

*Washington State*

# **Report of the Four-Year Prioritized Capital Project List Technical Work Group**

Section 7040, Chapter 3, Laws of 2015, Third Special Session

Office of Financial Management  
Budget Division  
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## 2015–17 Capital Budget Proviso (Section 7040, Chapter 3, Laws of 2015, Third Special Session)

*NEW SECTION. Sec. 7040. Fiscal or related staff from the office of financial management shall form a four-year prioritized capital project list technical work group with staff from the office of program research, senate committee services, four-year institutions of higher education receiving appropriations in this act, and the council of presidents. The work group shall examine and determine key elements, data sources, process improvement, data needs by project category types, scoring and weighting alternatives, and how to better align to the process for budget decisions. The work group shall report options and alternatives to the appropriate legislative committees by December 15, 2015.*

### Executive Summary

The Office of Financial Management (OFM) is required by statute to evaluate and score all capital project funding requests made by public four-year institutions of higher education and to develop a single prioritized list of all scored requests. Two scoring processes with distinct priorities and oversight have been developed through separate legislation: categorical scoring of all projects (RCW 43.88D.010) and the creation of a single prioritized list of projects (RCW 28B.77.070). Since 2003, several pieces of legislation have attempted to move higher education capital project prioritization to a single scoring process while leaving both original statutes largely intact. As a result, the two processes overlap considerably, and the goals and responsibilities of the prioritization process are often unclear to stakeholders.

Section 7040 of the 2015–17 capital budget requires OFM to form a technical work group to review the higher education project scoring process and report options for process improvements to the Legislature by Dec. 15, 2015. The proviso specifies that the work group must include staff from the House Office of Program Research, Senate Committee Services, public four-year institutions of higher education and the Council of Presidents (COP).

This report summarizes the work group’s findings and recommendations, including options for process improvement within existing statute, and proposed changes to RCW 43.88D.010 and RCW 28B.77.070. The work group found that overlap between the two statutes results in duplication of effort and confusion, and recommends consolidating the process under RCW 43.88D.010. Beyond statutory issues, the work group recommends simplifying OFM predesign requirements, developing a more interactive scoring tool, making changes to scoring criteria and instituting various internal process improvements.

## 1. Legislative History and Background of the Prioritization Process<sup>1</sup>

The 2003 Washington State Legislature established a higher education capital project prioritization process to be implemented in time for the 2005–07 biennial capital budget. The Legislature has modified requirements and procedures for evaluating and prioritizing capital budget requests for public four-year higher education institutions four times since 2007, or approximately every other year. (See Table 1 for a summary of the changes.) This report reflects another effort to improve the system of evaluating and prioritizing major project requests from the four-year schools. In developing its recommendations, the work group attempted to answer a fundamental question: Why have prior modifications to the process not produced satisfactory results and how can this effort be more effective?

Table 1: Legislative history of the four-year higher education prioritized list process

| Session | Agency(ies)   | Action  | Due Date                      | Law  |
|---------|---|---|-------------------------------|--|
| 2003    | Four-year institutions and the Higher Education Coordinating Board (HECB) | Beginning with the 2005–07 biennial capital budget submittal, the four-year institutions (in consultation with HECB) develop project requests. HECB reviewed, evaluated and submitted its capital budget recommendations, along with separate two-year and four-year prioritized project lists.   | Aug. 1 of even-numbered years | Ch. 8, Laws of 2003 (2ESHB 2151) RCW 28B.80.335 re-codified as RCW 28B.76.220 (now 28B.77.070) pursuant to Ch. 275, Laws of 2004 |
| 2007    | HECB  | "... distributes guidelines which outline the board's fiscal priorities to the institutions ..." and the institutions must submit "outlines of their proposed budgets ..." and "Capital budget outlines shall include the prioritized ranking of the capital projects being requested by two-year and four-year institutions, respectively." "... OFM shall reference these reporting requirements in its budget instructions." | July 1 of even-numbered years | Ch. 458, Laws of 2007 (ESHB 1883) 28B.76.220 (now 28B.77.070)  |

<sup>1</sup> For an overview of the 2015–17 biennial budget scoring process, see OFM's [Capital Projects Evaluation System Instructions for 2015–17](#). For information on standards used to determine compliance with statutory criteria, see Appendix A.

|      |                        |  |  |   |
|------|------------------------|--|--|---|
| 2008 | Four-year institutions | "Capital budget outlines for the four-year institutions ..." shall be submitted to HECB and "must include: the institutions' priority ranking; the capital budget category ... a description of each capital budget; and the amount and fund source being requested."  | Aug. 15 of even-numbered years   | Ch. 205, Laws of 2008 (ESHB 3329) 28B.76.220 (now 28B.77.070) |
|      | HECB                   | The board must make capital budget recommendations to OFM and the Legislature and include "... the relative share ... assigned to each project category ..."   | Nov. 15 of even-numbered years (OFM).<br>Jan. 1 of odd-numbered years (Legislature). | Ch. 205, Laws of 2008 (ESHB 3329) 28B.76.220 (now 28B.77.070) |
|      | OFM                    | "... must complete objective analysis and scoring of all capital budget projects proposed by the public four-year institutions ..." in the following categories: Access, renovation and replacement, infrastructure, research, other categories.   | Oct. 15 of even-numbered years   | Ch. 205, Laws of 2008 (ESHB 3329) RCW 43.88D.010              |
| 2010 | HECB                   | Required to develop single prioritized list of major projects guided by objective evaluation by OFM pursuant to RCW 43.88D. The board was instructed to identify the combination of projects that will most cost-effectively achieve the state's goals, including increasing degree production, promoting research and innovation, preserving existing assets and maximizing efficient use of space. | Nov. 15 of even-numbered years   | Ch. 245, Laws of 2010 (SSB 6355) 28B.76.220 (now 28B.77.070)  |
|      | OFM                    | Splits renovation and replacement into two categories. Modifies due dates.   | Aug. 1 of even-numbered years  | Ch. 245, Laws of 2010 (SSB 6355) RCW 43.88D.010               |

|      |                        |  |  |   |
|------|------------------------|--|--|---|
| 2012 | Four-year Institutions | Submit capital budget outlines to OFM instead of HECB.   | Aug. 15 of even-numbered years   | Ch. 229, Laws of 2012 (E2SHB 2483) RCW 28B77.070  |
|      | Four-year Institutions | Submit prioritized lists of the individual projects to OFM.  | Aug. 1 of even-numbered years  | Ch. 229, Laws of 2012 (E2SHB 2483) RCW 43.88D.010 |
|      | OFM                    | Shifts responsibility for recommending single prioritized list from HECB to OFM and adds weights to select criteria for prioritization purposes in the following order: OFM scores pursuant to RCW 43.88D, preserving assets, degree production and maximizing efficient use of instructional space. | Silent on deadline to produce prioritized list. OFM has released the list at the time the Governor's capital budget is proposed. | Ch. 229, Laws of 2012 (E2SHB 2483) RCW 28B77.070  |

## 2. Review of Process Timeline in Recent Biennia

In recent biennia, the higher education project prioritization (scoring) process has followed the same general schedule, formally beginning with the release of process instructions to the six public four-year baccalaureate institutions. Per RCW 43.88D.010, these must be released with OFM's capital budget instructions, usually in June of even-numbered years. (RCW 43.88.030 requires budget instructions to be released three months before agency biennial budget documents are due.)

OFM then works with the institutions to form the panels that will evaluate qualifying capital project requests. While OFM makes final decisions on panel composition, institutions may nominate their own staff or propose members from other agencies with experience in higher education capital project development. No panel member may review a project request from his or her own institution.

As the review panels are being formed, higher education institutions work to finalize materials related to the projects they will request through the scoring process. Those requests are transmitted to OFM in early August. RCW 43.88D.010 requires each institution to submit a prioritized list of project proposals to OFM by Aug. 1, and, by Aug. 15, the institutions must submit individual project request details to OFM per RCW 28B.77.070.

In the weeks leading up to the project request due dates, OFM circulates answers to individual questions to clarify issues for all institutions. OFM then reviews each project submittal it receives, and may consult with institutions on the appropriate project category, consistent with statutory requirements and other matters.

By late August, the newly formed evaluation panels meet to receive evaluation instructions and walk through the process with OFM. Panel members receive project proposals for independent review before coming together to complete project scoring in early- to mid-September. This stage of the process usually coincides with the general capital budget submission deadline for all agencies.

Review panels meet for a final time to complete their work in late September, allowing OFM to release the results of the categorical scoring process by Oct. 1, as required by RCW 43.88D.010. The single prioritized list, with projects ranked according to the priorities established in RCW 28B.77.070, is usually released with the Governor’s proposed budget in December.

### 3. Recommendations to Improve the Integrity of the Four-Year Institution Process to Produce a More Credible Single List

#### Background

Dissatisfaction with the results of the four-year institution capital prioritization process has, at times, drawn unfavorable comparisons with the process used by the State Board for Community and Technical Colleges (SBCTC) to evaluate capital project requests. (As shown above in Table 1, these processes were at one time linked.) The work group reviewed the SBCTC process and sought input from SBCTC staff to identify applicable best practices for the four-year process while attempting to help budget decision makers understand the inherent differences between the four-year and two-year institutions and their respective capital project scoring needs. Table 2 identifies and discusses those differences.

Table 2: Comparison of the prioritized list processes between the two-year and four-year higher education institutions

|  | Two-Year Institutions   | Four-Year Institutions  |
|--|---|---|
| Authority                                  | The community colleges are governed by a single authority, SBCTC, which prepares the single, prioritized list.          | Six institutions submit requests and an external agency (since 2012, it has been OFM) creates a single prioritized list based on the ranked categorical lists developed by OFM. |
| Statutory directive                        | None  | RCW 28B.77.070 and RCW 43.88D.010   |
| Support for the prioritized list           | The community and technical colleges have a policy to not advocate for their own projects outside the prioritized list. | Regardless of the single prioritized list, the six separate schools advocate for their own institutional priorities.  |
| Experience with the prioritization process | SBCTC has been producing a broadly supported list under relatively stable criteria and procedures for many years.       | The roles and authorities for producing the four-year prioritized list have changed frequently. Without some stability, the process has been unable to mature.                  |

Given the differences between the two processes, it would be difficult for the four-year prioritized list to achieve the same level of support among budget decision makers as the SBCTC list. Nevertheless, the work group believes the process could be made more transparent and accessible to all stakeholders through either adjustments within the limits of current statute or changes to RCW 28B.77.070 and RCW 43.88D.010. The work group also believes stability in the coming years is essential to an effective scoring process, whether changes are made in the underlying statutes or not.

### **Proposed solutions**

Under current statutory authority, OFM, legislative staff, and representatives of the four-year institutions and the SBCTC have considered making significant changes to the scoring tools, capital budget instructions and the process as a whole to improve the integrity of the prioritized list. In fact, work is already underway — independent of this report — to improve the process in time for the scoring of 2017–19 capital project requests in late 2016.

### **The scoring tool**

The current process involves the use of a tool that requires members of project scoring panels to make both qualitative and quantitative decisions. Certain elements of the tool, such as how it measures space efficiency and graduation rates, should be automated so the scorer need only score projects on qualitative criteria related to how well a project meets the educational goals of the state.

### **Criteria scoring and weighting**

The individual criteria scores comprise two components within one result: 1) a measure of achievement of the applicable criteria, and 2) a measure of the importance of those criteria (for example, a project's ability to achieve institutional planning goals is given a different weight than the reasonableness of project cost). These two components should be decoupled, beginning with an initial evaluation of how well projects achieve the various criteria. Decision makers could then use the tool to weight the various criteria individually, according to their different priorities.

Another area of dissatisfaction is that institutional priority is not incorporated in the score for the final single prioritized list even though it is part of the categorized scoring. This is not a statutory requirement or limitation, and could be changed for the 2016 scoring process.

### **Scoring categories**

Although projects can be scored under only one of the categories listed in RCW 43.88D.010, four-year institutions often have difficulty identifying the single category most appropriate for a proposed project. For instance, a project may include the renovation of an existing structure, the addition of new space and a major infrastructure improvement. To address this, OFM should develop a form — similar to one used by SBCTC — that identifies the elements of each project in different categories.

Identifying different categorical elements within a single project would serve two purposes: It would help OFM determine the appropriate category for scoring under 43.88D.010 and it would provide an aggregate score to be used as additional criteria for reasonableness of cost for the single prioritized list under RCW 28B.77.070.

The tool would also be available to the four-year institutions as they develop project requests, providing some indication of which category a given project is most likely to be scored under RCW 28B.77.070. However the tool is used, OFM will continue to work with the institutions, as needed, to identify likely project categories before the scoring process begins.

### **Criteria data requirements**

Some of the data elements in the scoring tool may reflect outdated policies, information or standards. The comparable framework data, which provide a common facility condition score across all six four-year institutions, is now several biennia old. In addition, space efficiency standards were developed by the now-defunct HECB.

OFM is currently preparing a new comparable framework that will inform the next scoring process; new space efficiency standards can be developed through industry consultation. In addition, reasonableness of cost information can now include data from OFM's life cycle cost tool analysis and consider previous project design appropriations as an indicator of legislative support for the project.

### **Scoring panels**

Scoring panels for the 2015–17 project scoring process (in fall 2014) were composed of experts in facilities management or education programs at the four-year institutions, OFM staff and legislative staff. In prior biennia, panels comprised staff from SBCTC, Department of Enterprise Services, Department of Corrections and other institutions familiar with capital projects. For the 2016 scoring process, a more diverse range of expertise should be restored to the panels, including four-year institution staff representing a broader range of experience than facilities management and capital budgeting.

In addition, to allow for questions and a discussion about projects, scoring panels should meet in-person more than once, with a priority placed on meeting in-person for final scoring decisions. The panels may further benefit from the availability of decision-making software or technology to facilitate discussion and use of categorical weights.

### **Pre-design study**

The work group identified the pre-design study as a potential tool for scoring purposes. Because pre-design studies are required for many state construction projects, including higher education capital projects, the work group was careful to consider the impact any changes to pre-design standards might have on other state agencies. (For a detailed discussion of proposed pre-design improvements, please see Section 5.)

## **4. Statutory Challenges and Proposed Changes**

### **Background**

The two statutes that address scoring for the four-year higher education capital project requests are RCW 43.88D.010 and RCW 28B.77.070. In 2008, RCW 43.88D.010 established a capital project scoring system that is distinguished by evaluating projects based on project type, e.g., growth, renovation and replacement, research and infrastructure. As shown above in Table 1, in 2010, RCW 28B.77.070 added the single prioritized list requirement that augmented the categorical scoring process as well as specific criteria and weighting to determine the prioritized list.

### **The problem**

There is a need to integrate RCW 43.88D.101 and RCW 28B.77.070 to provide clarity and unity to the capital scoring process. The existence of the two statutes creates confusion about how the scoring process works, not only for the four-year institutions but also for decision makers. The statutes also contain irrelevant dates due to changes over the years. Additionally, the capital scoring process no longer belongs in Chapter 28B.77 RCW, which references the Washington Student Achievement Council (WSAC). While the capital prioritization process previously applied to the HECB, it does not apply to WSAC, which replaced it. (See Table 1 for statutory changes, Appendix C for RCW 28B.77.070 and Appendix D for RCW 43.88D.101.)

## **Proposed solutions**

The proposed statute changes will provide clarity and transparency in the four-year higher education capital project scoring process.

*Changes to Chapter 28B.77 RCW, Washington Student Achievement Council.* The work group proposes eliminating the subsections that refer to capital budget requirements performed by HECB, which were not transferred to WSAC (RCW 28B.77.070(2)(a)(b)). The work group recommends moving the section that requires one prioritized list of capital projects from the WSAC statute to the higher education capital projects statute (move RCW 28B.77.070(4) to RCW 43.88D.010). This change will consolidate all the requirements of the four-year higher education scoring process in one statute (Chapter 43.88D RCW, Higher Education Capital Projects Strategic Planning).

*Changes to Chapter 43.88D RCW, Higher Education Capital Project Strategic Planning.* The work group recommends eliminating the statement in 43.88D.010(2) that the four-year higher education scoring system is based on the framework used in the community and technical college system of prioritization (RCW 43.88D.010(3)). Unlike the four-year institutions, SBCTC has authority over the community colleges, and its scoring process is not in statute.

RCW 43.88D.010(7), relating to the timing of submittals, should be adjusted to clarify what the work group believes to be the original intent: that each public four-year institution should prepare and submit project proposals required for evaluation and scoring by OFM by Aug. 1 of each even-numbered year (rather than simply a list of projects to be requested), and that the only other capital project submission to OFM will be in an institution's capital budget request for the biennium.

The section of the WSAC statute that requires one prioritized list of projects for the Legislature to consider and lists the priorities for scoring (RCW 28B.77.070(4)) should be moved to the higher education capital projects strategic planning statute (following 43.88D.010(8)). The section should be amended to allow flexibility in the priority order of the criteria. This will give budget decision makers flexibility to adjust the weight of the criteria from one biennium to the next, reflecting changes in the economy, population growth and policy priorities. For example, the Governor or Legislature may decide that degree production should be considered a higher priority than asset preservation, or that space utilization should be the primary consideration. One challenge to this approach is that the four-year institutions use the criteria priority order in statute to prioritize their own project funding requests. It is therefore imperative that OFM communicate to the institutions any changes to the criteria order early in the project request process. It may even be necessary for OFM to publish the criteria for the upcoming biennium by a cutoff date, after which the last biennium's criteria order would remain in place.

## **5. Predesigned**

Predesigned are used to make decisions on capital budget requests by state agencies and higher education institutions. The purpose of predesigned is to investigate facility alternatives for public service delivery or administration, to assess which alternatives best solve a specific problem and at what cost.

The following are predesign requirements in statute, OFM's capital budget instructions or OFM's Predesign Manual:

- RCW 43.88.110(5) requires predesign studies for higher education major projects costing more than \$10 million.
- OFM's Capital Budget Instructions require that predesigns must be submitted to OFM by July 1.
- Per Executive Order 13-03, the capital budget instructions require a life cycle cost analysis be included in the predesign study.
- The capital budget instructions clarify that projects with limited scope, e.g., infrastructure, may not be required to complete all predesign sections.

A simplified predesign may be required for less complex and smaller stand-alone projects that cost between \$2 million and \$10 million. The simplified predesign requires less information than the full predesign, as required by the capital budget instructions and predesign manual, and must be submitted to OFM by July 1 or prior to release of the allotment for design of the project.

The work group recommends streamlining all predesign requirements to focus on information that is of value in assessing projects. These changes will save the higher education institutions time while providing useful information to assist with project scoring. (See Appendix B for a revised version of the predesign study checklist.)

## 6. Process Timeline and Minor Process Changes – OFM

Individual work group participants developed a variety of other proposals for consideration. While many of these could be considered minor modifications when compared to other proposals in this report, taken as a whole they represent important work group priorities for process improvement. OFM will attempt to address each in the 2016 project scoring process.

Of particular concern to higher education institutions is that updates to scoring process instructions be distributed in a timely manner so they can be incorporated in the institutional capital planning process. While OFM is already statutorily required to distribute scoring instructions with the biennial capital budget instructions (usually in early June of even-numbered years), the agency is committed to communicating likely changes to the scoring instructions as early as possible.

The work group also believes it is essential that OFM meet with stakeholders at the conclusion of each biennial scoring process to discuss process concerns and ideas for improvement. Such ongoing consultation with stakeholders is an important responsibility given to OFM in RCW 43.88D.010.

## APPENDIX A – Project Evaluation Criteria

### DESIGN REQUESTS – MAJOR PROJECTS

**GROWTH**

**RENOVATION**

**REPLACEMENT**

**RESEARCH**

|   |  |
|---|--|
| <h3>Overarching Evaluation Criteria</h3> <p>Integral to Achieving Statewide Policy Goals<br/><i>(13 points possible)</i></p> <p>Integral to Institution Planning and Goals<br/><i>(8 points possible)</i></p> <p><b>Total Points = 21</b></p>                         |  |
| <h3>Institutional Priority Points</h3> <p>10 points possible – apply once across growth, renovation, replacement and research categories<br/><i>(1<sup>st</sup> priority = 10 points, 2<sup>nd</sup> priority = 8 points, 3<sup>rd</sup> priority = 6 points)</i></p> |  |

| Evaluation Criteria              | Max Points |
|----------------------------------|------------|
| Reasonableness of Cost           | 12         |
| Availability of Space            | 10         |
| Efficiency of Space Allocation   | 5          |
| Program-related Space Allocation | 6          |
| Enrollment Growth                | 20         |
| <b>Category Subtotal</b>         | <b>53</b>  |
| Overarching Criteria             | 21         |
| Priority Points                  | 10         |
| <b>Total</b>                     | <b>84</b>  |

| Evaluation criteria                         | Max Points |
|---|------------|
| Reasonableness of Cost                      | 12         |
| Availability of Space                       | 10         |
| Efficiency of Space Allocation              | 5          |
| Program-related Space Allocation            | 6          |
| Significant Health, Safety, and Code Issues | 10         |
| Adequacy of Space                           | 5          |
| Condition of Building                       | 10         |
| Age of Building Since Last Major Remodel    | 6          |
| <b>Category Subtotal</b>                    | <b>64</b>  |
| Overarching Criteria                        | 21         |
| Priority Points                             | 10         |
| <b>Total</b>                                | <b>95</b>  |

| Evaluation criteria                         | Max Points |
|---|------------|
| Reasonableness of Cost                      | 12         |
| Availability of Space                       | 10         |
| Efficiency of Space Allocation              | 5          |
| Program-related Space Allocation            | 6          |
| Significant Health, Safety, and Code Issues | 10         |
| Adequacy of Space                           | 5          |
| Condition of Building                       | 10         |
| Age of Building Since Last Major Remodel    | 6          |
| <b>Category Subtotal</b>                    | <b>64</b>  |
| Overarching Criteria                        | 21         |
| Priority Points                             | 10         |
| <b>Total</b>                                | <b>95</b>  |

| Evaluation Criteria                          | Max Points |
|--|------------|
| Reasonableness of Cost                       | 12         |
| Availability of Instructional Space          | 10         |
| Availability of Research Space               | 5          |
| Adequacy of Research Space                   | 5          |
| Impact on Economic Development               | 16         |
| Impact on Innovation                         | 10         |
| Contribution of Other Funding Sources        | 10         |
| Integral to Achieving Statewide Policy Goals | 4          |
| <b>Category Subtotal</b>                     | <b>71</b>  |
| Overarching Criteria                         | 21         |
| Priority Points                              | 10         |
| <b>Total</b>                                 | <b>102</b> |

## STAND-ALONE PROJECTS

### GROWTH

### RENOVATION

### REPLACEMENT

### RESEARCH

**Institutional Priority Points**  
 6 points possible – apply once across stand-alone projects within the growth, renovation, replacement and research categories  
*(1<sup>st</sup> priority = 6 points, 2<sup>nd</sup> priority = 4 points, 3<sup>rd</sup> priority = 2 points)*

| Evaluation Criteria              | Max Points |
|----------------------------------|------------|
| Reasonableness of Cost           | 12         |
| Availability of Space            | 10         |
| Efficiency of Space Allocation   | 5          |
| Program-related Space Allocation | 6          |
| Enrollment Growth                | 20         |
| <b>Category Subtotal</b>         | <b>53</b>  |
| Priority Points                  | 6          |
| <b>Total</b>                     | <b>59</b>  |

| Evaluation criteria                         | Max Points |
|---|------------|
| Reasonableness of Cost                      | 12         |
| Availability of Space                       | 10         |
| Efficiency of Space Allocation              | 5          |
| Program-related Space Allocation            | 6          |
| Significant Health, Safety, and Code Issues | 10         |
| Adequacy of Space                           | 5          |
| Condition of Building                       | 10         |
| Age of Building Since Last Major Remodel    | 6          |
| <b>Category Subtotal</b>                    | <b>64</b>  |
| Priority Points                             | 6          |
| <b>Total</b>                                | <b>70</b>  |

| Evaluation Criteria                         | Max Points |
|---|------------|
| Reasonableness of Cost                      | 12         |
| Availability of Space                       | 10         |
| Efficiency of Space Allocation              | 5          |
| Program-related Space Allocation            | 6          |
| Significant Health, Safety, and Code Issues | 10         |
| Adequacy of Space                           | 5          |
| Condition of Building                       | 10         |
| Age of Building Since Last Major Remodel    | 6          |
| <b>Category Subtotal</b>                    | <b>64</b>  |
| Priority Points                             | 6          |
| <b>Total</b>                                | <b>70</b>  |

| Evaluation Criteria                          | Max Points |
|--|------------|
| Reasonableness of Cost                       | 12         |
| Availability of Instructional Space          | 10         |
| Availability of Research Space               | 5          |
| Adequacy of Research Space                   | 5          |
| Impact on Economic Development               | 16         |
| Impact on Innovation                         | 10         |
| Contribution of Other Funding Sources        | 10         |
| Integral to Achieving Statewide Policy Goals | 4          |
| <b>Category Subtotal</b>                     | <b>71</b>  |
| Priority Points                              | 6          |
| <b>Total</b>                                 | <b>77</b>  |

## PREDESIGN, INFRASTRUCTURE AND ACQUISITION REQUESTS

### Institutional Priority Points

6 points possible – apply once across predesign, infrastructure and acquisition categories  
*(1<sup>st</sup> priority = 6 points, 2<sup>nd</sup> priority = 4 points, 3<sup>rd</sup> priority = 2 points)*

#### PREDESIGN REQUESTS

| Overarching criteria   | Evaluation Criteria                               | Max. Points |
|------------------------|---|-------------|
|                        | Increase Bachelor's Degrees                       | 4           |
|                        | Increase Bachelor's Degrees in High Demand Fields | 4           |
|                        | Increase Advanced Degrees                         | 4           |
|                        | Promotes Access                                   | 4           |
|                        | Integral to Master Plan                           | 8           |
|                        | Integral to Academic Plan                         | 4           |
|                        | Availability of Appropriate Space                 | 10          |
|                        | Current Space Utilization                         | 5           |
|                        | Condition of Building                             | 10          |
| Institutional Priority | 6   |             |
| <b>Total</b>           | <b>64</b>   |             |

#### INFRASTRUCTURE

| Evaluation Criteria  | Max. Points |
|--|-------------|
| Reasonable Estimate  | 6           |
| Evidence of Failure/Ability to Defer                           | 6           |
| Impact on University Operations without Infrastructure Project | 6           |
| Significant Health, Safety, and Code Issues                    | 14          |
| Engineering Study  | 6           |
| Supports Facilities Plan                                       | 6           |
| Resource Efficiency & Sustainability                           | 9           |
| Institutional Priority   | 6           |
| <b>Total</b>   | <b>59</b>   |

#### ACQUISITION

| Evaluation Criteria   | Max. Points |
|---|-------------|
| Reasonableness of Cost  | 15          |
| Intended Use  | 6           |
| Supported by Planning   | 15          |
| Savings to Operating Costs  | 8           |
| Buildable Percent (Land only or land with non-usable structures)<br><b>OR</b> | 8           |
| Building condition and percent of costs required to adapt building            | 8           |
| Institutional Priority  | 6           |
| <b>Total</b>  | <b>58</b>   |

## Appendix B – Predesign Checklist – Revised Version

The predesign checklist should be completed by the agency and included with the predesign. Are the following in the predesign? If not, the item should be noted “not applicable.”

- Executive Summary
- Project Analysis
  - Discussion of operational needs (Used to justify the reason the project should be considered for funding.)
  - Discussion of alternatives
  - Project description (Describe specifics about the project and discuss how it addressed the operational needs.)
  - Summary of LCCA results using the LCCT
  - Implementation approach (Proposed project delivery method: Design Bid Build, Design Build, General Contractor Construction Manager)
  - Schedule (Proposed schedule and a discussion of projected cost impacts (escalation) if the project doesn’t move forward according to the proposed schedule.)
- Program Analysis
  - Assumptions
  - Functions and FTEs (Who will be using the facility)
  - Spatial relationships between the facility and site (How does the building fit on site and why the selected location makes the most sense.)
  - Major equipment (Cost driver that separate standard building construction from specialized program needs.)
  - Special systems such as environmental, information technology, etc. (Cost driver that separate standard building construction from specialized program needs.)
  - Future needs and flexibility (Need to know how the building can accommodate future needs.)
- Site Analysis
  - Potential sites
  - Building footprint
  - Site considerations such as physical, regulatory and access issues (This is a cost driver that skews cost per square foot for a standard building.)
- Project Budget Analysis
  - Assumptions
  - Detailed estimates (Uniformat II - Level 2)
  - Funding sources
  - Project cost estimate
- Master Plan and Policy Coordination
  - Impacts to existing plans (Discussion on how this project supports policy direction from the agency.)

- ❑ Facility Operations and Maintenance Requirements
  - Assumptions (Outline key assumptions that will drive the operating costs.)
  - Operating costs in table form (Operating Cost Details: 1) Staff & Building Maintenance Costs, 2) Energy Costs & Energy Use Index)
- ❑ Project Drawings/Diagrams
  - Site plans (Operating Cost Details: 1) Staff and Building Maintenance Costs, 2) Energy Costs and Energy Use Index. )
  - Building plans
  - Elevations
- ❑ Appendix
  - Predesign checklist
  - Executive report from the life cycle cost analysis

## Appendix C – RCW 28B.77.070

### **Budget priorities and levels of funding—Submission of budget outlines and priorities to the office of financial management—Prioritized list.**

(1) The council shall identify budget priorities and levels of funding for higher education, including the two and four-year institutions of higher education and state financial aid programs. It is the intent of the legislature for the council to make budget recommendations for allocations for major policy changes in accordance with priorities set forth in the ten-year plan, but the legislature does not intend for the council to review and make recommendations on individual institutional budgets. It is the intent of the legislature that recommendations from the council prioritize funding needs for the overall system of higher education in accordance with priorities set forth in the ten-year plan. It is also the intent of the legislature that the council's recommendations take into consideration the total per-student funding at similar public institutions of higher education in the global challenge states.

(2) By December of each odd-numbered year, the council shall outline the council's fiscal priorities under the ten-year plan that it must distribute to the institutions, the state board for community and technical colleges, the office of financial management, and the joint higher education committee.

(a) Capital budget outlines for the two-year institutions shall be submitted to the office of financial management by August 15th of each even-numbered year, and shall include the prioritized ranking of the capital projects being requested, a description of each capital project, and the amount and fund source being requested.

(b) Capital budget outlines for the four-year institutions must be submitted to the office of financial management by August 15th of each even-numbered year, and must include: The institutions' priority ranking of the project; the capital budget category within which the project will be submitted to the office of financial management in accordance with RCW [43.88D.010](#); a description of each capital project; and the amount and fund source being requested.

(c) The office of financial management shall reference these reporting requirements in its budget instructions.

(3) The council shall submit recommendations on the operating budget priorities to support the ten-year plan to the office of financial management by October 1st each year, and to the legislature by January 1st each year.

(4)(a) The office of financial management shall develop one prioritized list of capital projects for the legislature to consider that includes all of the projects requested by the four-year institutions of higher education that were scored by the office of financial management pursuant to chapter [43.88D](#) RCW, including projects that were previously scored but not funded. The prioritized list of capital projects shall be based on the following priorities in the following order:

- (i) Office of financial management scores pursuant to chapter [43.88D](#) RCW;
- (ii) Preserving assets;
- (iii) Degree production; and
- (iv) Maximizing efficient use of instructional space.

(b) The office of financial management shall include all of the capital projects requested by the four-year institutions of higher education, except for the minor works projects, in the prioritized list of capital projects provided to the legislature.

(c) The form of the prioritized list for capital projects requested by the four-year institutions of higher education shall be provided as one list, ranked in priority order with the highest priority project ranked number "1" through the lowest priority project numbered last. The ranking for the prioritized list of capital projects may not:

- (i) Include subpriorities;
- (ii) Be organized by category;
- (iii) Assume any state bond or building account biennial funding level to prioritize the list; or
- (iv) Assume any specific share of projects by institution in the priority list.

(5) Institutions and the state board for community and technical colleges shall submit any supplemental capital budget requests and revisions to the office of financial management by November 1st and to the legislature by January 1st.

## Appendix D – RCW 43.88D.101

### **Capital budget projects—Objective analysis and scoring—Prioritized lists.**

(1) By October 1<sup>st</sup> of each even-numbered year, the office of financial management shall complete an objective analysis and scoring of all capital budget projects proposed by the public four-year institutions of higher education and submit the results of the scoring process to the legislative fiscal committees and the four-year institutions. Each project must be reviewed and scored within one of the following categories, according to the project's principal purpose. Each project may be scored in only one category. The categories are:

(a) Access-related projects to accommodate enrollment growth at main and branch campuses, at existing or new university centers, or through distance learning. Growth projects should provide significant additional student capacity. Proposed projects must demonstrate that they are based on solid enrollment demand projections, more cost-effectively provide enrollment access than alternatives such as university centers and distance learning, and make cost-effective use of existing and proposed new space;

(b) Projects that replace failing permanent buildings. Facilities that cannot be economically renovated are considered replacement projects. New space may be programmed for the same or a different use than the space being replaced and may include additions to improve access and enhance the relationship of program or support space;

(c) Projects that renovate facilities to restore building life and upgrade space to meet current program requirements. Renovation projects should represent a complete renovation of a total facility or an isolated wing of a facility. A reasonable renovation project should cost between sixty to eighty percent of current replacement value and restore the renovated area to at least twenty-five years of useful life. New space may be programmed for the same or a different use than the space being renovated and may include additions to improve access and enhance the relationship of program or support space;

(d) Major stand-alone campus infrastructure projects;

(e) Projects that promote economic growth and innovation through expanded research activity. The acquisition and installation of specialized equipment is authorized under this category; and

(f) Other project categories as determined by the office of financial management in consultation with the legislative fiscal committees.

(2) The office of financial management, in consultation with the legislative fiscal committees, shall establish a scoring system and process for each four-year project category that is based on the framework used in the community and technical college system of prioritization. Staff from the state board for community and technical colleges and the four-year institutions shall provide technical assistance on the development of a scoring system and process.

(3) The office of financial management shall consult with the legislative fiscal committees in the scoring of four-year institution project proposals, and may also solicit participation by independent experts.

(a) For each four-year project category, the scoring system must, at a minimum, include an evaluation of enrollment trends, reasonableness of cost, the ability of the project to enhance specific strategic master plan goals, age and condition of the facility if applicable, and impact on space utilization.

(b) Each four-year project category may include projects at the predesign, design, or construction funding phase.

(c) To the extent possible, the objective analysis and scoring system of all capital budget projects shall occur within the context of any and all performance agreements between the office of financial management and the governing board of a public, four-year institution of higher education that aligns goals, priorities, desired outcomes, flexibility, institutional mission, accountability, and levels of resources.

(4) In evaluating and scoring four-year institution projects, the office of financial management shall take into consideration project schedules that result in realistic, balanced, and predictable expenditure patterns over the ensuing three biennia.

(5) The office of financial management shall distribute common definitions, the scoring system, and other information required for the project proposal and scoring process as part of its biennial budget instructions. The office of financial management, in consultation with the legislative fiscal committees, shall develop common definitions that four-year institutions must use in developing their project proposals and lists under this section.

(6) In developing any scoring system for capital projects proposed by the four-year institutions, the office of financial management:

(a) Shall be provided with all required information by the four-year institutions as deemed necessary by the office of financial management;

(b) May utilize independent services to verify, sample, or evaluate information provided to the office of financial management by the four-year institutions; and

(c) Shall have full access to all data maintained by the joint legislative audit and review committee concerning the condition of higher education facilities.

(7) By August 1st of each even-numbered year each public four-year higher education institution shall prepare and submit prioritized lists of the individual projects proposed by the institution for the ensuing six-year period in each category. The lists must be submitted to the office of financial management and the legislative fiscal committees. The four-year institutions may aggregate minor works project proposals by primary purpose for ranking purposes. Proposed minor works projects must be prioritized within the aggregated proposal, and supporting documentation, including project descriptions and cost estimates, must be provided to the office of financial management and the legislative fiscal committees.

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