XAVIER UNIVERSITY
Renewal and Replacement of Physical Fixed Assets Policy

Effective: March 6, 2018
Last Updated: March 2, 2018
Responsible University Office: Physical Plant
Responsible Executive: Vice President, Financial Administration and Chief Business Officer

Scope: All Physical Fixed Assets (Buildings & Grounds)

A. REASON FOR POLICY
A Renewal and Replacement of Physical Fixed Assets Policy strategically incorporates the components of new construction, reduction of deferred maintenance, and ongoing renewal and replacement of Xavier’s Physical Plant to optimize these resources to fulfill 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 and timetable for issuing debt.

B. POLICY
Funding
The overall strategy is a 10-year transitional strategy of steady increases in R&R funding sources (up to current depreciation levels) along with periodic external funding for programmatic changes or new construction.

Prioritization
A priority has been established via a classification of “A” through “F” as shown in the definitions below. Top priority are those 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 deferred maintenance.

Implementation
A rolling 10 Year R&R Plan provides the strategy for the 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 need to 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 R&R projects will be informed through dialog with the key stakeholders as the current fiscal year progresses.

C. DEFINITIONS

FCI - A generally accepted method of establishing a building’s condition is to use the Facility Condition Index (FCI). 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 renewal and replacement deficiencies divided by the current replacement value of the facility.

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FCI = \frac{\text{Cost of Renewal and Replacement Deficiencies}}{\text{Replacement Cost}}
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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 the academic core
- 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 the academic core (excluding McDonald Library and Hailstones).

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 R&R 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 FCI map of campus.

**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
ATTACHMENT A

Campus FCI Fiscal Year 2015
$105 Million in Deferred Maintenance
Office of Physical Plant
LAST UPDATE 1/14/2015

Facility Condition Index (FCI) is an industry accepted standard method for comparison of relative building condition:

- < 0.5 (good)
- 0.5 - 1 (fair)
- > 1 (poor)