



The University of North Carolina

GENERAL ADMINISTRATION

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2009-11 BUDGET MEMORANDUM NUMBER 2

Appalachian State
University

East Carolina
University

Elizabeth City
State University

Fayetteville State
University

North Carolina
Agricultural and
Technical State
University

North Carolina
Central University

North Carolina
School of
the Arts

North Carolina
State University
at Raleigh

University of
North Carolina
at Asheville

University of
North Carolina
at Chapel Hill

University of
North Carolina
at Charlotte

University of
North Carolina
at Greensboro

University of
North Carolina
at Pembroke

University of
North Carolina
at Wilmington

Western Carolina
University

Winston-Salem
State University

TO: Chancellors
Executive Director, North Carolina Arboretum
Chief Executive Officer, UNC Health Care System
Executive Director, UNC-CPTV
Heads of UNC Affiliate Organizations

FROM: Rob Nelson, Vice President for Finance *RN*

SUBJECT: 2009-2011 Capital Budget Request

DATE: August 13, 2008

In order to prepare the *2009-11 Budget Request of the Board of Governors* for capital improvements, we provide the following instructions. **These instructions are for capital projects funded from appropriated funds, capital projects funded from non-appropriated sources and capital projects funded from the Repairs and Renovations Reserve.**

Enrollment Planning and UNC Tomorrow Considerations

In October 2007, UNC initiated its planning effort that would produce the next ten-year enrollment plan. The planning effort required preliminary enrollment targets and preliminary space requirements for accommodating projected growth. The connection between enrollment targets and the space requirements in your capital improvements priorities will be carefully examined. The focus will be on how many additional students can be accommodated, how they will be accommodated (i.e. on or off campus), what facilities can be used more fully and efficiently, and what facilities are needed to accommodate the additional students. Along with space for classrooms, offices, labs, and research, your plan should indicate your space needs to support the full-range of auxiliary services that will be demanded by the expanding student population. Of particular interest will be your proposals regarding the residence hall space needed to accommodate an expanded freshman class.

Your capital improvements priorities will also need to clearly address the significant findings that have come out of UNC Tomorrow. In order to strengthen the competitiveness of all regions of our state in today's knowledge-based global economy and improve the quality of life for all North Carolinians, the UNC Tomorrow Commission's final report, which incorporated input from almost 10,000 North Carolinians about what they need from their public University, urged the University to (1) increase access to higher education, (2) help improve public education, (3) expand university outreach and engagement, (4) strengthen our global readiness, (5) stimulate economic transformation and community

development, (6) address pressing health care issues, and (7) embrace environmental sustainability as a core value. Meeting these challenges is vital to North Carolina's future. Your institution's collaboration between academic planning and capital improvements planning must result in capital improvement priorities that clearly help UNC meet these challenges.

Legislative Considerations

Session Law 2007-546 (SB668) mandates sustainable, energy efficient design and construction for new buildings; sustainable, energy efficient design and construction when renovating existing state buildings; and a 20% reduction in potable water campus-wide. It is expected that your capital improvements project request will consider the implications of these new requirements. Buildings are required to be designed, constructed, and certified to exceed current code requirements for energy efficiency (ASHRAE 90.1-2004) by 30% for new construction and by 20% for renovations. Sub-metering and commissioning are required to aid verification of the required high efficiency construction. Campus-wide energy consumption per gross square foot must be reduced 20% by 2010 and 30% by 2015 for all state buildings over the 2003-04 baselines. Energy conservation measures including lighting and HVAC system upgrades, water use reduction measures, and use of high efficiency motors are to be implemented by December 31, 2009. The Department of Administration is currently creating policies, standards, and design guidelines to promote energy efficiency. The Department of Administration is also strengthening their life-cycle costs analysis and certification requirements.

Six-Year Plan for Appropriated Capital Improvements – New and Major Renovation Projects

Submittal Date: on or before September 15, 2008

For your 2009-2015 Six-Year Appropriated Capital Improvements Plan, we ask that you revise your 2007-2013 plan which should be aligned with the Board of Governors' 2008-09 Capital Budget Priorities. Allowed changes to your plan include (1) adjusting the project cost for inflation by no more than 8% annually; (2) adjusting project cost to accomplish the requirements of SL 2007-546; and (3) deleting, adding or changing projects to reflect the results of your enrollment and UNC Tomorrow planning. The total dollar amount of your 2009 request must be consistent with the total dollar amount of your 2007 request adjusted for inflation.

An Appropriated CI template is attached to these instructions. Please note that we are asking you to identify any escalation, needed infrastructure and required land acquisition costs included in your total project cost. It is important that the Justification section provide clear connections between the Enrollment Planning, UNC Tomorrow, and Session Law 2007-546 (SB668) considerations.

Please list Appropriated Capital Improvements projects in priority order.

Your first two priority projects must be accompanied by a certified OC-25 from the State Construction Office, a completed Form CI-1 (attached) and a completed Building Operating Reserve Model (attached) for the first five years of operation of the proposed facility.

Six-Year Plan for Non-Appropriated Capital Improvements Projects

Submittal Date: on or before October 1, 2008

Please use the attached template to develop your 2009-2015 plan for non-appropriated capital projects.

Please list Non-Appropriated Capital Improvements projects in priority order.

It is important that the Justification section provide clear connections between the Enrollment Planning, UNC Tomorrow, and Session Law 2007-546 (SB668) considerations.

All projects must be accompanied by a completed Form CI-1 (attached) and a completed Form OC-25 (attached). Projects planned to start in 2009-10 require a Form OC-25 that has been certified by the State Construction Office.

For projects planned to start in 2009-10 that require indebtedness supported by a student debt service fee, please provide your plan to comply with the Board of Governors' required fee-approval process.

For projects planned to start in 2009-10, please complete and submit a Building Operating Reserve Model (attached) for the first five years of operation of the proposed facility.

Six-Year Plan for Repairs and Renovations

Submittal Date: on or before October 15, 2008

G.S.143C-4-3 (b) states:

Use of Funds. – The funds in the Repairs and Renovations Reserve Account shall be used only for the repair and renovation of State facilities and related infrastructure that are supported from the General Fund. Funds from the Repairs and Renovations Reserve Account shall be used only for the following types of projects:

- (1) Roof repairs and replacements;
- (2) Structural repairs;
- (3) Repairs and renovations to meet federal and State standards;
- (4) Repairs to electrical, plumbing, and heating, ventilating, and air-conditioning systems;
- (5) Improvements to meet the requirements of the Americans with Disabilities Act, 42 U.S.C. § 12101, et seq., as amended;
- (6) Improvements to meet fire safety needs;
- (7) Improvements to existing facilities for energy efficiency;
- (8) Improvements to remove asbestos, lead paint, and other contaminants, including the removal and replacement of underground storage tanks;
- (9) Improvements and renovations to improve use of existing space;
- (10) Historical restoration;
- (11) Improvements to roads, walks, drives, utilities infrastructure; and
- (12) Drainage and landscape improvements.

Funds from the Repairs and Renovations Reserve Account shall not be used for new construction or the expansion of the building area (sq. ft.) of an existing facility unless required in order to comply with federal or State codes or standards.

G.S.143C-8-4 (b) requires:

Each proposed repair and renovation expenditure shall be justified by reference to the Facilities Condition Assessment Program [FCAP] operated by the Office of State Construction.

As a starting point for your 2009-2015 Six-Year Repairs and Renovation Plan, we have attached, in an Excel template, your initial submittal for the current biennium R&R request. Please adjust this document by adding and deleting projects so that the total dollar amount of your 2009 request is consistent with the total dollar amount of your 2007 request adjusted for inflation.

Please enter your data directly into the template and prioritize the projects within each project type. This will help with the roll-up of data for a University-wide summary.

As required by G.S.143C-8-4 (b), please provide the associated FCAP ASSET NUMBER and DEFICIENCY NUMBER for each proposed project. Understanding that your proposed project might align with a number of FCAP items, please include, in rank order, as many major FCAP items as you feel appropriate. If the proposed project has not been identified by the FCAP visitation team, please supply your rationale for completing this project in front of identified projects.

All projects with an expected value over \$500,000 total project cost that you expect to be funded in 2009-10 or 2010-11 must be accompanied by a completed Form OC-25 (attached). Projects valued at \$2,000,000 or greater that are funded will require a Form OC-25 that has been certified by the State Construction Office prior to allocation of funds.

Formatting Guidelines for the Three Submittals

Please use the following guidelines to help consistency:

- Please round all values to the thousand-dollar level (i.e. 2,501,000 instead of 2,500,750)
- Please do not use acronyms in your description and justification section narratives (i.e. HVAC should be spelled out to Heating, Ventilating and Air-Conditioning)
- Please use the full name of the building or buildings involved in the project (i.e. Johnson Humanities Building instead of Johnson)
- For Appropriated and Non-Appropriated projects, please place the name of the building or buildings involved in the project at the beginning of the title (i.e. Belk Science Building - Expansion).
- For R&R projects, please place the name of the building or buildings involved in the project at the end of the title (i.e. ADA Modifications – Belk Hall; Roof Repairs – 6 Buildings; Roof Replacements – Friday Hall, Carmichael Hall and Hines Hall).
- For Appropriated and Non-Appropriated projects, please use one of the following descriptions of the work: New; Replacement; Comprehensive Modernization; Conversion; Renovation; Expansion; Renovation and Expansion; Infrastructure Improvements; Acquisition; Land Acquisition; Advance Planning.
- While campus-wide projects are acceptable, they should be of a reasonable dollar amount. Avoid lumping too much together such as “Plumbing Repairs, Steam Distribution Repairs and Air Duct Replacement – 3 Buildings.”

- While the “Campus-wide” designation might be appropriate for a minor roof repair project, the same designation on a high-dollar, multiple-roof replacement project raises questions.
- Where you have similar needs distributed across campus, it is acceptable to establish a single project (i.e. Athletic Facilities Improvements; Parking Facilities – Expansion). In the project description, please provide the expected locations for the work.
- Please retain the original headings, formatting, and font in the template.

If you have any questions regarding this request, please contact Terrance Feravich at (919) 962-4611 or by email at feravich@northcarolina.edu.

Please email your submissions to jrose@northcarolina.edu and feravich@northcarolina.edu.

Thank you for your help.

cc: President Erskine Bowles
Chief Academic Officers
Chief Finance Officers
Chief Information Officers

Attachments