

Managing Capital Activity

Purpose

The purpose of this document is to describe the major oversight and control points for campus capital planning activity.

Two Primary Committees

Provost Capital Planning Group

Provost (chair)
VP Budget & Planning
VP Facilities & Campus Services
VP Student and Campus Life
Deputy Provost
Vice Provost, Engagement & Land Grant
Affairs
Alumni Affairs & Development
Representative
University Architect
Deans (2)
Faculty Senate Representative
Director, Capital & Space Planning

Capital Funding & Priorities Committee

President
Provost
Executive Vice President & CFO (chair)
Deputy Provost
Vice Provost, Engagement & Land Grant
Affairs
VP Budget & Planning
VP Facilities & Campus Services
VP Alumni Affairs & Development

On-going Management of Capital Activity

Capital activity includes activity associated with physical capital assets, capital leases, and information technology systems. Transaction approvals for facilities-related capital projects, including those not within the 1-year capital budget or 5-year capital plan, are set by Policy 4.2, Transaction Authority and Payment Approval, Appendix D. Transaction approvals for capital leases and other real estate activity are defined in Policy 4.2, Appendix C. Transaction approvals for information technology system projects, not addressed in Policy 4.2, are included below in Appendix A.

All projects being proposed as variances to the approved one-year capital budget must have full funding immediately available, and must satisfy one or more of the following criteria:

- a. Urgent & critical maintenance or infrastructure need
- b. Specific and urgent academic or other institutional priority
- c. Time sensitive high priority opportunity

Annual Development of the 1-year Capital Budget and 5-Year Capital Plan

The annual process begins with fall submission of capital needs, including space needs and specific projects, from all units within the University.

1. Major Inputs

a. Planning Parameters – Primary sources

Provost Capital Planning Group

(advisory to Provost for Ithaca and Cornell Tech activity)

- Evaluates the reasonableness and appropriateness of the proposed scope of work, scale of proposed project, alignment with business objectives as identified by the unit, and alignment with institutional priorities.
- Considers cross-campus impact and potential synergy with other campus needs.
- Prioritizes major capital needs based on accepted and standardized criteria.

Provost

- Determines operating budget capacity and responsibility to properly support operating needs post implementation.

Capital Funding & Priorities Committee

(with input as appropriate from Deans & Senior Staff)

- Establishes institutional priorities.
- Assesses financial capacity for capital costs – cash, fundraising feasibility, debt level, debt ratios – and for ongoing operational and maintenance obligations
- Reviews and updates as necessary the *Capital Project Funding Guidelines* at least annually.
- For Ithaca and Cornell Tech activity:
 - Evaluates institutional and unit readiness and capability for capital projects.
 - Evaluates space, infrastructure, and/or master plan constraints or considerations.
- For Weill Cornell Medicine projects above \$10 million, evaluates the reasonableness and appropriateness of the proposed scope of work and scale of proposed project, including alignment with institutional priorities.

b. Identification of potential projects and major program, space and infrastructure needs – includes all facilities and administrative systems capital projects greater than \$250,000

- Review status of current capital plan projects
- Compile potential projects and needs from all units within established parameters

2. Review Process (Ithaca and Cornell Tech)

The Director of Capital & Space Planning, in coordination with Facilities & Campus Services (FCS) and under the direction of the VP Budget & Planning, will review the capital needs submissions against the established parameters and coordinate with the Budget Director to develop a draft 1-year capital budget and 5-year capital plan. The

review and development of the draft budget and plan may include meetings with stakeholders in colleges; divisions; units within FCS; Cornell Information Technologies, and others as necessary to understand project scope, alignment with mission, criticality and priority, capital funding plan, operational and maintenance financial plans, and timing.

The Provost Capital Planning Group will review and provide comment to the Provost on proposed major capital projects focusing on the proposed scale, scope, campus impact and opportunity. The Provost Capital Planning Group has the responsibility to critically review and challenge, as deemed necessary, unit planning assumptions, prioritization, timing, funding plans, etc.

The Space Use Advisory Committee reviews space needs on an ongoing basis and provides comments that inform planning and coordination of projects, e.g., recognizing swing space needs and suggesting strategies to smooth demand.

Review and Approval Schedule of Capital Plan (September – May)

Provost Capital Planning Group

- Reviews and prioritizes individual project plans and potential needs (year-round)

Capital Funding & Priorities Committee

- Reviews preliminary plan against priorities and constraints (January)
- Approves final draft 1-year capital budget, 5-year capital plan, and 10-year capital plan (February)

Board of Trustees

- Finance Committee – reviews and approves proposed 1-year capital budget plan at March meeting
- Executive Committee and Full Board – reviews and approves 1-year capital budget and reviews 5-year capital plan at May meeting
- Buildings and Properties Committee – reviews and approves individual capital project activity as defined in Transaction Authority Policy 4.2. Provides input for overall capital planning strategy and priorities.

On-going Review of Planning and Implementation Processes

On an annual basis, FCS will present project close-out reports to the Capital Funding & Priorities Committee for all projects with total budgets exceeding \$10,000,000. Close-out reports will include, at least, the status of closing capital project accounts (expected within 12 months of a facility's beneficial occupancy), budget status, major issues encountered, warranty and other issues requiring resolution. Periodically, FCS may be asked to present analysis of project management process and controls for a broader range of project types and budgets in order to provide a governance level review of the effectiveness of the planning and implementation of capital projects.

Appendix A. Transactional Authorities for Information Technology System Projects.

All projects between \$100,000-250,000 – VP Budget & Planning

For projects in the annual capital budget:

<u>Project Budget</u>	<u>Approver(s)</u>
\$250,000-\$1,000,000	VP Budget & Planning
\$1,000,000-\$2,000,000	VP Budget & Planning and Executive Vice President
> \$2,000,000	Capital Funding & Priorities Committee
> \$10,000,000	Buildings & Properties, Board of Trustees

For projects not in the annual capital budget:

<u>Project Budget</u>	<u>Approver(s)</u>
\$250,000-\$500,000	VP Budget & Planning
\$500,000-\$1,000,000	VP Budget & Planning and Executive Vice President
> \$1,000,000	Capital Funding & Priorities Committee
> \$10,000,000	Buildings & Properties, Board of Trustees