



XAVIER UNIVERSITY

Capital Renewal Policy

Effective: July 15, 2013

Last Updated: 08/16/19

Last Reviewed: 03/30/23

Responsible University Office: Physical Plant

Responsible Executive: Vice President for Facilities

Scope: All Physical Fixed Assets (Buildings & Grounds)

A. REASON FOR POLICY

The Capital Renewal Policy strategically incorporates new construction and ongoing renewal and replacement of assets to optimize resources supporting the University's mission. The Policy is informed by the integrated University Strategic Plan and the Campus Master Plan which identifies new construction opportunities and a strategy for issuing debt. This ensures facilities are kept in good condition ready to meet the changing needs of Xavier's dynamic institution.

B. POLICY

Funding

The overall strategy is a 5-year forecast with planned steady increases in capital renewal funding (up to current depreciation levels) along with periodic external funding for programmatic changes or new construction.

Prioritization

Prioritization for funding has been established via a building classification methodology using "A" through "F" as shown in the definitions below. Top priority are facilities that are critical to the educational mission, legacy buildings, buildings that have been built or fully remodeled since 2000, and critical infrastructure and buildings that are highly used by the public. These are closely followed by student housing and other facilities located in the academic core.

Quantification

A Facility Condition Index (FCI) appropriate to each facility is determined annually which provides the status of capital renewal needs.

Implementation

A rolling 5 year Capital Renewal Plan provides the strategy for remediation of deferred maintenance. The Plan by its very nature must remain fluid and dynamic because any change in funding or expenditures in any particular year directly impacts subsequent years. As such, the Plan

will be adjusted annually.

Implementation will require that some projects be executed throughout the year wherever possible, with the understanding that certain projects can only be completed during the summer months.

The precise scope and nature of all capital renewal projects will be informed through dialog with the key stakeholders as the current fiscal year progresses.

C. DEFINITIONS

Facility Condition Index (FCI)

A generally accepted method of establishing a building's condition is to use the FCI metric. The FCI provides a means for objective comparison of building conditions among geographically dispersed sites. It is a mathematical formula defined as the total cost of Capital Renewal divided by the current replacement value of the facility.

$$\text{FCI} = \frac{\text{Cost of Capital Renewal}}{\text{Replacement Cost}}$$

Classifications

Classification "A" – Assets should be maintained at a level that prevents deferred maintenance from exceeding 5% of the replacement value. This classification includes the following types of assets:

- Educational buildings that are located in or near the academic core (excluding McDonald Library and Hailstones)
- Legacy buildings that are located in the academic core
- Buildings that have been built or fully remodeled since 2000.
- Critical infrastructure
- Buildings that are highly used by the public.

Classification "B" – Assets should be maintained at a level that prevents deferred maintenance from exceeding 10% of the replacement value. This classification includes the following types of assets:

- Student Housing
- Other buildings located in or near the academic core.

Classification "C" – Assets should be maintained at a level that prevents deferred maintenance from exceeding 15% of the replacement value. This classification includes the following types of assets:

- Academic and student focused facilities outside the academic core.
- Facilities that are still programmatically viable and have a significant remaining useful life.

Classification “D” – Assets should be maintained at a level that prevents deferred maintenance from exceeding 20% of the replacement value. This classification includes facilities that provide support functions and are still programmatically viable.

Classification “F” – Assets should receive appropriate maintenance to retain basic functionality but not significant capital investment. This classification includes facilities whose function is no longer programmatically viable and/or is near the end of their life cycle.

Classification “S” – Key site elements that need to be maintained at a high level.

D. PROCEDURES

1. New building construction should include soft costs, furniture and technology.
2. Soft costs and infrastructure for technology should be included for all capital renewal projects, but new IT equipment and furniture should not be included.
3. An annual escalation factor appropriate for projected economic conditions should be included to adjust for inflation.
4. Consideration should be given to elements that support the Campus Sustainability Plan.

E. EXHIBITS (if applicable)

Please refer to *Attachment A* for the most current Classification and FCI maps of campus.

F. HISTORY

This is a new policy

Other applicable policies and/or resources:

Campus Master Plan

Campus Utility Master Plan

Ten Year Comprehensive Facilities Plan

Campus Sustainability Plan

Replacement Cycles - Physical Fixed Assets



