

R741, Capital Development Prioritization - CDP

R741-1. Purpose: To provide the methodology and process for prioritization of system-wide capital facilities needs for presentation to the Governor and State Legislature for funding. The framework for deriving the integrated and prioritized list of capital projects recognizes that many considerations affect the relative priority of the projects. These considerations include: the physical condition of the facilities, determination of space needs, role and mission of the institutions, long term strategic planning, and areas of current program emphasis and priority. Consequently, the ranking methodology, while quantitative in nature, is designed to provide the opportunity to exercise discretion and judgment in the ranking of projects.

R741-2. References

- 2.1. Utah Code §53B-6-101 (Master Planning - Board Establishes Criteria to Meet Capital Budgetary Needs)
- 2.2. Utah Code §53B-7-101 (Combined Requests for Appropriations)
- 2.3. Utah Code §53B-20-101 (Property of Institutions to Vest in State Board)
- 2.4. Utah Code § 63A, Chapter 5 (State Building Board - Division of Facilities Construction and Management)
- 2.5. Policy and Procedures R710, Capital Facilities
- 2.6. Policy and Procedures R720, Capital Facilities Master Planning

R741-3. Capital Facilities Evaluation Cycle - The annual Capital Facilities Evaluation Cycle for analysis and prioritization of needed facilities consists of four (4) fundamental steps:

3.1. Step 1 – Establishment of Priority Guidelines: At the beginning of each year’s capital facilities prioritization process, the Board shall adopt priority guidelines pertaining to the most pressing and critical needs for the Utah System of Higher Education. These priorities, though not binding, are designed to guide the subsequent use of Regents’ Priority Points (section 3.4.1).

3.2. Step 2 – Submission of Requests: Institutions submit their highest priority capital development needs to the Office of the Commissioner of Higher Education for evaluation. Each institution may submit more than one project, but for scoring purposes, except for research institutions, only the top project will be scored. Each research university may have up to two projects scored each year. The capital development project categories are:

1. Mission and Role – These are projects that provide the space in which to house the primary programs and activities of the institutions and facilitate accomplishment of their approved missions and roles. This category includes projects to accommodate growth in instructional and research demand; to address program deficiencies; to strengthen academic programs within the approved missions of the institutions; and to address role and mission changes. Mission and role projects are broken down into two subcategories:
 - a. Renovation and Replacement Projects – This category includes projects to improve the condition of existing facilities, to restore building life, to update space to meet current

program requirements, and to replace failing permanent buildings. Decisions pertaining to whether an aging facility should be renovated or replaced should be made taking into consideration the historic nature and value of the facility, as well as the cost of renovation versus the cost of replacement.

- b. **New Construction Projects** – This category includes projects needed to support and enhance institutional missions for which existing levels and/or types of space are inadequate. It includes funding to accommodate: undergraduate student enrollment growth, graduate student enrollment growth, research that supports graduate degree programs and promotes economic growth and innovation, changes and enhancements in institutional missions and roles, changes in the technological infrastructure needed for evolving instruction and research programs, etc.

Before any project can be evaluated it must be included in the approved master plan of an institution and the programs to be housed therein must have been approved by the Board of Regents. If those approvals have not been received, the project will not be considered.

2. **Major Infrastructure Projects** – Requests for funding in this category should be limited to pressing needs that cannot be met with funding appropriated annually by the Legislature in the Capital Improvement Funding process and allocated to the institutions by the State Building Board. This category has a major focus on projects that address: critical life safety, fire and seismic deficiencies; problems that pose a real and ongoing threat to the daily operations of the institutions; and the need to preserve and repair critical infrastructure items such as utilities.

3.3. Step 3 – Analysis and Scoring of Needs: “Scoring” of the needs is addressed by a process structured to give appropriate consideration to the various “Mission and Role” and “Major Infrastructure” projects. It includes the important issue of access to institutions in the Utah System of Higher Education (USHE) where growth is occurring, while also providing the mechanism to give appropriate consideration to mission-based needs, remodeling and renovation of current facilities, functional obsolescence, critical infrastructure needs, etc. The components and procedures of the scoring system are as follows:

3.3.1.1. For each institutional mission and role project, a value of need will be calculated that reflects the gap between the calculated need (based on the “Space Standards”) and the currently available space for a specific category of space. For those institutional mission and role projects that include more than one category of space, the need gap will be calculated for each category of space in the project (again based on the “Space Standards”), and then a value for the entire project will be calculated based on the relative weight given for each of the categories of space included in the total assignable square feet of the project. The detail of the “Space Standards,” definitions and instructions pertaining to this analysis are attached to this policy as **Appendix A**.

3.3.1.2. The total values for each of the projects resulting from the calculations described in section 3.3.1.1 above will then be listed sequentially in point-value order from the highest to the lowest.

“Scoring Points” will be assigned as follows:

- a. 50 points will be assigned to the project with the highest calculated value.

- b. Descending points will be assigned to the remaining projects based on the difference in calculated value between a project and the immediately preceding project as follows:
 - i. Projects with a calculated value difference of less than one will be assigned the same number of points.
 - ii. A two point differential between projects with a calculated value difference up to 20.
 - iii. A three point differential between projects with a calculated value difference greater than 20.

3.3.2. Non-appropriated Funding: Points may be awarded based on the documented portion of the project's anticipated costs to be derived from non-appropriated sources of funds. One point will be awarded when the non-appropriated contribution reaches 5 percent. Thereafter, additional points will be awarded as follows:

- a. Research Institutions: one point for each 5 percent increase in donated funds up to a maximum total of 15 points.
- b. Baccalaureate and Masters Degree-Granting Institutions: one point for each 4 percent increase in donated funds up to a maximum total of 15 points.
- c. Community Colleges: one point for each 3 percent increase in donated funds up to a maximum total of 15 points

3.3.2.1. Non-appropriated funding may not create a future liability for the state: Non-appropriated funds must be given to the institution with no expectation of future payback. Any contribution from a partnering private entity or state/local government agency that creates a property right for the partner will not be considered in the calculation of points for non-appropriated funds. Student fees may not be counted as non-appropriated funds.

3.3.2.2. Office of the Commissioner to determine viability of non-appropriated funds: Each institution seeking points for non-appropriated funds shall provide evidence of the pending donation to the Office of the Commissioner. The Associate Commissioner for Finance and Facilities will review the gift and make a determination as to whether it is viable and should be accepted for points in the process. Institutions may appeal the Associate Commissioner's finding to the Commissioner.

3.3.3 Institutional Priorities: Additional points are added to each project total based on the priority given to each project by the institution. The awarding of points for institutional priority is based on the following:

3.3.3.1. The total number of points available to a given institution to distribute to its Capital Facilities Development projects is based on the number of projects authorized for scoring. Available points are as follows:

Research Universities – 47 Points

All Other Institutions – 25 Points

3.3.3.2. No project can receive more than 25 institutional priority points. This assures that the top-priority project at a smaller institution is of equal value to the top-priority project of a larger institution. The interval between the points assigned to an institution's top priority and each priority thereafter must be at least 3 points. For example: if an institution assigns 25 institutional priority points to its top project, it may assign no more than 22 points to its second priority.

3.3.4. Facility Condition Assessment Points – Facility condition assessment points apply to projects designed to resolve issues that pose a disruption in daily operations or that pose serious life safety threats. These points can be awarded to projects designed to resolve issues where there is substantiated legal and/or life threatening liability; where facilities are threatened with immediate loss of function due to natural disaster; where closure is imminent because of violations of legal/safety/other requirements; or similar circumstances. These Facility Condition Assessment points can be applied only under the following circumstances:

3.3.4.1 Only if the project has been given the highest possible priority by the institution requesting support (or if all projects above it on the institution's priority list are of the same urgency due to liability or imminent closure and have met all the conditions listed).

3.3.4.2 Associated liability and imminent loss of function - Points may be awarded where the institution has substantiated by documentation from a qualified engineer, fire marshal, attorney, or other qualified professional that a very significant legal and/or health/life safety risk is being solved by completion of the proposed project. "Very significant" is defined as, "the realistic estimate of the liability exceeds the cost of the project," as determined by the Commissioner's Office with assistance from an external consultant or the Utah Division of Facilities Construction and Management, and funded by the submitting institution. Also, these points may be awarded if there is a substantiation of the threatened, imminent loss of the function should the project not be authorized, as is the case when natural disasters have destroyed a particular academic building or code violations cause the structure to be closed. Points awarded range from zero to 15 per project based upon the severity of liability or loss of function as determined above.

3.3.4.3 Buildings that can no longer function for the purpose designed may be considered for "Facility Condition Points" as recommended by the Office of the Commissioner. Points may be awarded in instances where aging facilities do not pose a safety hazard but lack appropriate size, mechanical/electrical capacity or technology upgrades to accommodate modern instructional resources. The Commissioner's Office should award points in this category only in exceptional circumstances and should strongly consider the impact of institutional actions that led to the existing condition. Points awarded range from zero to 15 per project based on the severity of liability or loss of function as determined above.

3.3.5. Major Infrastructure Projects: The Office of the Commissioner, in consultation with the Division of Facilities Construction and Management, may award points for major infrastructure projects that address critical life safety, fire and seismic deficiencies and the need to preserve and repair critical

infrastructure such as utilities. Up to 60 points can be applied based on the degree of severity of need as follows:

- a. Imminent Nonfunctionality – Where circumstances exist that pose imminent nonfunctionality threats to the facility or the campus, points in the range of 41-60 can be assigned. To be considered for this level of support the project must be the institution’s top priority.
- b. Operational but Seriously Deficient – Facilities in this condition can qualify for points in the range of 21-40.
- c. Operational but Deficient – Facilities in this condition can qualify for points in the range of 1-20.

3.4. Step 4 – Prioritization of Projects for Funding Consideration: The final step in the annual Capital Facilities Evaluation process is to prioritize the projects for funding consideration. The projects have been ordered from highest to lowest through the scoring process resulting in the institutional infrastructure and mission and role projects being combined into one list.

3.4.1. Regents’ Priority Points — In addition to the “Scoring Points” of the projects, the Regents may award up to 25 additional points per institution. **These points are designed to position institutions to further develop and enhance their assigned missions and roles**, including projects to: improve existing facilities and restore building life, update existing space to meet current and emerging program requirements, changes in role and mission, emerging needs in branch and satellite campuses, projects for which a prior year commitment has been made, projects to resolve major infrastructure problems, etc.

These points, ranging from 0-25, are to be assigned discretionarily by the Regents in the context of the approved capital facilities priority guidelines, and after careful consideration of the relative importance and/or seriousness of the need for the affected projects as determined by the Regents. These points should be used in a consistent manner that enables USHE institutions to pursue strategic and long-term capital development planning while also providing the means to respond to external time-sensitive factors such as: the existing funding climate; environmental, political, demographic, and economic development considerations; technological needs; et al.

3.4.2. Final Priority Ranking – After the Regents Priority Points are added to the “Scoring Points,” the projects are recommended by the Regents for funding in the resulting rank order, with the project having the highest point total being the highest-ranked project.

R741.4 Operation and Maintenance Costs (O & M): The estimated O & M costs for each facility and the source of funding those costs will be listed for each facility on the priority list and will be approved by the Regents as part of the approval process for construction or acquisition of each facility.

4.1. In determining the number of facilities to be recommended for construction or acquisition, the Regents will consider the magnitude of future O & M obligations and the potential impact of approval on other components of the operating budget. The goal of the Regents is that future annual state funded O & M costs on approved new facilities should not represent a disproportionate share of new ongoing appropriated state tax funds.

4.2. The intent of the Regents is to encourage proper consideration of the O & M impact on future operating budgets at the time new capital facility projects are approved, since O & M costs cease to be optional after facilities are in place and will be recommended for funding under the Regents' O & M policy.

R741.5. Projects Funded from Non-State Appropriated Funds – Proposals from institutions for approval of capital development projects to be financed by non-state appropriated funds are subject to the approval process outlined in Policy R710, Capital Facilities. This includes determination of whether the projects qualify for state-appropriated funding for ongoing O&M needs. Consistent with provisions of this policy, before any project can be considered for approval it must be included in the approved master plan of an institution, and the programs to be housed therein must have been approved by the Board of Regents. If those approvals have not been received, the project will not be considered.

R741.6 Land Bank Acquisition Requests – Requests for purchase of land from funds to be appropriated by the state Legislature for future use of an institution must be reviewed and approved by the Board of Regents. Recommendations to the State Building Board, Governor and Legislature for such purchases shall be based upon approved programmatic planning and facilities master plan requirements of the institutions (Policy R710.4.5.3).