

Contact: Joan Racki

FY 2007 CAPITAL APPROPRIATIONS REQUEST

Action Requested: Consider recommending to the Board approval of a FY 2007 capital appropriations request of \$25 million to correct deferred maintenance and fire safety deficiencies at the Regent institutions, including \$250,000 to correct deferred maintenance and renovate Calvin Laboratory at Iowa Lakeside Laboratory.

Executive Summary: The Board is required by Iowa Code to submit its capital funding request for the upcoming fiscal year by October 1st. As a result of legislation enacted during the 2005 session, the Board is no longer required to submit to the General Assembly a Five-Year Capital Plan for facilities to be financed by state appropriations or Academic Building Revenue Bonds.

With enactment of the multi-year Academic Building Revenue Bonding package during the 2004 legislative session, the FY 2007 capital requests include only funding to correct deferred maintenance and fire safety deficiencies. The recommended appropriations request is \$25 million including \$250,000 to correct deferred maintenance and renovate Calvin Laboratory at Iowa Lakeside Laboratory.

The recommendation for the allocation of the appropriations request will be brought to the Board for its action at a later date.

Board Strategic Plan and Work Plan Focus Areas: One of the four priorities of the Board's 2004 – 2009 Strategic Plan is to demonstrate public accountability and effective stewardship of resources, while one of the Board's focus areas for 2005-2006 is to provide greater oversight and direction in property and facilities planning and management. Within that focus area, the Board has set a goal of establishing clear directions related to deferred maintenance goals and internal funding strategies, and exploring partnership efforts with the state in this area.

Regent Facilities: Quality facilities are an integral part of the academic enterprise; they help ensure quality academic programs and the ability to attract and retain faculty and students. They are needed to compete for faculty, staff and students, and improve the research productivity of the faculty.

Academic/research/administrative (general fund) facilities at the Regent institutions total approximately 16 million gross square feet of the total 33 million gross square feet of Regent enterprise facilities.

Recent Capital Appropriations / Bonding Authorization: Between 1995 and 2004, state financing for Regent capital projects was provided by state appropriations from the Rebuild Iowa Infrastructure Fund and Tobacco Bond Proceeds. During the 2004 legislative session, the Board received authorization for the sale of Academic Building Revenue Bonds to provide up to \$120 million in costs for specified projects. Capital appropriations and Academic Building Revenue Bond authorization total more than \$405 million from FY 1996 – FY 2006 for the Regent enterprise. The renovation projects for which funds were appropriated during this period included the correction of deferred maintenance and fire safety deficiencies as project components.

Methods to Correct Deferred Maintenance and Fire and Environmental Safety Deficiencies:

Deferred maintenance (repair or replacement of all, or a part of, an existing capital asset that was not repaired or replaced at the appropriate time because of a lack of funds) and fire safety deficiencies (identified by the State Fire Marshal or institutional personnel) can be corrected as individual projects, incorporated into major renovations or eliminated through the demolition of structures. The FY 2007 recommended capital request focuses on funding for individual projects to correct deferred maintenance and fire safety deficiencies.

Deferred maintenance projects that could be funded from the recommended appropriation request include roof and window replacements; exterior repairs/tuckpointing; elevator modernizations; heating, ventilating and air conditioning retrofits; and utility system upgrades among other projects. Fire safety projects to be undertaken could include upgraded fire alarm systems, provision for second exits, and installation of sprinkler systems.

Calvin Laboratory at Iowa Lakeside Laboratory was constructed in 1935/36 by the Civilian Conservation Corps and has not been renovated or modernized since it was built. Deficiencies include poor lighting, no heating or air conditioning, inadequate plumbing and electrical systems, and an absence of laboratory safety equipment. The requested funding would correct the deferred maintenance items and renovate the facility to provide a modern teaching laboratory.

Correction of deferred maintenance and fire safety deficiencies has been hampered by the reductions of operating budget building repair funds over the last few years. These reductions increase deferred maintenance and hinder the institutions' abilities to correct fire and environmental safety deficiencies. The inability to make needed repairs/replacement of roofs, exterior building envelopes, windows, plumbing and electrical systems can cause further damage to the facilities, thus increasing the cost of future repairs. The institutions recently reported more than \$380 million in deferred maintenance and fire safety deficiencies in general fund facilities.