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 $1.4 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.
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. “Call for NEEDs” sent out to all university departments system wide in the spring of each odd year. Starting in the spring of 2021, Facilities Services will introduce a web application portal that each department will use to submit their NEEDs in a concise and consistent manner.

2. Assemble a prioritization committee consisting of facility liaisons, Dean/Chancellor representatives, State Relations staff and Facilities Services staff 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 State Energy Performance Standard (HB 1257 Law)
  - 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 “Dean’s Ranking” as follows:
   a. Dean’s #1 = 10 points
   b. Dean’s #2 = 7 points
   c. Dean’s #3 = 4 points
   d. Dean’s #4 – 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 solicit 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:

<table>
<thead>
<tr>
<th>Task</th>
<th>Year</th>
<th>Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Call for NEEDs</td>
<td>odd</td>
<td>February</td>
</tr>
<tr>
<td>NEEDs developed by departments</td>
<td>odd</td>
<td>March - May</td>
</tr>
<tr>
<td>NEEDs Prioritization</td>
<td>odd</td>
<td>June - September</td>
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<tr>
<td>Report results to university leadership</td>
<td>odd/even</td>
<td>October-February</td>
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<tr>
<td>Prepare OFM documentation</td>
<td>even</td>
<td>March - August</td>
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<tr>
<td>Submit OFM Scoring Proposals</td>
<td>even</td>
<td>August</td>
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<tr>
<td>Submit OFM Budget Request</td>
<td>even</td>
<td>September</td>
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