



MEMORANDUM

To: Vice Presidents, Chancellors, Deans, Faculty Senate Executive Committee, and APAC Leadership

From: Elizabeth S. Chilton, Provost and Executive Vice President
Stacy Pearson, Vice President for Finance and Administration and Chief Financial Officer
Colleen Kerr, Vice President for External Affairs and Governmental Relations

Subject: 2023-2025 State Capital Budget Request

Date: April 7, 2022

We are pleased to share the attached 2023-25 State Capital Budget request for Washington State University (WSU). For your convenience, information regarding the process, budget notes, and next steps are provided below. This information can also be found at <https://facilities.wsu.edu/facilities-services-capital/state-capital-budget/>.

Process

1. Initiated “Call for Needs” in September 2021. (The larger capital needs and MCI/Omnibus equipment needs were collected separately in December 2021 via Qualtrics.)
2. Facilities Services assembled a prioritization committee consisting of representatives from Academic Outreach and Innovation, Facilities Services, Information Technology Services, Office of Research, Provost’s Office, and WSU Tri-Cities’ Chancellor Office (representing system-wide campuses). The committee reviewed and prioritized all submissions. Please refer to the WSU Capital Budget Planning Process document for a detailed description of the criteria used at <https://facilities.wsu.edu/facilities-services-capital/state-capital-budget/>.
3. The prioritization committee met regularly to review each submitted need and developed scoring for each of the primary categories. Scores ranged from 0 (not meeting any criteria) to 10 (meeting all criteria) based on committee consensus. An overall programmatic score was based on equal weighting from the three primary categories (learning, research, and service). Similarly, an overall operational efficiency score was based on equal weighting from the three primary categories (risk mitigation, space optimization, and deferred maintenance/infrastructure investment). Additional scoring was assigned based on the “College/Dean Ranking.”

4. Submitted needs were grouped into themes to aid discussion, comparison, and tracking. Those themes were both Programmatic and Operational. During the discussion, consideration was given to the size of the student community served by the project, the impact felt throughout WSU and the community at large, domino planning (renovations/relocations necessary to enable future opportunities), and projects that combined learning and research space.
5. We met with Facilities Services to review recommendations from the prioritization process. The scoring results informed the capital budget planning decisions, but did not dictate them. Other factors, such as donor commitments and state priorities, were also considered. The final decision was made by the President in consultation with the Provost and Executive Vice President, the Vice President for Finance and Administration, and the Vice President for External Affairs and Governmental Relations.
6. To ensure transparency, meetings with university leadership groups (System Leadership Council, Deans' Council, Faculty Senate Executive Leadership, APAC leadership, etc.) are being scheduled over the next month by Facilities Services to discuss the 2023-2025 capital budget request and the process we use to assemble that request. Your feedback is critical to help us refine and enhance future capital budget development.

Budget Notes:

This 2023 state capital budget request is the second iteration of our continuing efforts to refine the alignment of capital investment with capital asset needs. This process includes refining internal processes and regular check-in with State stakeholders.

Some of the guiding principles from the 2021-23 request that carried forward from the previous effort include:

1. Align the total request with the likely total funded by the State to preserve our ability to manage our priorities
2. Place equal emphasis on support of high priority programmatic needs with the need to address facility conditions.
3. Fully explore opportunities in OFM guidelines for funding categories beyond the traditional major and minor capital categories. In 2021-23 we began requesting infrastructure projects and "mini-majors" (projects between \$2-10M).

The 2023-25 request also includes:

1. A first attempt at leveraging non-state funds, which is philanthropic funds for this request.

2. In order to meet as many needs as possible, while staying within the total request amount, an increased number of Standalone or “mini-major” projects.
3. A "no net new" approach to space optimization as a way to reduce the deferred maintenance backlog. Facilities Services is starting a sequence of interrelated and phased moves to renovate existing buildings which will also act as a surge for occupants of buildings planned for demolition or renovation.
4. The combination of the mini-majors that are interrelated and sequenced projects creates a general category of "sustained investment" group of projects.

The 2023-25 request, therefore can be thought of as three groupings of projects:

1. Minor Works: a group of projects (under \$2 million) for building preservation and renewal (MCR) and for program renewal (MCI).
2. Sustained Investment: a series of related projects which span several biennia to create surge space and eventual demolition and renovation of less than optimal buildings. Examples in the 2023-25 request include:
 - The Eastlick and Abelson projects, which create a surge for occupants of Heald Hall, slated for demolition in 2025-27 to make way for the new Science Building in 2027-29.
 - A design and site prep request for Spokane, which follows the 2019-21 predesign and the currently-funded \$15 million renovation of the Phase 1 Building vacated by Eastern Washington University. This request will provide for the design of a \$60 million clinical education building and the demolition of two smaller buildings on the Spokane campus. A future request for construction is anticipated. There is also discussion around an operating partnership for clinical education, which may provide private capital support.
3. Standalone: projects which can be either thematic (i.e., system-wide pedagogical or research initiatives) or scoped to meet program and/or deferred maintenance needs. Standalone projects may have the potential to enable future phases but are not critical to future phases. Examples include:
 - The VCEA student success project is a standalone request and will be augmented by \$40 million of philanthropic funds. This project will allow the demolition of Dana Hall in a future request.
 - The Bustad project takes advantage of space vacated when WADDL moved to Global Animal Phase 2 and offers an opportunity to expand the CVM simulation education program. This project also assists as a surge for Heald by vacating space in Eastlick and Abelson.

- The Knott Dairy is standalone but may offer options for private funding through philanthropy or industry support.
- The clean building standard request is intended to meet the state requirements for all buildings greater than 50,000 square feet in terms of energy performance and efficiency. While this request will provide compliance for one building, we expect that ongoing investment will be needed to bring all buildings system-wide into compliance. Lack of compliance may mean that fines will be assessed by the State.
- In support of the Pullman strategic plan, the space optimization request is intended to provide remote collections storage facility for library collections, research, and archeological artifacts currently located in Pullman core campus to free up space in existing buildings for new programmatic initiatives. We anticipate that while this request will design and construct or renovate a facility, we expect that there will be future requests for the expansion of remote storage or consolidation and display of various academic collections.

As part of any capital budget request, the State asks for a ten-year plan. This ten-year plan identifies those Sustained Investment stream of projects and future Standalone projects. The focus is not just on the specific projects identified (given that capital priorities will evolve over the next ten years) but also on the critical linkages across several biennia among the Sustained Investment projects and the opportunity for thematic Standalone projects across the system (i.e. projects in support of student success, teaching, or research).

Next Steps

1. Presentations to various leadership groups system-wide and then to the WSU System President for approval.
2. Present to the Board of Regents during the May 2022 meeting for consideration and final approval during the June 2022 meeting
3. Submittal to Office of Financial Management in August 2022 for scoring
4. Submittal to the Office of Financial Management in September 2022 as part of WSU's operating and capital budget request