

# STRATEGIC CAPITAL PLANNING

## INTERNAL PROCESS FOR EVALUATING CAPITAL PROJECTS

### Generation of Proposals

- A) Major Capital Projects (greater than \$5.0 million and usually requiring some University funding, including debt, non-debt, or both)
- 1) All capital projects initiated with a Capital Project Request Form from Dean/VP to the President. In some cases, the President will initiate a project. Form designates:
    - Statement of compelling need
    - Description of program and scope definition
    - Description of proposed Funding
    - Description of time frame and any other issues
  - 2) Criteria are applied against list of proposed capital projects to identify priorities.
  - 3) President elects to undertake feasibility study or present to the Board of Trustees.
  - 4) President elects to present highest priority projects to the Board of Trustees for consideration vis. strategic plan and programmatic need (by the Educational Policy & Institutional Resources Committee). The Budget, Finance & Investment Committee approves funding for preliminary design to commence and approval to proceed with fundraising.
  - 5) Update of major capital projects priority list presented annually to the Board of Trustees, in the fall.
- B) Small Capital Projects (usually between \$1 million and \$5.0 million, and generally from non-debt funding sources)
- 1) Small capital projects initiated with a Capital Project Request Form from Dean/VP to President. Form designates:
    - Statement of compelling need
    - Description of program and scope definition
    - Description of proposed funding
    - Description of time frame and any other issues
  - 2) If feasible funding plan is identified, President determines if/when to bring to the Board of Trustees

### Process for Internal Project Assessment

- 1) **Primary Type of Project** (Check all that apply)
  - Instructional
  - Research

- Academic support
- Constituent Service
- Athletic/Recreation/Wellness
- Residential
- Multipurpose function/event
- Infrastructure
- Administrative
- Landscape/beautification
- Other

2) **Evaluation Criteria** (Note: These are the “Decision-making Criteria and Principles” from the Strategic Action Plan approved by the Board of Trustees in October, 2013)

A) **Impact of Project on Strategic Goals** (Rate each that applies, 1 to 5.  
(1=Low 5=High)

- Advances quality and excellence
- Reflects centrality to mission, vision, and focus
- Fosters comparative advantage and multiple strengths
- Effects a positive and transformative impact
- Increases academic synergy and interdisciplinarity
- Satisfies cost, benefit, risk assessment and “unintended consequence” analysis, including actual and projected supply and demand
- Promotes distinctiveness/uniqueness of the University
- Builds competencies and capacity
- Leverages multiple initiatives and resolves multiple issues
- Builds community and develops talent among faculty, staff, and students

B) **Compelling Need** (Rate urgency/importance of those that apply, 1 to 5.  
(1=Low 5=High)

- Life Safety/Code/ADA
- Lack of space for existing function
- Instructional requirements
- Deferred maintenance
- New program
- Expanded/improved research capacity
- Enhancing student experience
- Infrastructure improvement
- Other

- C) Financial model, funding source(s), and feasibility. (NOTE: Projects deemed to have met evaluation criteria and are fully funded from non-debt sources will be brought to the Board of Trustees on an expedited basis for consideration)

## **PROTOCOL FOR BOARD APPROVAL AND OVERSIGHT**

### **Major Capital Projects (over \$5 million)**

#### **Step 1**

- Administration submits capital project to the Educational Policy & Institutional Resources (EPIR) Committee for program plan review.
- Administration brings priority capital project to the Budget, Finance & Investment (BFI) Committee for authorization of expenditure for preliminary project planning and design, and authorization for the UVM Foundation to commence fundraising. Preliminary funding plan reviewed.

#### **Step 2**

- Administration brings final funding plan to the BFI Committee for review, and authorization of expenditures for program completion, schematic design, and detailed cost estimating. Fundraising progress to date will be reported to the BFI Committee.
- Project expenditures for Steps 1 and 2 will come from the newly established capital project prefunding account.

#### **Step 3**

- Administration presents project design completion estimates to the BFI Committee for approval and authorization of expenditures for completion of final project design, construction documents, etc. Updated fundraising progress will be reported, with expectation that a substantial majority of non-debt funding has been committed (e.g. at least 60%). Approval is conditional on having all non-debt funding secured, inclusive of any internal loans from the capital project prefunding account.
- If appropriate, the BFI Committee authorizes issuance of bonds.

### **Small Capital Projects**

- 1) Administration brings forward project for the EPIR Committee's review and approval of project in light of strategic and operational need.
- 2) The BFI Committee reviews and approves project expenditures after evaluating acceptable funding plan.