

Gift-Funded Capital Projects

OVERVIEW

Relevant programmatic, strategic, and financial factors must be considered as part of the approval process of a gift-funded capital project. The following procedure includes the steps required to ensure that all necessary factors are considered.

Feasibility Study

The unit (college or department) sponsoring the project works with Facilities Services—Capital to undertake a feasibility study for the following purposes:

- Determining the program
- Recommending project siting
- Establishing the project schedule and budget

Donor renderings may be included in the study.

The conclusions of the feasibility study form the basis of a capital project proposal.

Project Proposal

The applicable dean or vice president submits the capital project proposal and funding model to the President. The dean or vice president works with Facilities Services--Capital and WSU Foundation or the Office of Finance and Administration to prepare the proposal.

Project Budget

Facilities Services—Capital prepares a project budget for inclusion in the capital project proposal. The budget includes all the following applicable capital costs:

- Construction
- Contingencies
- Sales tax
- Design fees
- Furniture and equipment
- WSU project management fees
- Other related projects costs

"Cost of Money"

Facilities Services—Capital includes any *cost of money* in the budget proposal when financing, whether from internal sources, or from bonds, is required. (*Cost of money* is also referred to as the interest expense.)

Funding Model

The capital project proposal includes a funding model identifying fund sources (e.g., donor, bond, local revenues). WSU Foundation or the Office of Finance and Administration confirms the feasibility of the fund sources.

FINANCE
30.74.2
New 6-16
WSU Foundation
509-335-3564
Facilities Services
509-335-5571

BUSINESS POLICIES AND PROCEDURES MANUAL

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Funding Thresholds

The funding model also proposes the funding thresholds (i.e., pledged funding vs. in-hand funding) required for various project decisions, including the following:

- Seeking Regents' approval
- Starting design
- Starting construction

Annual Operating Costs

The funding model must include fund sources for annual operating costs.

Beginning Construction Prior to Receipt of In-Hand Funding

The sponsoring unit may request to begin construction prior to the receipt of all in-hand funding if central or other funding is available. The unit must repay such funding on an approved schedule. The repayment amount includes the *cost of money*, at a rate to be agreed upon.

Proposal Approval

The President approves the capital project proposal and funding model.