

Approve Fiscal Year 2026 Capital BudgetRECOMMENDED ACTION

It is the recommendation of the administration that the Board of Regents approve the Fiscal Year 2026 (FY26) Annual Capital Budget.

BACKGROUND

The University of Washington's (UW's) Proposed Annual Capital Budget for Fiscal Year 2026 (FY26) is presented to the Board of Regents and UW leadership through a collaborative effort between UW Facilities and Finance, Planning & Budgeting (FPB) led by the President and Provost and advised by a tri-campus Capital Planning Advisory Team (CPAT).

The Board reviews and approves the Annual Capital Budget each year, which guides the University's capital planning decisions, fundraising efforts, and long-term strategy. The attached material describes the overall capital budget and associated challenges, with an overview of projects likely to advance in FY26. In addition, it provides a look ahead into the institution's 10-year capital planning efforts, an overview of the University's Long Term Capital Plan (LTCP) strategies, and an assessment of how the budget aligns with the LTCP.

The anticipated investments listed in the budget include costs for ongoing active capital projects and future proposed projects that will be submitted to the Board for approval once fully formed. Individual projects are prioritized based on a comprehensive scoring system developed by CPAT. Moving forward, it is the intent for the FY27 cycle that UW Medicine's major capital projects will be submitted through the CPAT process for additional coordination and stewardship of the University's debt capacity.

All proposed investments have been evaluated for funding viability for initial capital costs plus maintenance, operating and anticipated renewal costs (M&O+R). The Proposed FY26 Annual Capital Budget marks some progress in investing in renewal but signals the need for new and expanded resources for capital projects.

Material changes to the preliminary document presented in May are highlighted in the current version.

Attachment

Proposed Annual Capital Budget, Fiscal Year 2026

 UNIVERSITY of WASHINGTON

ANNUAL CAPITAL BUDGET

Fiscal Year 2026

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INTRODUCTION

EXECUTIVE SUMMARY

The University of Washington's (UW's) Annual Capital Budget for Fiscal Year 2026 (FY26) is presented to the Board of Regents and UW leadership through a collaborative effort between UW Facilities and Finance, Planning & Budgeting (FPB) led by the President and Provost and advised by a tri-campus advisory team.

The Annual Capital Budget provides a comprehensive overview of the University's entire capital program. It is reviewed and approved annually by the UW Board of Regents. The budget represents a total project investment of **\$3.8 billion**, with **\$2.5 billion** allocated over the next five years. The average annual cash flow from FY26 to FY30 is approximately **\$500 million**. Of the **\$2.5 billion** investment, approximately **\$320 million** would be funded through debt, and **\$398 million** from external partnerships.

The FY26 Annual Capital Budget has been reconstituted and is structured as follows:

- First, an overview of the University's Annual Capital Budget, which is a list of projects likely to seek approval from the Regents in FY26 or in upcoming years based on evaluation by the Capital Planning Advisory Team (CPAT) and agreement by the President and Provost. Detailed project summaries are included at the end of this document. Also included is a summary of planned Capital for the Clinical Enterprise (UW Medicine) and a summary of Active/Core projects.
- Second, a look ahead into the institution's 10-Year capital planning efforts. These are projects that have been vetted by CPAT plus other emerging needs identified by Facilities and FPB leadership. These efforts were not deemed to be immediate priorities because further project development is needed.
- Third, an overview of the University's Long Term Capital Plan (LTCP) strategies and an assessment of how the Annual Capital Budget aligns with the LTCP.

As a reminder, capital projects are approved by the Board of Regents in two stages. The first is **conditional approval** for inclusion as part of the Annual Capital Budget, and the second is **full project-based approval** before beginning the design phase for projects estimated at over \$25 million or those executed under Delegated Authority.

CURRENT CHALLENGES

To ensure they are safe, durable, and support the University's mission, a variety of approaches are used to properly maintain, enhance, and renew the University's diverse portfolio of owned and operated physical assets. Current challenges to this mission include:

- A large and growing deferred renewal backlog with aging facilities and systems near or at the end of their useful life, including a need for investments in IT infrastructure;
- Risks to already limited state and federal funding needed to support facilities and infrastructure;
- City of Seattle building code requirements, which, though laudably 'leading edge' in some areas such as energy use, create additional challenges for renewing portions of buildings; and
- The potential impact of tariffs to steel, aluminum, lumber, and other building materials, which could escalate construction costs by 3%-5% overall.

The University is mandated by the state legislature to renew the systems which heat, cool, and power the Seattle campus. Work will focus on, but not be limited to, changing the way the Seattle campus heats and cools buildings, and the central plant's role in doing so. This work will transform the plant, the production and distribution of hot and chilled water, the campus electrical grid, and how those utilities are used at each building, all of which will result in substantial reduction to the University's carbon footprint. Substantial planning and analysis work has positioned the University to be ready to proceed with these projects. Progress on renewal was assumed to largely depend on appropriation of funds from the state's Climate Commitment Account (CCA) and match the pace of those appropriations. However, the state's 2025-27 capital budget did not include any funding for the University's first ten project requests. The University will need to revise its approach to seeking CCA funding and will seek to leverage other funding sources to support its energy renewal plans. University staff are in active conversations about creative ideas to ensure we move forward with our plans to renew our physical plant.

Substantial planning work has also provided data and analysis tools to help determine the most beneficial projects to renew UW campuses as funding becomes available. The Annual Capital Budget is part of a careful plan for future investments to optimize the University's limited resources, reduce overall life cycle costs, address safety and health concerns, and enhance the productivity of institutional assets. Capital dollars must be deployed strategically and be reflective of institutional priorities to achieve maximum benefit while balancing these institutional goals. UW Facilities and FPB would like to acknowledge the continued contributions and support of University leadership, External Affairs, Advancement, UW Medicine, CPAT, academic leadership, and all our institutional partners for their collaboration as this document was developed.

FY26 ANNUAL CAPITAL BUDGET

FY26 CPAT PROCESS

Since the fall of 2021, the Capital Planning Advisory Team (CPAT) has been charged with bringing a strategic focus and better organization and alignment to capital planning efforts. While the need for capital improvements and renewal far exceeds the amount of funding available, the 13 members of CPAT have strived to improve the quality of our capital program by recommending projects that best utilize limited resources to address our greatest needs, the highest institutional priorities, and the most cost-effective solutions to advance all areas of our educational, research, and public service missions.

With the completion of several start-up tasks, including policy and procedure development, CPAT is beginning to evolve its mission. This includes a shift of focus to long-term strategies, namely reviewing and recommending staff work that will explore capital funding strategies to increase both current sources of funding and open pathways to new sources. In addition, we hope to continue to focus limited resources on addressing significant deferred and current building and infrastructure needs, including modernizing IT infrastructure. Administratively, CPAT will shift to a biennial submission cycle to align with the state cycle and promote longevity in longer-term plans. The hope is that supplemental (odd calendar year) budgets consider only the most critical emerging opportunities and revisions to biennial (even calendar year) budgets. These efforts will continue to require the coordination and expertise of CPAT's entire membership and supporting staff from FPB and Facilities.

PROJECTS SEEKING APPROVAL - FY26 CAPITAL BUDGET

The projects in this category were recommended by CPAT for inclusion in the FY26 Annual Capital Budget. Regent approval for these projects will likely be sought during FY26, or have been committed for submission in upcoming years pending the resolution of funding plans and other project-specific issues. Some projects in this section and the 10-year Look Ahead are below cost thresholds that require Regent approval but were reviewed by CPAT due to requested state funding.

Project Name	Sponsoring Unit	Primary Demand Type	Current Estimated Cost	Issues Needing Resolution
Clean Energy Transformation Phase 1 2025-27 ¹	Facilities	Renewal	\$292.6M	Dependent upon receiving Climate Commitment Account funding (requested in 2025-27 state capital budget in September 2024 but not funded). See discussion in Power Plant Decarbonization section.
Bagley Hall Renovation	Arts & Sciences	Renewal	\$100M	Chemical Sciences Building funded in 2025-27 state capital budget. Project will follow CSB.

¹ Clean Energy Transformation 25-27 is considered the first part of the plan for Power Plant Decarbonization (formerly Energy Renewal Program) referenced elsewhere.

UW Tacoma – Student Housing and Food Service	UW Tacoma	Strategic	\$120M total, \$2.5M of unit equity	Dependent upon finance and legal review , successful development of a Public Private Partnership (P3) agreement, and review of potential ongoing Maintenance & Operations costs associated with the project.
Miller Hall Renovation	College of Education	Renewal	\$92.1M	Additional discussions required to identify unit equity or donor funding opportunities. Plan for state 2026 supplemental request for design and 2027-29 request for construction.
Smith Hall 120 Renovation	Arts & Sciences	Renewal	\$7M	Identify non-state funding (likely debt) and potential partnerships between units who use the facility.
UW Bothell - Husky Hall Replacement	UW Bothell	Renewal	\$93.3M	UW Bothell needs to confirm \$20M of unit equity or donor funding is available to support the project. Plan for state 2026 supplemental request for design and 2027-29 request for construction.
Burke Gilman Trail Corridor Renovation Phase II	UW Facilities	Renewal	\$16M	Funding accelerated into 2025-27 biennium through the state's transportation budget.

Budget Summary

Below is a summary of projected spend by source on Projects Seeking Approval over a five-year period. Public-Private Partnership (P3) projects shown include only the cost of construction of University-occupied space and do not include the cost of any lease payments.

Project Name	Primary Demand Area	FY2026 - FY2030 Projected Spend (Millions)											P3	Future Spend FY31-FY35
		Budget	Prior Spend	State Bond	UW Bldg Account	CCA	Debt	Gift	Central Equity	Unit Equity	Other	UW Total		
Clean Energy Transformation Phase 1 2025-27	Renewal	292.6	-	-	-	292.6	-	-	-	-	-	292.6	-	-
Bagley Hall Renovation	Renewal	100.0	-	-	-	-	80.0	-	20.0	-	-	100.0	-	-
UW Tacoma - Student Housing and Food Service	Strategic	120.0	0.8	-	-	-	-	-	-	1.7	-	1.7	117.5	-
Miller Hall Renovation	Renewal	92.1	-	82.1	-	-	-	-	-	10.0	-	92.1	-	-
Smith Hall 120 Renovation	Renewal	7.0	-	-	-	-	7.0	-	-	-	-	7.0	-	-
UW Bothell - Husky Hall Replacement	Renewal	93.3	-	73.3	-	-	-	-	-	20.0	-	93.3	-	-
Burke Gilman Trail Corridor Renovation Phase II	Renewal	16.0	-	-	-	-	-	-	-	-	16.0	16.0	-	-
Totals		721.0	0.	155.4	-	292.6	87.	-	20.0	31.7	16.	602.7	117.5	-

10-YEAR CAPITAL LOOK AHEAD

This category includes projects submitted through the current CPAT process where further project development is needed. It also includes several major efforts that are anticipated to be emergent needs in the coming ten-year period that have yet to be submitted to and recommended for inclusion by CPAT, but is not inclusive of all potential long-term needs. Revised projects will be reviewed and scored by CPAT in future years to recommend whether they should advance to the Projects Seeking Approval list in an annual budget. It is important to note the emphasis on renewal across this list; while the University will occasionally need to build new buildings, the great majority of our capital program should be focused on renewal as reflected here.

Items in the Look Ahead are now split into three categories depending on the relative stage of each, and are ordered alphabetically within each category:

Projects that are best positioned to advance but are not moving forward due to insufficient funding or need for additional planning or design.

Projects in need of further development that need more significant work to revise scope, schedule, or funding plan.

Upcoming needs, which are larger, long-term efforts and emergent needs that require significant coordination, specific project development, and/or are dependent on significant funding that has not been identified.

	Project Name	Sponsoring Unit	Primary Demand Type	Category	Current Estimated Cost	Notes/Next Steps
	College of Engineering, Restoration and Renewal (Phase I)	College of Engineering	Renewal	Education & Research	\$145M	Finalize feasibility study for new Mechanical Engineering building and identify donor funding.
	Friday Harbor Lab Docks Replacement	College of the Environment	Renewal	Education & Research	\$21M	Identify alternatives to UW request for state funding (e.g., other agency partnerships and user fees to pay debt). Consider options to renovate to increase life expectancy.
	Marine Sciences Tenant Improvement Renovations	College of the Environment	Renewal	Education & Research	\$15.9M	Consider alternatives to state funding.

	Project Name	Sponsoring Unit	Primary Demand Type	Category	Current Estimated Cost	Notes/Next Steps
	UW Tacoma – Revitalizing the Campus Core	UW Tacoma	Renewal	Education & Research	\$55M	Finalize feasibility study and refine scope for Swiss-Wild renovation.
	Libraries					
	• Saving Our Special Collection	Libraries	Renewal	Education & Research	\$38.3M	Phase project, refine scope, identify partnerships and alternative funding. *Off-Site Storage range is indicative of location options under consideration.
	• Off-Site Storage				\$39M - \$69M*	
	• Student Space Solutions				\$21M	
	Meany Hall Lighting	Arts & Sciences	Renewal	Education & Research	\$3.5M	Identify alternative to state funding, consider combining with other needed improvements.
	PNW C-14 Accelerator Mass Spectrometer	College of the Environment	Renewal	Education & Research	\$3M	Identify alternative to state funding. Federal request in process.
	Radiochemistry Cyclotron Facility	School of Medicine	Renewal	Education & Research	\$8M	Identify alternative to state funding.
	IT Infrastructure Improvements	Information Technology	Renewal	System Improvements	TBD	Requires feasibility study to further develop scope, funding, and schedule.
	Magnuson Complex¹					
	• Renewal and replacement of Magnuson Health Sciences Complex	Health Sciences Schools and Colleges	Renewal	Education & Research, Clinical	TBD	Needs significant planning and associated funding to execute. Likely to be multiple individual and phased projects.
	• Hospital Expansion	UW Medicine	Growth and Renewal	Clinical	TBD	Potential synergy with MHSC renewal and other Magnuson Complex projects.

	Project Name	Sponsoring Unit	Primary Demand Type	Category	Current Estimated Cost	Notes/Next Steps
	S1 Parking Capacity Replacement	Transportation Services	Renewal	Academic & Institutional Support	\$150M	University may consider alternatives to replace capacity as part of other Magnuson projects.
	Animal Care and Use Program	School of Medicine	Renewal	Education & Research	\$30M	Limit to compliance-related efforts.
	Dentistry Predoctoral Clinics	Dentistry	Renewal	Education & Research	\$4.5M	Need to consider as part of other Magnuson efforts.
	Power Plant Decarbonization (formerly Energy Renewal Program)	Facilities	Renewal	System Improvements	\$1.6B total, including unfunded 2025-27 request	Dependent on state CCA funding but likely need to identify additional sources. Anticipated to be multiple phases over multiple biennia.

¹ Items listed under Magnuson Complex are a mix of emergent renewal projects and larger long-term needs and growth opportunities. These items are interrelated, and it is possible that the University can create opportunities to address multiple needs through strategic, phased projects in South and West Campus.

CAPITAL FOR THE CLINICAL ENTERPRISE

Clinical demand is comprised of projects that support and bolster the mission and strategic objectives of UW Medicine's Clinical Enterprise. Like the Academic and Research enterprise, the University's Clinical Enterprise must continue making significant investments to address deferred maintenance and maintain safe and up-to-date infrastructure, but also generate necessary revenue.

Until FY20, capital investments in the Clinical Enterprise were predominantly funded with UW Medicine equity or cash reserves, based on the principle that clinical equity would continue to grow at 5% per annum according to initial LTCP projections. Starting with the FY21 Capital Budget, UW Medicine has worked with FPB to assign a "debt wedge" for planning purposes to enable projects not funded with unit equity. The University's overall institutional debt limit for capital investments is approximately \$625 million over the next five years or approximately \$125 million per year, a portion of which has been allocated to UW Medicine for clinical projects in recent years. UWMC capital projections for FY26 are at or less than projected in UWMC long range financial planning (LRFP), with FY27-30 projected at LRFP levels. These funds have been targeted for projects at UWMC-Montlake and UWMC-Northwest, focusing on deferred maintenance and renewal projects. Moving forward, it is the intent for the FY27 cycle that UW Medicine's major capital projects will be submitted through the CPAT process for additional coordination and stewardship of the University's debt capacity. Some of these projects, including strategic projects and renewal efforts are reflected in the 10-Year Look Ahead above.

Of the University's currently available annual capacity of \$125 million, UW Medicine has identified approximately \$60 million for use in FY26 as shown in the table below:

Project Name	FY26 Debt ¹	Total Debt
UWMC - ML Kitchen Cafeteria Exp Renovation ²	\$6.7	\$90.8
UWMC - NW A-Wing Floors 4&5 Renovation	\$6.8	\$17.4
UWMC - NW Digestive Health Clinic	\$7.7	\$17.7
UWMC - Montlake Campus Membrane Repair	\$4.4	\$36.0
Small Works Projects (less than \$25M)	\$34.4	\$147.3
Total (millions)	\$60.0	\$309.2

¹ Access to debt for the Clinical Enterprise remains contingent upon detailed financial due diligence and risk assessment, including an assessment of the ability of the Clinical Enterprise to afford the debt.

Most of the line items in the following five-year view are groupings of small projects. UW Medicine has identified these projects by location and investment type: deferred maintenance, equipment replacement, and strategic expansion. It is assumed that some of these projects would utilize debt funding, including major and small works projects. The Board of Regents will continue to review and approve individual projects over \$25 million and the annual portfolio of small works projects utilizing debt.

				FY2026 - FY2030 Projected Spend (Millions)										
Project Name	Primary Demand Area	Budget	Prior Spend	State Bond	UW Bldg Account	CCA	Debt	Gift	Central Equity	Unit Equity	Other	UW Total	P3	Future Spend FY31-FY35
INDIVIDUAL PROJECTS														
UWMC - ML Kitchen Cafeteria Exp Renovation	Renewal	95.4	3.1	-	-	-	81.5	-	-	10.8	-	92.3	-	-
UWMC - NW A-Wing Floors 4&5 Renovation	Renewal	20.0	2.9	-	-	-	15.6	-	-	1.5	-	17.1	-	-
UWMC NW Digestive Health Clinic	Growth	17.7	10.0	-	-	-	7.7	-	-	-	-	7.7	-	-
UWMC - Montlake Campus Membrane Repair	Renewal	56.9	47.0	-	-	-	4.4	-	-	3.7	1.8	9.9	-	-
GROUPED PROJECTS														
UWMC - Deferred Maintenance	Renewal	283.9	52.7	-	-	-	23.6	-	-	197.6	10.0	231.2	-	-
UWMC - Strategic Specialty Care and Service Line	Strategic	107.7	65.6	-	-	-	14.7	-	-	25.5	2.0	42.2	-	-
UWMC - Security	Renewal	0.5	-	-	-	-	-	-	-	0.5	-	0.5	-	-
UWMC - NW OR Expansion	Growth	2.5	-	-	-	-	-	-	-	2.5	-	2.5	-	-
UWMC - NW Campus Reconfiguration/Backfill	Renewal	7.1	6.9	-	-	-	-	-	-	0.3	-	0.3	-	-
UWMC - End of Life Equipment	Renewal	266.7	66.0	-	-	-	1.1	-	-	199.6	-	200.7	-	-
UWMC - Core Capital Construction	Strategic	201.9	17.0	-	-	-	83.7	-	-	101.2	-	184.9	-	-
	Totals	1,060.3	271.1	-	-	-	232.2	-	-	543.2	13.8	789.2	-	-

ACTIVE/CORE PROJECT OVERVIEW

These projects have received either conditional or full approval from the Board of Regents or are being executed under Delegated Authority (less than \$25 million) and are in progress. Each of these projects will draw on the University's capital resources, and together, over the next five years, they account for just over half of the total Annual Capital Budget.

Project Group	Budget	Prior Spend	FY26 – FY30 Projected Spend (Millions)										Future Spend FY31-FY35
			State Bond	UW Bldg Account	CCA	Debt	Gift	Central Equity	Unit Equity	Other	UW Total	P3	
Active Capital	1,311.1	547.5	154.9	5.2	-	0.6	125.2	13.6	171.4	11.6	482.5	280.9	-
Core Capital	734.6	248.7	-	201.6	41.5	-	-	28.6	1.4	-	273.1	-	212.9
Clinical Capital	1,060.3	271.1	-	-	-	232.2	-	-	543.2	13.8	789.2	-	-
	3,106.0	1,067.3	154.9	206.8	41.5	232.8	125.2	42.2	716.0	25.4	1,544.8	280.9	212.9

Active Projects – Budget Summary

Project Name	Primary Demand Area	Budget	Prior Spend	FY26 – FY30 Projected Spend (Millions)										Future Spend FY31-FY35
				State Bond	UW Bldg Account	CCA	Debt	Gift	Central Equity	Unit Equity	Other	UW Total	P3	
Destination One Epic (D1 Epic)	Strategic	171.5	170.8	-	-	-	0.6	-	-	-	0.1	0.7	-	-
ICA Basketball Training Facility	Renewal	61.0	50.0	-	-	-	-	9.5	-	-	1.5	11.0	-	-
Renovation/Replacement Magnuson Health Sciences Bldg - Phase 2	Renewal	64.0	43.2	15.8	5.0	-	-	-	-	-	-	20.8	-	-
Laboratory Medicine & Pathology	Strategic	77.0	77.0	-	-	-	-	-	-	-	-	-	-	-
Anderson Hall Renovation for College of Environment	Renewal	40.8	26.1	2.7	0.2	-	-	-	3.0	8.8	-	14.7	-	-
Intellectual House - Phase 2	Growth	15.3	0.2	8.8	-	-	-	0.2	-	6.1	-	15.1	-	-
HFS - University Housing Four Properties UH4	Strategic	360.5	79.5	-	-	-	-	-	-	-	-	-	280.9	-
HFS - Haggett Hall	Renewal	197.0	80.5	-	-	-	-	-	-	116.5	-	116.5	-	-
Welcome Center	Strategic	60.0	1.1	-	-	-	-	54.7	-	-	4.3	58.9	-	-
College of Education - Early Learning Center, Rainer Valley	Growth	35.2	0.5	-	-	-	-	34.7	-	-	-	34.7	-	-
ASUW Shell House Restoration	Renewal	15.5	4.5	-	-	-	-	6.1	-	-	4.9	11.0	-	-
School of Dentistry - D1 Renovation - Digital Simulation Center	Renewal	2.9	1.7	-	-	-	-	-	0.3	-	0.9	1.2	-	-
UW Tacoma - Land Acquisition	Strategic	7.8	3.9	3.9	-	-	-	-	-	-	-	3.9	-	-
Chemical Sciences Modernization	Growth	191.0	7.3	123.7	-	-	-	20.0	-	40.0	-	183.7	-	-
Big Ten Broadcast Control Center	Strategic	11.7	1.3	-	-	-	-	-	10.4	-	-	10.4	-	-
Totals		1,311.1	547.5	154.9	5.2	-	0.6	125.2	13.6	171.4	11.6	482.6	280.9	-

Core – Budget Summary

Project Name	Primary Demand Area	Budget	Prior Spend	FY26 – FY30 Projected Spend (Millions)										Future Spend FY31-FY35
				State Bond	UW Bldg Account	CCA	Debt	Gift	Central Equity	Unit Equity	Other	UW Total	P3	
Asset Preservation (Minor Works and Major Preservation)	Renewal	425.2	130.0	-	126.6	-	-	-	-	-	-	126.6	-	168.6
Program Renewal (Classroom Modernization Effort)	Renewal	74.9	31.3	-	-	-	-	-	23.6	-	-	23.6	-	20.0
Accessibility Improvements	Renewal	18.4	15.2	-	-	-	-	-	3.2	-	-	3.2	-	-
Seismic Improvements	Renewal	109.5	56.8	-	28.4	-	-	-	-	-	-	28.4	-	24.3
Energy Renewal FY24	Renewal	38.9	0.2	-	-	38.7	-	-	-	-	-	38.7	-	-
Infrastructure Renewal 23-25	Renewal	28.4	15.1	-	7.2	2.8	-	-	1.8	1.4	-	13.3	-	-
Infrastructure Renewal 25-27	Renewal	39.4	-	-	39.4	-	-	-	-	-	-	39.4	-	-
Totals		734.6	248.7	-	201.6	41.5	-	-	28.6	1.4	-	273.1	-	212.9

ALIGNMENT TO LTCP STRATEGIES

Initial Long-Term Capital Plan (LTCP) strategies were developed beginning in 2019 by a broad constituency of campus leadership to create a framework to guide the overall allocations of the primary fund sources (state, debt, gift, and equity) to demand categories (clinical, growth, renewal, and strategic). These strategies were mapped to the projected capital funding sources to ensure that year-by-year decisions are aligned with these guidelines and emphasized increased investment in renovation and replacement, limiting growth, providing access to capital for the clinical enterprise, and leveraging partnerships.

The original LTCP strategies have evolved over the past several years to include more nuanced approaches that support the entire institution's need to more directly address deferred renewal, infrastructure, and energy renewal (decarbonization) without sacrificing the need to support strategic projects, especially for the Clinical Enterprise.

With those issues at the forefront, the refined principles outlined below were shared with the Board of Regents in the Fall of 2023 and focus more discretely on renewal and managing growth:

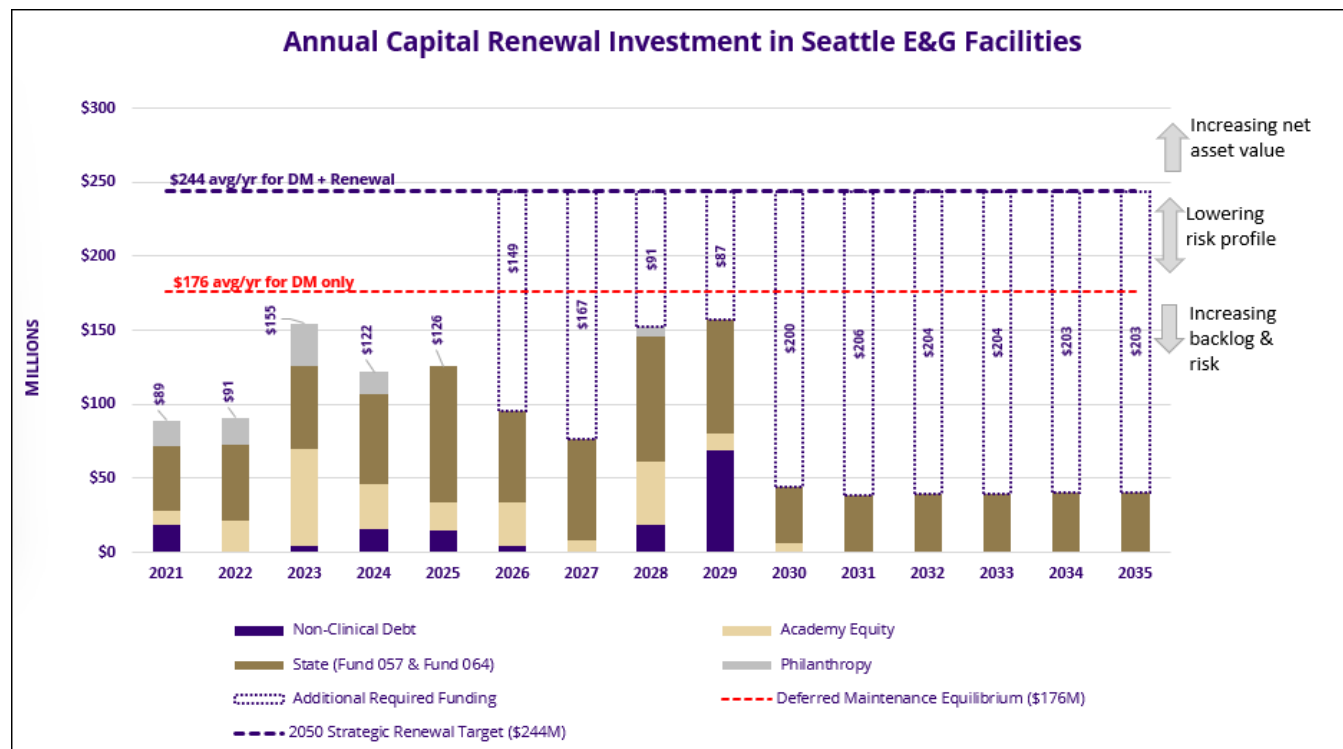
- 100% of UW Building Account funds should be utilized for renewal of existing facilities;
- Seek to leverage almost all of state capital funding to be appropriated for renovation and replacement projects;
- Explore opportunities to attract new sources of philanthropy to help address renewal needs (i.e., sustainability investments);
- Seek to accommodate program growth within our existing facilities footprint wherever feasible;
- Fully fund annual Maintenance & Operations + Renewal (M&O+R) for any projects resulting in facility footprint growth; and
- Continue to provide access to capital via debt to support the clinical enterprise strategic initiatives

Planning for the provision of capital resources to pay for asset reinvestment (one-time capital) related to deferred maintenance and energy renewal, in addition to any necessary annual stewardship needs (recurring capital), is critical. Potential strategies include third-party partnerships, seeking grants, obtaining federal support (i.e., the Inflation Reduction Act incentives), state Climate Commitment Account proceeds, rebates, and other new sources of revenue. Many of these sources are incremental, but when looked at in totality, they could provide a foundation to build upon.

DEFERRED RENEWAL BACKLOG

As has been emphasized over the past several years, our primary institutional risk remains the continued growth of our deferred renewal backlog. The most recent estimates suggest that the current value of the deferred renewal backlog in education and general administration (E&G) facilities on the Seattle Campus alone is \$2.8 billion, with a projected renewal need growing by approximately \$100 million per year. This does not include additional deferred renewal backlogs at UW Bothell and UW Tacoma (previously estimated at \$40-70 million), steam plant and utilities infrastructure, field stations, UWMC- Montlake and Northwest, or other auxiliary units like Housing & Food Services and Intercollegiate Athletics.

The following chart documents the capital funding directed toward Seattle Campus E&G facility renewal projects since 2021 and the amounts included in the FY26 Annual Capital Budget. Amounts shown are an illustrative model of secured and expected funding, highlighting the gap between those totals and needed investments to limit growth in deferred maintenance backlog and to reduce the backlog to manageable risk level by 2050. These amounts are based on modeling in recent efforts to assess building renewal needs.



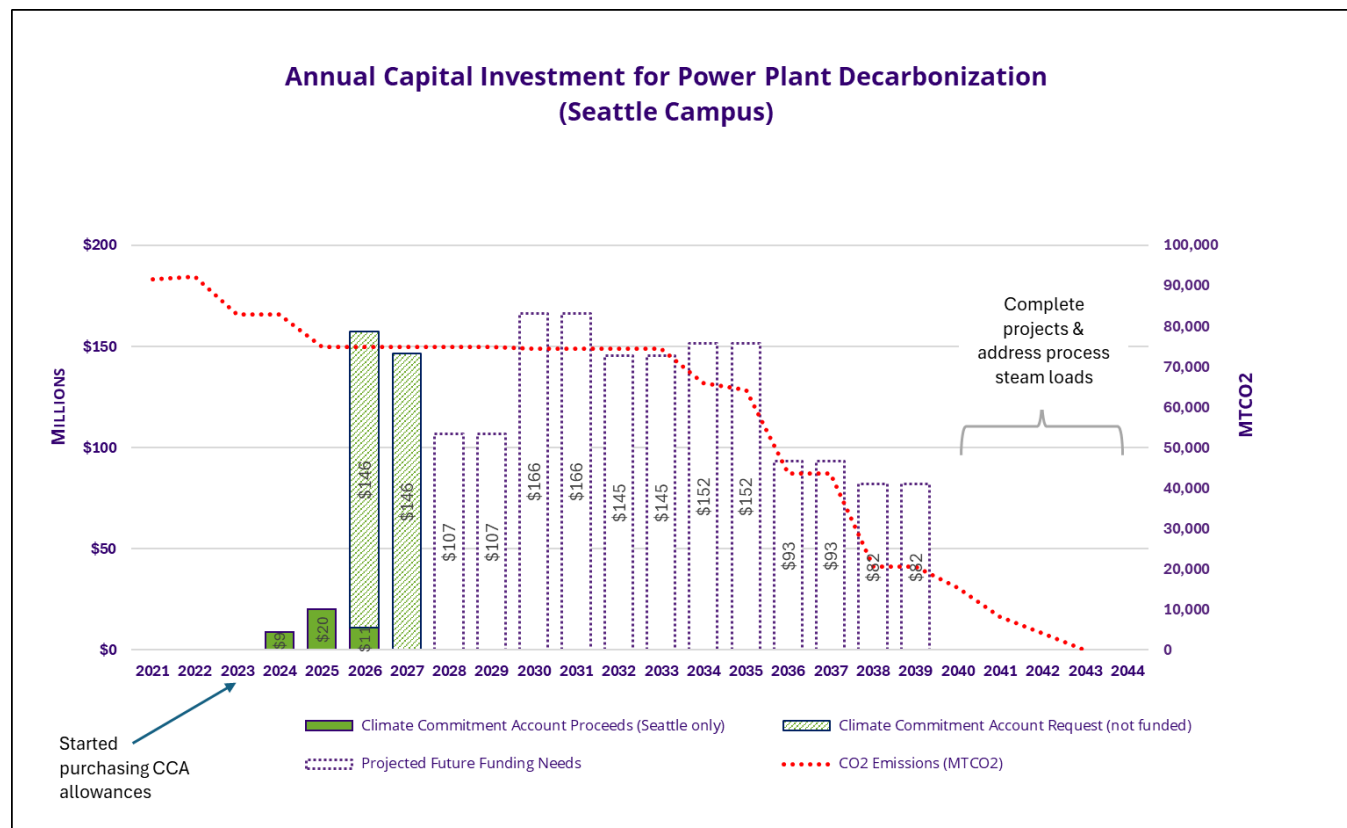
POWER PLANT DECARBONIZATION

Washington is leading the nation with building energy efficiency and performance standards. The building sector of our economy consumes 40% of total energy in the United States. Energy efficient (or "clean") buildings are essential to meeting our state's energy goals. In 2019, the Clean Building Performance Standard (CBPS) was signed into law. CBPS requires buildings in the state to demonstrate operational energy efficiency at or below a mandated energy intensity target value. Buildings that operate inefficiently are required to implement improvements to eliminate energy waste starting in 2026. The state legislature subsequently recognized that building decarbonization is also necessary to achieve the state's climate goals and augmented the law in 2023 to require decarbonization plans to be prepared for all state-owned campus district energy systems. In effect, the UW is required to decarbonize 90% of its fossil fuel use (primary natural gas) by 2040.

UW is fully committed to comply with the CBPS. In June 2025 UW will submit a Seattle Campus Decarbonization Plan as required by the state. The plan, subject to needed state funding, documents the efforts undertaken to reduce fossil fuel consumption in the Seattle campus district energy system by 90% by 2040. The UW will need to document progress toward the goal every 5 years until the decarbonization goal is achieved.

The following chart shows secured, requested, and needed funding for the Power Plant Decarbonization plan. This effort has been planned to be heavily reliant on state funding from the Climate Commitment

Account. Unfortunately, the state's 2025-27 biennial capital budget does not provide any allocations for the first ten projects requested for the upcoming biennium. Therefore, based on feedback from OFM and state legislative leaders, staff in Facilities and FPB have begun a new strategy for seeking state CCA funding and identify additional funding sources to support this plan. This may include accelerating projects that have a more immediate impact to carbon reductions and accelerating certain partnership opportunities. The chart below shows the original calculations in the Power Plant Decarbonization plan and timeline for CO2 emissions reductions, which assumed full funding of the University's 2025-27 capital budget request. It also indicates a conservative timing approach for resolving process steam loads for sterilization equipment, which would result in the remaining decarbonization of approximately 20,000 MTCO2/year.

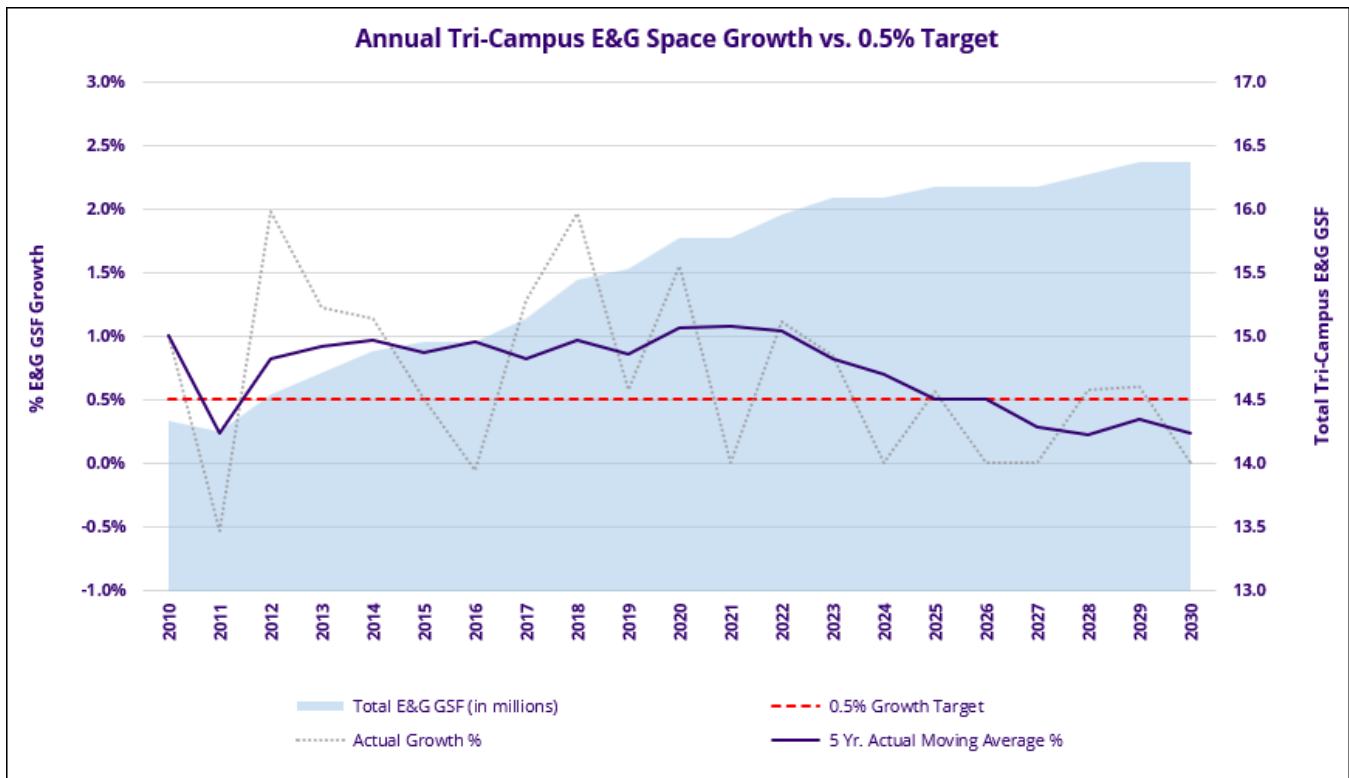


LIMITING GROWTH

One of the foundational strategies to maximize renewal investments is to accommodate any necessary program growth within the existing facility footprint, thereby limiting the amount of new space created. To support this effort, program growth that can be effectively housed in an existing facility renovated to suit the new use and address deferred maintenance should be considered the first option. Many of the University's buildings were built decades ago and for very different purposes than what they are needed for today. With targeted renovations, many of these buildings can be repurposed for today's needs successfully and at a lower cost than new construction. Importantly, constraining the growth of square footage limits the area we must pay to heat, cool, maintain, keep clean, and-eventually- renew.

The chart below shows the progress made over the last several years to limit the growth of new E&G space across the institution. The chart also includes projects that are still under construction (or have yet to begin), and these projects create a trend line that begins to parallel the 0.5% target value of space growth in future years. Activities where hybrid work is possible create an opportunity for occupying our space in a different

and less space-intensive way, as we see happening in the private sector, and this ‘new normal’ supports this constraint on growth of space. It should be noted that the Bothell and Tacoma campuses are already occupied at a very high density, so gains in this area will primarily be realized at the Seattle campus. Continued diligence in project conception and selection will be required to maintain this overall positive trend.



LEVERAGING PARTNERSHIPS

The University has leveraged private sector expertise (sometimes called public-private partnerships or P3s) for close to 30 years and continues to do so today on several projects currently in development.

Potential benefits of partnerships include:

- Leveraging the expertise of a third party to further the UW mission
- Transferring risk to a third party (construction, lease-up, operating)
- Monetizing real estate assets (e.g., up-front and/or annual ground lease payments)

Potential partnership projects seeking approval in the FY26 Capital Budget:

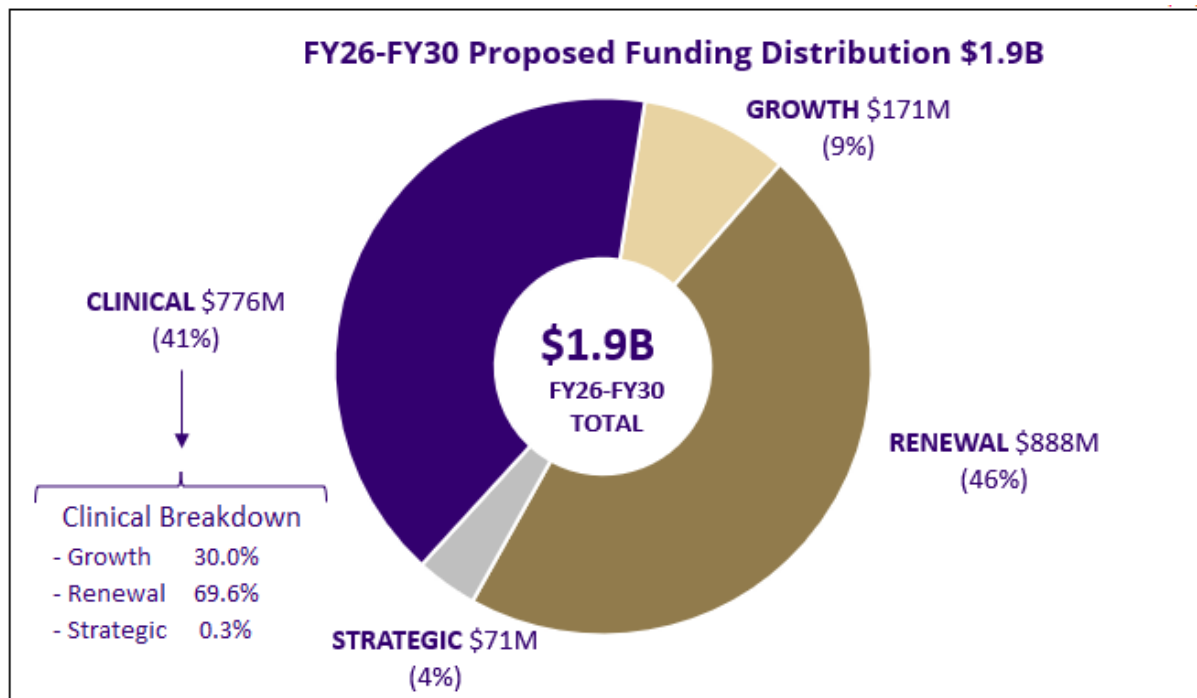
- UW Tacoma – Student Housing and Food Service

FUNDING ALIGNMENT WITH LTCP STRATEGIES

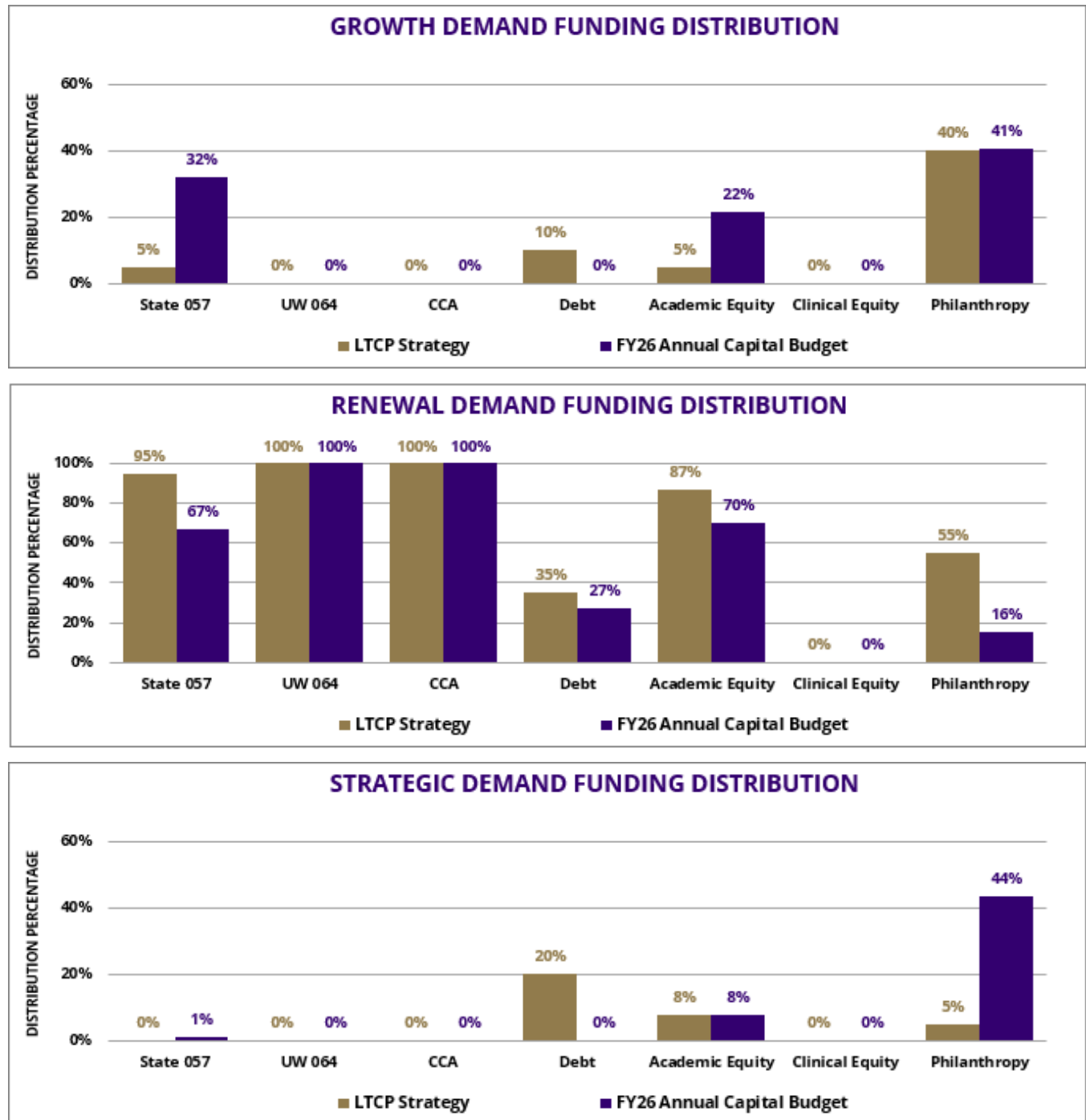
The chart below shows the proposed distribution of the \$1.9 billion in funding captured in the FY26 Annual Capital Budget over the next five fiscal years, by LTCP demand category.

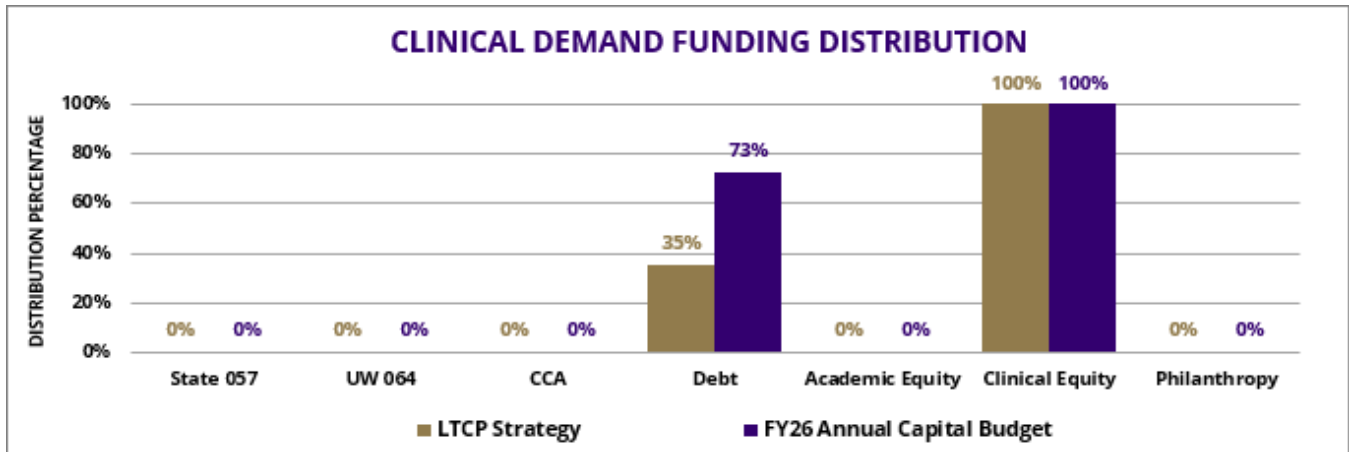
Based on the original LTCP target distributions, the Strategic category, at 4%, is below the intended target (6%). Clinical (41%) and Growth (9%) are above their respective targets of 33% and 7%. Meanwhile, Renewal is 8% less than the target value (54%) and assumes significant amounts that are currently requested from the state's Climate Commitment Account but have not been allocated at this time.

Although this distribution does not match the original LTCP targets, it improves upon previous budgets by better balancing the need for increased investment in Renewal and limiting the funding directed towards Growth.



FUNDING DISTRIBUTION VS LTCP STRATEGIES





LOOKING AHEAD

The University is facing significant challenges in affording necessary capital investments. Even with a shifted focus to renewal, our ability to invest in capital is constrained, and falls short of securing the investments needed to achieve manageable risk by 2050, according to current data. As we continually revisit the strategies of the LTCP, the need to adjust assumptions regarding funding source availability and use must evolve to match current institutional initiatives and help close the renewal funding gap. To execute this comprehensive strategy to reduce institutional risk, the funding available for renewal projects must continue to increase and novel funding sources and capital structures will be essential to address risk over time. As mentioned above, CPAT and staff in FPB and Facilities are committed to working together to identify strategies to increase resources available to these efforts, and to address challenges like the City of Seattle building code that make it more difficult to make progress toward our goals. We look forward to our continued collaboration.

PROJECT SUMMARIES

PROJECTS SEEKING APPROVAL - FY26 CAPITAL BUDGET

PROJECT SUMMARY

Demand Area: Renewal

Type: Projects Seeking Approval - FY26 Capital Budget

Clean Energy Transformation 25-27

REGENTS ACTIONS:

DESCRIPTION:

The Seattle campus energy system has served the campus well for over 100 years, but its age and dependence on fossil fuels no longer align with the mission of the University. Maintaining the status quo puts the UW at substantial financial and reputational risk. UW’s clean energy transformation strategy will meet the following objectives:

Provide a reliable & resilient energy system;

Reduce carbon emissions per the UW Sustainability Action Plan;

Remain flexible to future technologies;

Serve current and future loads and serve as a living lab;

Exceed city and state requirements; and

Minimize total cost of ownership and reduce operating costs

Transitioning the Seattle plant from fossil fuels to 100% clean energy is a critical next step for UW, and a project that will take significant coordination, planning, and investment. The following projects are recommended to advance this transition:

1. Chilled Water Thermal Energy Storage

2. Power Plant Boiler Removal

3. Micro-district -West Campus

4. Micro-district - South of Pacific

5. Sewer Heat Recovery Site Piping

6. WCUP Heating System Improvements

7. West Receiving Station Electrical Infrastructure Upgrade

8. Chiller Installation

9. District Energy Standards/Basis of Design

10. Lake Interface Advancement

FINANCIALS:

Proposed Project Budget

Construction\$243,000,00083.0%

Consultant Services\$25,600,0008.8%

Other Costs\$3,400,0001.2%

Project Management\$20,600,0007.0%

Total Project Costs\$292,600,000100%

Proposed Funding

Climate Commitment Acct. 25-27\$292,600,000100.0%

Total Funding\$292,600,000100%

SCHEDULE:

2025				2026				2027				2028				2030			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
			BOR																
				DB															
				SELECT															
						DESIGN													
										PERMITTING									
														CONSTRUCTION					

PROJECT SUMMARY

Demand Area: Renewal

Type: Projects Seeking Approval - FY26 Capital Budget

Bagley Hall Renewal**REGENTS ACTIONS:**

Sept 2026

- Project approval and delegated authority to the President or their designee to execute contracts required to deliver the project.

OBJECTIVES:

- Student/faculty growth and retention:** Increase degree production through recruitment of graduate students resulting in an expansion of class offerings.
- Colocation interdisciplinary:** Increase grant funding and new interdisciplinary discovery through a more creative and efficient collocated environment.
- Building renewal:** Reduce deferred maintenance backlog through renewal of building systems and vacated spaces due to Chemical Sciences Building.
- Synergy/interdependence between research & classroom:** Capitalize on synergy and interdependence between research and classroom by creating an environment that drives innovation and research that feeds what is taught in the classroom.

DESCRIPTION: Bagley Hall, a 223,700 GSF facility built in 1937, is the core facility for chemical sciences instruction. The construction of the Chemical Sciences Building will result in 60,000 ASF of vacated space in Bagley Hall, providing a significant opportunity to increase instructional classroom, lab, and student collaboration spaces, co-locate currently dispersed graduate and post-doctoral offices, and provide continuous floors of open space to be repurposed by another department. It also provides an opportunity to upgrade many of the building's failing MEP systems, elevators, restrooms, etc. to bring the building up to current standards. The project will renovate approximately 34,800 GSF on the ground floor, levels 1 and 2 in this phase. The remainder of the vacated space will be left vacant for the time being.

FINANCIALS:

Proposed Project Budget

Construction Cost	\$78,700,000	78.7%
Consultant Services	\$10,400,000	10.4%
Equipment and Furniture	\$6,700,000	6.7%
Other Costs	\$1,200,000	1.2%
Project Management	\$3,000,000	3.0%

Total Project Costs **\$100,000,000** **100%**

Proposed Funding

Central Equity	\$20,000,000	20%
Debt	\$80,000,000	80%
Total Funding	\$100,000,000	100%

METRICS & INDICATORS:

	Current	Target		Current	Target
Net Assignable SF	30,900	-	Construction Cost/GSF	\$2,262*	-
Gross Square Feet	34,800	-	Project Cost/GSF	\$2,874*	-
Efficiency (NASF/GSF)	88%	-			

*Construction and Project Cost per GSF include deferred maintenance and whole building infrastructure upgrades.

SCHEDULE:

2026				2027				2028				2029			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
		BOR													
			DB SELECT												
						DESIGN									
								PERMITTING							
										CONSTRUCTION					

PROJECT SUMMARY**Demand Area:** Strategic**Type:** Projects Seeking Approval - FY26 Capital Budget***UW Tacoma – Student Housing and Food Service*****REGENTS ACTIONS:**

Site Approval and Developer Solicitation

- November 2025

DESCRIPTION: The project proposes to construct a 300-400 bed residence hall and dining facility leveraging a Public Private Partnership (P3). The desired solution would also include renovations and improvements to the Court 17 apartments to better serve students and possibly faculty and staff. UW Tacoma currently lacks a traditional residence hall experience desired by many first-time, out-of-region and international students as well as a complete food service program, which puts the campus at a competitive disadvantage compared to other 4-year institutions in Washington. This development will attract a broad range of students, including first generation and more diverse student populations served by UW Tacoma, helping to increase enrollment and retention.

FINANCIALS:

Proposed Project Budget

Total Project Costs **\$120,000,000** **100%**

Proposed Funding

Public Private Partnership \$117,500,000 0.0%

Unit Equity \$2,500,000 0.0%

Total Funding **\$120,000,000** **100%****BENCHMARKS:**

UW Bothell Residential Village (September 2024)

\$543 Project Cost/GSF

METRICS & INDICATORS:

	Target		Target
Gross Square Feet (Remodel)	107,000	Construction Cost/GSF (Remodel)	\$280
Gross Square Feet (New)	150,000	Construction Cost/GSF (New)	\$600

SCHEDULE:

2025				2026				2027				2028				2029			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
BOR				BOR															
DESIGN/CONSTRUCTION																			
																MOVE			

PROJECT SUMMARY

Demand Area: Renewal
Type: Projects Seeking Approval -
 FY26 Capital Budget

Smith Hall 120 Renovation**REGENTS ACTIONS:**

TBD

- Project approval and delegated authority to the President or their designee to execute contracts required to deliver the project.

DESCRIPTION: Smith Hall is home to 18 general assignment classrooms of varying sizes. These high demand classrooms are severely outdated. To minimize course disruption, they are planned to be renovated in phases through an annual Programmatic Renewal allocation. However, Smith Hall 120 (capacity of 265) requires a more extensive renovation that will exceed the typical allocation.

Smith Hall 120 plays a critical role in supporting multiple academic departments, serving students across various programs. This renovation will enhance the learning environment, resulting in better academic outcomes and a safer, more accessible space. Key improvements will include acoustic enhancements, seating and space optimization, and upgraded AV infrastructure. These changes will directly support the university's mission by creating a more effective teaching and learning space, while also enhancing student and faculty retention by providing a modern and accessible environment.

FINANCIALS:

Proposed Project Budget

Construction Cost	\$6,006,000	85.1%
Consultant Services	\$518,000	8.7%
Equipment and Furniture	\$112,000	1.5%
Other Costs	\$112,000	1.4%
Project Management	\$252,000	3.3%
Total Project Costs	\$7,000,000	100%

Proposed Funding

Debt	\$7,000,000	100%
Total Funding	\$7,000,000	100%

BENCHMARKS: n/a**METRICS & INDICATORS:**

	Target		Target
Net Assignable SF	2,785	Construction Cost/GSF	\$2,032
Gross Square Feet	2,955	Project Cost/GSF	\$2,369
Efficiency (NASF/GSF)	94%		

SCHEDULE:

2025				2026				2027				2028			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
			DESIGN												
						BID									
							PERMIT								
								CONSTRUCTION							

PROJECT SUMMARY

Demand Area: 47% Growth - 53% Renewal
Type: Projects Seeking Approval - FY26 Capital Budget

UW Bothell – Husky Hall Replacement

REGENTS ACTIONS:

Approval • November 2025

DESCRIPTION: This project will provide much needed space for UW Bothell, currently operating with 56 SF per student, about one-third the recommended state average. It will also support co-location of academic programs on campus, allowing the University to release leased space where these programs are currently housed.

The current space constraints erode the campus' ability to accommodate student needs and deliver a high-quality education using appropriate technologies. In particular, UWB has just 51% of the desired classroom target space for a campus of its size. The 69,000 GSF facility will provide six to eight general purpose classrooms that will enable hi-flex/hybrid modes of instruction, flexible lab space, a simulation suite for the proposed pre-licensure nursing program, collaboration spaces, and dedication space to house the School of Business and UW Bothell Administration. Additionally, the facility will be able to accommodate the displaced arts studio, media center, and social science research.

FINANCIALS:

Proposed Project Budget

Construction Cost	\$80,051,400	85.8%
Consultant Services	\$6,904,200	7.4%
Equipment and Furniture	\$1,492,800	1.6%
Other Costs	\$1,492,800	1.6%
Project Management	\$3,358,800	3.6%

Total Project Costs **\$93,300,000** **100%**

Proposed Funding

State Bldg/Const. Account 27-29	\$73,300,000	78.6%
Unit Equity	\$20,000,000	21.4%
Total Funding	\$93,300,000	100%

BENCHMARKS:

UW Bothell – Discovery Hall (2014)	\$907 Project Cost/GSF
UW Health Sciences Education Building (2022)	\$1,024 Project Cost/GSF
UW Bothell/Cascadia College – Innovation Hall (2023)	\$999 Project Cost/GSF

METRICS & INDICATORS:

	Target		Target
Net Assignable SF	45,000	Construction Cost/GSF	\$1,160
Gross Square Feet	69,000	Project Cost/GSF	\$1,352
Efficiency (NASF/GSF)	65%		

SCHEDULE:

2025				2026				2027				2028				2029			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
			BOR																
				DB TEAM															
						DEFINITION													
								DESIGN/PERMITTING											
												CONSTRUCTION							
																		MOVE	