

Ratification of the Capital Outlay Plan for 2022-2028**JOINT FINANCE AND RESOURCE MANAGEMENT COMMITTEE
AND BUILDINGS AND GROUNDS COMMITTEE****October 22, 2021****Background:**

At the March 2021 meeting, the Board of Visitors reviewed a resolution requesting approval of the university's 2022-2028 Capital Outlay Plan (Plan) and authorization to submit an updated Capital Plan to the state, in accordance with future guidance from the state and based on the projects on the approved list. The resolution was approved, and the university has proceeded accordingly.

On September 2, 2021, the state issued instructions for the preparation and submission of the 2022-2028 Capital Outlay Plan. The deadline for submission of the Six-Year Capital Outlay Plan to the state was September 23, 2021, and the university prepared and submitted the plan by the due date. The state instructions, consultation with the Department of Planning and Budget, and consultation with state budget policy makers resulted in adjustments to the Plan approved in March. The list below covers the main points of guidance provided to the university:

- i. the submission to the state is limited to projects requesting some portion of General Fund resources in their budget and projects requesting to participate in the state's nongeneral fund bond pools,
- ii. each agency may submit only a subset of its highest priorities,
- iii. supplement funding for projects previously approved for construction will be considered top budget priorities,
- iv. because capital funding may be limited, institutions should include small sized projects along with the traditional medium and large size projects,
- v. the prescribed cost escalation rate is adjusted to 4.25 percent from 3.0 percent, and
- vi. State policy makers encouraged exploration of a project to plan the expansion of the Virginia Tech-Carilion School of Medicine and the Fralin Biomedical Research Institute in Roanoke, Virginia.

In response to the instructions and guidance, Virginia Tech made the following adjustments to the Plan (Attachment A and Attachment B) approved in March.

Attachment A:

- i. Updated cost estimates to use the state's adjusted prescribed cost escalation rate of 4.25 percent,
- ii. Retitled two projects to better align with state budget priorities,
- iii. Included a planning project to explore discussions for an expansion of the Virginia Tech-Carilion School of Medicine and the Fralin Biomedical Research Institute,
- iv. Separated the Center Woods Complex Improvements and System-wide AREC Improvements subprojects of the Improve Research Facilities project to two individual projects to align with funding projections,

Attachment B:

- v. Removed Hitt Hall Academic and Dining Center following its authorization at the August Board of Visitors Meeting.

The insertion of the planning project for the Virginia Tech-Carilion School of Medicine and Fralin Biomedical Research Institute Expansion into Attachment A is a new item in the plan. This planning item is added to the General Fund list to provide opportunities to further explore discussions with Carilion Clinic, the City of Roanoke, and the commonwealth for this initiative. The other changes are technical in nature.

In recognition of the adjustments in accordance with the instructions and guidance from policy makers, the university is requesting ratification of an amended Capital Outlay Plan for 2022-2028. Attachment A shows the amended list of projects with General Fund support. Attachment B shows the amended list of nongeneral fund projects.

The instructions limited full-blown budget requests for the 2022-2024 biennium to a subset of the institution's highest priorities in the Plan and supplement funding for projects previously authorized for construction. The table below summarizes the subset of projects submitted with full-blown budget requests for the 2022-2024 biennium.

	Dollars in Thousands		
	General Fund	Nongeneral Fund	Total
University Division			
1. Randolph Hall Replacement	\$ 223,400	\$ 24,600	\$ 248,000
2. Planning for the Expansion of VT-Carilion School of Medicine & Fralin Biomedical Research Institute	133,400	-	133,400
3. Chemistry/Physics Facilities Renovation & Expansion (Formerly titled Renovate and Expand Hahn Hall)	76,800	30,300	107,100
4. Digital & Performance Media Facilities (Formerly titled Academic Renewal Package)	83,700	-	83,700
5. Supplement Life, Health, Safety, Code Compliance	7,300	-	7,300
Total University Division Projects	\$ 524,600	\$ 54,900	\$ 579,500
Cooperative Extension / Agriculture Experiment Station Division (CE/AES)			
1. Center Woods Complex Improvements	\$ 13,400	\$ -	\$ 13,400
2. System-wide AREC Improvements	16,850	-	16,850
3. Supplement Livestock and Poultry Research Facilities, Phase I	5,800	-	5,800
Total CE/AES Division Projects	\$ 36,050	\$ -	\$ 36,050
GRAND TOTAL	\$ 560,650	\$ 54,900	\$ 615,550

State Capital Budget Review and Approval Process:

The next steps for the state's 2021 budget session include at least five major phases as summarized below:

- 1) A state appointed Six-Year Capital Outlay Plan Advisory Committee (staffed by several central agencies and offices) will review all 2022-2028 capital plans submitted by agencies and institutions over the summer of 2021. This phase will include ongoing interactions by the university to position its projects.
- 2) By November 1, 2021, the Advisory Committee will provide a set of recommendations to the Governor, Chairman of the Senate Finance Committee, and Chairman of House Appropriations Committee to update the state's capital outlay plan for the 2022-2028 period.

- 3) On December 16, 2021, the Governor is scheduled to present to the General Assembly a bill proposing the state's updated capital outlay plan and a budget bill including planning funds or full funding for high priority items in the plan.
- 4) The legislature may amend the proposed plan and the proposed funding program in the Executive Budget Bill during the 2022 General Assembly. Depending on the overall size of the capital program and the amount of General Fund support for its projects, the university may submit legislative amendments for projects. This phase includes ongoing interactions by the university until a budget bill is passed.
- 5) July 1, 2022, the state's updated 2022-2028 plan, capital funding program, and list of projects for the 2022-2024 biennium becomes effective.

Recommendation:

That the Six-Year Capital Outlay Plan listing of projects shown on Attachment A for the period 2022 through 2028 be ratified for budget consideration with the state.

Further, that the list of projects shown on Attachment B be approved as the university's Six-Year Capital Outlay Plan of entirely nongeneral fund capital projects for the 2022-2028 planning period, with projects individually approved by the Board of Visitors prior to implementation.

November 8, 2021

Attachment A

General Fund Six-Year Capital Outlay Plan for 2022-2028

as of September 23, 2021

		Dollars in Thousands		
		<u>General Fund</u>	<u>Nongeneral Fund</u>	<u>Total</u>
University Division				
1	Randolph Hall Replacement	\$ 223,400	\$ 24,600	\$ 248,000
2	Planning for the Virginia Tech-Carilion School of Medicine and Fralin Biomedical Research Institute	133,400	-	133,400
3	Chemistry/Physics Facilities Renovation and Expansion	76,800	30,300	107,100
4	Digital and Performance Media Facilities	83,700	-	83,700
	Digital and Performance Media Center			
	Renovate Media Building			
	Student Advising and Academic Services Center			
	Classroom Renovations			
	Lane Hall Renovation			
5	Robeson Hall Renovation	38,700	7,600	46,300
6	Newman Library Renovation	73,500	-	73,500
7	Derring Hall Renovation	98,200	8,000	106,200
8	Life, Health, Safety, Code Compliance Package	7,300	-	7,300
	Total University Division Projects	<u>\$ 735,000</u>	<u>\$ 70,500</u>	<u>\$ 805,500</u>
Cooperative Extension / Agriculture Experiment Station Division (CE/AES)				
1	Center Woods Complex Improvements	\$ 13,400	\$ -	\$ 13,400
2	System-wide Agricultural Research and Extension Centers Improvements, Phase I	16,850	-	16,850
3	Replace Animal Based Facilities at Glade Road	27,500	-	27,500
4	Animal Production and Livestock Facilities, Phase II	28,300	-	28,300
5	Plant and Environmental Sciences Research Facility (HABB-II)	71,300	-	71,300
	Total CE/AES Division Projects	<u>\$ 157,350</u>	<u>\$ -</u>	<u>\$ 157,350</u>
Total General Fund Capital Plan for 2022-2028		<u>\$ 892,350</u>	<u>\$ 70,500</u>	<u>\$ 962,850</u>

Attachment B
Nongeneral Fund Six-Year Capital Outlay Plan for 2022-2028
as of September 23, 2021

	Dollars in Thousands		
	<u>General Fund</u>	<u>Nongeneral Fund</u>	<u>Total</u>
Blacksburg Academic			
Gilbert Street Building (long-term lease)	\$ -	\$ 71,000	\$ 71,000
New Building for Pamplin College of Business	-	80,800	80,800
Research Swing Space (long-term lease)	-	20,000	20,000
Veterinary Teaching Hospital Expansion	-	30,000	30,000
	<u>-</u>	<u>201,800</u>	<u>201,800</u>
Blacksburg Auxiliaries			
Food Processing Center and Warehouse	-	10,000	10,000
Tennis Center Improvements	-	4,000	4,000
	<u>-</u>	<u>14,000</u>	<u>14,000</u>
Greater Washington D.C., Metro Area			
Ballston: Renovate Research Space	-	5,000	5,000
	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Total Nongeneral Fund Capital Plan for 2022-2028	<u>\$ -</u>	<u>\$ 220,800</u>	<u>\$ 220,800</u>
GRAND TOTAL SIX-YEAR CAPITAL OUTLAY PLAN	<u>\$ 892,350</u>	<u>\$ 291,300</u>	<u>\$ 1,183,650</u>