



# THE UNIVERSITY OF NORTH CAROLINA SYSTEM

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**SENIOR VICE PRESIDENT FOR FINANCE & ADMINISTRATION AND CHIEF FINANCIAL OFFICER**

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October 1, 2018

## **2019-21 Budget Memorandum – Number 3 of 3**

TO: The Chancellors

FROM: Clinton P. Carter

SUBJECT: Preparation of the 2019-21 Capital Budget Priorities

This budget memorandum provides instructions for the preparation of the 2019-21 budget priorities for capital improvements projects, *whether funded from general or non-general fund sources* and requests information to support the three areas of the University's capital budget priorities: I. new general fund capital projects, II. non-general fund capital projects, and III. general fund repair and renovation projects, including targeted renovation projects and demolition of vacant buildings. **The submittal deadline for all requests is on or before 5 p.m., Thursday, October 25, 2018.**

### ***I. General Fund New Capital Improvements Projects (Six-Year Plan)***

In light of the recent funding for new construction through the Connect NC 2015 bond and pressing needs for repairing and renovating current capital facilities, requests for new appropriated capital improvement projects will not be considered this year by the Board. Priority will be on restoring existing capital facilities, including comprehensive renovations, which address both condition and programmatic needs.

### ***II. Non-General Fund Capital Improvements (Six-Year Plan) and 2019 Non-General Fund (Self-Liquidating) Legislative Requests***

For the 2019-25 Six-Year Non-General Capital Improvements Plan, please update and revise the attached spreadsheet (Attachment 1), which includes the items from the 2017-23 plan on the second tab in the workbook, as a starting point.

- A. First, priority projects that require authorization by the General Assembly in the 2019 session. These projects should have one or more of the following characteristics:
  - Anticipated construction start prior to June 30, 2019

- Financed through previously approved student fees, special fund receipts, gifts, grants, or other non-general fund sources
- Financed by issuing long-term debt
- Project justification provides compelling connections to the UNC strategic plan goals

Required Documentation – for each project requested, submit:

- 1) A completed Capital Project Form (Attachment 2)
- 2) A completed, current OC-25 (whether SCO certified or not)
- 3) A completed UNC Self Liquidating Project Form (Attachment 3)

These projects will be assessed on the basis of need, cost/benefit to students, and the ability of the campus to pay for the project without a negative impact on the institution's credit rating or financial integrity. Subject to Board review and approval, these projects will become the basis of the 2019 non-general fund (self-liquidating) legislative budget request.

- B. Next, delete, add, or revise additional projects on the list, reflecting changing priorities or changes in the list resulting from previous authorizations. While there is no limitation on the total dollar value of projects that may be requested, please be mindful of the limitations on student fees and campus debt capacity which may be somewhat self-limiting in terms of funding available for these requests.

Required Documentation – for any **new** projects listed (requirements same as item A. above), submit:

- 1) A completed Capital Project Form (Attachment 2)
- 2) A completed, current OC-25 (whether SCO certified or not)
- 3) A completed UNC Self Liquidating Project Form (Attachment 3)

Note that new forms are not required for previously submitted projects for which this documentation was provided at the time.

### ***III. Repairs and Renovations Projects (Six-Year Plan)***

In order to address needs for facility renewal as a UNC system priority, capital requests will focus on repairs and renovations. Three areas will be addressed: traditional repairs and renovations, targeted renovations, and vacant buildings. The 2019-25 Six-Year Repairs and Renovations Plan should be provided by completing the attached spreadsheet, which includes related instructions, and addresses all three areas (Attachment 4). Please also see Attachment 5 for the building operating reserve model required for rank-priority targeted renovations. Note that the new building version of the operating reserve model will not be used as part of this current planning process, but is being provided for future reference.

Consideration should be given to targeted renovation priorities that support a space backfill plan and/or reallocation of space in light of the capital improvement projects funded by the Connect NC Bond Act of 2015.

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October 1, 2018  
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A conference call has been scheduled for October 8 at 11 a.m. to discuss any questions. The call-in number is 701-801-1230, access code 492308. Further questions may be directed to Miriam Tripp at (919) 962-4611 or by email at [mdtripp@northcarolina.edu](mailto:mdtripp@northcarolina.edu).

Please email submissions to Jeanine Rose ([jrose@northcarolina.edu](mailto:jrose@northcarolina.edu)) and Miriam Tripp ([mdtripp@northcarolina.edu](mailto:mdtripp@northcarolina.edu)) by 5 p.m., October 25. Thank you for your attention to this important capital budget development work.

Thank you for your assistance.

Attachments:

- Att. 1: 2019-25 Six-Year Non-General Capital Projects spreadsheet
- Att. 2: Capital Project Form
- Att. 3: Self-liquidating Projects Form
- Att. 4: 2019-25 Six-Year Repairs and Renovations spreadsheet
- Att. 5: Building Reserve Model (three files: instructions, new building operating reserve model, renovated building operating reserve model)

cc: President Spellings  
Chief of Staff Meredith B. Didier  
Chiefs of Staff  
Chief Academic Officers  
Chief Finance Officers  
Chief Facilities Officers  
Mark Bondo, OSBM  
Miriam Tripp, Interim Asst. Vice President