To: Deans and Vice Presidents

From: Joseph A. Alutto
Executive Vice President and Provost

William J. Shkurti
Senior Vice President, Office of Business and Finance

Date: April X, 2008

Subject: 2011-2012 Capital Plan Process

The purpose of this communication is to initiate the planning process for the University’s 2011-2012 Biennium Capital Budget. The University is introducing a new Capital process, resulting in a Capital Plan that we believe will lead to more efficient use of key University resources. The Capital Plan will be a continually evolving roadmap that aligns the President’s key goals and the academic plan with a facilities plan. Academic alignment will be linked to the college strategic plans and program reviews, whereas demolition, renovation, or new construction will be guided by a facilities plan.

We must use our land and facilities to support faculty, staff, and student success in consideration of available funding. A campus-wide Capital Plan is required to integrate all of these resources, to best leverage them to benefit the University, and to meet academic programmatic needs in an environment of diminishing land resources, ageing facilities, and a deferred maintenance backlog. The demand on funding is significant relative to the available, but declining, State funds, which are subject to reduction even within a biennium, and the University’s debt capacity is largely committed through 2012. Such an integrated approach is required to increase the effectiveness of every dollar spent on capital projects. It is absolutely essential to work together to maximize benefits to all and to fully embrace the President’s vision of One University.

The University has already initiated the facilities studies process that, given the size of this undertaking, has been divided into three phases. The first phase will evaluate the facilities and programs of ten different colleges within the Academic Core-North district of campus where 66% of courses are offered. This district represents approximately 46 buildings and 4 million gross square feet. We have selected an associate for this project and anticipate that a final report will be available early in 2009.

As the campus-wide Capital Plan evolves, we will develop a roadmap for new construction, renovations, and replacement of facilities. We will be requesting your input along the way and using your strategic plans as a basis for identifying and prioritizing facilities needs. The data that is derived from the facilities analyses and from information derived from college strategic plans and program reviews will be analyzed from a campus-wide perspective through March 2009. We will be looking for potential synergies and opportunities to integrate program, institutional, and facility needs. Collaborations and efficient use of space will be key in our analysis. This analysis will provide the foundation from which we will develop scenarios for future projects. The priorities we identify as a University will determine our capital expenditures. Given this new approach we want to maximize available resources and will integrate the large cap (over $1.5 million) line item Capital budget with the Basic Renovation budget (smaller renovation type projects).

You will find attached (Attachment A) an estimated timeline of the 2011-2012 Biennium Capital process and a Strategic Concept for Capital Planning. As we pursue this new approach to capital planning, we
anticipate that this timeline will be adjusted along the way, but that major milestones, such as the July 2009 submission of the plan to the OSU Board of Trustees and the Board’s final approval of the plan in September 2009, must be met to complete the process in time to submit our plan to the Ohio Board of Regents in September 2009.

Also included in this correspondence are the following:

Attachment B: Recent Changes in University Policy  
Attachment C: Funding and Project Timing  
Attachment D: Evaluation Criteria  
Attachment E: Funding Principles  
Attachment F: Design Values for Campus Development  
Attachment G: Principles and Practices for a Sustainable Ohio State University  
Attachment H: Space and Facilities Committee Members  
Attachment I: Facilities Plan Phasing Map

Update to the 2009-2010 Capital Process

In September 2007, the University received final approval from the Board of Trustees for the 2009-2010 Capital Budget. We have not yet received final approval from the Ohio Board of Regents, but hope to be informed about our 2009-2010 capital allocation by July 2008, with funds available for use in October/November 2008.

The 2009-2010 Capital Plan identifies the University’s priority projects. The chart below shows the projects for which the University is requesting State funding. For planning purposes, an Ohio Board of Regents’ control total of approximately $71 million in State funds is projected for each future biennium. However, the University has submitted a request to the State asking them to consider funding Ohio State with an additional $10 million this biennium in order to accelerate the Academic Core-North project, which initiates this integrative, long-term, district-wide approach.

<table>
<thead>
<tr>
<th>Project</th>
<th>Total Estimated Funding (millions)</th>
<th>State</th>
<th>Other</th>
<th>Previous</th>
<th>FY09-10*</th>
<th>FY11-12</th>
<th>FY13-14</th>
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<tbody>
<tr>
<td>Library Renovation</td>
<td>$71.7</td>
<td>$36.8</td>
<td>$63.0</td>
<td>$8.7</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Academic Core - North</td>
<td>$263.0</td>
<td>$237.0</td>
<td>$5.0</td>
<td>$37.8</td>
<td>$58.7</td>
<td>$35.0</td>
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<tr>
<td>Cunz Hall Renovation</td>
<td>$15.2</td>
<td>$5.0</td>
<td>$8.6</td>
<td>$6.6</td>
<td>-</td>
<td>-</td>
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<tr>
<td>College of Medicine</td>
<td>$10.0</td>
<td>TBD</td>
<td>$4.0</td>
<td>$6.0</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Renovation/Addition</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Remaining Funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$12.3</td>
<td>$36.0</td>
<td></td>
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<tr>
<td>Totals</td>
<td>$359.9</td>
<td>$278.8</td>
<td>$80.6</td>
<td>$59.1</td>
<td>$71.0</td>
<td>$71.0</td>
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</table>

* The original request was for $70.7 million but the total was reduced in March 2008 due to a reduction in funding from the State.

Resources
If you have questions about the details of the new 2011-2012 process, please contact: Glen Funk (funk.57@osu.edu or 614.292.5941) or Cindy Kennedy (kennedy.463@osu.edu or 614.247.2373).

We look forward to working with you in developing the University’s next Capital Plan and budget.

Cc: Mike Sherman
    Kathy Dillow

Space and Facilities Committee
Departmental Space Contacts

Melissa Bellini
Glen Funk
### Attachment A
#### 2011-2012 Biennium Capital Plan Process
##### Anticipated Timeline

<table>
<thead>
<tr>
<th>Action item</th>
<th>Schedule</th>
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<tbody>
<tr>
<td>2011-2012 Biennium Kick-off letters sent to Deans</td>
<td>April 2008</td>
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<tr>
<td>OAA reviews Colleges’ strategic plans and identifies space needs</td>
<td></td>
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<tr>
<td>- OAA shares a prioritized list of space needs with Facilities Operations and Development (FOD), Planning and Real Estate (PARE) by August 29, 2008</td>
<td>Summer/Fall 2008</td>
</tr>
<tr>
<td>FOD, in consultation with OAA, Business and Finance (B&amp;F), the Phase I Facility Plan consultant (Academic Core-North), and the Colleges, integrates program and institutional needs with facility opportunities – develops multiple options for capital projects</td>
<td></td>
</tr>
<tr>
<td>- PARE works with Colleges to validate space needs and develop programming with identified, prioritized facilities needs</td>
<td>Through Mid January 2009</td>
</tr>
<tr>
<td>- PARE coordinates with a consultant, if applicable, in the development of options for the campus district</td>
<td></td>
</tr>
<tr>
<td>- FOD analyzes and coordinates resource needs, timing, infrastructure capacity etc. to ensure alignment across the University</td>
<td></td>
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<tr>
<td>- Options summarized for OAA and B&amp;F for review</td>
<td></td>
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<tr>
<td>Review by University constituencies – Formal Options Presentation to the Provost, Senior VP of B&amp;F and Space and Facilities Committee (SFC) – Planning presents, Deans and Council on Physical Environment (COPE) attend</td>
<td>Through March 2009</td>
</tr>
<tr>
<td>- SFC reviews, comments, and develops capital recommendations at March SFC meeting</td>
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<tr>
<td>- SFC makes recommendations to the Integrated Financial Planning Group (IFP) (1st draft of letter)</td>
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<tr>
<td>Senior Management submits recommendations to President</td>
<td>Through June 2009</td>
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<tr>
<td>- IFP, Senior Management, and President’s Council approvals</td>
<td></td>
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<tr>
<td>President reviews, approves, and submits 2011-2016 Five-Year Capital Plan to Board of Trustees for final University approval</td>
<td>July 2009 – First reading</td>
</tr>
<tr>
<td>OSU submits 2011-2016 Five-Year Capital Plan to Ohio Board of Regents</td>
<td>September 2009 – Final approval</td>
</tr>
<tr>
<td></td>
<td>September 2009</td>
</tr>
</tbody>
</table>
Attachment B
2011-2012 Biennium Capital Plan Process
Recent Changes in University Policy

- The need for Feasibility Studies will be generated through the Capital Plan process to ensure wise use of planning funds consistent with University direction.
- The University requires units to pay the Plant Operation and Maintenance (POM) costs for their additional space.
- The University requires projects to pay for construction managers where appropriate and for implementation of the campus master plan.
- The University now requires units to pay for all project cash flow deficits that may occur during the course of the project.
- If the source of funding includes bonds, the University requires interest to be charged and paid by the participating unit(s).
- There are specific guidelines for the use of State funds and University bonds.
- The University has implemented an assessment on the funding source for capital projects to pay for the replacement of lost parking on a uniform basis.
- On March 4, 2005, the Board of Trustees revised its policy on use of University Debt for capital projects. A copy of the Board policy may be found within the minutes of the March 4, 2005 Board meeting.
- On April 12, 2003, the OSU Board of Trustees approved a new policy for scheduled maintenance and renewal of University facilities. That policy included a surcharge per assignable square foot (ASF) on all General Funds space beginning July 1, 2004, that is currently twenty-five cents per ASF.

The effect of all these changes is that individual units recognize a direct financial impact, both positive and negative, from their decisions about capital projects. This means we must continue to carefully examine our needs in this area because they are competing with needs for other academic priorities such as improving our academic quality, the student experience in and out of the classroom, compensation, and strengthening the University’s financial position.
Attachment C
2011-2012 Biennium Capital Plan Process
Funding and Project Timing

Below is the University’s planning timeline for the receipt of State funds as well as conceptual durations for the two main phases of a project, based upon historical phase durations. Once a project is approved, funds are available, and planning is underway, the length of time for each phase may change.

April 2008          Kick-off of 2011-2012 Biennium Capital Plan Process
September 2009     2011-2016 Five-Year Capital Plan approved by Board of Trustees and submitted to the Board of Regents
October 2010        University receives 2011-2012 State funds (assuming that Capital Bill is passed in June 2010)

The 2011-2016 Five-Year Capital Plan will include projects approved to receive 2009 and 2011 bonds.

Planning/design may take approximately 26-39 months and construction/move-in may take approximately 28-37 months. Depending upon the complexity of the project and the availability of funding sources, the space could be available 54-76 months after planning/design begins.

Planning/design may begin upon approval and availability of sufficient local funds to cover the planning/design contract, 10% or more of the estimated total project cost. The remaining 90% of total project funding must be available and/or approved before the project can seek Board of Trustee approval to advertise for construction.

In addition to limited availability of State funds, the amount of funding we plan for and the planning timeline established are subject to change based upon the activities and fluctuation of the State government. Delays in or a reduction in funding can have a negative impact on a project. Should this occur, we will work with the affected unit to arrive at a solution, which may include the unit contributing local funding to the project.
Attachment D
2011-2012 Biennium Capital Plan Process
Evaluation Criteria

A. Integrated Long-Term District-Wide
   □ Advantages of meeting multiple program needs
   □ Most effective use of available resources via a collaborative approach
   □ Optimal use of existing facilities

B. Academic Priority
   □ One Ohio State
   □ Students first
   □ Faculty success
   □ Recast research agenda
   □ Community commitment
   □ Simplification of University systems and structures
   □ Relation to Academic Plan
   □ Program excellence
   □ Student demand
   □ Research productivity
   □ Opportunities for cross disciplinary collaboration
   □ Documentation of benefits to the Academic Plan and how these will be tracked

C. Physical Need
   □ Condition of existing space
   □ Unmet health and safety requirements
   □ ADA issues and requirements
   □ Impact on deferred maintenance

D. Financial Feasibility
   □ Cost sharing by requesting Unit
   □ Net impact on operating costs
   □ Availability of local funds versus need for line of credit or bonding capacity

E. Physical Feasibility and Other Considerations
   □ Previous commitments
   □ Physical feasibility including timing or staging issues
   □ Impact on other needs

F. Meets Design Values for Campus Development and Principles and Practices for a Sustainable Ohio State University
Attachment E
2011-2012 Biennium Capital Plan Process
Funding Principles

With stable enrollment, limited funding, and a substantial amount of deferred maintenance, the priority for use of central funds (including State funds) will be to enhance or improve existing space and reduce operating costs. Therefore, as a general rule:

1. Central funds will not be used to increase instructional or administrative space assigned to a unit unless:
   - paid for by the benefiting unit, or
   - reallocated from elsewhere.

2. Central funds will not be committed to additional operating costs.

3. State Funds will only be used for the replacement, renovation, and/or renewal of existing space.

4. Capital and operating costs for additional research space should come from increased cost recoveries.

5. Fund raising is an important consideration, but fund raising does not guarantee matching funds independent of the criteria listed above. Units should expect to match 25% or more for State funds on priority projects identified in the University’s Capital Plan. For those projects which have not been identified by the University as a priority in the University’s Capital Plan, units must fund the project(s) fully from sources other than State dollars.

6. Use of University bonds and other credit instruments may be recommended where a repayment mechanism can be identified. However, availability of this funding source is extremely limited and must be specifically approved as part of the project review approval process.

7. The ability to document and track proposed benefits of the project to the unit(s) and the University, as related to the Academic Plan and the President’s key goals, will be an important consideration in choosing among competing needs.
VALUES STATEMENT

The Ohio State University, as a flagship of public education and research, has the responsibility to provide leadership in developing a high quality environment that supports its mission while embracing sustainability.

Campus development, as governed by the University Master Plan, includes the design, construction, renovation, and operation of university buildings and infrastructure support systems. It provides considerable opportunity to model a high quality setting for educational activities while demonstrating sustainable practices. Such a campus serves as an example to generations of students whose future behaviors and decisions are shaped by their campus experience and the actions of university leaders. In the context of campus development, sustainability is broadly defined as a campus that is timeless, maintainable, and flexible; incorporates responsible use of fiscal, environmental, and human resources; and has minimal environmental impact. This definition is further expanded in the values below. These values will play an integral part in fulfilling the goals of the University Master Plan.

GOALS

1. Maximize opportunities for teaching, learning, and research by creating an environment that supports and inspires these activities.
   - Teach about the building, landscape, or infrastructure elements and their design, construction, meaning, and technology
   - Teach about the disciplines, uses, and functions in/of the building, landscape, or infrastructure elements
   - Provide opportunities for informal teaching and learning outside the classroom
   - Encourage collaboration within and among disciplines and units
   - Teach about global/environmental responsibility
   - Use campus as a living laboratory for research, practice, and development of sustainability

2. Provide an accessible and inviting environment for a broad cross-section of the population.
   - Be accessible to people with disabilities
   - Be welcoming to diverse people
   - Be welcoming to university visitors
   - Meet university safety and security standards
   - Enhance linkages with the community
3. **Create an ordered and timeless setting for our academic community.**
   - Follow the University Master Plan
   - Define, create, and reinforce the campus civic structure
   - Age well; be timeless
   - Be of the highest quality in design and craftsmanship

4. **Provide flexibility in program and design.**
   - Allow change in use with minimal alteration and minimal damage to historic fabric
   - Provide long functional life
   - Allow changes in program, priorities, and technology

5. **Conserve the university’s and other finite resources.**
   - Make efficient use of limited land resources
   - Promote proximity and a mix of uses
   - Encourage alternatives to driving and parking, such as walking and biking
   - Utilize existing buildings and infrastructure to the maximum extent possible
   - Respect historic landscapes, buildings, rooms, and architectural elements
   - Conserve energy, water, and other resources

6. **Incorporate sustainable and green design principles.**
   - Use recycled, recyclable, and renewable materials and energy sources
   - Minimize waste during construction and over the life of the building, landscape, or infrastructure element
   - Minimize the impact on the environment while improving environmental quality
   - Emphasize use of locally produced and recycled materials and a commitment to purchasing green and sustainable products
   - Use low maintenance, native plants in exterior landscaping
   - Commit to use of day lighting, supplemented by automatic controls that supply artificial lighting as needed

7. **Balance initial investment with long term operating costs.**
   - Be affordable to heat, cool, and ventilate
   - Provide affordable supply of water and power
   - Be affordable to clean and repair
   - Design memorable and special spaces, rooms, features, and buildings that are functional and can be maintained and operated long term with limited resources
Attachment G

Principles and Practices for a Sustainable Ohio State University

Issued: October 2006
Updated: February 2008

The Ohio State University, as a flagship institution of public education and research, recognizes its responsibility to provide sustainability leadership that society so critically needs. The Ohio State University defines sustainability as adopting business strategies and activities that meet the needs of Ohio State and its stakeholders today while protecting, sustaining, and enhancing the human, fiscal, and natural resources that will be needed in the future.

This university is committed to placing sustainability at the core of its mission by:

- Making sustainability principles integral to the fulfillment of research, teaching, and operational objectives.
- Taking positive actions to promote continual improvement in the environment and quality of life, both locally and globally.
- Setting and achieving clearly defined sustainable development goals and objectives that encourage social and environmental stewardship in a fiscally responsible manner.

As a starting point, the university has adopted the following objectives:

- Achieve a 30% reduction in waste requiring landfill disposal by the year 2010.
- Dedicate a minimum 2% of the overall capital costs on new projects to incorporation of sustainable design principles.

Furthermore, The Ohio State University will be a signatory to the Talloires Declaration developed by the University Presidents for a Sustainable Future. The spirit and intent of the Talloires Declaration have been incorporated into the doctrine below. These principles will play an integral role in fulfilling The Ohio State University’s sustainability mission.

APPLICATION

Our principles and practices apply to all activities undertaken by or on behalf of The Ohio State University including those of its students and contractors.

SUSTAINABILITY PRINCIPLES AND PRACTICES

1. Waste Management

- Reduce waste generation using educational and cost-effective waste prevention, reuse, and recycling programs
- Seek alternative means of waste disposal, including food composting
Attachment G
Principles and Practices for a Sustainable Ohio State University

Issued: October 2006
Updated: February 2008

- Minimize waste during renovation, construction, operation, or demolition of buildings, landscape, or infrastructure elements
- Use the educational assets of the university to raise awareness of the global impacts of waste generation to change individual and institutional behavior

2. Energy Management

- Reduce dependency of university operations on non-renewable energy sources
- Investigate cost-effective options for use of renewable energy
- Identify and implement energy use measurement, management, and conservation projects
- Utilize the research assets of the university to develop and test new technologies for energy systems
- Investigate the use of cleaner fuels in the campus vehicle fleet

3. Resource Conservation

- Strive to conserve energy, water, and other resources
- Make efficient use of the university’s limited land, facility, and infrastructure resources
- Promote sustainable land use to ensure continued vitality of Ohio’s agricultural and recreational resources
- Facilitate pedestrian travel, bicycle use, and other modes of transportation that minimize environmental impact; provide affordable housing on campus to reduce commuter travel
- Respect historic landscapes, buildings, rooms, and architectural elements
- Balance short- and long-term costs, including maintenance, life cycle, and environmental costs in purchasing goods and services
- Give preference to local providers of products and services

4. Campus Planning and Design

- Incorporate energy efficiency and other sustainability principles into the planning, financing, design, construction, renewal, maintenance, operation, space management, facilities utilization, and decommissioning of facilities and infrastructure while balancing budgetary constraints, aesthetics, regulatory, and programmatic requirements
- Consider life-cycle costs in the project planning and design process, recognizing the importance of long-term operations, upgrading, and maintenance requirements in the financial performance of university facilities
- Incorporate flexibility in program and design to allow change in facility use with minimal alteration and minimal damage to historic fabric, thereby providing a long functional life
Attachment G

Principles and Practices for a Sustainable Ohio State University

Issued: October 2006
Updated: February 2008

5. Stakeholder Well Being

- Protect the health, safety, and well being of university faculty, staff, and students and promote improved quality of life
- Work with public and private institutions to improve educational, cultural, and socioeconomic well-being in local communities and in the society at large
- Support the protection of diversity and human rights within the university’s sphere of influence and ensure ethical conduct of business
- Build capacity for economic development in the local communities and in Ohio

6. Sustainability Awareness

- Develop accounting procedures that clearly measure and reflect the long-term benefits of sustainable development
- Ensure that the university community is aware of the Sustainability Principles and Practices and understands each group’s role in successful implementation of these principles
- Build partnerships and create local information and learning networks for sharing experiences and knowledge regarding sustainability issues with all stakeholders
- Establish a culture that seeks to embed sustainability into all aspects of university life
- Recognize, celebrate, and reward sustainability achievements to promote awareness of the sustainability commitment throughout the university

7. Sustainability Education and Research

- Integrate social, ethical, and environmental responsibility and the understanding, definition, and investigation of technological and policy strategies for sustainability into curriculum development in all university colleges
- Support and encourage interdisciplinary research that addresses challenging issues of sustainable development
- Encourage students, faculty, and staff to consider sustainability issues in the context of their work, to become active advocates of sustainability
- Use the university campus as a living laboratory for research, practice, and development of innovative and responsible ways of meeting the university’s sustainability principles and practices
## Attachment H
### 2011-2012 Biennium Capital Plan Process
#### Space and Facilities Committee Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mike Sherman, Chair</td>
<td>Office of Academic Affairs</td>
</tr>
<tr>
<td>Melissa Bellini</td>
<td>Facilities Operations and Development</td>
</tr>
<tr>
<td>Molly-Ranz Calhoun</td>
<td>Office of Student Affairs</td>
</tr>
<tr>
<td>Michael DeWees</td>
<td>Office of Research</td>
</tr>
<tr>
<td>Eric Kunz</td>
<td>Office of Health Sciences</td>
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<tr>
<td>John Meyer</td>
<td>Office of University Development</td>
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<tr>
<td>Glen Funk</td>
<td>Facilities Operations and Development</td>
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<tr>
<td>Al Rodack</td>
<td>Treasurer’s Office</td>
</tr>
<tr>
<td>Lee Walker</td>
<td>Office of Resource Planning &amp; Institutional Analysis</td>
</tr>
<tr>
<td>Berne Kohler</td>
<td>Representative, COPE</td>
</tr>
<tr>
<td>Gregory Trevalio</td>
<td>Representative, Senate Fiscal Committee</td>
</tr>
</tbody>
</table>
* The North District facilities study will be phased to provide information related to the Academic Core North prior to Spring 2009. If the scope and capacity of the project can be appropriately expanded, the scope of the phases will be adjusted accordingly. The objective is to have facilities studies and appropriate planning options developed for all three districts by 2010.