Capital Spend and Trends

Board Oversight of Capital Projects

Capital Plan FY23 and Beyond
CAPITAL SPEND & TRENDS
Historical Context

2018
Less than $25 million appropriated from State of Illinois
10-year capital plan presented to the Board of Trustees:
510 projects $6 Billion
Expanded financing with Public Private Partnership (P3) Model

2019
$1.4 Billion State appropriation supporting $2 billion projects
Completed 87 projects: $346 million
Initiated 120 projects: $434 million

2020-2021
Completed 300 projects: $602 million
Initiated 216 projects: $382 million

2022
Completed 127 projects: $313 million
Initiated 257 projects: $602 million
Requested 5-year updated capital plan
CAPITAL SPEND BY YEAR

5 year average 2017 – 2021: $259 million

2022 projected spend: $390 million
$1.6 BILLION IN ACTIVE CAPITAL PROJECTS

$819 Million in Planning and Design

$766 Million In or Near Construction
Capital Fund Sources for Projects with Budgets Greater Than $5 million

**CAPITAL FUNDING 2018 VS. 2022**

- **Operating Funds**: 51% (2018), 34% (2022)
- **State Capital Appropriation**: 10% (2018), 3% (2022)
- **Bonds**: 24% (2018), 4% (2022)
- **Gifts/Grants**: 12% (2018), 6% (2022)
- **P3**: 17% (2018), 3% (2022)
- **Student Facility Funds**: 3% (2018), 10% (2022)

**2018**: $885 Million

**2022**: $1.711 Billion
ACTIVE STATE INVESTMENT IN CAPITAL

- 2018: Less than $25 million
- 2019: Now: $1.4 billion appropriated supporting $2 billion in projects
- 2022: $615 million in active state-funded projects
$1.1 BILLION IN ACTIVE NEW CONSTRUCTION PROJECTS

FUNDING SOURCE

- State: 55%
- P3: 28%
- Institutional: 17%
ACTIVE PROJECTS

$326 Million in Remodeling and Additions

$187 Million in Site Work, Utilities and Infrastructure and Deferred Maintenance

PLANNED USE OF SPACE

- Teaching and Research: 69%
- Healthcare: 15%
- Site Work: 11%
- Auxiliaries: 5%
- Deferred Maintenance: 15%
EXAMPLE PROJECTS IN DESIGN

Library Commons
- New Construction
- $35M Budget
- In Design
- State-Funded

Undergrad Library Redevelopment
- Remodel
- $50M Budget
- In Design
- University Funded

Discovery Partners Institute
- New Construction
- $250M Budget
- In Design
- State + University Funded

Innovation Center Expansion
- Addition
- $10M Budget
- In Design
- State + University Funded
EXAMPLE PROJECTS IN CONSTRUCTION

Computer Design Research and Learning Center
• New Construction
• $117.8M Budget
• State + University Funded

UIUC Parking Structures
• Renovation
• $21.3M Budget
• Bond Funded

Ubben Basketball Complex
• Remodel/Addition
• $39.8M Budget
• Donor-Funded

UI Health Specialty Care Building
• New Construction
• $195M Budget
• P3
The University of Illinois System continues to support and promote the use of Business Enterprise Program (BEP) and Veterans Business Program (VBP) certified vendors on all capital projects.

Beginning August 2021, capital professional service and construction service BEP certified vendor participation goals increased to 30% as well as the addition of a VBP certified vendor participation goal of 3% to construction services.
BOARD OVERSIGHT OF CAPITAL PROJECTS
CAPITAL DELIVERY PROCESS OVERVIEW

INTERNALLY FUNDED PROJECTS

Legend

Project Phases

Board of Trustees Touchpoints

Need Identified

Project Initiated

Conceptualization

Professional Services Consultant Selection

Design

Bid & Award

Construction

Post-Construction

Design Approval for New Buildings or Significant Renovations

Construction Contract Approvals for Contracts > $2.5 million

Project Approval for Projects with Budgets > $5 million

Design Contract Approval for Contracts > $1 million
Professional Services Consultant Contract Amendment

- Amendment causes contract to exceed $1 million
- Amendment requires associated budget increase

Project Budget Increase

- Any increase to budget must first be approved by the Board

Change Orders

- Report provided outlining all change orders that exceed 5% of originally approved contract value
CAPITAL PROCESS RECOMMENDATIONS

- Ernst & Young Consulting Engagement
  - Implement contractor evaluations
    - Architect evaluations forthcoming
  - Streamline approval processes
    - Increased university delegated authority for change order approvals
- Increase staffing to meet project demands
- Increase utilization of retainer work orders
CAPITAL PROCESS RECOMMENDATIONS

▪ Ernst & Young Engagement, continued
  ▪ Implement Capital Project Audits
    ▪ Engaged with FTI Consultants
    ▪ Observations include:
      ▪ Multiple project management systems lead to errors, duplication of efforts
      ▪ System scheduling capabilities need to be enhanced
      ▪ Standardize file retention policies
CAPITAL INITIATIVES

- Facility Condition Assessment
  - Develop a comprehensive approach to deferred maintenance
- Capital Project Management Software
  - Effort to replace 10-15 year old systems
- Crowe: Small Construction Project Processes Assessment
- Legislative: Changes to procurement and construction services
  - Design Build and Single Prime
- Capital Project Audits
  - Evaluation of current processes and delivery ongoing
- Updated 5 year Capital Plan
5-YEAR CAPITAL PLAN

$2.85 Billion in Identified Need

Chicago: $500
Springfield: $1,000
Urbana: $2,000

Deferred Maintenance
Remodeling/Addition
New Building
Site Work

74% Identified for Academic, Research, and UI Health
PROPOSED FUNDING SOURCES

$2.85 Billion

Planned Use of State Funds
$1.4 Billion
23% Existing appropriation
24% Requested appropriation
53% Future request
DISCUSSION

Projects Coming Soon