
Capital Budget Planning Process

Executive Summary:

Washington State University's Capital Renewal and Development Plan is focused on identifying and prioritizing capital projects which balance continued stewardship and renewal of existing facilities and infrastructure within a framework for responsible growth.

This plan recognizes the urgent need to address a large and rapidly growing deferred maintenance backlog which has been identified as a significant risk to future operations at all of the WSU campuses as they age. Additionally, the goals of this plan are consistent with the Master Plans for each of the WSU campuses which together include emphasis on open spaces, pedestrian access, community connection and campus identity, and research and/or program excellence.

Capital projects identified in the plan contribute directly to a reduction in the deferred maintenance backlog through either significant renovation, rehabilitation or replacement of existing facilities. Projects identified also meet the goals of the various campus Master and Strategic Plans by enhancing or improving research and program capabilities, renovating core facilities or infrastructure essential to the identity and continued safe and sustainable operation of each campus, and preserving or improving open areas and pedestrian access.

Projects have been developed and are planned over the next ten years with the understanding that renovations of fully occupied facilities must include planning for accommodation or relocation of the programs, research, and staff therein.

Deferred Maintenance Challenge:

Washington State University places a high priority on maintaining and preserving, in good condition, the large capital investment at the university's facilities in Pullman, Vancouver, Tri-Cities, Spokane, Everett, and the research and extension centers located throughout the state. While limited state funding for capital renewal and operating budgets has created significant challenges in preventing the growth of the university's \$1.6 billion deferred maintenance backlog, WSU has prioritized reducing the backlog through a multi-faceted approach outlined below.

The University's strategic deferred maintenance backlog reduction plan is made up of five basic components:

- 1) Detailed identification of deferred maintenance requirements;
- 2) Strategic investment of major capital and minor capital preservation funding;
- 3) Review of current maintenance and operations practices to improve efficiency and focus limited resources for greatest impact on academic endeavors;
- 4) Evaluation of current space use and associated costs to identify opportunities to consolidate, renovate or demolish facilities;
- 5) Advocacy for appropriate increases via higher education operating and capital budget requests for maintaining high quality facilities and infrastructure to mitigate the impact of inflation/higher material costs and stem the growth of the deferred maintenance backlog.

Of the components listed above, the Strategic Investment of Major Capital and Minor Capital Funding, is perhaps the most critical component of the Capital Budget Planning Process. In fact, the primary support for addressing WSU's deferred maintenance requirements through the state-funded major capital and minor capital preservation programs.

- Major Capital Preservation Program (>\$2M): The Facility Condition Assessments and the associated deferred maintenance requirements inform the development of the Capital Preservation Program. WSU's Facility Condition Assessment database is a critically important element of our Facility Portfolios, which are standing assessments of facility condition, era and type of construction, utility infrastructure condition, available space, and average utilization. These portfolios help inform strategic planning regarding which facilities simply require maintenance and renewal, which facilities are viable candidates for major capital renovation or repurposing, and which facilities are best demolished in order to reduce untenable operations and maintenance costs.
- Minor Capital Preservation Program (<\$2M): The minor capital appropriations provide Washington State University with resources to address growing renewal and preservation requirements and are currently the primary method of addressing these requirements. The preservation/renewal request also includes minor capital infrastructure projects, health, safety, code requirements, security, environmental,

and risk management facility improvements. In order to maximize the value of Minor Capital Renewal (MCR) funding, WSU has developed a structured approach to assessing facilities and prioritizing requirements. WSU Facilities Services has implemented a collaborative, data-driven decision-making model to identify and prioritize deferred maintenance requirements based on the University's Strategic Plan and the Campus Master Plans. This decision-making model uses the Pairwise Ranking and Comparison tools within the VFA software platform along with maintenance and repair history to inform MCR prioritization. The academic colleges and supporting units also continuously assess and report on their facilities. To ensure that client renovation or renewal requests are consistent with University Strategic Plans and the Campus Master Plan, WSU Facilities Services has trained and certified facility liaisons within each college and unit. These liaisons are appointed by their respective deans and empowered with budget and decision authority to manage their college/unit strategic portfolios and serve as conduits for capital planning decisions. WSU Facilities Services also works closely with the Department of Environmental Health and Safety (EH&S) and Information Technology Services (ITS) to identify and prioritize requirements.

- Minor Capital Improvement Program (<\$2M): The Minor Capital Improvement (MCI) program provides an avenue for funding to support teaching, research and operational improvements through categories including, but not limited to, faculty start-up, instructional lab renovations, technology/infrastructure upgrades and other omnibus equipment. State MCI appropriations are primarily funded through state bonds and trusts, as such, the state instructions outline the following allowable vs. non-allowable MCI expenses:
 - For MCI:
 - Allowed:
 - Expenditures for the reconstruction, preservation and improvement of existing buildings or structures that materially extend their useful lives, including:
 - Site developments necessarily required or related to the preparation of a site for reconstruction purposes (see "Site Improvement Costs").
 - Required built-in, special purpose or other fixed equipment where such equipment is permanently affixed or connected to real property in such a manner that removal would cause damage to the real property to which it is affixed.
 - Expenditures for the installation or replacement of water control structures such as dams, culverts, aqueducts, drainage systems, locks, spillways, reservoirs and channel improvements.
 - Interior work including: demolition, moving walls, new carpet or floor surfaces, new finishes, replacement of electrical and plumbing facilities and installation of new equipment.
 - Not allowed:
 - Normally recurring expenses.

- Labor fees associated with moving equipment between facilities.
 - Ordinary maintenance such as patching, painting, caulking, weatherproofing, insulating, adding storm windows, replacing doors, replacing gutters and shingles, repairing vandalism or cleaning. An aggregation of ordinary maintenance does not create a long-term financed capital project.
- For Omnibus Equipment:
 - Equipment Allowed:
 - Built-in equipment permanently attached to the building or improvement and considered to be an integral part of the structure, without which the building or improvement will not function. Built-in equipment is generally included in the base construction budget and estimate. Examples include; plumbing fixtures, heating, ventilation and air-conditioning equipment, electrical equipment, elevators and escalators.
 - Fixed equipment attached to the building or improvements for purposes of securing the item and contributing to the facility's function. Fixed equipment is generally included in the base construction budget and estimate. Examples include shelving, cabinets and bolted furniture.
 - Some durable and specialized movable equipment may be allowed, depending on its useful life.
 - Some costs of purchasing or developing information/software systems may be allowed under certain circumstances.
 - Not allowed:
 - Movable equipment which is generally funded in the operating budget. Examples include desks and computers.
 - Consumable inventories, as defined in the State Administrative and Accounting Manual (SAAM), are supplies consumed in the course of an agency's operation or incidental items held for resale. Examples include office, janitorial and chemical supplies and laboratory glassware.
 - Temporary equipment to be used for a period less than its useful life. For example, research equipment for a short-term project.
 - Spare or replacement parts for equipment.

Capital Budget Planning Process:

The intent of WSU's Capital Budget Planning Process is to provide for transparency and flexibility. The process must be capable of evolving or pivoting when necessary in order to leverage emergent funding opportunities, address university growth, improve space optimization and reduce deferred maintenance.

The following outlines a summary of the current Capital Budget Planning Process:

1. Initiate "Call for Needs" in September of each odd year. Larger capital needs and MCI/Omnibus equipment needs will be collected (separately) in December of each odd year via Qualtrics.
2. Assemble a prioritization committee panel consisting of representatives for teaching, research, business operations, information technology and Facilities Services to review and prioritize all submitted NEEDs against the following criteria (note that SP = Strategic Plan, D25 = Drive to 25):
 - a. Programmatic Needs:
 - Learning:
 - Retention Rates (SP)
 - Recruitment / Enrollment (D25 & SP)
 - Graduation Rates (SP)
 - Graduate Placement / Employment Goals (SP)
 - Interdisciplinary / Cross Institutional (SP)
 - Student Experience (SP)
 - Accreditation
 - Research:
 - Total Research and Development Expenditure (D25)
 - Faculty Recruitment / Retention
 - Graduate Degrees Awarded (D25)
 - Innovation / Commercialization (SP & D25)
 - Cross Disciplinary Multi-Institutional Grants (D25)
 - Faculty Awards (D25)
 - Post Doc Appointees (D25)
 - Economic Development (incubator)
 - Accreditation
 - Service:
 - Outreach, Sharing Knowledge, Providing Service
 - b. Operational Efficiencies:
 - Risk Mitigation:
 - Code Compliance / Regulatory Action (ADA/AALAC)
 - Risk of Future System / Facility Failures
 - Life Safety Risk

- Washington Clean Building Standard (State Energy Performance Standard)
 - Space Optimization:
 - Existing Space Utilization / Efficiency
 - Demolition of Existing Conditioned Space
 - New Space Includes Demo (no net new space)
 - Functionality and Adequacy of Existing Space for Proposed Project
 - Deferred Maintenance / Infrastructure Investment:
 - Deferred Maintenance Backlog impact
 - Project Improves Core Infrastructure (including utilities and core IT systems)
 - Energy and Water Conservation / Resource Utilization / Operational Savings
 - Maintenance & Operations Funding Plan
3. Prioritization committee will meet regularly to review each submitted need and develop scoring for each of the primary categories noted above. Scores will range from 0 (not meeting any criteria) to 10 (meeting all criteria) based on committee consensus. An overall programmatic score will be based on equal weighting from the three primary categories (learning, research and service). Similarly, and overall operational efficiency score will be based on equal weighting from the three primary categories (risk mitigation, space optimization and deferred maintenance/infrastructure investment).
4. In addition to the criteria noted above, additional scoring will be assigned based on the “VP/Chancellor/Dean Ranking” as follows:
- a. #1 Ranking = 10 points
 - b. #2 Ranking = 7 points
 - c. #3 Ranking = 4 points
 - d. #4 Rankig = 1 point
5. Submitted NEEDs will be grouped into themes (learning, research, student success, space optimization, infrastructure, building systems and auxiliaries) to aide discussion, comparison and tracking. Consideration must be given:
- a. to the size of the student community served by the project
 - b. the impact felt throughout WSU and the community at large
 - c. domino planning (renovations/relocations necessary to enable future opportunities)
 - d. projects that combine learning and research space

6. Facilities Services will meet with university leadership groups (deans council, chancellors, faculty senate, research council, etc.) on a regular basis to provide updates on the prioritization process. The goal is to maximize transparency and solicate meaningful feedback.
7. Needs prioritized into the top tier will require further investigation to develop a detailed project scope, budget estimate and potential project timeline. This information will be used in combination with fund source opportunities to determine if/when to move forward with the project.
8. Capital Budget Planning is a biennial process that repeats itself every two years. Reference the table below for a rough schedule of critical tasks:

Task	Year	Month
Call for Needs	odd	September
Needs developed by departments	odd	September-December
Needs Prioritization	even	January-March
Report results to university leadership	even	March
Prepare OFM documentation	even	March - August
Submit OFM Scoring Proposals	even	August
Submit OFM Budget Request	even	September