

Capital Outlay Plan for 2018-2024

*Discussion with
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Major Topics Today

- Background:
 - What is the Capital Outlay Plan
 - Process to update the plan
 - Accomplishments since 2006
 - Accomplishments from 2016-2022 Plan
- 2018-2024 Capital Outlay Plan approved by the Board at its April meeting
 - General Fund priorities
 - Nongeneral Fund priorities
- Major funding sources to support capital outlays
 - Sources
 - Trends
- Questions and discussion at any time



Background

- What is the Capital Outlay Plan?
- What is the process to update it?



Background

Accomplishments Since 2006

- Projects completed 70
- Dollars spent \$1.22 billion
- Space added 2.1 million GSF
- Space renovated 870,000 GSF
- Capital leases 688,000 GSF



Background


Projects Advanced from the 2016-2022 Plan (Since March 2015)

Project	Millions
Holden Hall	\$73.5
Health Science and Technology (Roanoke)	72.1
Chiller Plant, Phase 2	40.8
Maintenance Reserve	37.6
Livestock Research Facilities	22.1
New Gas-fired Boiler	6.8
Planning: Undergraduate Science Instruction Laboratory	6.0
Biocomplexity Institute Data Center	5.9
Corps Leadership & Military Sciences	2.1
Planning: Science Lab Renovations	0.6
Eastern Shore AREC Facility	0.5



Projects Advanced from the 2016-2022 Plan (Continued)

Project	Millions
Athletic Facilities Improvements	\$37.5
O'Shaughnessy Renovation	21.5
Residential Electronic Door Access	7.7
Lane Substation Expansion	6.5
Planning: Creativity & Innovation District LLC	5.0
Planning: Student Wellness	2.8
Airport Hangar	2.5
East Eggleston Renovation	2.5
Roanoke Street Acquisition	0.5
Total (20 projects)	\$354.5



2018-2024 Plan approved by the Board at its April Meeting

- 34 Projects
- Total costs of \$1.1 billion
- Calls for \$537M state support
- Calls for \$635M of nongeneral fund revenues
- 2 million GSF (new or renovated)

General Fund Projects

University Division

		Dollars in Thousands		
		General Fund	Nongeneral Fund	Total
1	Undergraduate Instruction Science Laboratory	\$ 75,000		\$ 75,000
2	Global Business and Analytics Complex			
	Business and Decision Sciences Buildings	75,000	\$ 75,000	150,000
	Global and International Programs		10,000	10,000
	Honors Program Space		5,100	5,100
	Living Learning Community Residence Halls		73,500	73,500
		\$ 75,000	\$ 163,600	\$238,600

General Fund Projects University Division

		Dollars in Thousands		
		General Fund	Nongeneral Fund	Total
3	Randolph Hall Replacement	164,250	18,250	182,500
4	Corps Leadership and Military Sciences Building	28,000	20,000	48,000
5	Robeson Hall Renovation	44,600		44,600
6	Academic Support and Student Success Center	10,500		10,500
7	Renovate/Replace Brooks Center	5,250		5,250
8	Life, Health, Safety, Code Compliance Package			
	Fire Alarms and Building Accessibility	5,500		5,500
	Library Code Compliance	5,400		5,400
		10,900	-	10,900
	Total University Division Projects	\$413,500	\$ 201,850	\$615,350

General Fund Projects CE/AES Division

Dollars in Thousands				
		General Fund	Nongeneral Fund	Total
1	Global Systems Sciences Buildings	\$ 94,400		\$ 94,400
2	Animal Production and Livestock Facilities Phase II	22,500		22,500
3	Center Woods Complex Improvements	6,600		6,600
	Total CE/AES Division Projects	123,500	-	123,500
	Total of General Fund Capital Plan for 2018-2024	\$ 537,000	\$ 201,850	\$ 738,850

Nongeneral Fund Projects

Dollars in Thousands

Intelligent Infrastructure Complex

Hitt Hall	\$ 15,000
Intelligent Infrastructure Building	10,000
Smart Dining Hall	25,000
Smart Design and Construction Complex (Plantation Rd)	7,500
Intern Hub (VTTI)	2,000
Rural Smart Track	<u>10,000</u>
	\$ 69,500

Nongeneral Fund Projects

Dollars in Thousands

Health Sciences and Technology

Comparative Oncology Center

\$ 12,375

Translational Medicine, Phase 1

21,000

33,375

Creativity and Innovation District

Academic Space

8,250

Innovation and Athletics Residential Programs, 500+ beds

57,000

Multi-Purpose Facility

-

\$ 65,250

Nongeneral Fund Projects

	<u>Dollars in Thousands</u>
Academic Quality	
Integrated Security, Special Research Spaces (CRC)	\$ 6,500
Science Instruction Laboratory Improvements	10,000
Enterprise / High Performance Computing Data Center	5,500
Falls Church property acquisition	<u>3,350</u>
	\$ 25,350

Nongeneral Fund Projects

Dollars in Thousands

Student Experience

Student Wellness Services	\$ 55,000
Dietrick Hall Dinning Renovation and Expansion	5,000
Food Processing Center and Warehouse	7,000
Residential Renovations of 1000 beds by 2024	55,000
Dietrick Plaza Improvements	2,000
Owens Hall Renewal	<u>57,000</u>
	\$ 181,000

Nongeneral Fund Projects

Dollars in Thousands

Athletics Facility Improvements

ACC Broadcasting studio expansion	\$ 4,000
Tennis Stadium Expansion	4,000
Cassell Coliseum Entrance Improvements	2,500
Athlete Nutrition Center, 250 seats	<u>10,800</u>
	21,300

Building Envelope Renewals

37,750

Grand Total of Nongeneral Fund Capital Plan for 2018-2024

\$ 433,525

Grand Total Six-Year Capital Outlay Plan

General Fund	\$ 537,000
Nongeneral Fund	<u>\$ 635,375</u>
Total	\$ 1,172,375

Major Funding Sources for Capital Outlays

- General Fund from the state
- Overhead funds from grant and contracts
- Private gifts from donors
- Auxiliary enterprise revenues from fees, sales, and services
- *The use of debt with all the above*

Major Funding Sources

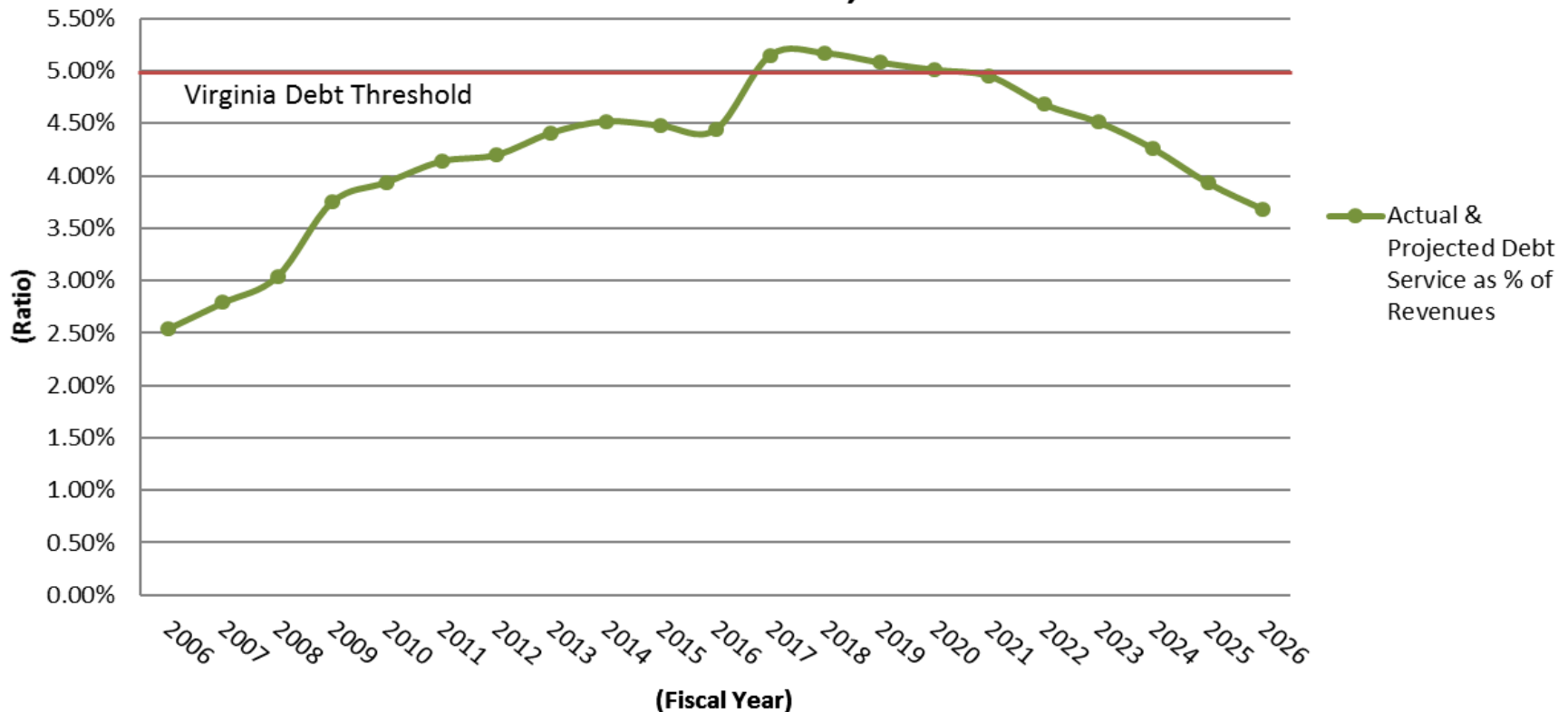
General Fund

- For projects listed in the state capital plan
- Limited to instruction, research, and outreach programs
- Debt issues are the primary means of state funding for capital projects
 - State has specific guidelines addressing annual debt limitations, 5 percent ratio in support of its AAA bond rating
- State capital outlay for non-transportation -- debt allocation generally limited to \$250-\$350 million annually, based on long-range projections
- State funding has not followed a consistent/predictable pattern
- **VT obtained about \$518M since 2006, consistently one of the top allocations for the period**

Major Funding Sources

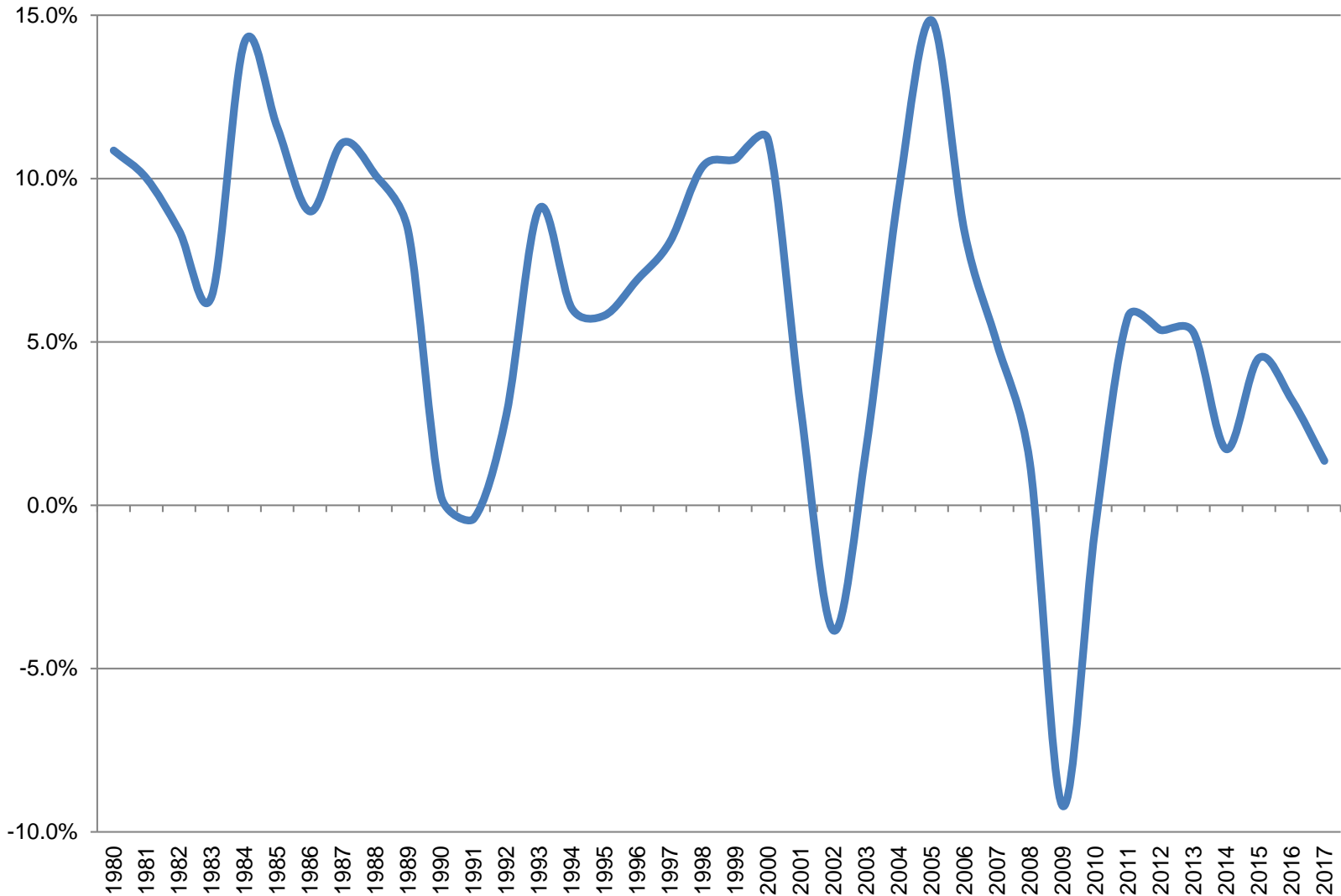
State Debt Capacity

Virginia Debt Ratio Trends
Debt Capacity Advisory Committee Report
December 19, 2016



Virginia Revenue Growth

As of April 2017





Major Funding Sources

Overhead Revenues

- Come from the distribution of indirect cost recoveries from grants and contracts
- Used to support research program space
- Two central pools, college pools, and department pools
- The central pools have supported significant construction over the past 10 years
- **Over \$126 million expended since 2006**

Major Funding Sources

Private Gifts

- May support all types of capital projects
- Can be a game changer for a college and university
- Typical pledge payout is five to seven years
- Requires long-term commitment to fund raising effort
- **Since 2006: \$215.2M pledges and gifts and \$155.4M in receipts**



Major Funding Sources

Auxiliary Enterprises

(Current Non-E&G Fees)

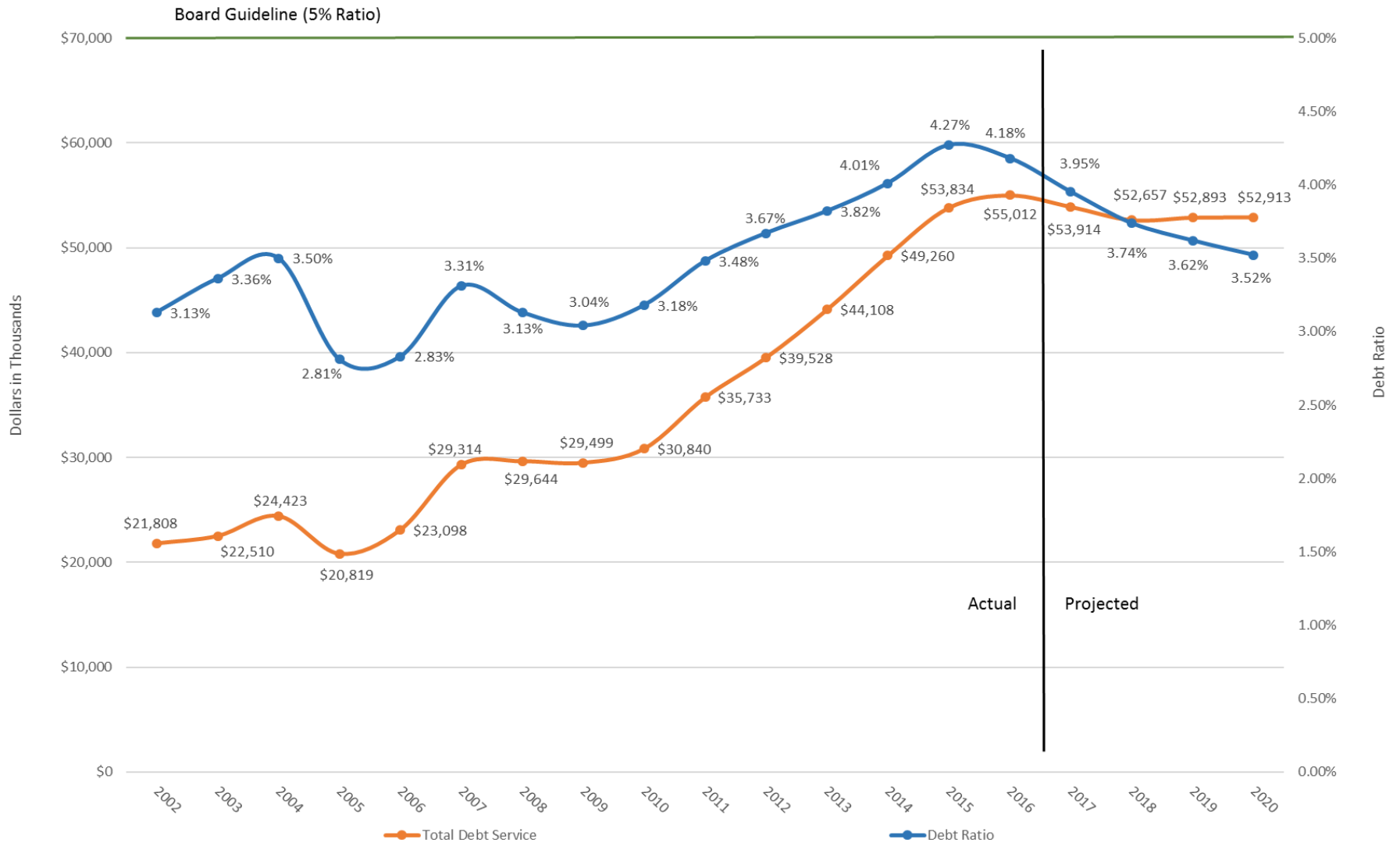
Item	Rate	Services
Comprehensive Fee	\$1,911	Athletics, Blacksburg Transit, Career Services, Arts, Health Center, Hokie Passport Services, Recreation, Student Centers, Telecommunications
Residential	4,682 to 8,862	Student living spaces
Dining	3,348 to 3,838	Meal plans
Total	\$9,468 -- \$14,190	

Major Funding Sources

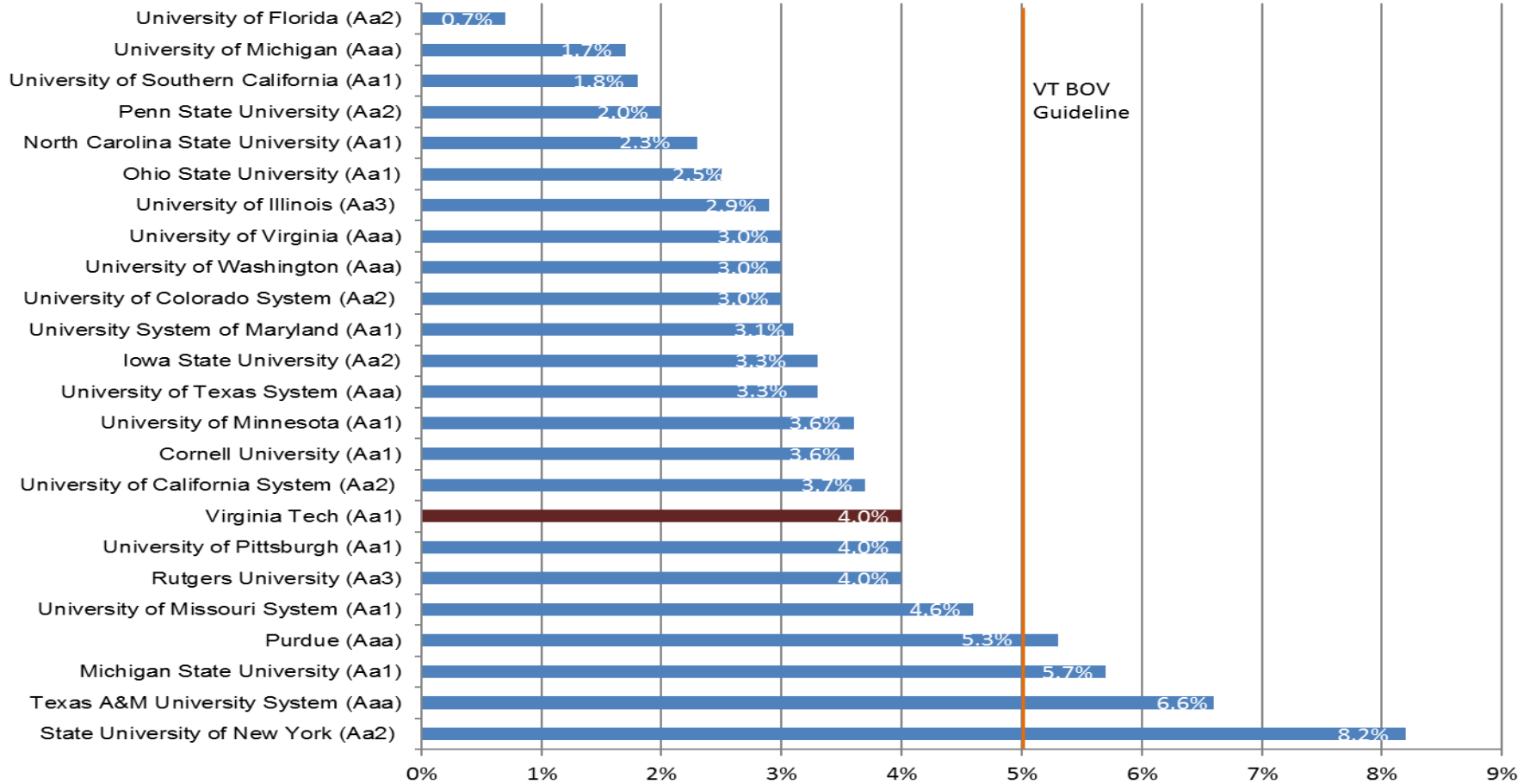
Auxiliary Enterprise Revenues

- Expenditures Since 2006:
 - \$331 million of debt
 - \$181 million of auxiliary cash
 - \$44.8 million of private gifts
 - **Total Expenditures: \$556.8 million**

Debt Service to Debt Ratio
Includes Issuances for Authorized Projects
Dollars in Thousands



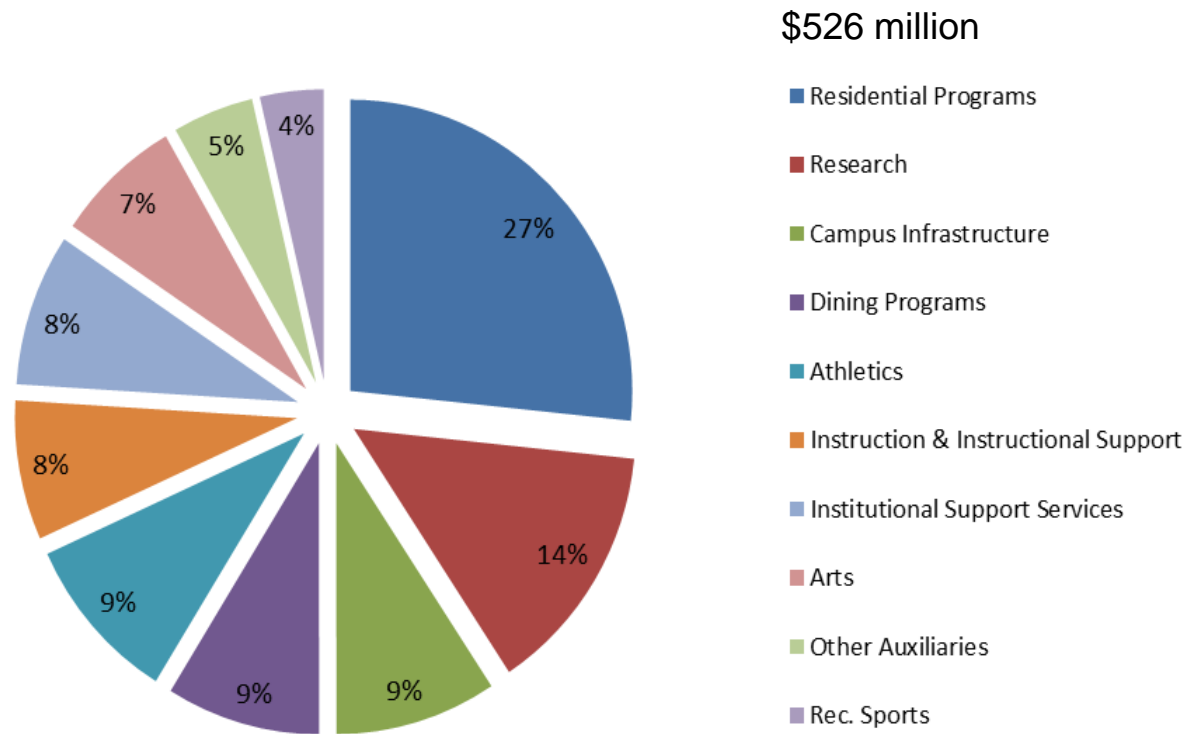
Debt Ratio Benchmarking to Peers



Source: Moody's Performance Metrics, Moody's Investors Service, July 20, 2016; 2015 Data.

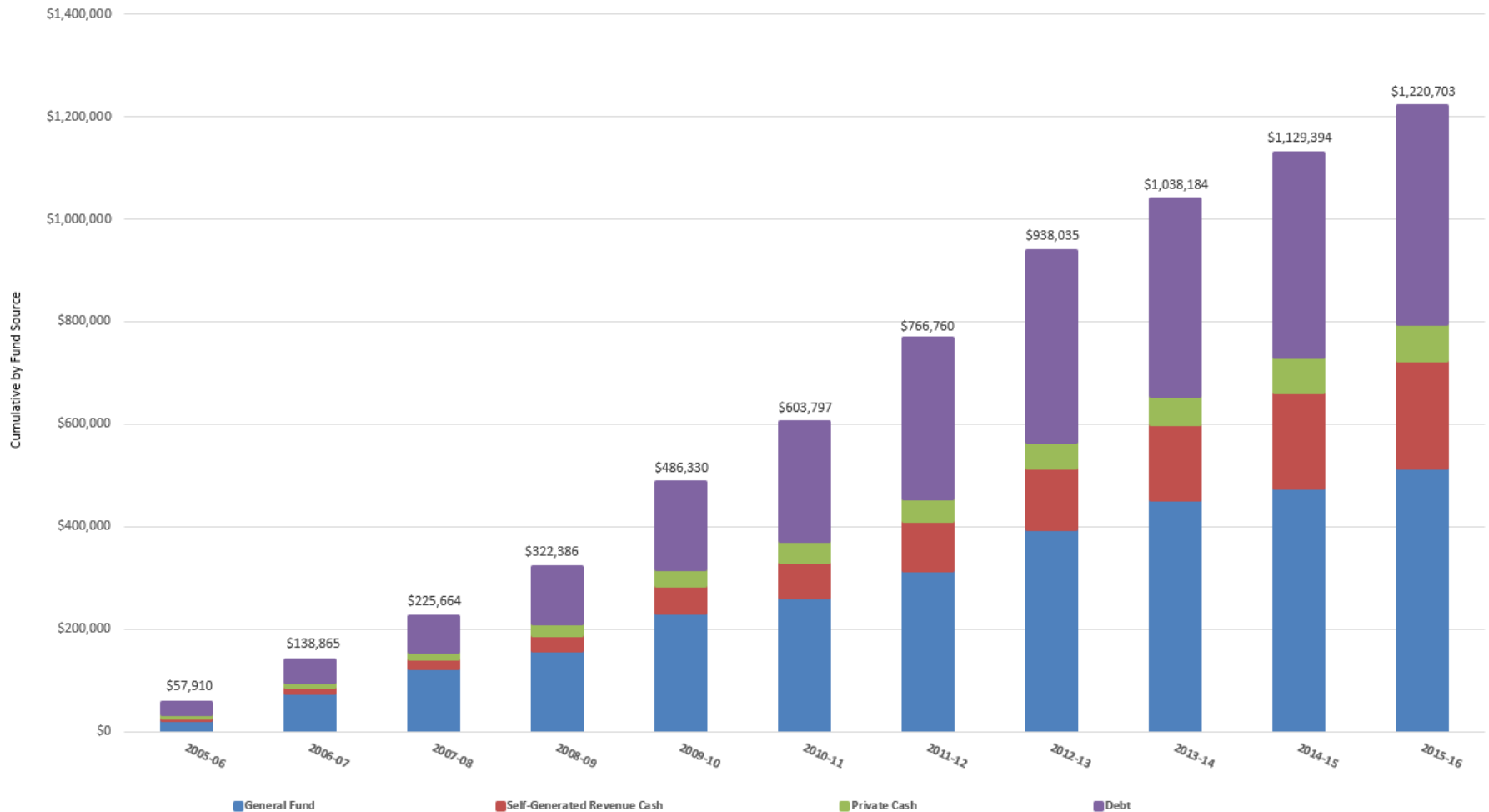


Outstanding Principal by Program



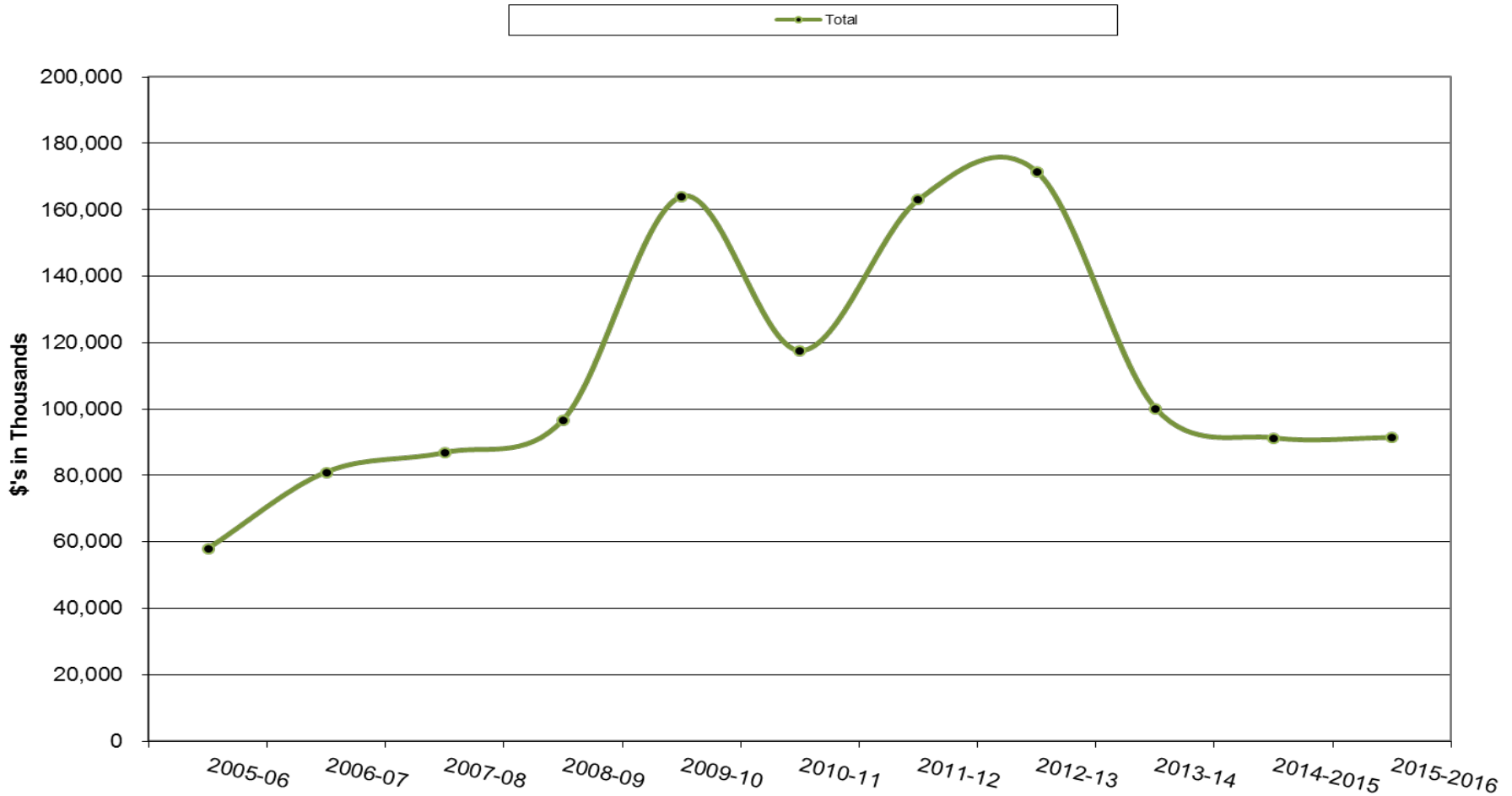
Capital Program Expenditures by Fund Source FY06 through FY16

Cumulative Dollars in Thousands



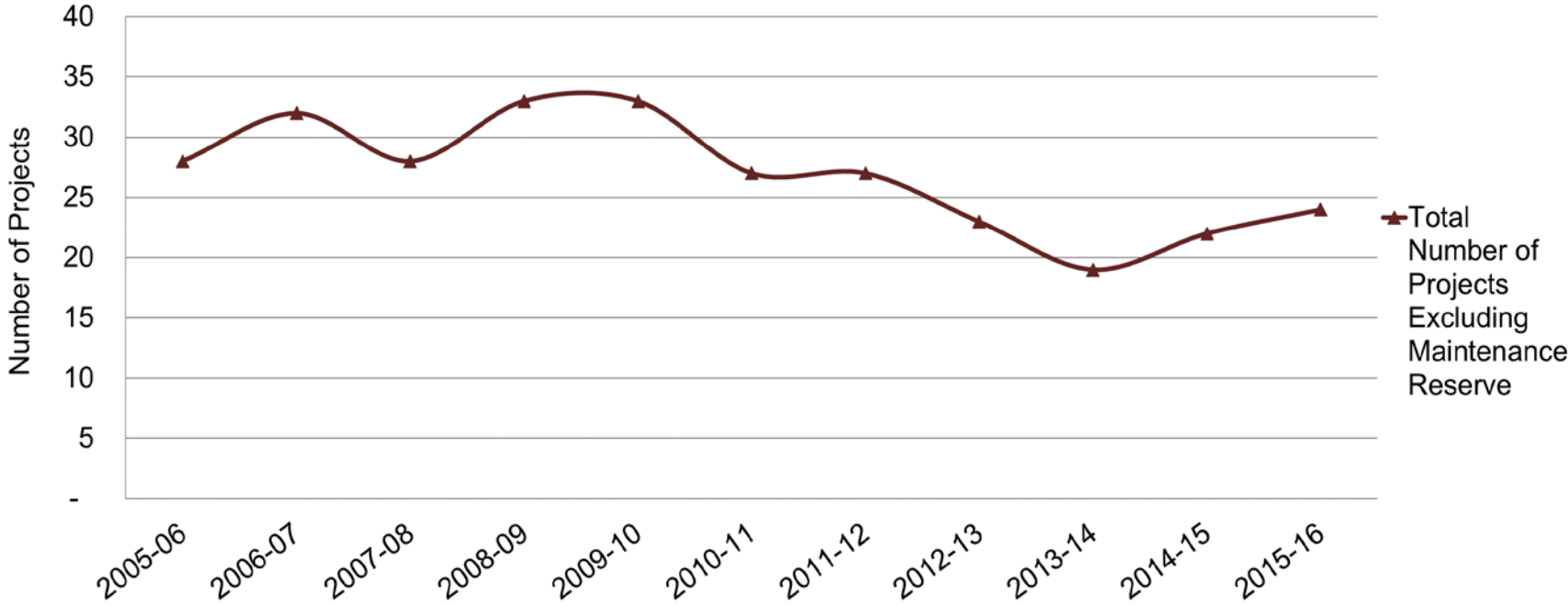
Trend of Financial Activity

Trend of Capital Expenditures by Fund Source Fiscal Year 2006-2016



Trend of Current Portfolio

CAPITAL PROGRAM PROJECTS
Total Number of Active Capital Projects
Fiscal Year 2006 - Fiscal Year 2016



Thank You