

2010-11 Allocations– Capital Improvements

Special Indebtedness Projects

1. In Section 30.7.(a).(1) of S.L. 2010-31, the 2010 General Assembly authorized \$120,000,000 of special indebtedness to the Statewide reserve for Repairs and Renovations, of which \$60,000,000 (50%) was allocated by special provision to the Board of Governors. Section 30.4 provides instruction for allocation and use.

REPAIR AND RENOVATION RESERVE ALLOCATION

SECTION 30.4.(a) Of the funds in the Reserve for Repairs and Renovations for the 2010-2011 fiscal year, fifty percent (50%) shall be allocated to the Board of Governors of The University of North Carolina for repairs and renovations pursuant to G.S. 143C-4-3, in accordance with guidelines developed in The University of North Carolina Funding Allocation Model for Reserve for Repairs and Renovations, as approved by the Board of Governors of The University of North Carolina, and fifty percent (50%) shall be allocated to the Office of State Budget and Management for repairs and renovations pursuant to G.S. 143C-4-3.

Notwithstanding G.S. 143C-4-3, the Board of Governors may allocate funds for the repair and renovation of facilities not supported from the General Fund if the Board determines that sufficient funds are not available from other sources and that conditions warrant General Fund assistance. Any such finding shall be included in the Board's submission to the Joint Legislative Commission on Governmental Operations on the proposed allocation of funds.

The Board of Governors and the Office of State Budget and Management shall consult with the Joint Legislative Commission on Governmental Operations prior to the allocation or reallocation of these funds.

SECTION 30.4.(b) In addition to any other funds in the Reserve for Repairs and Renovations for the 2010-2011 fiscal year, the proceeds of any bonds and notes issued pursuant to subdivision 30.7(a)(1) are transferred to that reserve.

SECTION 30.4.(c) Of the funds allocated to the Board of Governors of The University of North Carolina in subsection (a) of this section, a portion shall be used by the Board of Governors for the installation of fire sprinklers in university residence halls. This portion shall be in addition to funds otherwise appropriated in this act for the same purpose. Such funds shall be allocated among the university's constituent institutions by the President of The University of North Carolina, who shall consider the following factors when allocating those funds:

- (1) The safety and well-being of the residents of campus housing programs.
- (2) The current level of housing rents charged to students and how that compares to an institution's public peers and other UNC institutions.
- (3) The level of previous authorizations to constituent institutions for the construction or renovation of residence halls funded from the General Fund, or from bonds or certificates of participation supported by the General Fund, since 1996.
- (4) The financial status of each constituent institution's housing system, including debt capacity, debt coverage ratios, credit rankings, required reserves, the planned use of cash balances for other housing system improvements, and the constituent institution's ability to pay for the installation of fire sprinklers in all residence halls.
- (5) The total cost of each proposed project, including the cost of installing fire sprinklers and the cost of other construction, such as asbestos removal and additional water supply needs.

The Board of Governors shall submit progress reports to the Joint Legislative Commission on Governmental Operations. Reports shall include the status of completed, current, and planned projects. Reports also shall include information on the financial status of each constituent institution's housing system, the constituent institution's ability to pay for fire SL2010-0031 Session Law 2010-31 protection in residence halls, and the timing of installation of fire sprinklers. Reports shall be submitted on January 1 and July 1 until all residence halls have fire sprinklers.

SECTION 30.4.(d) Of the funds allocated to the Board of Governors of The University of North Carolina in subsection (a) of this section, a portion shall be used by the Board of Governors for campus public safety improvements allowable under G.S. 143C-4-3(b).

In 1994, the Board of Governors adopted a formula for the allocation of repair and renovation appropriations to the campuses. The formula takes into account the institutional mission, size, and condition of campus facilities in determining institutional allocations, with the principal responsibility for the selection of specific projects resting with the Chancellors. High priority projects that would not otherwise be funded through institutional allocations are deducted from the available funds prior to applying the formula to determine campus allocations. The Board's formula has been updated to reflect the most recent data available. Additionally, the formula has been updated to put more emphasis on size (from 20% to 40%) and less on the FCAP data (60% to 40%). This reduces the large swings due to timing differences in FCAP updates. The smaller institutions are protected by receiving a minimum of 2.5% of the allocation.

It is recommended that the following allocations be made from the Reserve for Repairs and Renovations. It is recommended that Chancellors identify specific projects, consistent with any applicable rules and regulations, to be financed from the institutional allocations and present those projects to the President to be transmitted to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division of the Legislative Services Office for their joint review, as required by legislation.

Allocations:

Appalachian State University	\$ 2,755,300
East Carolina University	5,949,600
Elizabeth City State University	1,440,000
Fayetteville State University	1,440,000
North Carolina A&T State University	2,448,500
North Carolina Central University	1,620,200
North Carolina School of Science and Mathematics	1,440,000
North Carolina State University	11,032,900
The University of North Carolina at Asheville	1,440,000
The University of North Carolina at Chapel Hill	12,158,200
The University of North Carolina at Charlotte	3,579,800
The University of North Carolina at Greensboro	3,533,400
The University of North Carolina at Pembroke	1,440,000
The University of North Carolina at Wilmington	2,322,700
The University of North Carolina School of the Arts	1,440,000
Western Carolina University	2,119,400
Winston-Salem State University	1,440,000
Reserve for UNC Affiliates and Contingencies	2,400,000

TOTAL ALLOCATIONS

\$60,000,000

It is further recommended that allocations to an institution may be transferred as needed among projects within that institution upon the request of the Chancellor and the approval of the President. It is also recommended that the President be authorized to make further allocations from the reserve.

2. In Section 30.7.(a).(2) of S.L. 2010-31, the 2010 General Assembly authorized \$55,000,000, of which \$22,000,000 (40%) was allocated by special provision to the Board of Governors to finance the capital facility costs of acquiring equipment and completing related capital improvements projects. Section 30.11 provides instruction for allocation and use.

ALLOCATION AND USE OF SPECIAL INDEBTEDNESS ISSUED FOR EQUIPMENT

SECTION 30.11.(a) Of the proceeds of special indebtedness issued or incurred pursuant to subdivision (a)(2) of Section 30.7, forty percent (40%) shall be allocated to the Board of Governors of The University of North Carolina and sixty percent (60%) shall be allocated to the State Board of Community Colleges. These funds shall be used by those institutions to purchase equipment for constituent institutions of The University of North Carolina and individual community colleges to be used for teaching and research in the fields of health, science, engineering, and technical education.

SECTION 30.11.(c) The Board of Governors and the State Board of Community Colleges shall report to the Joint Legislative Commission on Governmental Operations on the allocation or reallocation of funds expended pursuant to this section.

It is recommended that these funds be allocated to UNC-General Administration and that the President be authorized to make further allocations.

Nonappropriated Capital Improvements Project Authorizations

In response to the Board's request, the 2010 General Assembly authorized nonappropriated capital projects totaling \$544,418,252 in Senate Bill 1154. The projects are listed below.

Appalachian State University

Steam and Chilled Water Tunnel serving the Center for Student Leadership and Development Project	\$2,752,000
Plemmons Student Union Expansion	20,619,000
Center for Student Leadership and Development Honors Residence Hall	32,887,000
Steam Distribution System Improvements - Phase IV-A	2,492,000
Winkler and Belk Residence Halls Fire Suppression Sprinkler System	1,162,000

East Carolina University

Clement and Greene Residence Halls Fire Suppression Sprinkler System Installations	2,910,600
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North Carolina A&T State University

Aggie Stadium Press Box Renovation and Expansion	3,200,000
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North Carolina State University

Talley Student Center Renovation and Expansion	120,000,000
Greek Village Townhouses	25,000,000

The University of North Carolina at Asheville

Governors Village Renovation and Expansion	24,917,000
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The University of North Carolina at Chapel Hill

Carolina North Infrastructure Improvements	5,000,000
Graham Student Union Renovations	7,500,000
Kenan Stadium Improvements, Phase 2 Carolina Student Athlete Center for Excellence	55,000,000
Lenoir Hall Renovations	5,000,000
Woollen Gymnasium Renovations, Phase 2	7,100,000

The University of North Carolina at Charlotte

Football Complex	45,394,000
Parking Deck I	28,080,000

The University of North Carolina at Greensboro

Quad Residence Halls Comprehensive Renovation and Expansion	52,500,000
Dining Hall Comprehensive Renovation	31,500,000
Ragsdale and Mendenhall Residence Halls Fire Suppression Sprinkler System Installations	1,700,000

Western Carolina University

Residence Halls Renovation	4,735,300
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Total	\$479,448,900
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UNC Hospitals

Ambulatory Care Center (ACC) Expansion and Renovation	26,777,000
Imaging and Outpatient Center	21,871,000
General Internal Hospital Renovations and Equipment	6,000,000

Total	\$54,648,000
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Planning**The University of North Carolina at Charlotte**

New Residence Hall Phase X	5,156,500
Residence Dining Hall Renovation/Replacement	2,033,000
Parking Deck J	2,741,800

The University of North Carolina at Pembroke

Student Health Services Comprehensive Renovation and Addition	390,052
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Total	\$10,321,352
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Other Actions by the 2010 General Assembly**STATE AGENCIES AND INSTITUTIONS/GREATER ENERGY EFFICIENCY REPORTING AND COMPLIANCE**

SECTION 14.3. G.S. 143-64.12 reads as rewritten:

"§ 143-64.12. Authority and duties of the Department; State agencies and State institutions of higher learning.

(a) The Department of Commerce through the State Energy Office shall develop a comprehensive program to manage energy, water, and other utility use for State agencies and State institutions of higher learning and shall update this program annually. Each State agency and State institution of higher learning shall develop and implement a management plan that is consistent with the State's comprehensive program under this subsection to manage energy, water, and other utility ~~use-use, and that addresses any findings or recommendations resulting from the energy audit required by subsection (b1) of this section.~~ The energy consumption per gross square foot for all State buildings in total shall be reduced by twenty percent (20%) by 2010 and thirty percent (30%) by 2015 based on energy consumption for the 2002-2003 fiscal year. Each State agency and State institution of higher learning shall update its management plan annually and include strategies for supporting the energy consumption reduction requirements under this subsection. Each community college shall submit to the State Energy Office an annual written report of utility consumption and costs.

...

(b1) The Department of Administration, as part of the Facilities Condition and Assessment Program, shall identify and recommend energy conservation maintenance and operating procedures that are designed to reduce energy consumption within the facility of a State agency or a State institution of higher learning and that require no significant expenditure of funds. Every State agency or State institution of higher learning shall implement these recommendations. Where energy management equipment is proposed for any facility of a State agency or of a State institution of higher learning, the maximum interchangeability and compatibility of equipment components shall be required. As part of the Facilities Condition and Assessment Program under this section, the Department of ~~Administration~~ Administration, in consultation with the State Energy Office, shall develop an energy audit and a procedure for conducting energy audits. Every five years the Department shall conduct an energy audit for each State agency or State institution of higher ~~learning-learning, and the energy audits conducted shall serve as a preliminary energy survey.~~ learning-learning, and the energy audits conducted shall serve as a preliminary energy survey. The State Energy Office shall be responsible for system-level detailed surveys.

(b2) The Department of Administration shall submit a report of the energy audit required by subsection (b1) of this section to the affected State agency or State institution of higher learning and to the State Energy Office. The State Energy Office shall review each audit and, in consultation with the affected State agency or State institution of higher

learning, incorporate the audit findings and recommendations into the management plan required by subsection (a) of this section.

...

(h) When conducting ~~an energy audit~~ a facilities condition and assessment under this section, the Department of Administration shall identify and recommend to the State Energy Office any facility of a State agency or State institution of higher learning as suitable for building commissioning to reduce energy consumption within the facility or as suitable for installing an energy savings measure pursuant to a guaranteed energy savings contract under Part 2 of this Article.

...

(i) The State Energy Office shall submit a report by December 1 of each year to the Joint Legislative Commission on Governmental Operations describing the comprehensive program to manage energy, water, and other utility use for State agencies and State institutions of higher learning required by subsection (a) of this section. The report shall also contain the following:

- (1) A comprehensive overview of how State agencies and State institutions of higher learning are managing energy, water, and other utility use and achieving efficiency gains.
- (2) Any new measures that could be taken by State agencies and State institutions of higher learning to achieve greater efficiency gains, including any changes in general law that might be needed.
- (3) A summary of the State agency and State institutions of higher learning management plans required by subsection (a) of this section and the energy audits required by subsection (b1) of this section.
- (4) A list of the State agencies and State institutions of higher learning that did and did not submit management plans required by subsection (a) of this section and a list of the State agencies and State institutions of higher learning that received an energy audit.
- (5) Any recommendations on how management plans can be better managed and implemented."

AMEND COPS AUTHORIZATION LANGUAGE/UNCG

SECTION 30.6. Subdivision (13) of Section 27.8.(a) of S.L. 2008-107 reads as rewritten:

"(13) In the maximum aggregate principal amount of forty-two million six hundred seventy thousand dollars (\$42,670,000) to finance the capital facility costs of completing an academic classroom and office building at the University of North Carolina at Greensboro. These proceeds may also be used to acquire real property for the development and construction of a new railroad underpass to connect the current central campus to West Lee Street. No more than a maximum aggregate amount of twenty-one million dollars (\$21,000,000) of special indebtedness may be issued or incurred under this subdivision prior to July 1, 2009."

SPECIAL INDEBTEDNESS PROJECTS

SECTION 30.7.(a) The State, with the prior approval of the State Treasurer and the Council of State, as provided in Article 9 of Chapter 142 of the General Statutes, is authorized to issue or incur special indebtedness in order to provide funds to the State to be used, together with other available funds, to pay the capital facility costs of the projects described in this subsection. In accordance with G.S. 142-83, this subsection authorizes the issuance or incurrence of special indebtedness:

- (1) In the maximum aggregate principal amount of one hundred twenty million dollars (\$120,000,000) to finance the capital facility costs of repairing and renovating State facilities and related infrastructure, to be allocated in accordance with Section 30.4 of this act.

- (2) In the maximum aggregate principal amount of fifty-five million dollars (\$55,000,000) to finance the capital facility costs of acquiring equipment and completing related capital improvements for use by The University of North Carolina System and the North Carolina Community College System, to be allocated in accordance with Section 30.11 of this act.

STATUTORILY DEFINE "SCOPE"

SECTION 30.8. G.S. 143C- 1- 1(d) is amended by adding a new subdivision to read:

"§ 143C-1-1. Purpose and definitions.

(d) Definitions. – The following definitions apply in this Chapter:

...

(16a) Increase the scope. – With respect to a capital improvement project, either increasing the square footage of a capital improvement project by more than ten percent (10%) of the amount authorized or programming new functions into the project."

It is recommended that the Allocation Recommendations for Capital Improvements appropriations for 2010-11 be approved. It is further recommended that the President be authorized to make refinements in the interest of accuracy and completeness.

Additional Information

The table on the following page, *General Assembly Funding - Ten Year History*, a summary by institution of capital improvements appropriations from 2001 through 2010, is provided as supplementary information.

The University of North Carolina - Capital Improvements
General Assembly Funding - Ten Year History
 Last Revised 7-30-2010

Institutional Appropriations	2001 ²	2002	2003	2003 COPS	2004	2004 ⁵ COPS	2005	2006	2007	2007 ⁵ COPS	2008 ⁴	2008 ⁵ Bonds	2009 ⁶	2010 ⁷ COPS	2001-2010
ASU	-	-	\$ 246,200	\$ 7,663,400	\$ 1,497,400	\$ -	\$ 3,132,800	\$ 6,367,700	\$ 3,296,700	\$ 34,000,000	-	\$ -	\$ 1,386,700	\$ 2,755,300	\$ 60,346,200
ECU	-	-	387,500	12,062,500	2,391,700	60,000,000	6,112,400	9,297,700	31,555,400	-	-	96,797,906	3,339,300	5,949,600	227,894,006
ECSU	-	-	106,400	3,313,200	619,500	28,000,000	1,375,800	4,185,800	4,106,000	-	-	16,689,507	744,000	1,440,000	60,580,207
FSU	-	-	102,700	3,197,800	604,200	10,000,000	2,075,800	3,285,800	1,606,000	20,999,216	-	-	744,000	1,440,000	44,055,516
NCA&T	-	-	247,900	7,716,400	3,482,500	5,000,000	3,941,100	5,522,600	13,338,800	24,637,147	-	21,487,628	1,380,600	2,448,500	89,203,175
NCCU	-	-	181,500	12,154,205	9,984,642	-	1,715,300	9,102,000	4,536,700	-	-	22,536,039	896,800	1,620,200	62,727,386
NCSU	-	-	778,000	24,214,800	4,426,022	-	18,309,100	79,862,800	30,564,500	69,609,924	-	102,341,186	6,110,000	11,032,900	347,249,232
UNCA	-	-	119,200	3,710,200	742,100	35,000,000	1,375,800	2,701,800	1,606,000	8,449,786	-	-	744,000	1,440,000	55,888,886
UNC-CH	-	-	897,387	27,934,500	5,165,922	-	15,775,900	48,301,575	46,689,200	111,200,204	12,500,000	284,599,369	6,296,600	12,158,200	571,518,857
UNCC	-	-	226,900	11,584,500	5,408,200	35,000,000	2,971,600	50,517,500 ³	22,419,000	-	-	52,494,149	1,728,000	3,579,800	185,929,649
UNCG	-	-	337,700	10,510,100	3,930,800	5,000,000	4,604,100	7,394,900	5,716,100	24,637,147	-	42,670,000	1,485,300	3,533,400	109,819,547
UNCP	-	-	113,400	6,432,400	687,700	10,000,000	1,375,800	3,285,800	1,606,000	18,308,351	-	-	744,000	1,440,000	43,993,451
UNCW	-	-	149,100	4,641,500	1,376,700	-	4,297,400	29,753,400	1,989,700	32,899,699	-	-	971,200	2,322,700	78,401,399
UNCSA	-	-	95,900	2,985,900	564,400	5,000,000	1,375,800	3,285,800	1,606,000	23,043,890	-	21,780,944	744,000	1,440,000	61,922,634
WCU	-	-	165,300	5,144,000	966,900	9,279,037	1,743,000	5,451,800	4,390,400	37,687,800	-	-	957,400	2,119,400	67,905,037
WSSU	-	-	108,400	3,373,300	2,643,100	5,000,000	2,125,800	3,054,025	4,918,000	18,708,000	-	9,831,160	744,000	1,440,000	51,945,785
NCSSM	-	-	-	-	-	-	-	-	4,943,000	-	-	-	744,000	1,440,000	7,127,000
Subtotal	-	-	4,263,487	146,638,705	44,491,786	207,279,037	72,307,500	271,371,000	184,887,500	424,181,164	12,500,000	671,227,888	29,759,900	57,600,000	2,126,507,967
Non-Institutional Appropriations															
N.C. Arboretum	-	-	20,000	81,000	50,000	-	200,000	470,000	665,000	-	-	-	-	-	1,486,000
UNC Health Care	-	-	-	-	-	180,000,000	-	3,000,000	-	-	-	-	-	-	183,000,000
Other (UNC-GA, NCSSM, CPTV, NCCAT, NCSEAA, HBS, C.S.I., Land Acquisition, Fire Safety, 4-H Camps, Equipment)	-	-	311,700	10,377,600	3,285,000	-	1,567,500	13,191,827	14,296,500	31,357,684	-	35,000,000	1,240,100	24,400,000	135,027,911
Subtotal	-	-	331,700	10,458,600	3,335,000	180,000,000	1,767,500	16,661,827	14,961,500	31,357,684	-	35,000,000	1,240,100	24,400,000	319,513,911
TOTAL	-	-	4,595,187	157,097,305	47,826,786	387,279,037	74,075,000	288,032,827	199,849,000	455,538,848	12,500,000	706,227,888	31,000,000	82,000,000	2,446,021,878
Less: Repairs and Renovations			4,595,187	157,097,305	35,326,786	-	57,500,000	102,225,427	66,700,000	-	-	-	31,000,000	60,000,000	514,444,705
TOTAL	-	-	-	-	12,500,000	387,279,037	16,575,000	185,807,400	133,149,000	455,538,848	12,500,000	706,227,888	-	22,000,000	1,931,577,173

Notes:

- The General Obligation Bonds, authorized in S.L. 2000-03, were approved by a majority of qualified voters of the State of North Carolina in a referendum on November 7, 2000.
- The 2001 General Assembly allocated \$57.5 million to the Board of Governors for repairs and renovations. Funds were later reverted to the General Fund to help balance the 2001-02 State Budget.
- This amount includes \$45,827,400 from 2006 COPS.
- The 2008 General Assembly appropriated \$99,612,826 for capital projects and \$32.1 million for repairs and renovations to the Board of Governors. All but \$12.5 million were later reverted to the General Fund to help balance the 2008-09 State Budget.
- The 2009 General Assembly reduced selected, previously approved 2004, 2007 and 2008 bond funded projects to reflect lower estimated levels of inflation.
- The 2009 General Assembly funded repairs and renovations with a combination of federal stimulus funds (\$12 million) and bonds to be repaid by the State (\$50 million) of which 50% (\$31 million) was allocated to the Board of Governors.
- UNC-CH's Biomedical Research Imaging Center was previously scheduled to be funded from the General Fund in 2009-10 and 2010-11. BRIC will now be funded from bonds at \$223 million.
- The 2010 General Assembly provided UNC with special indebtedness funding of \$60 million for repairing and renovating facilities and infrastructure and \$22 million for acquiring equipment for teaching and research in the fields of health, science, engineering and technology and completing related capital improvements.