2016 ANNUAL PPAA WINTER CONFERENCE

January 26, 2016
Cooperstown, New York

State University Construction Fund
2016/17 Executive Budget
## Summary of Budget Request & Executive Budget

<table>
<thead>
<tr>
<th>Program</th>
<th>2016/17 Request</th>
<th>2016/17 Executive Budget</th>
<th>5-Year Request</th>
<th>5-Year Executive Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational Facilities: Critical Maintenance</td>
<td>$600.0</td>
<td>$200.0</td>
<td>$3,000.0</td>
<td>$1,025.0</td>
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<tr>
<td>Educational Facilities: Strategic Initiatives</td>
<td>200.0</td>
<td>0.0</td>
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<tr>
<td>Hospitals</td>
<td>600.0</td>
<td>175.0</td>
<td>600.0</td>
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<tr>
<td>Residence Hall</td>
<td>0.0</td>
<td>50.0</td>
<td>200.0</td>
<td>250.0</td>
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<tr>
<td>Community Colleges (State Share)</td>
<td>28.3</td>
<td>23.0</td>
<td>435.4</td>
<td>183.0</td>
</tr>
</tbody>
</table>

### SUNY-Wide Capital Initiatives:

- **Investing in Student Success: Targeted Investments to Enhance Learning Environments**
  - 2016/17 Request: 50.0
  - 2016/17 Executive Budget: 0.0
  - 5-Year Request: 50.0
  - 5-Year Executive Budget: 0.0

- **SUNY Scientific Instrumentation Vanguard Program: Target Investments to Upgrade and Replace Scientific Instruments & Equipment**
  - 2016/17 Request: 20.0
  - 2016/17 Executive Budget: 0.0
  - 5-Year Request: 20.0
  - 5-Year Executive Budget: 0.0

### Totals

<table>
<thead>
<tr>
<th>Total</th>
<th>2016/17 Request</th>
<th>2016/17 Executive Budget</th>
<th>5-Year Request</th>
<th>5-Year Executive Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$1,498.3</td>
<td>$448.0</td>
<td>$5,305.4</td>
<td>$1,633.0</td>
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</tbody>
</table>
ITEMS OF INTEREST

• **$55 Million**
  NYSUNY 2020 Challenge Grants

• **$150 Million**
  Another round of REDC Grants

• **$15 Million**
  SUNY Poly Colleges of Nanoscale Science & Engineering
OTHER ITEMS OF INTEREST

- **$125 Million**
  For SUNY Poly to operate an industrial scale research and development center in Clinton County

- **$200 Million**
  For SUNY Poly to operate a commercialization center in Chautauqua County

- **$100 Million**
  For economic development project at Nano Utica
ITEMS OF CONCERN

30 Day Amendment Process:

• No extension of exemption for SUNY/Fund contracts from OSC and AG pre-approval.

• Creation of the New York State Design and Construction Corporation with oversight over all public works projects with an aggregate construction value exceeding $50M.
Capital Program Financing & Management
PROGRAM GOALS

• Address highest priority critical maintenance needs System-Wide

• Continue long-range planning

• Incentivize spending

• Right-size projects to reflect fiscal reality and that can be executed

• Align campus strategies
PROJECTED SPENDING FAR BELOW TARGETS

Actual and Projected Disbursements

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Actual Annual Disbursements</th>
<th>Projected Annual Disbursements</th>
<th>Fiscal Plan Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>$504</td>
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<tr>
<td>2009-10</td>
<td>$729</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010-11</td>
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<td></td>
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</tr>
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<td>2012-13</td>
<td>$1,080</td>
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<td>2013-14</td>
<td>$938</td>
<td></td>
<td></td>
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<tr>
<td>2014-15</td>
<td>$770</td>
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<tr>
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<td>2017-18</td>
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<td>2018-19</td>
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<tr>
<td>2019-20</td>
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</tr>
<tr>
<td>2020-21</td>
<td>$600</td>
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Queue Committee

Comprised of Fund Directors of:

- Finance
- Program Management
- Design
- Construction
The committee reviews all future scheduled project commitments and assesses:

- Justification: is the project for **operational critical maintenance**?
- Priority: is the project **a campus priority**?
- Readiness: is the project **on schedule**?
- Affordability: can **spending be accommodated** within the current fiscal plan?
- Funding: does campus **have adequate and appropriate funds** available?

Projects that meet all the criteria but require additional funding are considered for loans or grants.
STRATEGIES TO ADDRESS VARIOUS CAMPUS SITUATIONS

Sufficient Funds Remaining
No Plan to Execute Near Future
7 CAMPUSES

Sufficient Funds Remaining
Plan to Execute Near Future
9 CAMPUSES

Spending Funds
May Need Help
7 CAMPUSES

Funds Largely Exhausted
Need Help
9 CAMPUSES

Incentivize Planning and Execution; Loan Lenders

Incentivize Continuous Planning; Provide Funding Resources to Start New Projects

Continue to Provide Assistance to Ensure Continuous Planning, Maintain Current Execution Schedule

Identify Resources to Progress Current Projects (Loans/Grants), Address Critical Needs, and Start New Projects
APPROACHES TO FACILITATING DECISION MAKING AND INCENTIVIZING SPENDING

Loan Program
- 4 campuses have borrowed $11M
- Average loan of $3M for minor rehab projects

Grant Program
- $21M invested in 6 high-priority critical maintenance projects
- Average grant of $3.5M for mostly smaller infrastructure projects

Just-in-Time Funding Approach:
- Campus unencumbered CM funds reflected in balance account
- Funding is applied as projects are advertised for design & construction
- Contract disputes & claims are not funded until settled
- Re-evaluating change order and project contingency budgets
**APPROACHES TO IMPROVING PREDICTABILITY**

**ACTIVELY MANAGE PROJECT SCHEDULES**

- Overprogram. Put more into the queue than we can afford
- Minimize scope changes in later phases of project design
- Minimize delays in bidding projects
- Manage change orders resulting from campus requests after project advances to construction
  - **10%:** Current average of change orders/field orders
  - **2.6%:** Average change order rate driven by campus requests
MODIFICATIONS TO FUND PROCESSES

• Changes to Construction Bid Documents and Contracts
  – New contractor qualifications requirements
  – Notice of Award and contract mailed concurrently
  – Contractor must return within 10 working days with required insurances

• Centralized Insurance Review
CURRENT MARKET CONDITIONS

• With the exception of the Buffalo region, the construction market remains soft

• We continue to receive good number of competitive bids and good number of bidders. To date, for year ending March 2016:
  • 36 projects bid for a total of $110 million
  • 6 bidders, on average
  • $12.7 million: bid amounts under initial budget

• We are bidding smaller projects, with an average construction value of $3.0 million
  • Expands the field of potential bidders
  • Increases MWBE opportunities
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Advocacy
2016/17 REQUEST:

5 UNIQUE ADVOCACY DOCUMENTS

WITH A REGIONAL FOCUS

• State-wide
• East
• Central
• West
• South
SUITE OF MATERIALS TO CAMPUS PRESIDENTS

2016/17 Capital Budget Advocacy ENDORSING ORGANIZATIONS

ABC of the Triple Cities
35 Belden Street
Rochester, NY 14603
Bradley Walters, Executive Director
brad@abcoftc.org
(585) 767-7000

AGCNY
10 Airline Drive, Suite 200
Albany, NY 12205
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michael@agcny.org
Joe Hogan, Vice President - Building Services
jhogan@agcny.org
(518) 456-1134

AMENY
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Albany, NY 12207
Jim Heyliger, President
jimhey@ameny.org
(508) 612-4510

CCA of the Hudson Valley
300 Main Street
Newburgh, NY 12550
A. Alan Sedman, Executive Director
asedman@ccahv.com
(845) 656-9900

Eastern Contractors Association
6 Airline Drive
Albany, NY 12208
Todd Halpin, President
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(518) 868-0901

ECNY
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Albany, NY 12205
Jay Simon, President
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(518) 452-8611

AIA NYS
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Albany, NY 12207
Georgi Ann Bailey, Executive Director
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(518) 449-3334

BCA of Westchester
629 Old White Plains Road
Tarrytown, NY 10591
Ross Pepe
Ross@bcawest.org
(914) 631-9670

Construction Exchange of Buffalo & Western NY
2600 William Street
Buffalo, NY 14227
Joseph Benedict, Jr., Executive Director
josephb@conexeny.com
(716) 874-3845

Mohawk Valley Builders Exchange
6 Airline Drive
Whitesboro, NY 13490
Jim Engler, President
jengler@mvbe.org
Tracy Page, Executive Director
info@mvbe.com
(315) 736-2444
PLANNING FOR TOMORROW: OUR FUTURE

Thanks to New York State
Commitment, SUNY has made
considerable progress,
there is still much
to be done.

The importance of
FUNDING

Funding is essential and necessary.
To keep SUNY family warm, safe and
healthy, new fire alarm and safety
systems must be installed, sidewalks
damaged by inclement weather must be
fixed, and existing buildings need
upkeep. Investing in capital
improvements will increase the
quality of education and learning
environment.

Modern and well-designed buildings
and classrooms are essential to
achieving the high performance
and success required of our
students and future generations.

Building programs require investment
in state-of-the-art facilities to support
the educational goals of SUNY.

Antiquated lecture halls

Crumbling classrooms

Electrical equipment past useful life

Damaged, leaking roofs

Obsolescent libraries

Outdated plumbing

Rolling ceilings

Dated interiors

Unusable spaces

Dim and not functional learning spaces

Worn-out laboratories

Collapsing walkways

Leaking walls

Obsolete buildings

The importance of PLUS funding

Modern and well-designed buildings
and classrooms are essential to
achieving the high performance
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and future generations to succeed. Evolving
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