

Allocations of Funds – Capital Improvements

I. Funding For Capital Improvements – 2005 Session

A. Requests of the Board of Governors

In the *2005-07 Budget Request of The Board of Governors* approved in November 2004, the Board presented the General Assembly with an appropriations request for capital improvements that totaled \$1,650,000,000 for University Operations, including \$250,000,000 for repairs and renovations.

B. Capital Improvements Appropriations and Authorizations

The General Assembly appropriated \$16,550,000 from the General Fund for the following projects, as specified in the Joint Conference Committee Report of August 8, 2005. The project descriptions and amounts follow:

NCSU Engineering Complex III - \$8,700,000

Provides capital funds for the planning and design of Engineering Complex III, Centennial Campus at NC State University, the third phase of relocating the College of Engineering to the Centennial Campus.

Renaissance Computing Institute - \$500,000

Provides capital planning funds for a new facility at UNC-Chapel Hill to house the Renaissance Computing Institute. The operating budget for the UNC System also includes \$5.9 million for FY 2005-06 and \$11.8 million for FY 2006-07 in expansion funds for operating the Renaissance Computing Institute.

UNC-Chapel Hill School of Dentistry - \$2,000,000

Provides capital funds for the planning and design of the UNC School of Dentistry Oral Sciences Teaching and Learning Facility.

UNCG/NCA&T Joint Millennium Campus - \$2,000,000

Provides capital funds for UNCG and NCA&T's Joint Millennium Campus, including funds for planning, site development, infrastructure, and renovation of facilities.

University of North Carolina at Wilmington - \$2,600,000

Provides planning funds for a School of Nursing.

WSSU Lab Planning Funds - \$750,000

Provides capital planning funds for a new lab facility at Winston-Salem State University.

C. Reserve for Repairs and Renovations

The 2005 Regular Session of the 2005 General Assembly appropriated \$125,000,000 to the Statewide Reserve for Repairs and Renovations, of which \$57,500,000 (46%) was allocated to the Board of Governors of The University of North Carolina. Of that amount, \$56,800,000 is to be further allocated by the Board in accordance with the guidelines developed in The University of North Carolina Funding Allocation Model for Reserve for Repairs and Renovations, while \$700,000 was designated to the repair and reconstruction of the chancellor's residence at Fayetteville State University, as authorized by Section 30.6.(c) in Senate Bill 622 as shown below.

REPAIR AND RENOVATION RESERVE ALLOCATION

SECTION 30.6.(a) Of the funds in the Reserve for Repairs and Renovations for the 2005-2006 fiscal year, forty-six percent (46%) shall be allocated to the Board of Governors of The University of North Carolina for repairs and renovations pursuant to G.S. 143-15.3A, 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-four percent (54%) shall be allocated to the Office of State Budget and Management for repairs and renovations pursuant to G.S. 143-15.3A.

Notwithstanding G.S. 143-15.3A, 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 30.6.(b) Of the funds allocated to the Office of State Budget and Management in subsection (a) of this section, at least one million five hundred thousand dollars (\$1,500,000) for the 2005-2006 fiscal year shall be used for the repair and renovation of the Charlotte Hawkins Brown State Historic Site.

SECTION 30.6.(c) Of the funds allocated to the Board of Governors of The University of North Carolina in subsection (a) of this section, up to seven hundred thousand dollars (\$700,000) for the 2005-2006 fiscal year shall be used for the repair and reconstruction of the chancellor's residence at Fayetteville State University, notwithstanding G.S. 143-15.3A.

For the \$56,800,000 to be allocated by the Board, legislative guidelines specify that these funds be used only for the following types of projects:

1. Roof repairs and replacements
2. Structural repairs
3. Repairs and renovations to meet federal and state standards
4. Repairs to electrical, plumbing, and heating, ventilating, and air-conditioning systems
5. Improvements to meet the requirements of the Americans with Disabilities Act, 42 U.S.C. § 12101 et seq., as amended
6. Improvements to meet fire safety needs
7. Improvements to existing facilities for energy efficiency
8. Improvements to remove asbestos, lead paint, and other contaminants, including the

- removal and replacement of underground storage tanks
- 9. Improvements and renovations to improve use of existing space
- 10. Historical restoration
- 11. Improvements to roads, walks, drives, utilities infrastructure; and
- 12. Drainage and landscape improvements.

In addition, excluding the funds for the FSU chancellor's residence, these funds shall not be used for new construction or for the expansion of the footprint of an existing facility unless required for compliance with federal or State codes or standards.

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 recommendations resulting from the 2004 review of the model and uses the most recent data available.

It is recommended that the following allocations be made from the Reserve for Repairs and Renovations. It is recommended that Chancellors identify specific projects 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.

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.

**PROPOSED ALLOCATIONS FROM THE
2005 RESERVE FOR REPAIRS AND RENOVATIONS**

Allocations Prior to Applying the Formula:

Fayetteville State University	
Repair and reconstruction of the chancellor's residence (as authorized in SB622)	\$ 700,000
The University of North Carolina Center for Public Television	
Roof replacements at Roanoke Rapids & Asheville and repairs center-wide	150,000
Repairs to electrical, plumbing and air-conditioning systems center-wide	250,000
Repairs to access roads at Lumberton, Concord & Sauratown & other transmitter/translator sites	100,000
The North Carolina Arboretum	
Repair stonework in Visitor Center Entry plaza	30,000
Repair main entry road	75,000
Replace and reseal Greenhouse glazing	95,000
North Carolina School of Science and Mathematics	
Extend campus chilled water system	200,000
Watts Hall roof replacement and exterior repairs	200,000
Roofing repairs – campus-wide	100,000
Laboratory safety improvements	25,000
Asbestos and lead-based paint removal	50,000
Assembly Hall repairs	45,000
Exterior wall repairs and waterproofing – campus-wide	200,000
Highlands Biological Station	
Structural repairs and waterproofing	75,000
North Carolina State Educational Assistance Authority	
Structural repairs and waterproofing	103,500
General Administration	
Renovation for better use of space	32,000
Repair of south parking lot	37,000
Total – Allocations Prior to Applying the Formula	\$ 2,467,500

Campus Allocations:

Appalachian State University	\$ 3,132,800
East Carolina University	6,112,400
Elizabeth City State University	1,375,800
Fayetteville State University	1,375,800
North Carolina A&T State University	2,916,100
North Carolina Central University	1,715,300
North Carolina School of the Arts	1,375,800
North Carolina State University	9,609,100
The University of North Carolina at Asheville	1,375,800
The University of North Carolina at Chapel Hill	13,275,900
The University of North Carolina at Charlotte	2,971,600
The University of North Carolina at Greensboro	3,604,100
The University of North Carolina at Pembroke	1,375,800
The University of North Carolina at Wilmington	1,697,400
Western Carolina University	1,743,000
Winston-Salem State University	1,375,800
Total – Campus Allocations	\$ 55,032,500
TOTAL ALLOCATIONS	\$ 57,500,000

II. Nonappropriated Capital Improvements Project Authorizations

In response to the Board's request, the 2005 Regular Session of the 2005 General Assembly, in House Bill 1775, AN ACT TO AUTHORIZE THE CONSTRUCTION AND THE FINANCING, WITHOUT APPROPRIATIONS FROM THE GENERAL FUND, OF CERTAIN CAPITAL IMPROVEMENTS PROJECTS OF THE CONSTITUENT INSTITUTIONS OF THE UNIVERSITY OF NORTH CAROLINA, authorized nonappropriated capital projects totaling \$446,135,000. The projects are listed below.

Appalachian State University

Steam Distribution System – Improvements - Phase III	\$ 6,500,000
Residence Hall – Renovations	12,000,000
Parking Facilities – Improvements	2,500,000
Central Dining Hall – Supplement	6,000,000
Student Recreation Complex – Supplement	5,000,000

East Carolina University

Residence Hall – Heating, Ventilation and Air Conditioning Improvements	2,000,000
Parking Facilities – Expansion	2,500,000
Student Recreation Complex – Phase I	8,000,000
Geriatrics Center	3,000,000
Family Medicine Center	30,000,000

Elizabeth City State University

Student Housing	13,500,000
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North Carolina Central University

Student Housing	30,000,000
Parking Facilities – Expansion	10,000,000

North Carolina State University

Parking Facilities – Expansion	7,500,000
Thompson Theater – Renovation and Expansion	15,500,000
Residence Halls – Renovation	20,550,000
Owen Residence Hall – Expansion and Improvements	3,700,000
Carter Finley Stadium – Expansion	14,500,000
Replacement of the Chancellor's Residence	3,350,000
Classroom Building – Expansion - Supplement	10,000,000

The University of North Carolina at Chapel Hill

Parking Facilities – Expansion	25,000,000
Residence Halls – Improvements	5,500,000
Information Technology Services (ITS) – Infrastructure Improvements	13,000,000
Water Reclamation and Reuse Infrastructure	15,000,000
Major Infrastructure Improvements	47,522,000
Research Resource Facility	1,000,000
Medical Research – D - Renovations	1,000,000
Residence College -- Phase II - Supplement	11,000,000
Genetic Research Building – Supplement	10,000,000
Daniels Building Renovations – Supplement	4,000,000
Parking Facilities – Supplement	1,000,000
Major Infrastructure Improvements – Supplement	61,828,000

The University of North Carolina at Charlotte

Parking Facilities – Expansion	14,000,000
Applied Optics and Physics Building – Improvements	4,000,000
Student Union – Supplement	3,500,000

The University of North Carolina at Greensboro

Recreation Center – Roof Replacement	2,500,000
Residence Halls Renovation – Phase IV	7,000,000
Parking Deck Addition – Supplement	4,000,000

The University of North Carolina at Wilmington

Parking Facilities – Expansion	3,465,000
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Western Carolina University

New Student Recreation Center – Supplement	1,250,000
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Winston-Salem State University

Athletic and Student Recreation Facilities	2,670,000
Bowman Gray Stadium Field House – Expansion and Renovation	1,800,000

III. Other Actions by the 2005 Regular Session of the 2005 General Assembly - Capital Improvements

Included in Senate Bill 622 (S.L. 2005-276) was a special provision related to the 2000 Higher Education Bond Program.

In response to the Board's request, the General Assembly authorized scope changes for bond projects on the campuses of Elizabeth City State University, North Carolina Central University, The University of North Carolina at Pembroke, The University of North Carolina at Wilmington and Western Carolina University. The special provision reads as follows:

UNC BOND PROJECT MODIFICATIONS

SECTION 9.13.(a) Pursuant to Section 2(b) of S.L. 2000-3, the General Assembly finds that it is in the best interest of the State to respond to current educational and research program requirements at Elizabeth City State University by changing the scope of "Mitchell-Lewis Residence Hall - Comprehensive Renovation" to be a replacement project instead of a renovation. Section 2(a) of S.L. 2000-3 is therefore amended in the portion under Elizabeth City State University by replacing "Mitchell Lewis Residence Hall - Comprehensive Renovation" with "Mitchell Lewis Residence Hall - Replacement."

SECTION 9.13.(b) Pursuant to Section 2(b) of S.L. 2000-3, the General Assembly finds that it is in the best interest of the State to respond to current educational and research program requirements at North Carolina Central University by the cancellation of "Latham Residence Hall - Comprehensive Renovation". The unused monies from "Latham Residence Hall - Comprehensive Renovation" should be transferred to "Eagleson Residence Hall - Comprehensive Renovation". Section 2(a) of S.L. 2000-3 is therefore amended in the portion under North Carolina Central University by reducing the money allocated to "Latham Residence Hall - Comprehensive Renovation" by reducing that amount by two million three hundred seventy-three thousand four hundred fifty-seven dollars (\$2,373,457) to a total of one million thirty-eight thousand one hundred forty-three dollars (\$1,038,143) and by increasing the allocation to "Eagleson Residence Hall - Comprehensive Renovation" by two million three hundred seventy-three thousand four hundred fifty-seven dollars (\$2,373,457) to create a total allocation of nine million two hundred forty-two thousand nine hundred fifty-seven dollars (\$9,242,957).

SECTION 9.13.(c) Pursuant to Section 2(b) of S.L. 2000-3, the General Assembly finds that it is in the best interest of the State to respond to current educational and research program requirements at the University of North Carolina at Wilmington by the cancellation of "King Hall Classroom Building - Comprehensive Renovation" and by transferring the unused funds to the following projects listed under the portion entitled University of North Carolina at Wilmington: "Academic & Classroom Facilities," "General Classroom Building", "Hinton James Hall Classroom Building - Comprehensive Renovation," "Friday Hall Laboratory Building - Comprehensive Renovation," "Kenan Auditorium - Comprehensive Renovation." Section 2(a) of S.L. 2000-3 is therefore amended in the portion under the University of North Carolina at Wilmington by:

- (1) Reducing the allocation to "King Hall Classroom Building - Comprehensive Renovation" by three million one hundred sixty-eight thousand six hundred eighty-nine dollars (\$3,168,689) to create a total allocation of three hundred fifty-eight thousand seven hundred eleven dollars (\$358,711).
- (2) Increasing the allocation to "General Classroom Building" by six hundred seventy-nine thousand seven hundred seventy-eight dollars (\$679,778) to create a total allocation of thirteen million three hundred twenty-six thousand seven hundred seventy-eight dollars (\$13,326,778).
- (3) Increasing the allocation to "Academic & Classroom Facilities" by nine hundred ninety-one thousand one hundred twenty-three dollars (\$991,123) to create a total allocation of

thirty-four million twenty-three thousand two hundred twenty-three dollars (\$34,023,223).

- (4) Increasing the allocation to "Hinton James Hall Classroom Building - Comprehensive Renovation" by one hundred seventy-six thousand six hundred nine dollars (\$176,609) to create a total allocation of two million eight hundred six thousand five hundred sixty-one dollars (\$2,806,561).
- (5) Increasing the allocation to "Kenan Auditorium - Comprehensive Renovation" by one hundred fifty-one thousand seven hundred forty-nine dollars (\$151,749) to create a total allocation of two million seventy-three thousand seven hundred twenty-four dollars (\$2,073,724).
- (6) Increasing the allocation to "Friday Hall Laboratory Building - Comprehensive Renovation" by one million one hundred sixty-nine thousand four hundred thirty dollars (\$1,169,430) to create a total allocation of eight million eight hundred sixty-two thousand eight hundred thirty dollars (\$8,862,830).

SECTION 9.13.(d) Pursuant to Section 2(b) of S.L. 2000-3, the General Assembly finds that it is in the best interest of the State to respond to current educational and research program requirements at the University of North Carolina at Pembroke by the cancellation of "West Residence Hall - Comprehensive Renovation" and by transferring the unused funds to a new project, "North and Belk Residence Halls - Fire Safety Improvements and Renovations" and by the cancellation of "Campuswide Infrastructure Improvements" and by transferring those unused funds to a new project, "Biotechnology Teaching Labs and Classroom Building". Section 2(a) of S.L. 2000-3 is therefore amended in the portion under University of North Carolina at Pembroke by:

- (1) Reducing the allocation to "West Residence Hall - Comprehensive Renovation" by eight hundred seventy-nine thousand three hundred dollars (\$879,300) to a total allocation of ninety-eight thousand dollars (\$98,000).
- (2) Reducing the allocation to "Campuswide Infrastructure Improvements" by one million seven hundred thirty thousand three hundred eighty-two dollars (\$1,730,382) to a total allocation of two hundred sixty-six thousand two hundred eighteen dollars (\$266,218).
- (3) Adding a new project entitled "North and Belk Residence Halls - Fire Safety Improvements and Renovations \$879,300".
- (4) Adding a new project entitled "Biotechnology Teaching Labs and Classroom Building \$1,730,382".

SECTION 9.13.(e) Pursuant to Section 2(b) of S.L. 2000-3, the General Assembly finds that it is in the best interest of the State to respond to current educational and research program requirements at Western Carolina University by the cancellation of "Killian Education & Allied Professional Building - Partial Renovation" and "Conversion of Old Student Health Center to Residential & Academic Space" and by transferring the unused funds to "Stillwell Lab Building - Comprehensive Renovation". Section 2(a) of S.L. 2000-3 is therefore amended in the portion under Western Carolina University by:

- (1) Reducing the allocation to "Killian Education & Allied Professional Building - Partial Renovation" by one million two hundred ninety-seven thousand nine hundred twenty-four dollars (\$1,297,924) to a total allocation of two hundred forty-eight thousand three hundred seventy-six dollars (\$248,376).
- (2) Reducing the allocation to "Conversion of Old Student Health Center to Residential & Academic Space" by one million four hundred ninety-six thousand nine hundred forty-five dollars (\$1,496,945) to a total allocation of three hundred ninety thousand one hundred fifty-five dollars (\$390,155).
- (3) Increasing the allocation to "Stillwell Lab Building - Comprehensive Renovation" by two million seven hundred ninety-four thousand eight hundred sixty-nine dollars (\$2,794,869) to a total allocation of seventeen million eight hundred fifty-two thousand three hundred sixty-nine dollars (\$17,852,369).

SECTION 9.13.(f) Nothing in this section is intended to supersede any other requirement of law or policy for approval of the substituted capital improvement projects.

Section 9.12 of Senate Bill 622 included a special provision related to real property. The provision is listed below for informational purposes.

UNC-ASHEVILLE RETAIN SALE PROCEEDS

SECTION 9.12. Notwithstanding any other provision of law, the University of North Carolina at Asheville may retain the proceeds from the sale of its existing chancellor's residence and appurtenant land. The University of North Carolina at Asheville may use the proceeds from the sale of its existing chancellor's residence and the appurtenant land to construct or otherwise acquire a new chancellor's residence. Proceeds from the sale not used for that purpose within two fiscal years of the sale shall revert to the General Fund.

IV. Supplementary Information

The following table, *General Assembly Funding - Ten Year History*, a summary by institution of capital improvements appropriations from 1996 through 2005, is provided as supplementary information.

This item includes allocations from The Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets, dated August 8, 2005.

It is recommended that the Vice President for Finance be delegated the authority to adjust this recommendation to reflect technical amendments to the budget if any related amendments are approved by the General Assembly. It is further recommended that the Committee on Budget and Finance be authorized to act on behalf of the Board between the August and September Board meetings should further actions by the General Assembly require Board action prior to the September meeting.

**The University of North Carolina - Capital Improvements
General Assembly Funding - Ten Year History**

Institutional Appropriations	1996	1997	1998	1999	2000	2000 Bonds*	2001**	2002	2003	2003 COPS	2004	2004 COPS	2005	1996-2005
ASU	\$13,838,400	\$8,460,100	\$9,223,300	\$3,666,600	\$2,406,600	\$87,406,200	-	-	\$ 246,200	\$ 7,663,400	\$ 1,497,400	\$ -	\$ 3,132,800	\$137,541,000
ECU	10,391,800	16,591,900	10,477,700	5,874,800	3,979,100	190,609,500	-	-	387,500	12,062,500	2,391,700	60,000,000	6,112,400	318,878,900
ECSU	3,481,400	8,072,300	2,158,500	4,242,600	1,087,200	46,296,800	-	-	106,400	3,313,200	619,500	28,000,000	1,375,800	98,753,700
FSU	1,290,900	1,444,500	2,209,900	3,847,600	1,105,000	46,021,400	-	-	102,700	3,197,800	604,200	10,000,000	2,075,800	71,899,800
NCA&T	5,250,900	7,600,800	7,293,200	9,475,105	2,335,800	161,800,091	-	-	247,900	7,716,400	3,482,500	5,000,000	3,941,100	214,143,796
NCCU	12,011,000	17,307,600	4,042,600	7,466,295	1,798,600	121,246,203	-	-	181,500	12,154,205	9,984,642	-	1,715,300	187,907,945
NCSA	3,856,900	3,234,000	2,309,900	1,514,600	968,600	42,547,500	-	-	95,900	2,985,900	564,400	5,000,000	1,375,800	64,453,500
NCSU	19,157,300	30,427,600	37,938,600	11,233,000	7,867,900	468,256,655	-	-	778,000	24,214,800	4,426,022	-	18,309,100	622,608,977
UNCA	1,290,900	2,747,300	2,709,900	1,951,000	1,244,200	50,464,200	-	-	119,200	3,710,200	742,100	35,000,000	1,375,800	101,354,800
UNC-CH	30,149,300	37,733,875	37,130,700	14,149,700	9,259,100	510,539,075	-	-	897,387	27,934,500	5,165,922	-	15,775,900	688,735,459
UNCC	19,424,900	5,098,500	14,306,500	3,012,200	1,976,400	190,033,501	-	-	226,900	11,584,500	5,408,200	35,000,000	2,971,600	289,043,201
UNCG	5,237,000	9,587,000	7,822,700	5,435,700	3,672,100	166,008,255	-	-	337,700	10,510,100	3,930,800	5,000,000	4,604,100	222,145,455
UNCP	1,290,900	7,449,700	1,909,900	4,349,600	1,164,400	56,873,600	-	-	113,400	6,432,400	687,700	10,000,000	1,375,800	91,647,400
UNCW	11,586,700	10,353,700	3,341,600	2,209,400	1,457,900	109,201,800	-	-	149,100	4,641,500	1,376,700	-	4,297,400	148,615,800
WCU	4,717,700	4,828,300	4,795,900	2,918,200	1,868,300	100,336,744	-	-	165,300	5,144,000	966,900	10,000,000	1,743,000	137,484,344
WSSU	1,290,900	6,983,400	1,909,900	4,262,300	1,159,600	46,786,581	-	-	108,400	3,373,300	2,643,100	5,000,000	2,125,800	75,643,281
Subtotal	144,266,900	177,920,575	149,580,800	85,608,700	43,350,800	2,394,428,105	-	-	4,263,487	146,638,705	44,491,786	208,000,000	72,307,500	3,470,857,358
Non-Instit. Appropriations														
N.C. Arboretum	205,700	241,600	288,700	289,800	193,300	9,331,700	-	-	20,000	81,000	50,000	-	200,000	10,901,800
UNC Health Care	-	-	-	-	-	-	-	-	-	-	-	180,000,000	-	180,000,000
Other (UNC-GA, NCSSM, CPTV, NCCAT, NCSEAA, HBS)	20,871,500	8,925,600	29,365,000	3,101,500	2,455,900	96,240,195	-	-	311,700	10,377,600	3,285,000	-	1,567,500	176,501,495
Subtotal	21,077,200	9,167,200	29,653,700	3,391,300	2,649,200	105,571,895	-	-	331,700	10,458,600	3,335,000	180,000,000	1,767,500	367,403,295
TOTAL	165,344,100	187,087,775	179,234,500	89,000,000	46,000,000	2,500,000,000	-	-	4,595,187	157,097,305	47,826,786	388,000,000	74,075,000	3,838,260,653
Less: Repairs and Renovations	59,800,000	62,100,000	66,700,000	89,000,000	46,000,000	-			4,595,187	157,097,305	35,326,786	-	57,500,000	578,119,278
TOTAL	105,544,100	124,987,775	112,534,500	-	-	2,500,000,000	-	-	-	-	12,500,000	388,000,000	16,575,000	3,260,141,375

* 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.