

Summary of Capital Budget Request 2018 - 2019

of the

Tennessee Board of Regents



September 21, 2017

This is the Summary of the Capital Budget Request for Fiscal Year 2018-2019
for the Finance and Business Operations Committee of the Tennessee Board of Regents.

The Summary of the Capital Budget Request includes recommendations for a combined list of community college, and colleges of applied technology projects in three (3) classifications as follow:

A. Capital Outlay Projects

Includes projects for which the primary objective is expansion of plant by adding new construction and renovations involving extensive changes in functional use.

B. Capital Maintenance Projects

Includes projects for which the primary objective is correction of identified deficiencies in existing facilities. Projects in this classification include building codes, safety, roof replacements, building system and sub-system improvements, and energy conservation projects.

C. Project Disclosures (utilizing School Bonds and other funding sources)

Includes projects for which no state capital appropriations are requested. These projects identify funding from campus funds, grants, gifts, donations, Tennessee State School Bond Authority financing (school bonds), etc.

Classification A: Capital Outlay

\$195,000,000 (last year: \$205,180,000) is recommended for the fiscal year 2018-2019, which is comprised of nine (9) prioritized projects. TBR intends to recommend a minimum of \$75,000,000 for prioritized Capital Outlay projects each year. Eight (8) of the nine (9) projects were funded from the FY 17/18 Capital Outlay priority list. The five-year average of Capital Outlay funding is \$71,975,400 which includes special appropriations outside our Capital Outlay request.

Capital Outlay Projects: The recommendation for **\$195,000,000** is for full funding of nine (9) prioritized projects shown on Page 5. After the match, the state request is for \$176,053,855. The THEC Capital Outlay Prioritization Criteria is on Page 4; and program principles are on Page 6. Recommended projects not funded in the FY17/18 Capital Outlay budget would need to be resubmitted in the next year's budget cycle to be considered as potential candidates in the next fiscal year budget. Any projects not recommended for funding by THEC in this request, as well as the un-ranked 1st and 2nd priority projects submitted disclosed on Page 13, are considered as potential candidates for the un-ranked balance of a five-year estimate.

Capital Outlay Prioritization

| Prioritization Criteria | CC/TCAT | |
|--|-----------------|-----------------|
| | NC ¹ | MR ² |
| State Goals & the Drive to 55 | 40 | 35 |
| Campus Master Plan & Strategic Plan | 20 | 35 |
| THEC Space Guideline & Facility Assessment | 15 | 10 |
| Program & Business Plan | 10 | 10 |
| External Funding | 15 | 10 |
| Total | 100 | 100 |

1 – New Construction

2 – Major Renovation

| Institution | Project | Activity | FY 18/19 Request | State Request |
|---|--|--------------------|--------------------|--------------------|
| Community College and TCAT Capital Outlay Projects | | | | |
| 1 CoSCC | Williamson County Technology Building | plan and construct | \$17,700,000 | \$17,316,400 |
| 2 CISCC | Campus Revitalization | plan and construct | \$25,000,000 | \$22,750,000 |
| 3 Statewide | Statewide TCAT Improvements Phase 3 | plan and construct | \$44,780,000 | \$42,517,500 |
| 4 S. Central Regional Center | Center for Health Sciences and Industrial Technologies | plan and construct | \$41,120,000 | \$39,819,955 |
| 5 RSCC | Knox County Campus Replacement | plan and construct | \$22,300,000 | \$20,800,000 |
| 6 NaSCC | Clarksville Addition | plan and construct | \$15,000,000 | \$13,500,000 |
| 7 JSCC | Library Renovations | plan and construct | \$4,500,000 | \$4,050,000 |
| 8 PSCC | Blount County Workforce Development Center | plan and construct | \$10,800,000 | \$5,300,000 |
| 9 TCAT- Athens/CISCC | McMinn County Higher Education and Training Facility | plan and construct | \$13,800,000 | \$10,000,000 |
| Capital Outlay Total Request: | | | 195,000,000 | 176,053,855 |

Capital Outlay Program Principles

Capital Outlay

- Projects will compete and be scored for capital outlay funding consideration. The pending unranked 1st and 2nd priorities listed as Potential Out-Year Projects will be identified in the Capital Budget Request. Project will not be scored prior to recommendation

Capital Outlay Match Program

- Each project will require match funds to be considered for funding. The external funding component of the rubric will be based upon a ratio of the project's minimum match requirement to the project's maximum scorable match. Match funds may include private gifts, grants, and institutional funds. Each institution will be required to submit a plan outlining the type and timeline for match funds when the project is submitted for consideration. All projects must meet a minimum match requirement to be evaluated. Only the first \$75,000,000 requires a match.

Minimum Match Requirements and Maximum Scorable Matches

| Project Type | Minimum | Maximum |
|------------------|---------|---------|
| Major Renovation | 0% | 5% |
| New Construction | 2% | 10% |

Classification B: Capital Maintenance Annual Renewal Projects

This recommendation is a part of an ongoing effort to improve the Capital Maintenance funding for the Tennessee Board of Regents institutions to maintain the safety, structural integrity, functionality, and quality of aging facilities.

Annual Renewal: This year's request, **\$41,010,000** (last year: \$116,450,000), is a reflection of TBR's system-wide annual maintenance target. The FY 18/19 annual request is recommended to address eighty (50) Capital Maintenance annual renewal priorities at thirty-two (32) Tennessee Board of Regents institutions, including all thirteen (13) community colleges, and eighteen (18) colleges of applied technology. Most TCAT campuses are grouped together into "Statewide" projects. The list of projects begins on Page 9, after the Annual Renewal Target Funding Formula on Page 8.

Notes are provided to the right of the line items, indicating if the request is for an ongoing project, is a phased project already requested higher on the list, is a first phase of many, and so forth. No subsequent phases are guaranteed for multiple-phase projects, as such out-year requests are subject to determination in their normal annual cycle.

Five-Year Estimate: The Administration requires a five-year estimate of Annual Renewal, subject to change, and does not require individual projects beyond the first year. The estimates for the second through fifth years are based on a general escalation of this year's Target, and are shown on Page 12.

Unmet Needs: **\$6,020,000** in Unmet Maintenance Needs are also identified. After prioritizing the requests to serve the Capital Maintenance Annual Renewal Request, these projects were beyond the annual renewal target, and many of them can be expected to appear in future years. If additional appropriations become available in excess of Annual Request, the listing and back-up for these projects in the unmet needs category are available upon request.

Capital Maintenance Annual Target Funding Formula

2017 System Statistics

13 Community Colleges, and 27 Colleges of Applied Technology

| | Education & General gross square footage E&G GSF | Average Age of Buildings | Weighted Age of Buildings | Building Replacement Cost |
|--------------|--|-----------------------------------|------------------------------------|------------------------------|
| | square feet | years | years | dollars |
| Colleges | 7,989,220 | 33.9 | 33.0 | 1,985,995,850 |
| TCATs | 2,112,650 | 35.6 | 38.0 | 461,654,490 |
| Total | 10,101,870 | | | 2,447,650,340 |

Formula for Annual Target Funding

Source - FM Data Monthly, August 1997

$$\frac{2}{3} (\text{Building Replacement Cost}) \times (\text{Building Age} / 1275)$$

2018-2019 Target Funding for Capital Maintenance **\$ 41,093,355**

Prioritization Methodology

The formula is run for each institution, setting an institution Target. Each institution's requested projects, in the institution's priority order, are included to approximately the Target. Projects are given priority for addressing the five types of need listed at right. Projects are distributed through the list to achieve proportionate equality among institutions.

- 1) Building Codes & Safety
- 2) Roofs
- 3) Mechanical & Infrastructure
- 4) Building Envelope
- 5) Interiors and Finishes

FY 18/19 Capital Maintenance Annual Renewal Request

| Pri | Institution | Project | 2018-2019 | Notes |
|-----|-----------------|--|-----------|--------------------|
| 1 | Statewide | TCAT Building System Updates - Phase 2 | 570,000 | Second of 3 phases |
| 2 | ChSCC | Advanced Technology Bldg. Roof Replacement | 680,000 | |
| 3 | VSCC | Cookeville Higher Education Campus Roof Repair | 400,000 | |
| 4 | NaSCC | East Davidson Campus Roof Repairs | 750,000 | |
| 5 | Statewide | TCAT Roof Repairs/Replacements | 790,000 | Second of 2 phases |
| 6 | DSCC | Science Building Interior Updates | 1,500,000 | |
| 7 | PSCC | HVAC Updates | 850,000 | Second of 2 phases |
| 8 | Statewide | TCAT MPE and Infrastructure Updates - Phase 2 | 2,040,000 | Second of 4 phases |
| 9 | STCC | Macon Campus Plumbing Corrections & Updates | 1,300,000 | |
| 10 | JSCC | Library HVAC Updates | 770,000 | |
| 11 | WSCC | Infrastructure Repairs Phase 1 | 1,450,000 | |
| 12 | CoSCC | Plumbing and Drainage Repairs | 750,000 | |
| 13 | NeSCC | Chiller Replacement | 520,000 | |
| 14 | MSCC | Power Plant Boiler Update | 1,020,000 | |
| 15 | RSCC | Building Envelope Repairs | 820,000 | |
| 16 | CISCC | Campus Parking and Road Updates | 1,500,000 | |
| 17 | ChSCC | Lift Station Replacement | 390,000 | |
| 18 | VSCC | Ramer Air Handler Replacement | 270,000 | |
| 19 | PSCC | Electrical Updates and Repairs | 500,000 | |
| 20 | STCC | Union Campus Plumbing Corrections and Updates | 1,600,000 | |
| 21 | VSCC | Thigpen Chiller Replacement | 150,000 | |
| 22 | RSCC | Dunbar Classroom Elevator Replacement | 320,000 | |
| 23 | CoSCC | Exterior Repairs and Updates | 270,000 | |
| 24 | TCATShelbyville | Restroom Renovations | 120,000 | |
| 25 | ChSCC | CETAS Building Renovations | 3,140,000 | |
| 26 | PSCC | ADA Corrections | 500,000 | |
| 27 | STCC | Union Campus Allied Health Safety Updates | 800,000 | |
| 28 | NeSCC | Roof Replacements | 340,000 | |
| 29 | VSCC | Pickel Roof Replacement | 820,000 | |
| 30 | TCATWhiteville | ADA Corrections | 100,000 | |

FY 18/19 Capital Maintenance Annual Renewal Request continued

| Pri | Institution | Project | 2018-2019 | Notes |
|-----------------------------------|-------------|---|---------------------|--------------------|
| 31 | WSSC | Infrastructure Repairs Phase 2 | 900,000 | |
| 32 | CoSCC | Powerhouse System Repairs | 500,000 | Second of 2 phases |
| 33 | RSCC | Several Buildings HVAC Corrections | 1,100,000 | |
| 34 | VSCC | Campus Exterior Repairs | 260,000 | |
| 35 | Statewide | TCAT Parking and Paving Repairs Phase 3 | 1,260,000 | Third of 5 phases |
| 36 | Statewide | TCAT Exterior Repairs | 390,000 | |
| 37 | PSCC | Window Replacements | 320,000 | |
| 38 | Statewide | TCAT Parking and Paving Repairs Phase 4 | 1,410,000 | Fourth of 5 phases |
| 39 | PSCC | Campus Paving and Repairs | 500,000 | |
| 40 | CoSCC | Security System Updates | 220,000 | |
| 41 | Statewide | TCAT Building System Updates - Phase 3 | 670,000 | Third of 3 phases |
| 42 | TCATOneida | Huntsville ADA Compliance | 200,000 | |
| 43 | Statewide | TCAT MPE and Infrastructure Updates - Phase 3 | 2,780,000 | Third of 4 phases |
| 44 | MSCC | Fayetteville Campus Geothermal Modernization | 610,000 | |
| 45 | CISCC | Campus Wayfinding Improvements | 400,000 | |
| 46 | STCC | Nabors Auditorium Interior Updates | 700,000 | |
| 47 | VSCC | Wallace North Lab Upgrade | 860,000 | |
| 48 | Statewide | TCAT MPE and Infrastructure Updates - Phase 4 | 640,000 | Fourth of 4 phases |
| 49 | JSCC | McWherter HVAC Updates | 1,860,000 | |
| 50 | DSCC | Multi-building Boiler System Updates | 400,000 | |
| Annual Maintenance Request | | | \$41,010,000 | |

TBR institutions submitted 9 additional projects at \$6,020,000 of unmet maintenance needs for a total request of \$47,030,000. Listing and back-up for these projects are available upon request.

Classification C: Project Disclosures (utilizing School Bonds and other funding sources)

Four (4) other projects are listed on the next page, which have been identified by three (3) community colleges to utilize funding from School Bonds, donations, and other sources. These projects do not have a priority order. Typically, only a minority of the disclosed projects are actually brought forward to the State Building Commission to become actual projects.

Some projects listed with funding from student fees or housing, may be dependent upon increases that will require approval at a future Board meeting (typically in June). Listing such projects acknowledges the institution’s intent to have the project, but does not imply that the Board will approve the requisite fee increase.

FY18/19 Disclosed Projects

| Institution | Project | Value | Source of Funds |
|-------------------------|--|--------------------|-----------------|
| PSCC | Blount County Greenhouse | 90,000 | Plant Funds |
| PSCC | Strawberry Plains Roof Replacement | 2,900,000 | Plant funds |
| VSCC | Wood Building Dining and Kitchen Remodel | 960,000 | Plant Funds |
| WSCC | Baking Kitchen Relocation | 500,000 | Gifts |
| Disclosure Total | | \$4,450,000 | |

FY18/19 Capital Budget Five-Year Plan

| | Institution | Project | Activity | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 | 2022-2023 | |
|---|--------------------------|---|------------------|------------------------------|-------------|-------------|-------------|-------------|-------------|
| Community College and TCAT Capital Outlay Projects | | | | | | | | | |
| 1 | CoSCC | Williamson County Technology Building | Plan & Construct | 17,700,000 | | | | | |
| 2 | CISCC | Campus Revitalization..... | Plan & Construct | 25,000,000 | | | | | |
| 3 | Statewide | Statewide TCAT Improvements Phase 3..... | Plan & Construct | 44,780,000 | | | | | |
| 4 | S. Central Regional Cntr | Center for Health Sciences and Industrial Technologies..... | Plan & Construct | 41,120,000 | | | | | |
| 5 | RSCC | Knox County Campus Replacement..... | Plan & Construct | 22,300,000 | | | | | |
| 6 | NaSCC | Clarksville Addition..... | Plan & Construct | 15,000,000 | | | | | |
| 7 | JSCC | Library Renovations..... | Plan & Construct | 4,500,000 | | | | | |
| 8 | PSCC | Blount County Workforce Development Center..... | Plan & Construct | 10,800,000 | | | | | |
| 9 | TCAT Athens/CISCC | McMinn County Higher Education and Training Facility..... | Plan & Construct | <u>13,800,000</u> | | | | | |
| | | Capital Outlay Total | | 195,000,000 | | | | | |
| Un-prioritized projects | | | | Plan & Construct | 0 | 75,000,000 | 75,000,000 | 75,000,000 | 75,000,000 |
| (see Page 13 for institutional 1 st & 2 nd priorities that may appear in future requests) | | | | Capital Outlay Total: | 195,000,000 | 75,000,000 | 75,000,000 | 75,000,000 | 75,000,000 |
| Capital Maintenance Annual Renewal Total: | | | | | 41,010,000 | 42,450,000 | 43,930,000 | 45,470,000 | 47,060,000 |
| Capital Total: | | | | | 236,010,000 | 117,450,000 | 118,930,000 | 120,470,000 | 122,060,000 |

Note: See Page 5 for additional information

FY18/19 Capital Outlay Potential Out-Year Projects

| Institution | Project | Activity | 2018-2019 |
|---------------------------------------|---|--------------------|--------------------|
| WSCC | Health Professions and Physical Activity Center | plan and construct | 45,000,000 |
| CISCC | Athens Campus Facility | plan and construct | 9,750,000 |
| NeSCC | Kingsport Academic Building | plan and construct | 16,700,000 |
| DSCC | Arts and Sciences Building | plan and construct | 35,000,000 |
| MSCC | Rutherford Teaching Site Addition Phase 4 | plan and construct | 15,800,000 |
| TCAT Elizabethton | Building #1 Renovation | plan and construct | <u>2,260,000</u> |
| Total Potential Capital Outlay | | | 124,510,000 |

Summary of the Capital Request

This capital budget request for fiscal year 2018-2019 is presented to the Finance and Business Operations Committee of the Tennessee Board of Regents for consideration.

| | This Request (including match request) |
|---|---|
| A ♦ Capital Outlay | |
| Standard Projects | 195,000,000 |
| B ♦ Capital Maintenance | |
| Annual Renewal | 41,010,000 |
| Total Request Outlay + Maintenance | 236,010,000 |