

3. 2015-16 Capital Improvements Allocations..... Will Johnson

Situation: While the Board approves and then requests funding or authorization from the General Assembly for major capital improvement projects, funds for Repairs and Renovations projects are appropriated to the Board of Governors for allocation to the institutions. This appropriation is included in the 2015 Appropriations Act (House Bill 97 - S.L. 2015-241). By statute, the Board is directed to allocate such funds in accordance with guidelines developed in the UNC Funding Allocation Model for Repairs and Renovations and in accordance with any specifications in the Appropriations Act.

Further, the 2015 Appropriations Act (House Bill 97 – S.L. 2015-241), Section 31.5.(d) requires “In making campus allocations of funds allocated to the Board of Governors of The University of North Carolina in subsection (a) of this section, the Board of Governors shall negatively weight the availability of non-State resources and carryforward funds available for repair and renovations and shall include information about the manner in which this subsection was complied with in any report submitted pursuant to G.S. 143C-4-3(d).”

Background: By statute, the Board is directed to allocate such funds in accordance with its 2015-17 Capital Priorities and with any specifications in the Appropriations Act. The General Assembly also made a number of capital authorizations for bond projects and appropriations from the General Fund. The allocations meet all of the directives cited in the Appropriations Act of 2015. Items that require Board action are shown in the tables on the following pages and are also designated with an “A” in this document

Assessment: It is recommended that the proposed Allocations for Capital Improvements for 2015-16 be approved. It is also recommended that the President be authorized to make refinements in the interest of accuracy and completeness. It is further recommended that the President be authorized to seek such concurrence as may be required of the Director of the Budget in the foregoing allocations.

Action: This item requires a vote.

2015-16 Capital Improvements Allocations

A. 2015-16 Allocations from the Reserve for Repairs and Renovations^A

For fiscal year 2015-16, the 2015 General Assembly appropriated \$150,000,000 to the statewide Reserve for Repairs and Renovations, of which \$50,000,000 (one-third) was allocated to the Board of Governors, as shown below.

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 (number of degree programs and NASF of lab space), size (GSF, NASF, and campus population), and the condition of campus facilities (current replacement value and facilities deficiencies) in determining institutional allocations, with the principal responsibility for the selection of specific projects resting with the Chancellors. The Board's formula has been updated 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 also 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 who shall report to the Joint Legislative Commission on Governmental Operations, as required by legislation.

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

2015-16 Allocations-Reserve for Repairs and Renovations^A	Amount
Appalachian State University	\$ 2,311,700
East Carolina University	4,826,500
Elizabeth City State University	1,410,300
Fayetteville State University	1,410,300
North Carolina A&T State University	2,015,300
North Carolina Central University	1,502,500
North Carolina State University	8,013,500
The University of North Carolina at Asheville	1,410,300
The University of North Carolina at Chapel Hill	8,766,500
The University of North Carolina at Charlotte	3,453,900
The University of North Carolina at Greensboro	3,292,800
The University of North Carolina at Pembroke	1,410,300
The University of North Carolina at Wilmington	2,119,200
The University of North Carolina School of the Arts	1,410,300
Western Carolina University	1,826,000
Winston-Salem State University	1,410,300
North Carolina School of Science and Mathematics	1,410,300
Reserve for UNC Affiliates and Contingencies	2,000,000
TOTAL ALLOCATIONS	\$50,000,000

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B. Allocations from the Bond Project Authorizations by the 2015 General Assembly for Capital Repairs and Renovations ^A

The Connect NC Bond Act of 2015 (House Bill 943) authorized capital projects funded from bond proceeds totaling \$1,020,000,000, subject to a vote of the qualified voters of the state.

The Connect NC Bond Act of 2015 identifies additional bond proceeds of \$45,000,000 be directed towards Capital Repairs and Renovations. Funds for repairs and renovations projects are appropriated to the Board of Governors for allocation to the institutions.

SECTION 1.(f) Use of Public Improvement Bond and Note Proceeds. – (1) Subject to the provisions of subdivision (2) of this subsection, the proceeds of public improvement bonds and notes, including premium thereon, if any, shall be used for the projects in the following general amounts set forth below:

Allocations from the Bond Project Authorizations- Capital Repairs and Renovations ^A	Amount
Elizabeth City State University	
Moore Hall-Complete Building Renovation	\$ 8,500,000
GR Little Library-Complete Building Renovation	4,500,000
University of North Carolina at Asheville	
Renovation and Addition to Owen Hall	21,100,000
University of North Carolina School of the Arts	
Old Library Renovation	8,000,000
Performance Place Renovations	2,900,000
Total	\$45,000,000

C. Capital Project Authorizations by the 2015 General Assembly for which no Board Action is required (for information only)

1. Capital Improvements Appropriations and Authorizations

The General Assembly appropriated \$5,000,000 from the General Fund for the following projects:

NCSSM	Mathematics – Technology Upgrades and Building Repair	\$ 4,000,000
NCSU	Engineering Building – Advance Planning	\$ 1,000,000

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2. Non-General Fund Capital Improvements Project Authorizations

In response to the Board's request, the 2015 General Assembly authorized capital projects funded from non-general fund sources totaling \$184,500,000 in House Bill 679.

SECTION 2. The capital improvements projects, and their respective costs, authorized by this act to be acquired or constructed and financed as provided in Section 1 of this act, including by revenue bonds, by special obligation bonds as authorized in Section 4 of this act, or by both, are as follows:

Project Authorization	Amount
Appalachian State University	
New Residence Hall – Replacement for Winkler – Supplement	\$ 32,000,000
East Carolina University	
Renovation of Four Residence Halls	65,000,000
North Carolina Central University	
Deferred Maintenance and Infrastructure Improvements	10,500,000
North Carolina State University	
Engineering Building Oval and Campus Infrastructure	77,000,000
Total	\$184,500,000

SECTION 4. Pursuant to G.S. 116D-26, the Board of Governors may issue, subject to the approval of the Director of the Budget, at one time or from time to time, special obligation bonds of the Board of Governors for the purpose of paying all or any part of the cost of acquiring, constructing, or providing for the projects authorized by Section 2 of this act. The maximum principal amount of bonds to be issued shall not exceed the specified project costs in Section 2 of this act plus five percent (5%) of such amount to pay issuance expenses, fund reserve funds, pay capitalized interest, and pay other related additional costs, plus any increase in the specific project costs authorized by the Director of the Budget pursuant to Section 3 of this act.

SECTION 5. The General Assembly authorizes planning of the Plant Sciences Building at North Carolina State University to be funded at a maximum cost of fourteen million dollars (\$14,000,000) during the 2015-2017 fiscal biennium in accordance with the following: (1) Notwithstanding G.S. 143C-8-12, the sum of five million dollars (\$5,000,000) in funds carried forward pursuant to G.S. 116-30.3 and G.S. 116-30.3B and available for expenditure during the 2015-2016 fiscal year shall be used for this purpose. If less than five million dollars (\$5,000,000) of these funds are available, then funds carried forward pursuant to G.S. 116-30.3 and G.S. 116-30.3B and available for expenditure during the 2016-2017 fiscal year shall be used for this purpose. (2) The remaining nine million dollars (\$9,000,000) shall be funded with receipts or from other non-General Fund sources available to North Carolina State University, and those funds are hereby appropriated for that purpose.

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D. Bond Project Authorizations by the 2015 General Assembly for which no Board action is required (for information only)

The Connect NC Bond Act of 2015 (House Bill 943) authorized capital projects funded from bond proceeds totaling \$1,020,000,000, subject to a vote of the qualified voters of the state.

SECTION 1.(f) Use of Public Improvement Bond and Note Proceeds. – (1) Subject to the provisions of subdivision (2) of this subsection, the proceeds of public improvement bonds and notes, including premium thereon, if any, shall be used for the projects in the following general amounts set forth below:

Project Authorization	Amount
Appalachian State University	
New Health Sciences Building	\$ 70,000,000
East Carolina University	
Life Sciences & Biotech. Building	90,000,000
Fayetteville State University	
Lyons Science Bldg. Renovation	10,000,000
North Carolina A&T State University	
Engineering Building	90,000,000
North Carolina Central State University	
New Business School	30,000,000
North Carolina State University	
Engineering Building	75,000,000
Plant Sciences Building-NCSU/Agriculture Partnership	85,000,000
University of North Carolina at Chapel Hill	
Medical Education Bldg. Replacement	68,000,000
University of North Carolina at Charlotte	
New Sciences Building	90,000,000
University of North Carolina at Greensboro	
Nursing School Building	105,000,000
University of North Carolina at Pembroke	
New Business School	23,000,000
University of North Carolina at Wilmington	
Allied Health and Human Services/Nursing Building	66,000,000
Western Carolina University	
Science/STEM Building	110,000,000
Winston-Salem State University	
Sciences Building	50,000,000
North Carolina School of Science & Mathematics	
North Carolina School of Technology and Engineering	58,000,000
Total	\$1,020,000,000

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E. Other Actions by the 2015 General Assembly

In addition, the following capital improvements-related special provisions from the Appropriations Act of 2015 (S.L. 2015-241) are noted for information.

31.2	Capital Projects/General Fund	Appropriates \$4M to NCSSM for upgrades and building repair and \$1M to NCSU for engineering building advance planning.
31.5	Repairs and Renovations Reserve Allocation	Allocates R&R money (one-third to UNC). Requires a portion to be used in each fiscal year for the installation of sprinklers in residence halls. Requires a portion to be used in each fiscal year for campus public safety improvements. Requires that the BOG consider the availability of non-state resources and carryforward funds available and include information in any report submitted.
31.9	Require Non-General Fund Resources to be Used for Advanced Planning of University Capital Projects	Prohibits UNC from making a capital funds request unless the University has first completed advanced planning of the project with funds other than GF appropriations.
31.13	Debt Affordability Study for UNC	Creates GS 116D-55 to require the Board to study the debt affordability of UNC and report to OSBM, Gov Ops, DST, and UNCGA.
31.14	Authorize State Agencies to Undertake Small Repairs and Renovations Projects with Funds Available	Authorizes State agencies to undertake R&R projects with total cost <\$300K, paid for with available funds.
31.17	Amends Require UNC Carryforward Funds to be Used for Repairs and Renovations	Allows for temporary increase in carryforward not to exceed 5% of General Fund appropriation for FY 2015-16. The BOG is required to submit a report on expenditures for repairs and renovations no later than October 1, 2017 and a report on any expenditures for advanced planning no later than 30 days after the funds are spent.

F. Additional Information

The table on the following page, *General Assembly Funding – Ten Year History*, a summary by institution of capital improvements appropriations from 2006 through 2015, is provided as supplementary information.

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

Institutional Appropriations	2006	2007	2007 ² COPS	2008 ³	2008 ³ Bonds	2009 ⁴	2010 ⁵ COPS	2011 ⁷	2012	2013	2014 ⁹	2015 ¹⁰	2015 ¹⁰ Bonds	2006-2015
ASU	\$ 6,367,700	\$ 3,296,700	\$ 34,000,000	-	\$ -	\$ 1,386,700	\$ -	\$ 1,453,300	\$ 506,200	\$ 4,982,626	\$ 3,519,300	\$ 2,311,700	\$ 70,000,000	\$ 127,824,226
ECU	9,297,700	31,555,400	-	-	96,797,906	3,339,300	-	3,124,900	1,065,200	6,223,834	1,084,100	4,826,500	90,000,000	247,314,840
ECSU	4,185,800	4,106,000	-	-	16,689,507	744,000	-	873,200	305,900	1,788,627	316,800	1,410,300	-	30,420,134
FSU	3,285,800	1,606,000	20,999,216	-	-	744,000	-	873,200	305,900	1,788,627	316,800	1,410,300	10,000,000	41,329,843
NCA&T	5,522,600	13,338,800	24,637,147	-	21,487,628	1,380,600	-	1,299,700	451,700	2,661,937	452,700	2,015,300	90,000,000	163,248,112
NCCU	9,102,000	4,536,700	-	-	22,536,039	896,800	-	905,500	305,900	1,807,823	337,500	1,502,500	30,000,000	71,930,762
NCSU	79,862,800	30,564,500	69,609,924	-	102,341,186	6,110,000	-	5,904,300	2,074,000	12,206,701	2,115,200	9,013,500	160,000,000	479,802,111
UNCA	2,701,800	1,606,000	8,449,786	-	-	744,000	-	873,200	305,900	3,788,627	316,800	1,410,300	-	20,196,413
UNC-CH	48,301,575	46,689,200	111,200,204	12,500,000	284,599,369	6,296,600	-	6,585,200	2,284,500	5,913,326 ⁸	2,392,000	8,766,500	68,000,000	603,528,474
UNCC	50,517,500 ¹	22,419,000	-	-	52,494,149	1,728,000	-	1,904,400	706,100	4,132,925	775,800	3,453,900	90,000,000	228,131,774
UNCG	7,394,900	5,716,100	24,637,147	-	42,670,000	1,485,300	-	2,073,300	714,900	4,254,199	739,600	3,292,800	105,000,000	197,978,246
UNCP	3,285,800	1,606,000	18,308,351	-	-	744,000	-	873,200	305,900	1,788,627	316,800	1,410,300	23,000,000	51,638,978
UNCW	29,753,400	1,989,700	32,899,699	-	-	971,200	-	1,291,100	482,700	2,664,083	476,000	2,119,200	66,000,000	138,647,082
UNCSA	3,285,800	1,606,000	23,043,890	-	21,780,944	744,000	-	873,200	305,900	1,788,627	316,800	1,410,300	-	55,155,461
WCU	5,451,800	4,390,400	37,687,800	-	-	957,400	-	1,097,900	390,800	2,232,057	410,100	1,826,000	110,000,000	164,444,257
WSSU	3,054,025	4,918,000	18,708,000	-	9,831,160	744,000	-	873,200	305,900	1,788,627	316,800	1,410,300	50,000,000	91,950,012
NCSSM	-	4,943,000	-	-	-	744,000	-	873,200	305,900	1,788,627	316,800	5,410,300	58,000,000	72,381,827
Subtotal	271,371,000	184,887,500	424,181,164	12,500,000	671,227,888	29,759,900	-	31,752,000	11,123,300	61,599,900	14,519,900	53,000,000	1,020,000,000	2,785,922,552
Non-Institutional Appropriations														
N.C. Arboretum	470,000	665,000	-	-	-	-	-	386,222	-	-	-	-	-	1,521,222
UNC Health Care	3,000,000	-	-	-	-	-	-	-	-	-	-	-	-	3,000,000
Other (UNC-GA, UNC-TV, SEAA, HBS, C.S.I., Land Acquisition, Fire Safety, 4-H Camps & Equipment)	13,191,827	14,296,500	31,357,684	-	20,000,000 ⁶	1,240,100	-	936,500	462,162	2,400,100	480,100	2,000,000	-	86,364,973
Subtotal	16,661,827	14,961,500	31,357,684	-	20,000,000	1,240,100	-	1,322,722	462,162	2,400,100	480,100	2,000,000	-	90,886,195
TOTAL	288,032,827	199,849,000	455,538,848	12,500,000	691,227,888	31,000,000	-	33,074,722	11,585,462	64,000,000	15,000,000	55,000,000	1,020,000,000	2,876,808,747
Less: Repairs and Renovations	102,225,427	66,700,000	-	-	-	31,000,000	-	33,074,722	11,585,462	60,000,000	12,000,000	50,000,000	-	366,585,611
TOTAL	185,807,400	133,149,000	455,538,848	12,500,000	691,227,888	-	-	-	-	4,000,000	3,000,000	5,000,000	1,020,000,000	2,510,223,136

Notes :

1. This amount includes \$45,827,400 from 2006 COPS.
2. The 2009 General Assembly reduced selected, previously approved 2007 and 2008 bond funded projects to reflect lower estimated levels of inflation.
3. The 2008 General Assembly appropriated \$99,612,826 for capital projects and \$32.1 million for repairs and renovations to the Board. All but \$12.5 million were later reverted to the GF to help balance the 2008-09 State Budget.
4. 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; 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.
5. 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. These authorizations were repealed by S.L. 2011-66.
6. The 2008 General Assembly provided UNC with special indebtedness funding of \$25 million for system-wide land acquisitions. This authorization was reduced to \$10 million by S.L. 2011-66.
7. Prior to distribution, S.L. 2012-2 and S.L. 2012-57 authorized the Director of the Budget to use up to \$114,000,000 of the 2011 Repairs and Renovations to ensure adequate funding in the state Medicaid program for the 2011-12 fiscal year. On November 15, 2012, \$33,074,722 was allocated to the University for 2011 Repairs and Renovations.
8. Due to other available funds, UNC-Chapel Hill has been reduced by 50%.
9. The 2014 General Assembly provided UNC with special indebtedness funding of \$12 million for repairing and renovating facilities and infrastructure and ASU \$3 million for planning the Health Sciences Building.
10. The 2015 General Assembly provided UNC with bond funding of \$1,020,000,000 to be allocated among 14 projects for new construction, pending voter approval and \$50 million for Repairs and Renovations. The Bond Act also identified additional bond proceeds of \$45 million for ECSU, UNCA, & UNCSA (see section B of capital item).