

To: Vice Presidents, Chancellors, and Deans
RRC Facility Leads
RRC Finance Managers

From: Mike Volna, Associate Vice President & Interim Assistant CFO
Mike Berthelsen, Interim Vice President for University Services

Re: FY 2018 Annual Capital Improvement Budget

Date: February 17, 2017

This letter announces the annual opportunity for units to submit capital projects for inclusion in the FY 2018 Annual Capital Improvement Budget.

The Annual Capital Improvement Budget is submitted for review and action by the Board of Regents in May / June of each year and includes all planned capital expenditures for the following year where total project costs (design costs, construction, management fees, etc.) are anticipated to exceed \$500,000.

As a reminder, the annual capital improvement budget includes projects that meet the following conditions:

- * the proposed project must have a predesign completed by Capital Planning and Project Management (CPPM)
- * the proposed project either must have all necessary project funding identified and available for the project, or an approved finance agreement with University Budget and Finance
- * the proposed project is ready to proceed into design and construction within fiscal year 2018

***NOTE:** The annual capital improvement budget process is NOT the place to advance major new capital project proposals for inclusion in the six-year capital plan. In order to better align academic and facility planning, units wishing to submit projects for inclusion in the six-year capital plan should identify their capital priorities in their compact document. The 2017 six-year capital plan is scheduled to be updated this fall. Additional information will be provided at a later date.*

See also Administrative Policy: [Funding and Approvals of Capital Projects](#).

It is important for units to understand that for all capital projects—including legislatively funded projects—the University's budget model assigns to the project sponsor all cost associated with meeting future debt obligations as well as ongoing operating costs for the space. These costs will appear as part of the cost pool charges for that unit at the appropriate time.

For those projects depending upon the issuance of University debt it is critical that you contact the University Budget & Finance *as soon as possible*. The University typically issues debt in the November to December timeframe due to the need for the most up to date annual financial statements which are required by rating agencies.

If you have a project that you wish to include in the annual capital improvement budget but have not started a predesign, please submit an online [Project Request Form](#) to initiate the process.

Annual Capital Improvement Budget Submittal Instructions:

To facilitate the development of the annual capital improvement budget and to minimize the number of capital budget amendments that occur during the course of the year, please:

- * Distribute these instructions to appropriate personnel within the units that report to you. Instructions are being sent to Vice Presidents, Chancellors, Deans, and RRC Facility Leads.
 - o *Instructions are not being sent directly to directors and department heads because you may wish to provide supplemental instructions and submission requirements.*
- * Collect all capital projects within your area of responsibility, complete the attached Capital Project Submittal Form, and return the list electronically to the appropriate Chancellor / Vice President by **Friday, March 10, 2017**.
- * Once approved by the Chancellor/Vice President, forward the form to Terra Fraser (tafraser@umn.edu) in University Services Finance by **Friday, March 24, 2017**.
- * The project lists will be collected and reviewed by the Capital Oversight Group prior to Regent review and approval in May and June 2017.
- * A copy of the current 6 year plan and last year's Annual Capital Budget can be found at http://finance.umn.edu/budget_capital.html

All requests *must* be channeled through the appropriate vice presidents and chancellors for review prior to submission for Capital Oversight Group review.

Specific questions regarding the annual capital improvement budget process or the status of previously submitted projects should be directed to either:

- Terra Fraser, University Services Finance at tafraser@umn.edu / 612-624-8886, or
- Ian Baebenroth, Capital Planning and Project Management at ifb@umn.edu / 612-625-4454