



UTAH SYSTEM OF
HIGHER EDUCATION

MEMORANDUM

TAB E

May 20, 2021

Revision to Policy R741, *Nondedicated Capital Project Prioritization Process*

As part of the ongoing process to review and update Board policies, the Commissioner's office recommends amendments to [Board Policy R741, *Nondedicated Capital Project Prioritization Process*](#) including:

- Updating references and definitions to reflect changes in statute
- Assigning responsibilities of the prior Capital Facilities Committee to the full Board
- Removing Board's Priority Points as a required point category and allowing the Board the option to include additional criteria as needed
- Including technical colleges into the policy

A redline and clean version of the amended policy is included in the attachments.

Commissioner's Recommendation

The Commissioner recommends the Board adopt changes to Policy R741, *Nondedicated Capital Project Prioritization Process*, effective immediately.

Attachments

R741, Nondedicated Capital Project Prioritization

Process¹

R741-1 Purpose: To provide the methodology and process for prioritization of systemwide, state-funded, nondedicated capital development project needs for presentation to the Governor and State Legislature for funding.

R741-2 References

- 2.1** Utah Code Title 53B Chapter 4, Section 402 (Establishment of board -- Powers, duties, and authority)
- 2.2** Utah Code Title 53B, Chapter 2a, Section 117 (Technical Colleges – Capital Development)
- 2.3** Utah Code Title 53B, Chapter 22, Section 201 (Capital Developments)
- 2.4** Utah Code Chapter 53B, Chapter 20, Section 101 (Property of Institutions to Vest in State Board)
- 2.5** Utah Code Title 63A, Chapter 5b (State Building Board)
- 2.6** Board Policy [R701](#), Capital Facilities
- 2.7** Board Policy [R702](#), Non-State Funded Property
- 2.8** Board Policy [R703](#), Acquisition of Real Property
- 2.9** Board Policy R706, Capital Facilities Master Planning
- 2.10** Board Policy [R751](#), Institutional Facilities Space Utilization

R741-3 Definitions

¹ Amended May 20, 2011, September 13, 2013, November 14, 2014, May 17, 2019, August 2, 2019, and May 21, 2021

3.1 Capital Development Project:

3.1.1 a remodeling or site or utility improvement project with a total cost of \$3,500,000 or more;

3.1.2 a new facility with a construction cost of \$500,000 or more; or

3.1.3 a purchase of real property if an appropriation is requested and made for the purchase.

3.2 Non-Appropriated Funds: Contributions such as donations to capital projects from sources other than appropriations of the State Legislature. Student fees are not considered non-appropriated funds for purposes of this policy.

3.3 State Funded Project: A capital development project submitted by an institution of Higher Education requiring appropriations of the State Legislature to fund the design, construction, and/or operations and maintenance.

3.4 Dedicated Project: a capital development project for which state funds from an institution's formulaic allocation under Utah Code 53B-22-201 are requested or used.

3.5 Nondedicated Project: a capital development project for which state funds from a source other than an institution's allocation under Utah Code 53B-22-201 are requested or used.

R741-4 Nondedicated Project Prioritization Process: The Board shall annually review and prioritize nondedicated projects submitted by USHE institutions. The annual nondedicated project prioritization process consists of five fundamental steps:

4.1 Step 1 – Establishment of Priority Guidelines: At the beginning of each year's capital development project prioritization process, the Board shall adopt priority guidelines pertaining to the most pressing and critical capital needs for the Utah System of Higher Education not funded through dedicated projects. The guidelines may include criteria for subsequent Board prioritization and awarding of points.

4.2 Step 2 – Submission of Requests: Institutions submit their highest priority capital development needs to the Office of the Commissioner of Higher Education for evaluation. Each institution may submit up to one project per year and shall review the institution's allocation for dedicated projects prior to deciding to submit a nondedicated project. Institutions may not submit project requests directly to the State Building Board or the State Legislature.

4.3 Step 3 – Quantitative Analysis and Scoring of Needs: The Office of the Commissioner reviews institutional state funded projects and assigns points for each project. Degree-granting institutional projects are scored in three areas described in subsections R741-5, R741-6, and R741-7: Needs Analysis, Facility Condition, and Utilization. Technical education projects are scored according to the factors established in subsection 5.2 of Policy R743, *Process for Use of Dedicated Capital Project Funds*.

4.4 Step 4 – Board Prioritization of Projects: The Board meets annually to review state funded projects and the quantitative scoring by the Office of the Commissioner. The Board may choose to award additional points based on criteria and processes established in the priority guidelines (step 1). The Board adopts or amends the scoring provided by the Commissioner’s Office and takes final action.

4.5 Step 5 – Board Submission of Prioritized of Projects: The Board submits finalized priorities to the State Building Board, the Governor, and the State Legislature for further consideration and funding. State statute limits the number of building requests the Board may submit as follows:

4.5.1 1 Project if legislative funding for dedicated projects equals \$100 million or more

4.5.2 2 Projects if legislative funding for dedicated projects is between \$50 million and \$100 million

4.5.3 3 Projects if legislative funding for dedicated projects equals less than \$50 million

R741-5 Needs Analysis Points: Degree-granting institutions receive up to 50 points for the calculated need of a nondedicated project based on an institution’s existing space inventory (including projects approved for construction) and assignable square feet per FTE space standards. Assignable square feet per FTE space standards shall be based on industry best-practices and shall differentiate between institutional mission and institutional size measured by student FTE enrollment. Student FTE calculations shall exclude online and concurrent enrollment FTE. Institutions receive points for nondedicated projects where the institution has less assignable square feet per FTE than the space standards in a particular space category prorated for the percent of the project that space category occupies. Classroom and teaching laboratory space shall receive more weight than other space categories.

R741-6 Facility Condition Assessment Points: Facility condition assessment points apply to degree-granting projects designed to resolve issues that pose a disruption in daily operations or that pose serious life safety threats. These points can be awarded to projects designed to resolve issues where there is substantiated legal and/or life threatening liability; where facilities are threatened with immediate loss of

function due to natural disaster; where closure is imminent because of violations of legal/safety/other requirements; or similar circumstances. These Facility Condition Assessment points can be applied only under the following circumstances:

6.1 Associated liability and imminent loss of function: Points may be awarded where the institution has substantiated by documentation from a qualified engineer, fire marshal, attorney, or other qualified professional that completing the proposed project will resolve a very significant legal and/or health/life safety risk.

6.1.1 "Very significant" means "the realistic estimate of the liability exceeds the cost of the project," as determined by the Commissioner's Office with assistance from an external consultant or the Utah Division of Facilities Construction and Management, and funded by the submitting institution.

6.1.2 These points may also be awarded if there is a substantiation of the threatened, imminent loss of the function should the project not be authorized, as is the case when natural disasters have destroyed a particular academic building or code violations cause the structure to be closed. Points awarded range from zero to 15 per project based upon the severity of liability or loss of function as determined above.

6.2 Non-functional Facilities: Buildings that can no longer function for the purpose designed may be considered for "Facility Condition Points" as recommended by the Office of the Commissioner. Points may be awarded in instances where aging facilities do not pose a safety hazard but lack appropriate size, mechanical/electrical capacity or technology upgrades to accommodate modern instructional resources. The Commissioner's Office should award points in this category only in exceptional circumstances and should strongly consider the impact of institutional actions that led to the existing condition. Points awarded range from zero to 15 per project based on the severity of liability or loss of function as determined above.

6.3 Maximum Points: An institution may receive a maximum of 15 Points awarded under both 6.1 and 6.2, and those points are then adjusted proportionate to size of the deficient buildings relative to the total square footage of the requested facility.

R741-7 Utilization Points: Degree-granting institutions receive up to 15 points for the utilization of classroom facilities on main campuses during the Fall semester as reported in the annual USHE Utilization Report required by R751, *Institutional Facilities Space Utilization*. Points are assigned as follows:

7.1 Weekly Room Utilization Rate (RUR) – An institution receives 10 points if it meets or exceeds the RUR standard set by the Board in R751 for Fall semester main campus classrooms.

Institutions not meeting the adopted Board standard receive a proportionate share of the 10 points based on the reported RUR score.

7.2 Seat Occupancy Rate (SOR) – An institution receives 5 points if it meets or exceeds the SOR standard set by the Board in R751 for Fall semester main campus classrooms. Institutions not meeting the adopted Board standard receive a proportionate share of the 5 points based on the reported SOR score.

R741-8 Major Infrastructure Points: The Office of the Commissioner, in consultation with the Division of Facilities Construction and Management, may award points for major infrastructure projects that address critical life safety, fire and seismic deficiencies and the need to preserve and repair critical infrastructure such as utilities. Such projects do not receive Needs Analysis, Utilization, or Facility Condition points. Up to 60 points can be applied based on the degree of severity of need as follows:

8.1 Imminent Non-functionality: Where circumstances exist that pose imminent non-functionality threats to the campus, points in the range of 41-60 can be assigned. To be considered for this level of support the project must be the institution's top priority.

8.2 Operational but Seriously Deficient: Infrastructure in this condition can qualify for points in the range of 21-40.

8.3 Operational but Deficient: Infrastructure in this condition can qualify for points in the range of 1-20.

R741.9 Final Priority Ranking: The Board recommends projects for funding in the resulting rank order, with the project having the highest point total being the highest-ranked project.

R741.10 Operation and Maintenance Costs (O & M): The estimated O & M costs for each facility and the source of funding those costs will be listed for each facility on the priority list and will be approved by the Board as part of the approval process for construction or acquisition of each facility. In prioritizing nondedicated projects, the Board will consider the magnitude of future O & M obligations and the potential impact of approval on other components of the operating budget.

R741.11 Projects Funded from Non-State Appropriated Funds: Proposals from institutions for approval of capital development projects to be financed by non-state appropriated funds are subject to the approval process outlined in Policy R702, *Non-State Funded Projects*.

R741.12 Land Bank Acquisition Requests: Requests for purchase of land from funds to be appropriated by the state Legislature for future use of an institution must be reviewed and approved by the Board. In reviewing such requests, the Board shall use the guidelines in Policy R703, *Acquisition of*

Real Property and shall ensure that the request is consistent with the institutional master plan (see Policy R706, *Capital Facilities Planning*).

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