URCD
- Brian Ross, Asst. Director, Capital Budget, BFA
- Ed Simpson, Asst. Director, Facilities Development, BFA

Introduction: Institutional space is a valuable and costly resource to be managed with prudence and probity. The Institution wishes to make informed, data-driven decisions concerning its use of existing built-space as well as the planning of buildings and spaces that we might construct or renovate overtime.

Charge to the Committee: The Committee will identify and recommend means and methods of space analysis, of space use and utilization and of forecasting space needs. The Committee will develop recommendations concerning:

- The means and methods by which space will be allocated/reallocated; purposed/ repurposed; accessed and scheduled
- The identification of appropriate performance metrics and information related to space utilization, planning and performance
- The benchmarking of appropriate interinstitutional space data

The Committee will additionally develop a framework to advance the Institution's space management capabilities including:

- A process and structure to develop and implement a governance model for space management
- The identification of institutional priorities concerning the future development of space policies, procedures, guidelines

Schedule: The work of the Committee is critically linked to the Strategic Planning activities of the Institution that are presently underway. The Committee will develop a schedule of activities that is relative-to and supportive-of the Institutional Strategic Planning Process.

Membership:

- Director, Space Administration & Management (CHAIR)
- Director, Facilities Development & Capital Budget
- Two Faculty Senate Appointees
- Two Student Appointees
- Five Appointees from the Council of Deans
- Associate Dean, Student Engagement/Director VU, VU Operations
- Director, Housing & Dining Services
- Budget Director, Enrollment and Student Services
- Registrar

Reportage: The Committee reports to the Provost and Vice President for Academic Affairs and to the Vice President for Business and Financial Affairs

Close of Activities: The work of the Committee will conclude at the beginning of the 2017 academic year.

Housing & Dining “System”

University Residences & Dining Services

Room & Board

Dining Contract Commissions

Conferences

Interest Income & Other

Viking Union & Student Activities

S & A Fee (Bond Pledged Portion)

Non-Academic Building Fees

ESC/Multicultural Services Fee

Event Services & Other Revenues

Other ESS Auxiliaries

Wade King Student Recreation Center

Student Recreation Fee

Voluntary Memberships

Course Fee, Rentals & Other

Western AS Bookstore

Bookstore Sales

Commissions & Other

Bonding Entities

Financing Tools

Housing & Dining “System”

University Residences
& Dining Services

Viking Union &
Student Activities

Wade King Student
Recreation Center

Western AS
Bookstore

Bond Issues

COPs (Certificates of Participation)

Cash Reserves

Annual Non-Operating Dollars

Partnerships (e.g. Foundation)

State-Funded Facilities

State Government Bonds

Local Funds

COPs (Certificates of Participation), Leases, Reserves, etc.

Partnerships (e.g. Foundation)

Auxiliary Capital Planning Tools: Principles & Agreements

Housing & Dining “System”

Board of Trustees Principles

University
Residences &
Dining Services

Viking Union &
Student Activities

Operating Fund Balance \$1.4 M

Renewal & Replacement Reserve 5% of
Outstanding Bond Principle Balance

Annual Non-Operating Repairs & Replacements
12% of 3-Year Average Revenue

Biennial Capital Plan Update to Board of Trustees

Debt Service Coverage 1.40
(vs. 1.25 per Bond Covenants)

Occupancy Levels 90%

Bond Covenants

Other ESS Division Auxiliaries

Wade King Student
Recreation Center

Operating Reserve
Levels

5-Yr Renewal &
Replacement
Review & Reserves

Western
Associated
Students (AS)
Bookstore

MOU Between
WWU Board and
AS Board

AS Revenue Share &
Addition to
Bookstore Reserves