GUIDELINES FOR SPACE PLANNING AND APPROVAL OF CAPITAL PROJECTS FOR SCHOOLS AND ADMINISTRATIVE UNITS OF THE WASHINGTON SQUARE CAMPUS

These Guidelines describe the University’s process for allocating additional space to schools and administrative units, developing new University space, undertaking major renovations in existing space and authorizing planning studies and capital projects. The Guidelines pertain to all units of NYU other than the School of Medicine and Abu Dhabi, and apply to projects in the immediate and the near future (in a five to ten year time frame). They ensure that:

- All requests from schools and administrative units for additional space and capital development, including planning and design studies, are in the first instance vetted and authorized by the University’s senior leadership.

- Proposals for space and capital projects are reviewed with coordinated input from the Offices of the Provost; Finance and Budget; Strategic Assessment, Planning & Design (SAPD); Facilities & Construction Management (FCM); and University Relations and Public Affairs (URPA).

- New space allocations for any one unit are coordinated within the context of all University strategic plans and capital projects, and with a broad view of the University’s space portfolio, including new acquisitions and new, renewed, or terminated leases.

- Proposed funding for capital projects is reviewed and a recommendation is made regarding approval in the context of the University’s and the project sponsor’s financial capacity and funding resources, before incurring significant expenditures for design and planning.

The processes described herein are guided by the Space Planning Working Group (SPWG). SPWG reviews proposed projects along several dimensions, including financial, programmatic, and design feasibility, and identifies and frames options for decision and action by the Provost and the Executive Vice President, and as appropriate, the Core and other members of the University’s senior leadership.
SPACE PLANNING WORKING GROUP (SPWG)

SPWG is co-chaired by Pierre Hohenberg, Senior Vice Provost for Academic Policies, and Lori Mazor, Associate Vice President for Planning and Design, and meets weekly. A full listing of the SPWG membership is provided on page 6.

Working iteratively with the project sponsor, SPWG reviews requests for new space and proposals for major capital projects, particularly projects that require strategic and logistical coordination between units or significant changes in current space allocations.

In addition, SPWG functions in an advisory capacity to the Provost and EVP in:

- Reviewing schools’ strategic plans with respect to space and capital projects.
- Developing a 5-year space plan that coordinates the Provost’s capital priorities across schools, other academic units, and administrative units. The plan will inform for the annual development and approval of the University’s capital budget.
- Developing preliminary design parameters and/or prioritizing academic programs to be considered for new space allocation that may involve sites that the University proposes to acquire or develop.
- Carrying out special space planning assignments.

PROCESS

To Initiate Planning Studies or Capital Projects

To start the process, project sponsors – typically, Deans and Vice Presidents - consult with the Provost and the Executive Vice President (and for Nursing and Dentistry, the Senior Vice President for Health) about their intent to conduct a strategic planning study, request additional space, or plan a major capital project. The sponsor will present a preliminary review of project scope, as well as a statement that the Budget Office has reviewed the funding for the proposed project and determined that it is feasible, subject to the requirements and limitations noted in the Project Finance section below. If the Provost, EVP or SVP agree with the proposal, they will direct the SPWG to work with the sponsor to evaluate the proposed project.

Upon authorization to initiate the project, schools or administrative units then approach SAPD, which will work with the unit to conduct the programming and feasibility studies, and engage design and engineering consultants as necessary. Planning studies are commissioned by SAPD. Architects must be approved by SAPD, and must agree to the terms of NYU’s Standard Architects Agreement, available on the SAPD website. Studies are funded by the project sponsor.

SPWG works closely with project sponsors and University offices to obtain information and evaluate the proposal along several dimensions, including programmatic and design feasibility, regulatory compliance and community impact, and financial feasibility. (These are discussed more fully below.) When the analysis is complete, SPWG frames the discussion for decision-making, and submits recommendations to the Provost and the Executive Vice President for their consideration in the context of University priorities.
**To Request Additional Space**

With authorization from the Provost or EVP, schools or units may submit a Space Request Form and Worksheet, which can be found at the SAPD website at [http://www.nyu.edu/sapd/space.planning/request.form.html](http://www.nyu.edu/sapd/space.planning/request.form.html). SAPD will identify possibilities, conduct a preliminary assessment of programmatic feasibility, and determine additional considerations (including short and long term plans for the space, associated domino moves, and special costs). On behalf of the school or unit, SAPD will request the assistance of the Real Estate Office if leased space is seen to be a possible solution to the sponsor’s space needs. SAPD will review the options with SPWG.

An expedited process will apply to projects that have limited scope and cost, do not involve complicated strategic space plans for the University, and that have clear budget proposals that are fully funded without reliance on debt financing.

**To Propose a Major Capital Project to Renovate Within a Unit’s Existing Space**

For schools, these conversations typically begin with the Annual Academic Plan, in which schools identify and describe substantial space needs triggered by recruitment, programmatic development, and other new or continuing needs. The Plans should include status reports or proposals for reconfiguring existing space or acquiring additional space, provide preliminary cost estimates, and identify funding sources. These Plans should reflect any prior consultation with the Provost or EVP about project scope, and should be developed in consultation with SAPD. SAPD offers programming, planning, pre-design, estimating (with the Office of Construction Management), and capital planning services to assist units with defining their project scope and budget. The Plans are reviewed in the Provost’s Office and referred to SPWG for consideration. Similarly, projects that emerge during the course of the academic year (and are not contained in the Annual Academic Plan) require prior discussion with the Provost/EVP, including authorization as to project scope. With that authorization, the sponsor may contact SAPD.

The process for administrative units is similar to the preceding, with the EVP replacing the Provost.

**To Propose a Major Expansion (In Space That Is New to the Unit):**

Any initiative of this scope will require multiple conversations with the Provost and EVP, leading successfully in the first instance to approval to conduct a programming and feasibility study. SPWG may be asked to advise the Provost/EVP by considering the request within the context of other needs and in light of new spaces or sites that the University proposes to be acquired or developed. The process for developing the preliminary project scope, and proceeding to finalize project scope and funding follows the steps outlined above.

**PROJECT FINANCE**

**Introduction**

The scope of the requested project will be determined, in part, by the sponsor’s and/or University’s capacity to fund the project. The type of project (i.e. “as-is move in to existing space” at the low end of the cost spectrum vs. gut renovation or new construction at the high end) is determined through a combination of program need and project affordability, and this combination of information will be used to develop and examine project options. Once the range of project options has been determined,
the cost of the selected project will then be estimated by professional architects, cost estimators, and/or engineers who will incorporate appropriate design and construction contingencies and cost inflators to the projected mid-point of construction. Project cost estimates include domino costs, unless otherwise specified, acquisition costs if appropriate, costs of required infrastructure (including deferred maintenance) and any costs associated with review by regulatory agencies.

Policy Regarding Occupancy of Additional University-Owned Space
When a school acquires control of an existing University-owned building or a significant portion of a building with the expectation of long-term occupancy, the school will be assigned a capital cost of that acquisition. Being cognizant of prevailing real estate market values for comparable properties, the University will place a value on the space and determine a price. Typically, the school will be offered an internal mortgage that will finance the acquisition cost over 30 years at a fixed rate of interest. If the school vacates the building during the term of the mortgage, the school's obligation for the balance of the mortgage is cancelled.

Three Funding Cases
Full-funding, cash in hand – Ideally, a school or other unit that proposes a new project will demonstrate that it has the capacity to fund the type of project requested from available fund balances. The sponsoring school or unit will demonstrate in its financial plan the ability to cover any incremental operating costs associated with the project.

Full-funding, short-term financing – If the full cost of the project is not available in existing fund balances, the sponsoring school or unit may hold written pledges or grant commitments for the balance. Pledges typically should not extend more than 5 years beyond project completion. The sponsor may then apply to the University for an internal loan to be paid down as pledges or grant commitments are received. The sponsor will demonstrate in its financial plan the ability to cover debt service on the internal loan and any incremental operating costs associated with the project.

Partial funding supplemented by long-term debt financing – If a sponsor proposes to use long-term debt financing, the following guidelines generally apply:

1. At least 1/3 of the total project cost will be in hand, in the form of identifiable fund balances, which may include cash gifts in hand and designated for the project.
2. Written gift pledges or grant commitments can account for at least 1/3 of the total project costs. Short-term financing via an internal loan, as described above, will be required.
3. Long-term debt shall not exceed 1/3 of the total project cost. The University generally meets its long-term financing needs through external borrowing.*
4. The sponsor will demonstrate in its financial plan the ability to cover debt service and any incremental operating costs associated with the project.

NOTE: The University has limited borrowing capacity. There can be no assurance in advance of developing a formal project proposal that short-term or long-term financing will be available from either the University’s working capital or external sources.
Approval of the Funding Plan
The Budget Office will evaluate the project sponsor’s proposed funding plan, and present the plan to the University Treasurer if debt financing is proposed. The Budget Office and the Treasurer will then present their recommendations to the CFO, whose approval is required to advance the project.

PROJECT APPROVAL
After determining the feasibility of the proposed project with respect to its program and design, community impact, and funding, SPWG will make a recommendation to the Provost and EVP to approve the project to proceed, to modify the project scope, or to abort the project. These officers may demand additional analysis and justification, and may modify, reject or scale back the project. Projects of substantial scale, and all projects requiring external debt financing, are then brought to the Core Leadership Group of University executives, including the President. The project is again scrutinized, and may be modified, scaled back or rejected. If the Core approves the project, projects that require external debt financing are then presented to the Finance Committee of the Board of Trustees, which may require further justification or may not approve the request. As a part of the annual budget process, the VP for Budget and Planning presents to the Finance Committee a comprehensive University operating and capital budget and financial plan that incorporate all capital projects and the operating budget impacts of those projects.

Projects that are approved by the Provost and EVP continue through the process that the Budget Office coordinates, working with project sponsors (the schools, administrative units) to establish funding accounts, and proceeding through the design and construction process managed by FCM.

Space Allocation Approval
Decisions will be recorded in the Space Allocation Approval (SAA) form, which details the terms of the space allocation, project cost and funding plan, the timeline for assigning the space, and the duration of the allocation. The SAA will be circulated to the project sponsor (who is frequently the new user of the space), the relinquishing user, the Budget Office, the Provost and the EVP or their designees for approval.
SPACE PLANNING WORKING GROUP MEMBERS (at February 2010)
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