• Housekeeping
• Capital Budget Background
• 2015-17 Capital Budget Request
Housekeeping

- Minute Approval and Structure
- Proposed FY 2014-15 Committee Meeting Dates
- Update on State Appropriation Request to the HECC
- Update on Quarter 3 Budget vs. Actual
Capital Budget Background
• History of Campus Development

• Deferred Maintenance List

• 2015-17 Capital Project Request List

• Project Budget Options for Neuberger Hall and Extended Studies Building
Deferred Maintenance

Today’s deferred maintenance is tomorrow’s capital request.

Repair and replacement activities that were not performed when they should have been, or were scheduled to be, and which were put off for a future period.

Activities include the repair, restoration, and/or replacement of parts, systems, or building components due to their age or poor condition.

Deferred maintenance does not include desired life safety, accessibility and structural improvements.
OUS has hired a private firm, Sightlines, for the last few years to assess the deferred maintenance (DM) needs on each campus, compare maintenance budgets and staffing with peer institutions.

Study highlights:

- Maintenance operating budget is 21% below the average among peers.
- 82% of the building systems are considered at high-risk of failure and most systems and equipment are run until they fail.
- PSU is 55% denser (users/SF) than its peers.
- $387 million in deferred maintenance; $174 of which is in E&G buildings.

Deferred Maintenance
Comparing Deferred Maintenance within OUS

**PSU with greatest need, in particular when normalized by Gross Square Feet (GSF)**

- **Total Deferred Maintenance E&G**
  - Millions:
    - EOU: $14
    - SOU: $18
    - WOU: $25
    - OIT: $25
    - UO: $105
    - OSU: $153
    - PSU: $174

- **Normalized DM Need** (for size of campus)
  - $/GSF:
    - EOU: $23
    - SOU: $21
    - WOU: $36
    - OIT: $54
    - UO: $30
    - OSU: $34
    - PSU: $78
PSU’s DM/GSF continues to grow and exceed its peers and other OUS schools

PSU E&G Deferred Maintenance

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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<tbody>
<tr>
<td>PSU</td>
<td>$60</td>
<td>$69</td>
<td>$63</td>
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<td>$74</td>
<td>$78</td>
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<td>Peers</td>
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<td>$48</td>
<td>$51</td>
<td>$53</td>
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<td>OUS</td>
<td>$30</td>
<td>$30</td>
<td>$31</td>
<td>$32</td>
<td>$34</td>
<td>$35</td>
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</tbody>
</table>

$/GSF
Scenario 1: Current State Allocation

Annual investment of $2.8 million

Deferred Maintenance Backlog

Current State Allocation: 15% growth over 10 years
Scenario 2: Steady State

Annual investment of $5.3 million

Deferred Maintenance Backlog

Steady State: Backlog Remains $174 million

Millions

existing backlog

accumulated deferral


Scenario 3: Cut Backlog by 50%

Annual investment of $14 million

Deferred Maintenance Backlog

50% Decrease in DM: Backlog cut to $89 million
Capital Advisory Committee
& Project Prioritization
Charged with advising the President on physical development of campus including:

- New construction
- Major renovations
- New leases
- Acquisitions of property

11 voting members, alternates for each voting member and 2 ex officio members

Monthly meetings since November 2012
Physical Needs Assessment

Interviews with V.P.s, A.V.P.s, deans and administrative unit heads to determine short and long-term space desires and needs

Lists generated:

- Units with the most needs
- Buildings with the most critical comments (Neuberger, Extended Studies Building, East Hall)
- Programs that could grow if they had better and/or more space
Capital Planning: Process

A list was developed of dozens of project ideas with input from leadership from all schools, colleges and administrative units and the CAC.

Diagram:
- Project Ideas
  - Deferred Maintenance
  - Opportunities
  - School/College Initiatives
  - Space Needs
Project Idea Development
Project ideas solicited from all schools, colleges and units.

Staff Assessment
Staff assess opportunities, space needs, deferred maintenance and physical implications and limitations.

Preliminary Review and Grouping by CAC
A review of all ideas and grouping of them based on a variety of factors.

Approval by CAC as Recommendation to President
CAC determines which projects to recommend and the prioritization of recommended projects.

Final Approval
How do we prioritize projects?

Every project idea is listed and is assigned ‘high, medium, or low’ across the following criteria:

- Increases or enhances general pool classrooms
- Creates new research space
- Promotes student success
- Addresses programmatic needs
- Positively impacts recruitment and/or retention
- Address deferred maintenance needs
- Improves accessibility
- Helps consolidate or align units
- Improves adaptability of space
- Improves space efficiency
How do we prioritize projects? (continued)

The Campus Planning Office, using the criteria and feedback from interviews, groups projects into three categories - A, B & C:

- A = Projects that we would be pleased if they were funded in the next legislative session
- B = Valuable projects that are not our highest priority
- C = Potential projects

Over the course of a few months, the CAC determines the final grouping of the projects and then ultimately, recommends which of these should be included in our capital project request to the legislature.
## Current Projects in Group ‘A’

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Project Cost (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neuberger Hall (renovation or new)</td>
<td>$40 - $120</td>
</tr>
<tr>
<td>XSB (renovation/expansion or new)</td>
<td>$20 - $50</td>
</tr>
<tr>
<td>Montgomery Court (renovation &amp; repurpose)</td>
<td>$15 - $17.5</td>
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<tr>
<td>East Hall (renovation)</td>
<td>$3.5 - $8</td>
</tr>
<tr>
<td>Art &amp; Design Building (new)</td>
<td>$60 - $100</td>
</tr>
<tr>
<td>Cramer Hall (renovation)</td>
<td>$45 - $90</td>
</tr>
<tr>
<td>Science One (renovation/expansion)</td>
<td>$20 - $80</td>
</tr>
<tr>
<td>Broadway Housing (purchase)*</td>
<td>$49 - $53</td>
</tr>
<tr>
<td>University Center Building (land purchase)*</td>
<td>$7 - $10</td>
</tr>
<tr>
<td>Honors Program Mixed-Use Building (new)*</td>
<td>$16.5 - $19.25</td>
</tr>
<tr>
<td>Hotel and Conference Center (new)*</td>
<td>$25 - $35</td>
</tr>
<tr>
<td>Ondine Housing (renovation)*</td>
<td>$19 - $22</td>
</tr>
<tr>
<td>Student Union (renovation or new)*</td>
<td>$25 - $120</td>
</tr>
</tbody>
</table>

*Primarily funded with XI-F Bonds, the debt service of which is paid back by PSU*
2015-17 Capital Budget Request
Neuberger Hall

A 237,874 SF building that is one of PSU’s busiest facilities and is in worse condition than any other large building on campus.

Current home of:

• Student services (admissions & registration, financial aid, student account services)

• College of Liberal Arts & Sciences departments (Psychology, English, World Languages & Literature, Philosophy, Mathematics & Statistics, and Speech & Hearing Services)

• School of Art & Design (nearly half of the school’s program)

• Computer labs, student lounges and 40 classrooms
A major renovation is needed that:

- Addresses all of the building’s deferred maintenance (greater than $25 million)
- Removes all hazardous materials, improves accessibility significantly and upgrades the building structurally (greater than $10 million)
- Adds daylight to interior spaces, and
- Modernizes spaces throughout the building

PSU proposed an $83 million renovation in the 2011-13 biennium and a $42.5 million renovation in the 2013-15 biennium.
Two Options are being considered

Option 1: $60 million renovation

- DM, structural, accessibility, abatement and some program enhancements
- $40 million XI-Q, $10 million XI-G, $10 million cash

Option 2:

Package 1 - $50 million renovation

- DM, structural, accessibility and abatement
- $30 million XI-Q, $10 million XI-G, $10 million cash

Package 2 - $20 million program enhancement

- Significant program enhancements and façade improvements
- $20 million XI-Q
A 30,246 SF building that is in poor condition and is PSU’s largest building without an elevator.

Current home of:
- Black Studies, Indigenous Nations, Women, Gender and Sexuality Studies
- Office of Graduate Studies
- 7 classrooms, 6 of which are inaccessible
A major renovation and expansion is needed that:
• Addresses all of the building’s deferred maintenance removes all hazardous materials, improves accessibility significantly and upgrades the building structurally (greater than $5 million)
• Modernizes spaces for existing occupants and creates accessible classrooms
• Adds approximately 38,000 square feet to create a new home for the Graduate School of Education

PSU proposed a $20 million renovation and expansion in the 2014 short session.
$20 million renovation and expansion as a new home for the Graduate School of Education, modernize spaces for existing occupants and create accessible classrooms:

- $14 million XI-Q
- $3 million XI-G
- $3 million cash
Built in 2004 by the PSU Foundation for the university, the building contains 1 floor of retail, 1 floor of academic space and 8 floors of housing.

$53 million purchase from the PSU Foundation to attain better terms and save the university annual operating expenses:

- $5.3 million XI-Q (for academic space)
- $47.7 million XI-F (for retail and housing)
PSU owns the building and has a land lease that is not favorable to the university and expires in 2023. Negotiations with the land owner are currently taking place:

- $7.9 million for acquisition of land (All XI-F)

PSU has legislative authority, granted in the 2013 session, to acquire the land for up to $10 million.
Deferred Maintenance

$10.6 million request that would keep PSU’s deferred maintenance backlog from growing

$5.6 million was allocated to PSU in the last biennium ($2.8/year) as part of a $30 million allocation to OUS

Communication among OUS schools currently occurring to determine if a collaborative request should be made and how much to request
Questions and Comments