

UMass Lowell

Capital Plan Update

Fiscal Years 2017-2021

Published September 2016



Introduction and Overview of Campus Capital Plan

This document provides an update to the most recent Capital Plan for UMass Lowell for approval by the Board of Trustees for FY2017-FY2021. It reflects the priorities outlined in the UMass Lowell 2020 Strategic Plan. UMass Lowell's success in executing its Capital Plan will determine how successful it will be in meeting the ambitious goal of achieving national and international recognition as a world-class institution over the next decade.

The plan includes fourteen capital projects that exceed the \$10 million threshold for Board of Trustee approval. These projects total \$547 million. In addition, the campus has many other capital projects which were approved under the FY2015-FY2019 Capital Plan that are included in our facility master plans however they are contingent on funding. There are also numerous projects that fall below the \$10 million threshold. All campus projects costing more than \$2 million have been entered into the system database and are regularly reviewed as part of the quarterly capital plan update.

The funded projects included in the FY2017-FY2021 capital plan are affordable within the FY2017-FY2021 multi-year financial plan. New borrowing will not push the campus over the 8% debt ratio policy cap and the capital expenditures funded from campus operating funds and accumulated reserves also fit within the operating margin and primary reserve ratio targets included in the multi-year plan.

Our anticipated capital expenditures impact on a number and variety of our academic, research, student life, athletic, recreational and outreach programs and partnerships while concurrently addressing deferred maintenance. If we are to achieve our goals and aspirations, we must concurrently reduce our backlog of critical maintenance and our energy consumption while we create additional modern academic and research spaces, increase residential capacity, renew our existing buildings, develop new recreational opportunities, and add to our capacity to host a broad range of meetings and events – academic, entertainment and civic.

The Lowell campus consists of 3 major locations: North, South and East. The North and South campuses are primarily academic buildings with some residence halls and tightly constrained playing fields; the East campus is the location of the majority of our residence hall, the primary dining facility and a very popular Recreation Center. East also houses the Wannalancit facility, Lelacheur Baseball Park and is a short walk to the Tsongas Center. Each of the campuses is densely developed and bounded by fully developed residential and business properties. University Crossing (opened in Fall 2014) includes the majority of student focused services is centrally located among all three campuses.

The campus continues to partner with the University of Massachusetts Building Authority and DCAMM to plan, finance and implement our ambitious capital program. The partnership with DCAMM has resulted in a series of "rolling" capital plans for North and South campuses. These plans recognize our significant enrollment and research growth trends as well as projected future growth in academic programs, sponsored activity and enrollments.

Enrollments grew more than 50% between 2007 and 2015 and are projected to grow 2.8% per year through Fall 2020. UMass Lowell is expanding out-of-state and international enrollments,



Master's and on-line enrollments and most significantly, it has expanded its overall "market share" of Massachusetts' undergraduate students. This growth *has not* come at the expense of selectivity, quality or diversity. Sponsored research funding has increased 75%. The campus facilities master plans address the pressures of current and future growth including demand for new academic programs and residential and recreational facilities and the continued need to renew facilities with systems that show signs of obsolescence and address the backlog of deferred maintenance.

In February 2013, UMass Lowell joined NCAA Division I Athletics, which aligned the University with academic peer institutions. While UMass Lowell already has a state-of-the-art sports arena (Tsongas Center), the move to Division I will require the University to add basketball capability to the sports arena, to make ongoing improvements to the North Campus Costello facility, and to institute the use of the recently completed artificial turf for field hockey and Lacrosse.

Master Planning:

In cooperation with DCAMM, the master plan for North Campus Science & Engineering facilities was completed in 2010-2011. The recommendations focus on four initiatives, which are included in our capital plan. The projects include major renewal of Engineering, Olsen, Olney buildings, and similar renewals in the North Campus Quad. The positive space and programmatic impact of the pending new Pulichino Tong School of Business building is being coordinated as part of the North campus planning process. Additional renewals for Pinanski, Ball and Cumnock Halls are needed and are anticipated for funding in future capital plan updates. The master plan also envisions the need for a new academic building to accommodate the classroom and laboratory space needed for the projected enrollment growth on North.

The South Master plan includes a space renewal and reassignment plan, with accompanying individual capital projects for implementation as the buildings empty out. These include McGauvran and South Dining (completed), Mahoney, Dugan, and parts of O'Leary and Weed. The plan academically organizes the campus and addresses both additional programmatic space needs and critical maintenance priorities. Expanding and renovating Coburn Hall and a new academic building are part of this plan as well. This planning effort is a follow-on to the previous DCAMM-funded overall plan, and the Science & Engineering plan for North Campus.

Implementation of this plan will allow the campus to maximize and extend the value of investments in previous projects, and address the needs of these growing schools. Both schools actively support the university's growing research and economic development agenda, through both direct research and their vital role in the overall curriculum.

Project Status from FY2015-FY2019 Plan:

The following projects on the FY2015-2019 Capital Plan are **complete** and have been removed from the FY2017-FY2021 plan:

- University Crossing opened in 2014.
- McGauvran Dining and demolition of south dining/bookstore opened in 2015.
- Leitch & Bourgeois Residence Hall renovations were completed in 2014.



- Property acquisitions through FY2015.

The following projects included in the FY2015-FY2019 plan are **in progress** and are included in the FY2017-FY2021 Capital Plan:

- **Pulichino/Tong School of Business & Lydon Library** renovation project is currently under construction with a target opening date of March 2017.
- **Science & Engineering Master Plan – Perry Hall** is in design. The project is currently in study/schematic design phase. The project is expected to be completed by the Fall 2018.
- **North Quad Renewal (Phase 1 PODS)** will be completed in December 2016.
- The acquisition of the **Perkins property** adjacent to East Campus is complete. The Board approved a total project cost of \$80 million for a residential hall acquisition/construction project. The campus borrowed \$69 million for the purchase and initial costs to transform the facility into a residence hall. The campus will add \$5 million in loan pool funds for furniture, fixtures and equipment. It is expected that the facility will be ready for student residents in the Fall of 2017.
- **Energy & Powerplant Improvements including DCAMM AEP** is progressing well and is expected to be completed in the fall of 2017.
- The **Residential Hall Comprehensive Renewal Program** continues to move forward with the annual allocation of auxiliary service funds for renovation and repair to student housing facilities.
- **Science & Engineering Master Plan – Olsen Renovation** is in the study phase and will be brought forward to the Board at a later date for further review and approval.
- **Coburn Hall Renewal & Addition & Backfill** received initial approval from the Board of Trustees in June 2016. The project is currently in the conceptual phase and will be coming forward to the Board for further review and approvals in the future.

The following projects have received Board of Trustee approvals since the FY2015-FY2019 update and were added to the FY2017-FY2021 Capital Plan:

- **Fox Hall Elevators project** received secondary (Vote 2) approval by the Board of Trustees in June of 2016. **The Board of Trustees is being asked to increase the total project cost of this project from \$14 million to \$18 million.**
- **Pasteur Second & Third Floors-Comprehensive Renovation** was approved by the Board of Trustees in April of 2016 at \$12 million and is currently in the owner's project management/designer procurement phase. The project will come back to the Board in the future for further review and Vote 2 approval.

The campus is requesting that the following **new project** be added to the FY2017-FY2021 Capital Plan:

- **New Residential Hall (Dormitory Style)** The campus expects that it will require additional student residential hall beds towards the end of the five-year capital planning period to meet projected housing demand. The campus Housing Study included in the FY2015-FY2019 Capital Plan outlined the need for additional beds to improve the residential character of the campus. Adding basic dormitory style beds to the campus inventory is important to provide alternatives for students. Project cost is estimated at \$60 million to be funded with debt.



Finally, there are a number of other projects previously approved and included in the FY2015-FY2019 Capital Plan that are maintained in the University database. These projects have been identified in our Master Plans as necessary to meet future campus needs however funding remains unidentified at this time (e.g. project initiation is contingent on funding). Projects will be brought forward to the Board of Trustees for review and further approval as funding is secured.

Deferred Maintenance Status Report:

As reported to the Board of Trustees in April 2016 by Sightlines the Lowell campus has a \$640 million backlog of need for core academic, research and student space and infrastructure. There are additional deferred maintenance needs for campus residential and auxiliary facilities not included in the Sightlines review however the campus capital plan includes funding for repairs and renovations to these spaces.

This “Asset Reinvestment Backlog” includes projects that represent the most critical deferred maintenance needs; life cycle projects for systems that will be coming due in the next decade across 6 major systems (Exteriors, Roof, Interior, HVAC, Plumbing, Electrical); and additional building needs including modernization and safety/code as well as needs outside of the buildings such as grounds and utility distribution infrastructure. Other than the critical projects that should be addressed soon, Sightlines assumes a ten-year program to bring down the backlog.

The campus has incorporated these needs into the capital plan, and is addressing them through a variety of means and funding sources. Progress on the capital plan as currently proposed and planned can result in DM reductions. This is due in part to capital projects already planned, demolition, energy conservation projects and planned comprehensive renewals which incorporate the DM items.

The campus, through an “annual call” process, identifies and prioritizes smaller maintenance and repair, renewal and renovation projects into the following program categories:

- On-going Academic Modernization including Relocations: targets immediate needs of academic areas including renewal associated with space reallocation due to new facilities coming on-line and those planned for North and South campuses.
- Capital renewal/Deferred maintenance/Compliance: targets various projects designed to cut into the backlog identified in the facility conditions assessment.
- Residential Hall Comprehensive Renewal Program: projects that will reduce the deferred maintenance backlog in the residential housing area.
- Other program areas include: Athletics & Recreational spaces, Information Technology, and Parking and Transportation.

These deferred maintenance projects are to be funded through a combination of state deferred maintenance funds, campus budgeted general operating and auxiliary services funds, and accumulated fund balances.

Information Technology:



UMass Lowell IT has a multi-year program that includes a series of projects to fit the campus technology platform to meet expanding needs. Gaps in wireless access, network throughput, and core infrastructure necessitated this capital investment. Our remediation effort started in FY2013 with the design and installation of a new campus fiber network backbone. In FY2014, improvements to campus wireless began as did the development of an RFP to secure the next generation network for UMass Lowell.

The campus began installing the higher-capacity campus network in late 2014 as part of a three-year effort that will result in an infrastructure capable of meeting the high-bandwidth demands from any corner of the campus, and from any mode; connected or wireless.

Rounding out the IT Capital Plan is a new telephony platform, periodic refreshes of classroom technology, and investments in campus software, examples being; virtual terminals, CRM software, and faculty collaboration tools. Lastly, the UMass Lowell IT Capital Plan recognizes that spend on core network and wireless technologies are perpetual, requiring a regular investment to meet changing requirements.

Financial Planning:

This capital plan depends on funding from the state, private donors, granting agencies and debt supported by user fees, student charges and campus operating funds. The overall five-year plan is aggressive due to the investment needs and program emerging from the DCAMM Science & Engineering and South Campus master plans and the deferred maintenance needs identified by the Sightline report.

As previously noted, the projects included in the FY2017-FY2021 capital plan are affordable within the FY2017-FY2021 multi-year financial plan. New borrowing will not push the campus over the 8% debt ratio policy cap and the capital expenditures funded from campus operating funds and accumulated reserves also fit within the operating margin and primary reserve ratio targets included in the multi-year plan.

State Funds

The state is a critical partner in the success of our capital plan and by extension the realization of our strategic goal to achieve national and international recognition as a world-class institution over the next decade. Unfortunately, the state has implemented a near freeze in all capital spending until a comprehensive strategic plan is developed. The campus has therefore adjusted its financial and capital plans to remove the state funds previously committed.

The state has only committed capital funds for the new Pulichino/Tong School of Business building (\$28.2M) and the Accelerated Energy Program (\$5M). An additional \$700,000 in state deferred maintenance funds were allocated to the North Quad PODS project.

This state funding is significantly less than what had been committed in previous state capital plans which included \$36M for Perry Hall and \$40M for Olsen Hall as part of the Science & Engineering renewal and renovation program for Engineering, \$19M for the Coburn Hall Renewal and Addition project and \$30M for the Tsongas Center Extension.



New projects that are emerging from the North and South Campus master plans include the need for new Academic Buildings on both campuses to support the growth in enrollments and to provide additional classroom space. We included these projects for consideration since a new Higher Education Bond Bill is required.

In addition to the freeze in funding for larger capital projects, the state has been reducing funding for deferred maintenance projects. In FY12, the campus received approximately \$2 million annually for important deferred maintenance projects. In FY15 and FY16 this amount was cut to \$1 million and required a \$1 million campus match. There are no state funds for deferred maintenance in FY2017.

Campus Debt

The capital plan includes \$230 million of projects funded with debt; \$94 million of which has already been borrowed for the Pulichino/Tong building, Perkins acquisition, Fox elevator and North Quad POD projects. The remaining \$136 million planned will support the previously state funded Perry Hall, Olsen Hall and Coburn Hall renovation projects, additional funding for the Fox Hall elevator project and \$60 million for the new residential hall project. The campus previously had a relatively low debt to operations ratio of 5.9% in FY14. With the new borrowing we expect our debt ratio to increase to just under the 8% policy threshold. However, the borrowing program will increase our annual operating budget commitment to debt service that represents a significant reallocation of campus resources.

Campus Funds and Other Funding Sources

The campus is committing considerable annual operating funds and accumulated capital reserves towards the capital plan. More than \$75 million will be spent between FY2017 and FY2021 on the capital plan. The campus fully funds depreciation as part of our annual budgeting and multi-year financial planning processes. By doing so we generate sufficient cash flow and reserves to spend on our capital plan.

In addition, the campus will use \$68 million from a combination of private gifts, funding from our dining services vendor, savings from the campus utility budget and the system's equipment loan pool to fund other priority projects.



Priority	Project Name	Estimated Completion	Total Funding	Debt	Secure State Funds	Loan Pool	Raised Funds	Campus fund balances	Utility Budget	Other	Contingent on funding
1	Pulichino/Tong School of Business Building & Lydon Library Renovations	Spring 17	\$47.2	\$8.0	\$28.2	\$3.0	\$6.0	\$2.0			
2	Science & Engineering Master Plan-Perry Hall, Engineering Renewal	Fall 18	\$50.0	\$20.0			\$12.0	\$12.0		\$6.0	
3	North Quad Renewal (Phase 1 - PODS)	Fall 16	\$19.0	\$11.0	\$0.7			\$7.3			
4	Residence Hall Acquisition/Construction	Fall 17	\$74.0	\$69.0		\$5.0					
5	Fox Hall Elevators	Fall 17	\$18.0	\$12.0				\$6.0			
6	Pasteur 2nd & 3rd Floors – Comprehensive Renovation	Fall 18	\$12.0					\$12.0			
7	Science & Engineering Master Plan-Renovations Phase 2	Fall 20	\$86.0	\$10.0							\$76.0
8	Aiken Recreational Fields	Fall 17	\$6.0					\$6.0			
9	Coburn Hall Renewal & Addition & Backfill	Fall 20	\$69.0	\$40.0			\$10.0				\$19.0
10	Wannalancit, Cumnock, Central Services & Dining Facility	Fall 19	\$15.0					\$10.0		\$5.0	
11	Energy & Power Plant Improvements, incl. DCAMM - AEP	Fall 17	\$26.0		\$5.0				\$21.0		
12	Residential Hall Comprehensive Renewal Program - Phase 1: FY13-22		\$30.0					\$10.0			\$20.0
13	New Residential Hall (Dormitory Style)		\$60.0	\$60.0							
14	Tsongas Center Expansion/Renovation		\$35.0				\$0.0				\$35.0
15	Property Acquisitions		\$10.0					\$10.0			
	Subtotal		\$547.2	\$230.0	\$33.9	\$8.0	\$28.0	\$65.3	\$21.0	\$11.0	\$150.0