Capital Budget Hearing
State University of New York

Dr. Nancy L. Zimpher, Chancellor
October 22, 2009
# SUNY Capital Program Summary

<table>
<thead>
<tr>
<th></th>
<th># of Bldgs</th>
<th>Sq. Foot(^{(1)})</th>
<th>Avg. Age(^{(2)})</th>
<th>2008-13 Funding(^{(1)})</th>
<th>Funded By</th>
<th>Projects Managed By</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational Facilities</td>
<td>1,828</td>
<td>57.6</td>
<td>44.5</td>
<td>$4,426(^{(3)})</td>
<td>State</td>
<td>Fund/ Campus</td>
</tr>
<tr>
<td>Hospitals</td>
<td>13</td>
<td>2.5</td>
<td>24.3</td>
<td>$450</td>
<td>Hospital Revenues</td>
<td>Fund/ Campus</td>
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<tr>
<td>Residence Halls</td>
<td>467</td>
<td>19.3</td>
<td>34.0</td>
<td>$573</td>
<td>Room Rents</td>
<td>DASNY/ Campus</td>
</tr>
<tr>
<td>Community Colleges</td>
<td>490</td>
<td>17.9</td>
<td>41.6</td>
<td>$436</td>
<td>50% State 50% Local</td>
<td>Local</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>2,798</strong></td>
<td><strong>97.3</strong></td>
<td><strong>42.1</strong></td>
<td><strong>$5,885</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:

- \(^{(1)}\) Square footage and funding expressed in millions.
- \(^{(2)}\) Average age (expressed in years) represents a straight average with no consideration given to the size of buildings or subsequent renovations.
Educational Facilities

- Critical Maintenance
  - Site Utility Lines - Alfred
  - Electrical Distribution Upgrade - Fredonia

- Strategic Initiatives
  - Construct New Business School - Albany
  - New School of Education/Child Care - Cortland
SUNY – Educational Facilities

- 73% of SUNY Educational Facilities are more than 30 years old.
Capital Investment – Critical Maintenance
Addressing Backlog and Facility Renewal Needs

- In 2007, SUNY and the Construction Fund undertook a comprehensive Condition Assessment Survey and Capital Reinvestment Study.
- The initiative identified a $3.2 billion deferred maintenance backlog and a need for approximately $400 million per year for on-going facility renewal.
Capital Investment – Critical Maintenance
Addressing Backlog and Facility Renewal Needs

2007 Building Condition Assessment Survey (BCAS)
Profile of Overall Ratings Statewide
Approx. 55 Million Gross Square Feet (GSF)

- GSF Rated Excellent: 10%
- GSF Rated Poor: 20%
- GSF Rated Good: 42%
- GSF Rated Fair: 28%
Capital Investment – Critical Maintenance
Addressing Backlog and Facility Renewal Needs

- A long term investment is necessary to reduce the current backlog to an industry standard of 5 percent of current replacement value

- The 2008-09 Enacted Budget included an initial commitment of $550 million annually over a 5-year period

- The follow chart illustrates a 15-year-plan to reach the desired outcome
Capital Investment – Critical Maintenance
Addressing Backlog and Facility Renewal Needs

$550M/$777M/$945M
Will Reduce Backlog to 5% of Current Replacement Value in Fifteen Years
Strategic Initiatives

New Engineering Building – Buffalo University

Science Engineering Technologies - Oswego

High Tech Incubator - Fredonia

New Technology Building – Buffalo College
Strategic Initiatives

- Enacted Capital programs since 2008 contained over $1.7 billion in funding for Strategic Initiative projects
- Many of the initiatives provide vital support to science, technology and research activities
- These investments are necessary to:
  - Maintain and enhance SUNY’s ability to attract and retain students and faculty
  - Be competitive in its academic offerings and research capacity
SUNY’s Capital Investment

- Merits of Multi-year Capital Programs:
  - Adds predictability
  - Cost effective
  - Leads to better planning allowing for the identification and prioritization of projects to address ongoing critical maintenance needs
  - Provides for the efficient execution of necessary capital investments by allow appropriate sequencing and phasing of projects

- Enables the University to maintain constant levels of investment; avoids peaks and valleys and the long ramp-up period to reach sustainable investment levels
### SUNY’s Capital Investment

**Educational & Hospital Facility Capital Programs**

Annual State Fiscal Plan Project Commitment & Disbursement Targets thru 2012/13

2008/09 Actuals showing B1184 delays; Estimated 2009/10-2012/13 as needed to Reduce CM Backlogs & support #1 SI's

<table>
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<tr>
<th>Year</th>
<th>New Contract Commitments</th>
<th>Annual Disbursement Levels</th>
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<tbody>
<tr>
<td>1998-99</td>
<td>$199</td>
<td>$280</td>
</tr>
<tr>
<td>1999-00</td>
<td>$260</td>
<td>$360</td>
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<td>2000-01</td>
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<td>2001-02</td>
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<td>2002-03</td>
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<td>2011-12</td>
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<tr>
<td>2012-13</td>
<td>$220</td>
<td>$220</td>
</tr>
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</table>
State University of New York
Construction Fund

Capital Plan Progress

Replace Fuel Tanks – Downstate Medical Center

Hudson Hall General Reconstruction – Plattsburgh

Waste Stream Mechanical Facility – Cornell University

Replace HTHW Lines – New Paltz
SUNY Capital Program (1)
Projects in Design and Construction

(1) Educational Facilities and Hospital Plans Only.
SUNY Capital Program
Projects Active or Completed Since 2004

1,862 Projects ($4.3B)

200 Projects ($2.6B)

Critical Maintenance
Strategic Initiatives

(1) Educational Facilities and Hospital Plans Only.
# Projects | $ Value
---|---
In Design | 287 | $ 2.8 B
Under Construction | 526 | $ 2.2 B
Completed Projects | 1,249 | $ 1.9 B
Total | 2,062 | $ 6.9 B

(1) Educational Facilities and Hospital Plans Only.
Hospitals

- Hospital Capital is distributed to each hospital based on its approved multi-year strategic business plan
- Projects include both critical maintenance and revenue-enhancing initiatives
- Each SUNY Hospital pays for the principal and interest associated with the debt for its capital projects
- Appropriations are required to submit for Certificate of Need approval
Hospitals

Hospital Funding – Capital Funding

Dollars in Millions

Fiscal Year

03/04 04/05 05/06 06/07 07/08 08/09 09/10

Funding Amount
Residence Halls

- The Residence Hall Capital program is self sustaining with revenues from room rents and other associated revenues paying the cost of debt service.

- Switched to disbursement-based bonding in 2008 to utilize capital in a more efficient manner.

East Campus Housing Project – Binghamton University
Residence Halls

Residence Hall Funding – Capital Funding

Dollars in Millions

Fiscal Year

03/04 04/05 05/06 06/07 07/08 08/09 09/10

Funding Amount
Community Colleges

- All community college capital projects are planned, designed, bid and constructed under local control and authority, either by the college or the local sponsor.
- Local sponsors must provide at least 50% of the capital funding for a Community College project.
- Colleges must obtain a local sponsor resolution committing the local sponsor’s funding share to be included in SUNY’s Capital Budget Request.
Community Colleges

Community College Funding – Capital Funding

Fiscal Year

Dollars in Millions

Funding Amount
Community Colleges
Capital Reinvestment

- A study is currently underway similar to the one performed for the SUNY State-operated campuses and for the CUNY Senior and Community Colleges
- A late fall completion is anticipated
- The study will provide information on the level of capital investment needed to address the backlog and facility renewal needs for each College
Community Colleges Capital Reinvestment

SUNY CC (All Campuses) - GSF by Construction Year:
Total = 18.0M
“Greening of SUNY”

- The University is the leader in the area
- In 2007, the State University Board of Trustees adopted a resolution as part of its overall plan of action for the “Greening of SUNY”
- All new buildings and major rehabilitations must achieve at least a LEED Silver rating at State-operated campuses and statutory colleges
- Community Colleges are encouraged to also achieve at least a LEED Silver rating
- These requirements are over and above the current State requirements
Economic Impact

- Extensive and geographically diverse network of University facilities across the State provides a built-in framework for promoting economic development activities in nearly every region.

- Last year, Education and Hospital investments alone totaled over $530 million.

- Approximately half, or $260 million, was for labor costs - not counting the ripple effect.

- This year’s investment level is estimated to reach over $700 million.

- SUNY’s Capital Program is a significant economic engine throughout the State.
Current Economic Climate

- SUNY is experiencing:
  - An increase in number of bidders
  - Bids that are considerably under estimate
  - Higher levels of competition for projects from Architects and Engineers
State University of New York

State University Construction Fund
Average Number of **Bidders** per Opportunity
April 1, 2008 thru September 30, 2009

State University Construction Fund
Average Number of **SOQs** per Opportunity *(1)*
April 1, 2008 thru September 30, 2009

*(1) Includes all procurements for which Statements of Qualifications (SOQs) are received.*
State University Construction Fund
Bid vs. Estimate

Millions

$0 $25 $50 $75 $100 $125 $150 $175 $200 $225 $250 $275 $300 $325 $350 $375 $400 $425 $450 $475 $500 $525

September 1, 2008 – September 30, 2009

Estimate
Amount Bid
State University Construction Fund

Percent of Bids within Estimate

Fiscal Year

2007
- 63.7%
- 58 Projects

2008
- 70.6%
- 58 Projects

2009 (YTD)
- 83.7%
- 43 Projects

Percent

0 25 50 75 100
Continue the Progress

- Continue multi-year capital investments
  - Third installment of $550M Critical Maintenance for Educational Facilities
  - Funding for Community College projects that have local sponsor resolution support
  - Additional investments for Strategic Initiatives and Hospitals

- SUNY/SUCF Flexibility Package
  - Project delivery mechanisms such as Design-Build and CM at Risk
  - Post-audit capability as opposed to current pre-audit requirements