

Ratification of the Capital Outlay Plan for 2024-2030**JOINT FINANCE AND RESOURCE MANAGEMENT COMMITTEE
AND BUILDINGS AND GROUNDS COMMITTEE****July 20, 2023****Background:**

At the March 2023 meeting, the Board of Visitors reviewed a resolution requesting approval of the university's 2024-2030 Capital Outlay Plan (Plan). The Plan includes two attachments with lists of projects: i) Attachment A is a prioritized listing of projects requesting General Fund support that require review and approval by the General Assembly and ii) Attachment B is a listing of entirely nongeneral fund projects that may be authorized by the Board of Visitors. The resolution further requests authorization to submit Capital Budget Requests to the state, in accordance with future guidance from the state and based on the projects listed in Attachment A of the Plan. The resolution was approved, and the university has proceeded accordingly.

On May 25, 2023, the state issued instructions for the preparation and submission of Capital Budget Requests for the 2024-2026 Biennial Budget. The deadline for submission of the Capital Budget Requests to the state was June 22, 2023, and the university prepared and submitted its requests 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 by the state 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 for General Fund support,
- iii. supplement funding for projects previously approved for construction will be considered top budget priorities,
- iv. agencies should include small, medium, and large size projects in their submission,
- v. agencies are encouraged to include maintenance reserve-like projects that are beyond the \$2 million capital budget threshold and extend the useful life of an asset, and

- vi. for projects being submitted, the state provided prescribed unit construction cost values and escalation rates to estimate the total project costs to the mid-point of construction.

In response to the instructions and guidance, Virginia Tech made the following adjustments to Attachment A of the Plan. Attachment B of the Plan, the list of entirely nongeneral fund projects, has not changed.

Attachment A:

- i. retitled two projects to better align with state budget priorities: the Hahn Hall South Renovation and Expansion project (priority #2 in the University Division) and the System-wide Agricultural Research and Extension Centers Improvements, Phase I project (priority #2 in the Cooperative Extension / Agriculture Experiment Station Division),
- ii. inserted the Derring Hall Envelope Repair project to align with the state's funding priorities for Maintenance Reserve-like projects, and
- iii. revised the budget amounts for the six projects submitted to use the state's updated prescribed unit cost for construction and escalation rates, which made the amounts higher than the university's original estimates.

The instructions limited the number of budget requests for the 2024-2026 biennium to a subset of the institution's highest priorities in Attachment A. The table below summarizes the subset of six projects submitted for the 2024-2026 biennium.

	Dollars in Thousands			Total
	General Fund	Nongeneral Fund	Nongeneral Debt	
University Division				
1. Virginia Tech-Carilion School of Medicine and Fralin Biomedical Research Institute Expansion	\$ 153,700	\$ -	\$ 30,000	\$ 183,700
2. Chemistry/Physics Facilities Renovation & Expansion (Formerly titled Hahn Hall South)	100,500	-	40,900	141,400
3. Life, Health, Safety, Code Compliance Package	8,000	-	-	8,000
4. Derring Hall Envelope Repair (New Item)	16,800	-	-	16,800
Total University Division Projects	<u>\$ 279,000</u>	<u>-</u>	<u>\$ 70,900</u>	<u>\$ 349,900</u>
Cooperative Extension / Agriculture Experiment Station Division				
1. Center Woods Complex Improvements	\$ 14,700	\$ -	\$ -	\$ 14,700
2. Agricultural Research and Extension Center Improvements (Formerly titled System-wide AREC Improvements, Phase I)	25,200	-	-	25,200
Total CE/AES Division Projects	<u>\$ 39,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,900</u>
GRAND TOTAL	<u>\$ 318,900</u>	<u>\$ -</u>	<u>\$ 70,900</u>	<u>\$ 389,800</u>

State Capital Budget Review and Approval Process:

The next steps for the state's 2023 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 2024-2030 capital plans submitted by agencies and institutions over the summer of 2023. This phase will include ongoing interactions by the university to best position its projects.
- 2) By November 1, 2023, the Six-Year Capital Outlay Plan 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 2024-2030 period.
- 3) On December 20, 2023, 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 2024 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, 2024, the state's updated 2024-2030 plan, capital funding program, and list of projects for the 2024-2026 biennium becomes effective.

In recognition of the adjustments in accordance with the instructions and guidance from state policy makers, the university is requesting ratification of an amended Attachment A of the Capital Outlay Plan for 2024-2030, attached. Attachment B of the Plan, the list of entirely nongeneral fund projects, remains as approved during the March 2023 meeting.

Recommendation:

That the Six-Year Capital Outlay Plan listing of projects shown on Attachment A for the period 2024 through 2030 be ratified for budget consideration with the state.

August 29, 2023

ATTACHMENT A

**General Fund Six-Year Capital Outlay Plan for 2024-2030
as of July 20, 2023**

					Dollars in Thousands Escalated to the Mid-point of Construction				
					<u>General Fund</u>	<u>Nongeneral Fund</u>	<u>Debt</u>	<u>Total</u>	
University Division									
1	Virginia Tech-Carilion School of Medicine and Fralin Biomedical Research Institute Expansion	\$ 153,700	\$ -	\$ 30,000	\$ 183,700				
2	Chemistry/Physics Facilities Renovation and Expansion	100,500	-	40,900	141,400				
3	Derring Hall Renovation	117,500	9,500	-	127,000				
4	Newman Library Renovation	92,000	-	-	92,000				
5	Robeson Hall Renovation	46,800	9,200	-	56,000				
6	Classroom Renovations	25,000	-	-	25,000				
7	Life, Health, Safety, Code Compliance Package	8,000	-	-	8,000				
8	Derring Hall Envelope Repair	16,800	-	-	16,800				
	Total University Division Projects	<u>\$ 560,300</u>	<u>\$ 18,700</u>	<u>\$ 70,900</u>	<u>\$ 649,900</u>				
Cooperative Extension / Agriculture Experiment Station Division (CE/AES)									
1	Center Woods Complex Improvements	\$ 14,700	\$ -	\$ -	\$ 14,700				
2	Agricultural Research and Extension Center Improvements	25,200	-	-	25,200				
3	Relocate Animal-Based Facilities from Glade Road	41,000	-	-	41,000				
4	Plant and Environmental Sciences Research Facility (HABB-II)	91,000	-	-	91,000				
5	Renew Animal and Livestock Facilities	34,000	-	-	34,000				
	Total CE/AES Division Projects	<u>\$ 205,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,900</u>				
Total General Fund Capital Plan for 2024-2030					<u>\$ 766,200</u>	<u>\$ 18,700</u>	<u>\$ 70,900</u>	<u>\$ 855,800</u>	

ATTACHMENT B

Nongeneral Fund Six-Year Capital Outlay Plan for 2024-2030

as of February 27, 2023

	Dollars in Thousands Escalated to the Mid-point of Construction			
	General Fund	Nongeneral Fund	Debt	Total
Blacksburg & Roanoke Academic				
Architecture, Arts, & Design Renovations				
Renovate Architecture Annex	\$ -	\$ 5,200	\$ -	5,200
Renovate Media Building	-	4,400	-	4,400
Renovate Squires Performance Spaces	-	3,800	-	3,800
Expand Vivarium Spaces	-	-	54,000	54,000
FBRI Cancer Research Facility	-	112,000	-	112,000
Pamplin College of Business	-	28,100	52,700	80,800
Renovate G. Burke Johnston Student Center	-	5,000	5,000	10,000
Veterinary Teaching Hospital Expansion	-	29,000	20,000	49,000
	-	187,500	131,700	319,200
Blacksburg Auxiliaries & Campus Services				
Food Processing Center and Warehouse	-	-	15,000	15,000
Football Locker Room Renovation	-	5,000	-	5,000
Mail Services Facility	-	3,000	-	3,000
Parking Garage	-	9,700	26,300	36,000
Replace Kmart Lease	-	-	11,000	11,000
Rescue Squad Facility	-	6,000	-	6,000
Student Life Village Phase I:				
Dining Component	-	-	40,000	40,000
Recreation Component	-	-	10,000	10,000
Residential Component	-	20,000	230,000	250,000
Utilities and Infrastructure	-	-	50,000	50,000
	-	43,700	382,300	426,000
Greater Washington D.C., Metro Area				
Children's National Lease Expansion, Phase II	-	-	6,000	6,000
Research Space Reconfiguration at VTRC-A	-	-	5,000	5,000
Upfit Floor 6 of Innovation Campus Academic Building I	-	9,000	-	9,000
	-	9,000	11,000	20,000
Total Nongeneral Fund Capital Plan for 2024-2030	\$ -	\$ 240,200	\$ 525,000	\$ 765,200
GRAND TOTAL SIX-YEAR CAPITAL OUTLAY PLAN	\$ 766,200	\$ 258,900	\$ 595,900	\$ 1,621,000



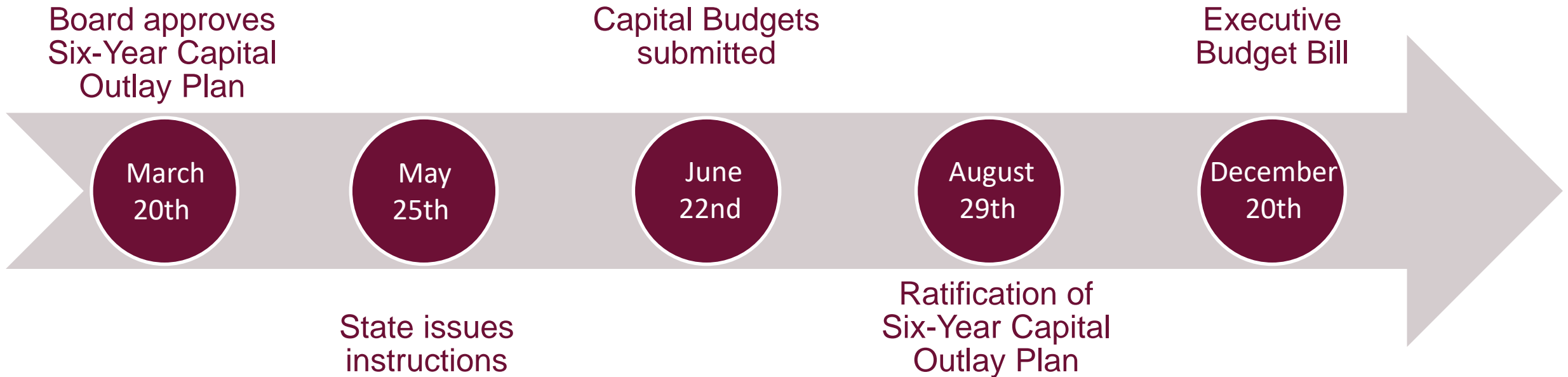
Ratification of the 2024-2030 Capital Outlay Plan

BOB BROYDEN

**Associate Vice President for Campus Planning and
Capital Financing**

AUGUST 29, 2023

CAPITAL PLAN & BUDGET PROCESS



STATE GUIDANCE FOR SUBMISSION

1

Each agency may submit only a subset of its highest priorities for General Fund support.

2

Supplement funding for projects previously approved for construction will be the top budget priorities.

3

Agencies should include small, medium, and large size projects in their submission.

4

Include maintenance reserve-like projects that extend the useful life of an asset.

5

Use state construction cost values and escalation rates to estimate the total project costs.

PLAN ADJUSTMENTS

Attachment A – General Fund Projects

- Revised titles of two projects to better align with state budget perspectives
- Inserted a new project to align with the Maintenance Reserve-like funding priorities
- Updated cost estimates to use the state's adjusted prescribed unit cost for construction and escalation rates

Attachment B – Nongeneral Fund Projects

- No adjustments

CAPITAL BUDGET REQUESTS

University Division	General Fund	Nongeneral Fund	Total
Expansion of VTC-SOM and FBRI	\$153,700	\$30,000	\$183,700
Chemistry/Physics Facilities Renovation & Expansion	100,500	40,900	141,400
Life, Health, Safety, Code Compliance Package	8,000	-	8,000
Derring Hall Envelope Repair	16,800	-	16,800
Total University Division Projects	\$279,000	\$70,900	\$349,900
Cooperative Extension/Agricultural Experiment Station Division			
Center Woods Complex Improvements	\$14,700	-	\$14,700
AREC Improvements	25,200	-	25,200
Total CE/AES Division Projects	\$39,900	-	\$39,900
Total General Fund Submissions for 2024-2026	\$318,900	\$70,900	\$389,900

RESOLUTION FOR THE RATIFICATION OF THE CAPITAL OUTLAY PLAN FOR 2024-2030

RECOMMENDATION:

That the Six-Year Capital Outlay Plan listing of projects shown on Attachment A for the period 2024 through 2030 be ratified for budget consideration with the state.

AUGUST 29, 2023