

Managing Capital Activity

Purpose

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

Primary Committee Oversight

Physical Plant Planning Group (3PG)

Budget & Planning

- VP Budget & Planning
- Director of Financial Planning & Analysis
- Senior Financial Analyst
- Director, Capital & Space Planning

Facilities & Campus Services

- VP Facilities & Campus Services
- Senior Director, FCS Finance & Administration
- Associate Vice President of Engineering and Project Management
- Associate Vice President for Facilities Management
- Senior Director/University Architect
- Senior Director of Contract College Facilities and FCS (*for meetings involving the Contract Colleges*)

Capital Funding & Priorities Committee

- President
- Provost
- Executive Vice President/Chief Financial Officer (chair)
- Deputy Provost
- Vice Provost, Engagement & Land Grant Affairs
- VP Budget & Planning
- VP Facilities & Campus Services
- VP Alumni Affairs & Development
- Assistant Vice Provost for Capital Planning, Weill Cornell Medicine

On-going Management of Capital Activity

Capital activity includes activity associated with physical assets, leases, land, and administrative systems. Transaction approvals for facilities-related capital projects, including those not within the 1-year capital budget, are set by Policy 4.2, Transaction Authority and Payment Approval, Appendix D for the Ithaca Campus and Appendix E for Weill Cornell Medicine. Transaction approvals for 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 in the Capital Project Financial Guidelines.

All projects being proposed as variances to the approved one-year capital budget must have full funding immediately available, unless CF&PC approves a rare exception from the Capital Project Financial Guidelines, 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 Annual Capital Budget and Capital Plan

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

1. Major Inputs

a. Planning Parameters – Primary sources

Physical Plant Planning Group (3PG)

(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 Financial Guidelines*
- 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 \$2 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 Senior Financial Analyst, in coordination with Facilities & Campus Services (FCS) and under the direction of the Director of Financial Planning and Analysis, will review the capital needs submissions against the established parameters and develop a draft annual capital budget and capital plan. The review and development of the draft budget and plan may include meetings with 3PG and stakeholders in colleges; divisions; units within FCS; Cornell Information Technologies, and others as necessary to understand project scope, alignment with mission, criticality and priority, funding plan, operational and maintenance financial plans, and timing.

3PG will review and provide comment to the Provost on proposed major capital projects focusing on the proposed scale, scope, campus impact and opportunity. 3PG 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)

Physical Plant Planning Group

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

Capital Funding & Priorities Committee

- Reviews preliminary plan against priorities and constraints (November-January)
- Approves final draft annual capital budget and reviews capital plan (March)

Board of Trustees

- Finance Committee – reviews and approves proposed annual capital budget plan at March meeting
- Executive Committee and Full Board – approves annual capital budget and reviews 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 a regular basis, as identified in the Capital Project Financial Guidelines, FCS presents 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 the status of closing capital project accounts, budget status, major issues encountered, and 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.