

Date: April 10, 2013

Subject: Senate and House Capital Budgets for 2013-15 (FY14 and FY15)

The Senate and the House released their capital budgets as well this week. As demonstrated in the table below, they mainly identified the same projects included in Governor Gregoire's budget last December and Governor Inslee's budget priorities last month. However, the mix of proposed funding and the total amount proposed changed between the House and Senate creating a range of potential impacts.

Senate Capital Budget

The Senate budget proposed funding approximately \$2 million of the total appropriation for Minor Capital Preservation from the State Building Construction leaving the remainder \$44.8 million to be funded from the UW Building account. In addition, the Senate budget appropriates \$25 million for Preventative Facility Maintenance and Building Systems Repairs from the UW Building Account and authorizes the UW to issue up to \$30 million in bonds for Denny Hall, the debt service also to be paid from the UW Building account. These combined appropriations would significantly impact UW Building Account balances to the point of uncertainty for its effective management. The UW building account is unable to sustain additional building-fee backed bonds, and continue to support the needed capital preservation and maintenance at the UW. The UW is also concerned that authorizing the issue of bonds for Denny Hall would further diminish the UW's overall debt capacity needed for other critical projects.

The Senate Capital Budget also did not include an appropriation for the UW Tower Chilled Water System Replacement.

House Capital Budget

The House Capital Budget slightly underfunds all of the projects identified relative to their requested amounts. The House Capital Budget proposes appropriating \$52 million for Denny Hall from the State Building Construction account covering most of the funding requested by the UW. The other appropriations align closely with the Governor's budget including funding for three of the University's top four capital priorities: Minor Capital Repair (Preservation), UW Tower Chilled Water System Replacement, and Magnuson Health Sciences Center Roofing Replacement. Both the Senate and the House include funding for Lewis Hall.

Other sections of the House Capital Budget include items that will likely impact the UW including: a \$4 million reimbursement for expenditures to the UW through the Department of Commerce associated with preparing Sand Point Building 9 for affordable housing units; \$130,000 appropriated to OFM from the UW Building Account for the UW to refresh preservation information in the state's comparable framework for higher education buildings; and a newly created contingency pool for construction projects that "confront emergent and unavoidable costs in excess of the construction contingency and management reserves included in the project appropriation." Although it is unclear whether this contingency reserve applies to higher education, based on the general language used in the budget legislation, the UW assumes that this account applies to all state agencies.

In Governor Inslee's budget priorities, there was a section identifying a matching fund to assist research institutions in attracting federal funding for Clean Energy Solutions. The House Capital Budget includes an Energy Efficiency Grants appropriation of \$26 million to the Department of Commerce to be awarded competitively to local agencies, public higher education institutions, and state agencies for "operational costs savings improvements to facilities and related projects that result in energy and operational cost savings."

2013-15 Capital Budget Proposals (in \$1000s)

Priority	Requested Projects		2013-15		Gov Inslee Budget 03/28/2013			Senate Budget 04/09/2013			House Budget 04/10/2013		
	Name	Phase	State Funds	UW Bldg Acct	State Funds	UW Bldg Acct	UW Bond Auth	State Funds	UW Bldg Acct	UW Bond Auth	State Funds	UW Bldg Acct	UW Bond Auth
1	Minor Capital Repair - Preservation	D/C	64,700	40,000	11,754	35,000	-	1,954	44,800	-	11,254	35,071	-
2	Minor Capital Repair - Program Renewal	D/C	-	22,000	-	-	-	-	-	-	-	-	-
3	Major Infrastructure - UW Tower Chilled Water Sys Replacement	D/C	7,500	-	-	7,500	-	-	-	-	-	7,104	-
4	Major Infrastructure - MHSC Roofing Replacement Project	D/C	7,000	-	6,529	-	-	6,529	-	-	5,794	-	-
5	Major Infrastructure - UW District Energy Resource Center	D	2,200	-	-	-	-	-	-	-	-	-	-
6	Health Sciences Education Phase I - T-Wing Renovation/Addition	PD/D	8,000	-	-	-	-	-	-	-	-	-	-
7	College of Engineering Classroom & Research Renovation	PD/D/C	13,400	-	-	-	-	-	-	-	-	-	-
8	UWT Classroom Building Renovation - Urban Solutions Center	PD/D	1,900	-	-	-	-	-	-	-	-	-	-
9	Health and Life Sciences - Hitchcock West	PD/D	10,500	-	-	-	-	-	-	-	-	-	-
10	CAS - Denny Hall Renovation	C	54,600	-	34,600	-	20,000	19,140	-	30,000	52,040	-	-
11	CAS - Lewis Hall Renovation	C	3,650	-	3,650	-	-	3,650	-	-	2,587	-	-
12	UW Libraries Archival Storage - Sand Point Building 5	PD/D	1,000	-	-	-	-	-	-	-	-	-	-
13	Innovation Collaboration Center	PD	350	-	-	-	-	-	-	-	-	-	-
14	College of Engineering - Interdisciplinary Ed/Research Center I	PD	350	-	-	-	-	-	-	-	-	-	-
15	UWT Innovation Partnership Zone Develop - Phase 1	PD	500	-	-	-	-	-	-	-	-	-	-
-	Preventive Facility Maintenance & Building System Repairs		-	-	-	25,000	-	-	25,000	-	-	25,825	-
-	Higher Ed Preservation Info (OFM comparable framework)		-	-	-	-	-	-	-	-	-	130	-
Biennial TOTAL:			175,650	62,000	56,533	67,500	20,000	31,273	69,800	30,000	71,675	68,130	-

For more information about the capital budget, please contact: John Seidelmann, seidj@uw.edu or Kateri Schlessman, kateris@uw.edu.