In order to maintain the university's fiscal integrity, the university has developed the following capital project funding guidelines. This document will be reviewed and adjusted annually, with adjustments made based on the economic environment and financial position of the university at the time of the review.

Capital Project Funding Guidelines

A capital project is defined as any activity to acquire, develop, improve and/or maintain a capital asset for the university. Capital projects may include capital leases and third party developer projects. The threshold for inclusion in the annual capital budget and five-year capital plan is a total project cost greater than $250,000, in addition to the principles and criteria below.

The following guidelines have been developed to reflect the priorities for capital activity - renewal of the university’s physical plant, financial viability and the best use and management of project funds. The guidelines are consistent with the university’s strategic plan and will apply to all projects and project approval requests (PARs), including those with a total budget below $250,000. The following criteria are required for inclusion in the university’s approved five-year capital plan.

Strategic Renewal
Units should first meet program needs through reuse and redevelopment without the addition of net new space or infrastructure.

- Proposed capital activity needs to optimize the use of existing space, facilities and infrastructure, or propose demolition and redevelopment, if necessary.
- Projects or proposed programs must prioritize synergies and coordination in the use of resources during their development and implementation.
- New space, facility, or infrastructure projects (i.e. project not yet approved to begin execution in the FY2015 capital plan) must address a significant level of deferred maintenance unless otherwise exempted by CF&PC. The specific threshold to be applied will be determined by CF&PC as part of the development of the FY2016 capital plan. Projects included in the capital plan must demonstrate the potential to address a significant amount of deferred maintenance, but the actual measure against a defined threshold will occur as part of the project execution process for new projects beginning in FY 2016 or later.

- All requests for net new space or infrastructure that anticipate a project budget equal to or greater than $5 million must be approved by the Capital Planning Group (CPG) and Capital Funding and Priorities Committee (CF&PC) prior to conducting a feasibility study or initiating any design process. Requests for new space must include a program-based rationale and prioritization, explanation and documentation indicating why use of existing space is not feasible. A space study may be required to analyze the potential of existing space to meet anticipated space needs. A business plan that supports the initial capital cost as well as ongoing operating costs will also be required.

Financial Viability
Units must demonstrate the availability of funding for the full cost of the proposed project as well as future operations and maintenance.

- The project must have a submitted and approved funding strategy and which must include: 1) the full anticipated capital cost of the project, including project development
Capital Project Funding Guidelines (continued)

studies, architectural and design fees, construction, equipment, contingencies, enabling costs, etc.; 2) the incremental annual cost of ongoing operations and maintenance for the facility; 3) an estimated cost and timeline for capital renewal, and 4) any other relevant information.

- Feasibility of planned fundraising must be approved by the Vice President for Alumni Affairs and Development or the Vice Provost for Development at Weill Cornell Medical College. Recognizing that funding sources are as diverse as university projects, each project’s funding strategy should be developed with consideration given to both the project’s merit and university priorities.

- Any proposed capital activity that has funds in hand must be included in the university’s approved one-year capital budget and five-year plan before any formal design or construction work begins. However, inclusion in the capital budget does not constitute authorization to proceed with any phase of a project, which must be considered through the normal project approval process.

- New York State funded projects may be divided between design and construction phases, with funding spanning SUNY capital plans, allowing the design phase to be included in the approved capital plan.

- With a preliminary cost estimate, a unit may request to spend a limited amount of its own existing funds to the extent necessary to conceptually develop and size a project idea for the purpose of advancing discussion for possible inclusion in the university’s approved five-year capital plan. Such a study should assess the impact on existing and planned campus infrastructure, and adjacent or other spaces/facilities that may be impacted by the project under consideration. For projects anticipating a significant addition of new space or infrastructure CF&PC approval is required before an initial conceptual or feasibility type of study is conducted.

The following guidelines apply to projects or activity in the approved capital plan.

Use and Management of Project Funds

- At least 30% of the total project budget must be committed and a plan for funding any additional operating costs must be approved by the Vice President for Finance and CFO and the Vice President for Budget and Planning prior to hiring a consultant for schematic design.

- Funds must be in hand and available prior to beginning any feasibility study or design work.

- If there is gift funding:
  - Fundraising must be complete before construction begins or an approved “backstop” plan must be in place.
  - At least 75% of gifts included in the approved funding plan must be cash-in-hand.
Capital Project Funding Guidelines (continued)

- The majority of the remaining gift pledges must be scheduled to be collected within five years of the start of construction.
- Accounting standards require that gifts received in support of a capital project must be used before other sources of funding.
- A review of gift funding and expenditures will be completed at each year end, and adjustments made as needed. Based on this review, backstop funding may be returned to the unit.

- Funds in hand will be transferred by Plant Accounting to the project account at the start of the project. Such transfer will include all unit funding, gift funding, and/or backstop funding if gift funding has not been fully received. The intent of this is to fully fund the value of the approved PAR.

  NOTE: Use of Funds Functioning as Endowment (FFE) in excess of $1,000,000 to fund a project must be approved by the CFO and Provost prior to PAR submittal and per the university’s FFE Guidelines.

- Before a project’s construction phase is permitted to begin, the following must take place:
  - All funds within the funding strategy must be committed in writing for 100% of project cost;
    - Any source of funding for an authorized expenditure which is not in-hand must have an available source of “backstop” funding identified and committed.
    - Committed New York State funds must include an assessment of certainty of funding.
    - Any utility or other rate-recovery project must include 1) a detailed statement of expected cash flow, and 2) a rate impact analysis approved by the CFO and VP for Budget and Planning.
- The university’s expendable resources to debt ratio must always be greater than 2.5 before borrowing will be an option. Until the university returns to the minimum expendable resources to debt ratio, there will be no funds approved for long or short term (bridge financing) debt.
- At project closeout, any remaining funds will need to be first returned to central, and then redistributed to other units based on priority needs.

Capital Plan and Budget Variances

- Projects not included in the annual approved five-year capital plan may be brought forward for consideration between plan cycles as an addition to the capital plan if funds are in hand to cover full project costs. This determination will be made by CPG and CF&PC.
- Budget variances for capital activity in the plan need to be approved by CPG and CF&PC as outlined in the “Managing Capital Activity” document.
Capital Project Funding Guidelines (continued)

- Variances in funding source or expenditures for approved capital activity will also be reviewed by CPG and CF&PC.

Departure from these guidelines is permissible only in exceptional circumstances, as determined by the President and the Provost after recommendation from the CF&PC.