

SECTION 3

CAPITAL PLAN AND BUDGET

The 2001/02-2003/04 Capital Plan and the 2001/02 Budget include requests for new construction and renovation, after careful consideration of the following three constraints:

- Square footage: allocation of square footage under the General Use Permit (GUP);
- Project funding: allocation of debt, use of institutional reserves, receipt of new gift funds; and
- Construction capacity: capacity for construction management at Stanford.

We are reasonably certain that projects included in the Capital Plan can be accommodated within our square footage and construction capacity requirements. However, many of the projects assume substantial amounts of new gift funds. These projects will only move forward when the fundraising goal is met with gifts in hand.

THE CAPITAL PLAN, 2001/02 – 2003/04

The Stanford campus is an extraordinary resource that helps to shape and define University life. The central campus has more than 670 major buildings providing over 13 million gross square feet (gsf) of physical space for the University to carry out its academic mission. The physical plant has an historical cost of \$1.7 billion and a replacement cost of approximately \$5 billion.

The Capital Plan represents the University's ongoing efforts to restore, maintain and improve campus facilities for teaching, research and related activities. As Stanford's academic programs evolve, demands for new and improved teaching and research facilities continue to arise. Stanford's principal goals in capital planning are to protect

and extend the useful life of existing facilities; create new facilities where appropriate to support the work of students, faculty and staff; and integrate facilities and support systems into a coherent, effective and attractive campus. The plan is carefully balanced to meet the widespread institutional needs for new and renovated facilities within the constraining factors of limited development entitlements and available funding.

The Capital Plan, which includes 62 major construction projects and numerous infrastructure projects and programs, totals \$1.6 billion. A summary table of Project Commitments and Expenditures by fiscal year is displayed on page 39. In addition, a detailed list of these 62 projects is provided at the end of this section. The projects in the plan are divided into three parts:

- DESIGN & CONSTRUCTION – There are 19 projects listed in Design & Construction represent \$444 million of the total three year plan. These projects have already been approved by the Trustees and will continue to be active in 2001/02.
- FORECASTED CONSTRUCTION PROJECTS – Forecasted Projects total \$933 million and include 43 major projects that are expected to be presented to the Trustees for Concept Approval prior to year-end 2003/04. Eleven of these projects are anticipated to be presented to the Trustees in 2001/02, with the remaining 32 projects expected to be presented in 2002/03 and 2003/04. Expenditures are expected to total \$268 million for projects initiated in 2001/02 and \$665 million for those initiated in 2002/03 and 2003/04. Construction of many of these projects will be completed in subsequent years.

Summary of Three Year Capital Plan 2001/02 – 2003/04

(in millions of dollars)

	Estimated Total Cost	Capital Budget 2001/02	Project Funding Source						Annual Continuing Costs	
			Current Funds ¹	Department of Energy Funds	Gifts ²		Debt		Debt Service	Operations, Maintenance & Utilities
					In Hand or Pledged	To Be Raised	Service Center Auxiliary Debt	Academic Debt		
Projects in Design & Construction	443.7	185.9	35.4	7.2	197.3	31.9	67.1	104.8	13.1	8.1
Forecasted Projects	933.1	36.7	39.1	107.8	25.2	649.1	48.5	63.4	9.9	13.4
Total Construction Plan	1,376.8	222.6	74.5	115.0	222.5	681.0	115.6	168.2	23.0	21.5
Infrastructure Programs	219.7	93.2	143.9				62.4	13.4	6.4	0.4
Three Year Capital Plan	1,596.5	315.8	218.4	115.0	222.5	681.0	178.0	181.6	29.4	21.9

1 Includes funds from University and School reserves, GUP Mitigation assessments and the Stanford Infrastructure Program.

2 Includes gifts in hand, pledged and those to be raised, as April 30, 2001.

- **INFRASTRUCTURE PROJECTS & PROGRAMS** – These projects include four new parking structures, utility systems, information technology and communication systems, ADA upgrades, landscaping and transportation programs, GUP Mitigation and other infrastructure projects. These projects comprise the remaining \$220 million, \$49 million of which are currently active, \$78 million of which will commence in 2001/02 and \$93 million will commence in 2002/03 and 2003/04.

Capital Plan Funding Sources

Stanford's Capital Plan relies on a number of funding sources: Current Funds, Gifts, Service Center/Auxiliary debt and Academic debt, and the Department of Energy. As illustrated in the chart on page 40, gifts represent the largest funding source (57%), followed by the total of all debt classes (22%), current funds (14%) and Department of Energy funding sources (7%).

CURRENT FUNDS

The three year plan anticipates that \$218 million will be funded by current funds, which include School and Department Reserves, GUP mitigation assessments, and the Stanford Infrastructure Program.

GIFTS

At approximately \$904 million, gifts represent the single largest source of funding over the next three years. Stanford depends on the continued generous support from donors to accomplish this ambitious program. As of Spring 2001, 25% of the planned expenditures to be funded by gifts have been raised or pledged. The remaining 75% have yet to be raised. Projects will only move forward when the fundraising goal is met with funds in hand.

DEBT

Debt remains a significant financing source for the University's Capital Plan. Approximately one-fifth of projected expenditures will be funded by \$360 million of debt. Of this amount, \$178 million will be serviced by the budgets of auxiliaries and service centers, principally Student Housing & Dining Services and the CUP program. Another \$170 million will be supported by the unrestricted funds budget. The remaining \$12 million will be supported by School reserves.

DEPARTMENT OF ENERGY

Approximately \$115 million of funds for SLAC construction projects are expected to come from the Department of Energy.

Uses of Funds by Academic Category

The Capital Plan presents projects that fall into one of the following categories: Academic/Research, Academic Support, Athletics/Student Activities, Housing and Infrastructure.

ACADEMIC/RESEARCH

Academic/Research projects encompass those facilities that directly support the curriculum for teaching and research, and include buildings that have offices, classrooms and laboratories used by faculty and students. The following projects represent the majority (\$942 million, or 59%) of the three year plan:

- The Clark Center is an approximate 182,000 gsf innovative flexible laboratory facility, inspired by an academic initiative to create a center that will foster the integration of leading-edge research in basic, applied and clinical sciences. This Center will accommodate 45 faculty, their support staff, students, post-doctorate students and visiting scholars.
- The new 87,000 gsf Chemistry and Biology Building will provide laboratories for the chemical intensive research of Synthetic Chemistry, as well as additional laboratories for the Biology Department, and is anticipated to accommodate six Chemistry and five Biology Department faculty.
- The Mechanical Engineering Department's new 48,000 gsf laboratory will allow for research and teaching in the areas of combustion science, advanced manufacturing and design, bio-mechanical engineering and micro-scale engineering.
- The Building 160 Seismic and Program Renovations project will consolidate space on the academic quad, providing 71,400 gsf for the Stanford Learning Lab and Registrar's Office.
- The 12,300 gsf Cancer Biology Research Laboratories (CBRL) building will provide fully renovated and expanded research laboratory facilities for five to seven faculty and up to 50

Summary of Project Commitments & Expenditures

(in millions of dollars)

	Estimated Project Cost	Project Expenditures			
		Through 2000/01	2001/02	2002/03	2003/04 & Future
Construction Projects					
2000/01 & earlier	443.7	124.5	185.9	125.9	7.4
2001/02	268.2	16.8	36.7	39.7	174.9
2002/03	274.2	0.1		50.9	223.2
2003/04	390.7				390.7
Total	1,376.8	141.4	222.6	216.6	796.2
Infrastructure					
2000/01 & earlier	48.8	19.9	23.5	5.4	
2001/02	78.1		69.7	8.4	
2002/03	45.8			45.8	
2003/04	47.0				47.0
Total	219.7	19.9	93.2	59.6	47.0
Total Capital Plan					
2000/01 & earlier	492.5	144.4	209.4	131.3	7.4
2001/02	346.2	16.8	106.4	48.1	174.9
2002/03	320.0	0.1		96.7	223.2
2003/04	437.7				437.7
Total Capital Plan	1,596.5	161.3	315.8	276.1	843.3

research scientists. The program will focus on developmental biology and tissue engineering and their application to children’s health issues.

- The Crown Hall Classroom Technology renovation consists of HVAC, audio/visual, acoustical and code improvements for 16 Law School classrooms of 20,000 gsf.
- The Leslie Sun Field Station at Jasper Ridge Biological Reserve will provide 10,000 gsf of new meeting and classroom space for basic field research and instruction.
- The SLAC Research Office Building will provide 30,000 gsf of office and meeting space for the high-energy physics experimental program.

Additional Academic/Research projects that are planned for Board of Trustees Concept Approval in the next three years include six new buildings totaling an investment of approximately \$400 million. Four of these projects will support initiatives in the Sciences, Engineering and School of Medicine. They are: the Fitzpatrick Photonics Center, the School of Medicine Education/Library Building, a new Chemical & Bioengineering Facility and a Biology building to replace Herrin Labs. The other two are the Graduate School of Business/SIEPR Program Building and the Law & Technology Information Center. Renovations planned for existing buildings to support the

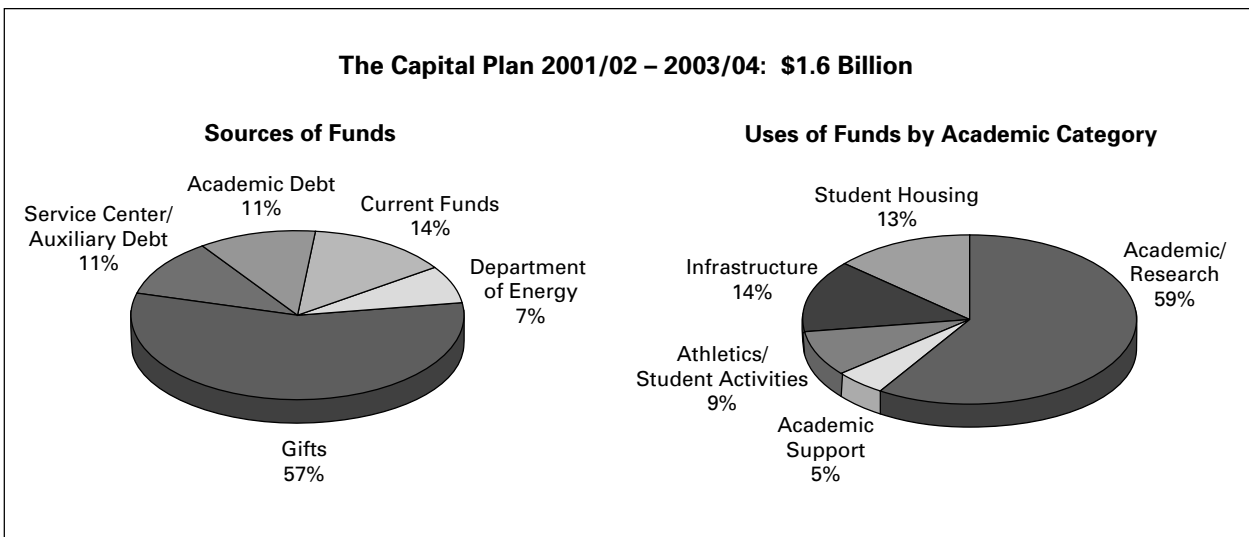
Humanities & Sciences include: Building 500/510 Archeology Art Center, Mudd Teaching & Lab Renovations, Tower House and Hopkins Teaching & Research Labs.

Four new facilities are planned to promote SLAC’s mission to provide research facilities and support for research in particle physics and synchrotron light science. They are: Particle Astrophysics Institute, Bio-X West, X-Ray Laboratory for Advanced Materials (XLAM) and Linac Coherent Light Source (LCLS). Funding for these buildings is anticipated to come from donor gifts and the Department of Energy.

ACADEMIC SUPPORT

The Academic Support category consists of facilities that help support the academic mission of the University. This category generally includes offices for operations of the administrative organization, as well as the libraries and museums. The following projects represent \$79 million, or 5% of the projects in the Capital Plan:

- The Off-Site Library Collections project will develop 38,000 gsf of specialized warehouse space for five million volumes of book storage for the Stanford Libraries. This facility will augment the current on-campus browsable storage and accommodate Stanford’s collection storage needs for the next 20 years.



- The Buck Estate project (15,000 gsf) includes exterior repairs, code and accessibility upgrades to these buildings on the Estate and restoration of the grounds.
- The Building 170 Seismic and Systems Upgrade addresses structural, ADA, mechanical and electrical deficiencies. This 22,600 gsf building houses staff for the Offices of the President and Provost, Chief Financial Officer, and General Counsel.

Major renovations of both the Old Union complex (90,486 gsf) and Meyer Library (100,000 gsf) are also planned.

ATHLETICS/STUDENT ACTIVITIES

The Athletics/Student Activities category covers those facilities that support campus sports and recreation functions, and other non-academic resources/services for students. The projects support Athletics/Student Activities and represent \$138 million, or 9% of total Capital Plan expenditures. These projects include:

- The Redwood City Boathouse Facility is a 16,000 gsf facility that will replace the previously leased facility for the Crew and Sailing Teams.
- The new Student Health Services Building (28,400 gsf) will replace the existing facility and accommodate current and future program needs.
- The new Career Development Center/Disability Resource Center (CDC/DRC) is a 20,000 gsf facility that will provide a variety of services to the undergraduate and graduate student population including career counseling, career resources, workshops, and job listings.

Additional projects planned in the near future for Athletics and Student Activities include the expansion of Maples Pavilion and construction of the Arrillaga Family Recreation Center, a new intramural recreational sports facility.

STUDENT HOUSING

The following Student Housing projects represent \$216 million, or 13% of total Capital Plan expenditures.

These projects reflect the efforts of the University to provide more affordable housing for graduate students and to upgrade existing facilities. The Capital Improvement Program (CIP), which is in the 10th year of a 16 year plan, is intended to address deferred maintenance, seismic upgrades, code compliance and major programmatic improvements in all areas of the student housing system.

The Escondido Village Graduate Student Housing Studios 5 & 6 Wellseley project will provide 326 new studio units of approximately 350 gsf each. The 160,000 gsf project includes three new buildings and will be complete in September and December of 2002, respectively.

The 33,300 gsf User Lodging Facility Phase I at SLAC will consist of 110 dormitory-type rooms and will accommodate visiting scholars for both SLAC and the University.

The Mirrieles Seismic Renovation Phases I & II (96,000 gsf) project features apartment-style units that will be upgraded for ADA, fire, and seismic code compliance. The modifications will also allow for one additional bed per apartment unit.

The Wilbur Kitchen Renovation (19,000 gsf) will provide upgrades to the dining rooms, common kitchen and two serveries, improving the functionality and appearance of the existing facility.

The Law School Student Housing Quad will add 190 units and a dining facility.

Childcare at Olmstead will be a new childcare facility to accommodate over 100 children.

In addition to these projects, two new undergraduate dorms are planned: Mayfield Undergraduate Row Houses and Manzanita 3 Undergraduate Housing. Branner Seismic Renovation is also planned.

INFRASTRUCTURE

Stanford's ongoing effort to renew its infrastructure is reflected in a \$220 million allocation (14%) in the Capital Plan. A total of \$73 million will be spent on creating four new parking structures. In

addition, a total of \$147 million will be spent on major infrastructure programs, such as utilities, information technology & communication systems, GUP mitigation and other infrastructure projects and programs, as described below.

Parking

The three year plan provides \$73 million for the construction of four new parking structures across campus. The Stockfarm Road and Pasteur Drive structures are currently active. The Maple/Serra Street and Stockfarm Expansion structures are forecasted. The four structures will provide approximately 4,400 parking spaces. These projects will serve to replace displaced parking created by new construction. The cost of an additional 2,300 parking spaces approved under the GUP agreement is included in the GUP Mitigation costs described below.

Capital Utility Program (CUP)

The three year plan allocates a total of \$40.9 million for CUP projects. These projects aim to improve and enhance electrical, steam, water, chilled water and wastewater utility systems. The program is driven by four conditions: system replacement, regulatory issues/code compliance, system expansion and system controls.

Information Technology & Communication Systems

A total of \$56.9 million has been allocated for information systems applications, infrastructure development and upgrades to networks and communication systems.

Compliance and Other

A total of \$16.7 million has been allocated toward the implementation of four compliance and other projects: the ADA Barrier Removal Program which funds general accessibility improvements, the East & West Campus Storm Drain Improvements program, and the installation of emergency generators within various campus facilities. The Family Farm road project is a major component of ongoing efforts to minimize the potential for flooding in the Family Farm Road area.

GUP Mitigation Costs

This is the first time that the three year plan addresses capital expenditures for GUP mitigation. These planned expenditures represent the conditions of approval under the General Use Permit approved by Santa Clara County in December 2000. Expenditures to meet these conditions total \$21.4 million and relate to parking, road improvements, water conservation, parks & recreation facilities and habitat conservation. Funding for these expenditures will be generated by an internal expansion tax. This tax will be levied upon capital projects that increase the school's/department's current core campus space allocation.

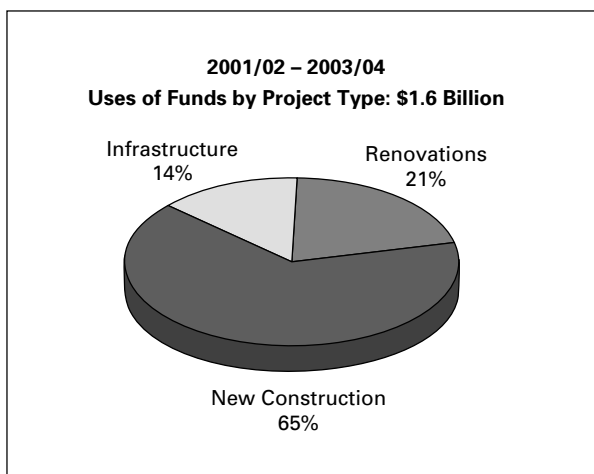
Stanford Infrastructure Program (SIP)

SIP consists of campus planning and transportation projects and programs proposed and developed for the improvement and general support of the University's academic community and physical plant. SIP expenditures are expected to total \$11.1 million over the three year period. Of this total, \$5.1 million is allocated to Parking and Transportation Services projects. These projects include the construction of small increments of additional parking, campus transit improvements, parking lot infrastructure improvements and enhancements to support bicycle use. The remaining \$6 million represents campus landscaping and planning projects, including circulation projects, outdoor art and habitat mitigation.

Uses of Funds by Project Type

NEW CONSTRUCTION

Of the 62 major construction projects, the three year plan anticipates 30 new buildings. These projects account for \$1.04 billion or 65% of the three year plan, ranging in size from \$3 million to \$147 million. Most of these buildings will support academic and research programs and increase Student Housing. New facilities will also be constructed for Student Services, Athletics and Parking. In addition, a new library collection facility is planned to be constructed off-site.



RENOVATIONS

As is illustrated in the chart above, thirty-two renovation projects represent \$331 million, or 21% of the total project costs over the three year period. One-third of the renovation projects represent the final phase of the Unreinforced Masonry (URM) building seismic upgrades. The URM program has been a significant part of the Capital Plan since the 1989 Loma Prieta earthquake. These URM renovations include Building 160, Building 500/510, Building 630, Bakewell, CPPC and Tower House. The remaining two-thirds include major renovations of some of Stanford's older buildings, including Old Union, Branner, Encina Commons and the Buck Estate.

INFRASTRUCTURE

Infrastructure projects and programs totaling \$220 million comprise the remaining 14% of the Capital Plan.

Other Stanford Entities

For the first time, the 2001/02 Capital Planning process has included all Stanford entities. However, due to their independent organizational structures, projects managed by Stanford Management Company and Stanford Hospital & Clinics have not been included in this Capital Plan/Budget. In order to present a comprehensive view of all planned construction on Stanford land, a brief description of these projects follows:

STANFORD MANAGEMENT COMPANY

FACULTY AND STAFF HOUSING – The Stanford Management Company will plan and develop over 800 housing units for both rent and sale over the next ten years. This effort addresses a University priority to recruit and retain faculty and staff.

SAND HILL CORRIDOR PROJECTS – Three projects are scheduled to be complete by November 2001: The Sand Hill Road/Infrastructure project, the Shopping Center Improvements, and the 628 rental units at Stanford West. The Senior Housing project (388 units) will be developed and managed by an outside operator and is anticipated to start construction in 2003/04.

STANFORD RESEARCH PARK – Stanford anticipates redevelopment of up to 400,000 gsf at the Research Park in the upcoming decade.

STANFORD HOSPITAL & CLINICS

The Center for Cancer Treatment & Prevention/Ambulatory Care Pavilion is a 218,000 gsf project, which is anticipated to be complete in 2002/03.

Capital Plan Constraints

ENTITLEMENTS

The Stanford campus is comprised of 8,180 acres, which fall within six jurisdictions. Of this total, 4,017 acres are within unincorporated Santa Clara County, including most of the central campus.

In December 2000 Santa Clara County approved a General Use Permit (GUP) that allows Stanford to construct up to 2,035,000 additional gross square feet of academic-related buildings on the core campus.

The GUP permit also allows for the construction of up to 2,000 new student-housing units and over 1,000 units of housing for post-doctoral fellows, medical residents, faculty and staff.

Conditions of approval include:

- The creation of an academic growth boundary to limit the buildable area to the core campus.
- The stipulation that a sustainable development

Study be approved before new construction is developed beyond one million gross square feet.

- For each 500,000 gsf of new academic building, a total of 650 units of housing be constructed.

Given the stringent requirements imposed by the new GUP and the increasingly difficult entitlement environment, Stanford will carefully manage the allocation of all new growth and attempt to extend the allocation of the two million gsf over 15 years as part of its overall Capital Planning process.

DEBT CAPACITY

In April 2001, the University issued \$100 million of 32-year tax exempt bonds to finance the Capital Budget and \$50 million of 10-year taxable notes to finance faculty mortgages. In conjunction with these debt offerings, the rating agencies confirmed the University's Triple A bond ratings. Total Academic debt outstanding is projected to be \$1.3 billion at the end of 2000/01 including these two new debt issuances. Of the April 2001 cash raised from debt issuances, \$20 million is projected to be available at the end of 2000/01 to finance capital projects.

We will require an additional \$330 million of new debt to finance:

- \$168 million for projects currently committed or under construction;
- \$127 million for forecasted projects commencing in 2001/02, and
- \$35 million for the faculty mortgage portfolio.

Of this amount, \$200 million will be required in 2001/02, and \$130 million will be needed for projects started in 2001/02 and completed by the end of 2005/06. Projects commencing beyond 2001/02 will require an additional \$175 million in debt. It is important to note that, these projects are not currently committed and will be evaluated in the context of debt capacity and GUP limitations.

The debt policy approved by the Board of Trustees in 1997 includes four external ratios based on Stanford's published financial statements:

Interest Coverage (*Debt Burden Ratio*): Interest Payments must not exceed 5% of Total Revenue.

The Debt Burden Ratio will increase to approximately 3.5% at the end of 2000/01, and to approximately 3.8% at the end of 2001/02.

Leverage (*Leverage Ratio*): Total Debt must not exceed 20% of the Unrestricted and Temporarily Restricted Net Assets.

The Leverage Ratio will increase to approximately 15% at the end of 2000/01, and to approximately 17% at the end of 2001/02.

Liquidity (*Liquidity Ratio*): The University must maintain 1.5% Cash and Cash Equivalent of Short Term Debt.

The Liquidity Ratio is not currently limiting.

Variable Debt (*Risk Ratio*): Variable Debt must not exceed 40% of Total Debt.

The Risk Ratio is not currently limiting.

In addition to the external debt ratios described above, the debt policy imposes internal debt guidelines to management.

Debt Burden on Unrestricted Revenue Ratio: Debt service for capital projects supported by unrestricted funds must not exceed 5% of unrestricted revenue.

The projects included in the proposed three year plan will not complete until 2007/08. These academic projects will require \$181.6 million of debt funding by that time. Debt service on these projects will add an incremental \$15.9 million supported by unrestricted funds. This will bring the total debt service supported by unrestricted funds to \$40.7 million by the end of 2007/08. At that time, the Debt Burden on Unrestricted Revenue ratio is estimated to be 4.1%.

Service Center Debt Burden Ratio: Debt service for service centers supported by general funds revenue must not exceed 3% of unrestricted revenue.

The Service Center ratio is not currently limiting.

Auxiliary Debt Burden: Requires that auxiliaries balance their revenues and expenses in their annual budgets.

The University is providing \$11 million in subsidies to Housing & Dining Services to support the critical institutional priority of providing affordable housing to graduate students, both on and off campus.

AFFORDABILITY

The additional internal debt service costs expected at the completion of all projects commencing in the three year plan (completion dates will range from 2001/02-2007/08) total \$29.4 million; \$15.9 million of which will be paid for by unrestricted funds, and \$13.5 million will be serviced by auxiliary or service center operations.

The additional O&M costs expected at the completion of all projects commencing in the three year plan total \$21.9 million. Of this amount, \$2.6 million per year will be covered by auxiliary and service center operations. The remaining \$19.3 million per year will be paid by unrestricted funds.

General funds of the University pay a portion of the debt service on capital projects, as well as the operations, maintenance and utilities (O&M) costs. These capital-related costs compete directly for this limited resource against academic program initiatives.

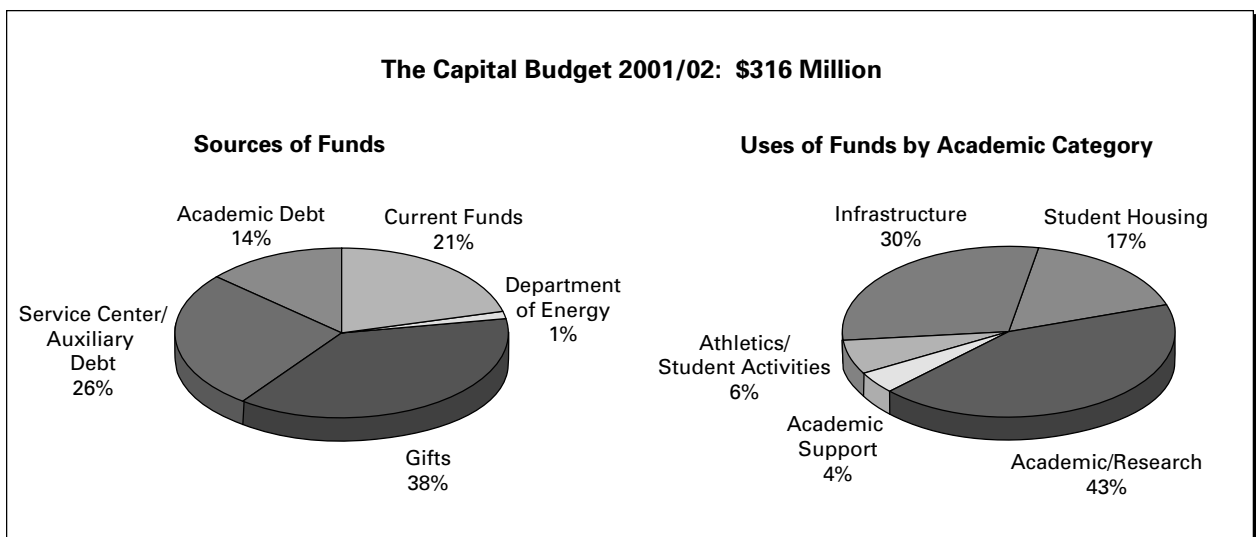
THE CAPITAL BUDGET, 2001/02

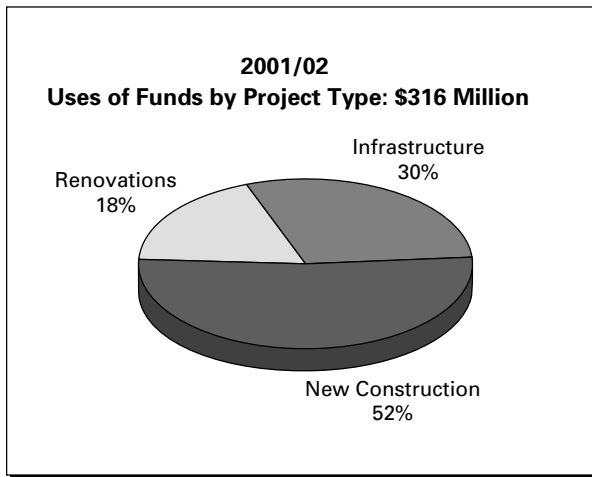
The 2001/02 Capital Budget represents capital expenditures for the upcoming fiscal year in the amount of \$316 million. Most of these expenditures reflect only a portion of the total costs of the capital projects listed, as most projects have a duration exceeding one year.

Sources and Uses

A breakdown of the Capital Budget’s sources and uses of funds is presented in the following charts. At 40% (academic debt: 14%; service center/auxiliary debt: 26%) of the budget, debt represents the largest funding source in 2001/02. Gifts will fund approximately 38% of total expenditures for the fiscal year. Of this amount, approximately 78% of gifts are in hand. Current funds represent 21% of total funds for the fiscal year; and Department of Energy funds represent 1%.

Of the total \$316 million Capital Budget, 43% will be spent on Academic/Research projects. Infrastructure expenditures will represent 30% of the total budget. Housing will total 17% of total expenditures. Another 6% will be allocated to Athletics/Student Activities projects, and the remaining 4% will be spent on Academic Support projects.





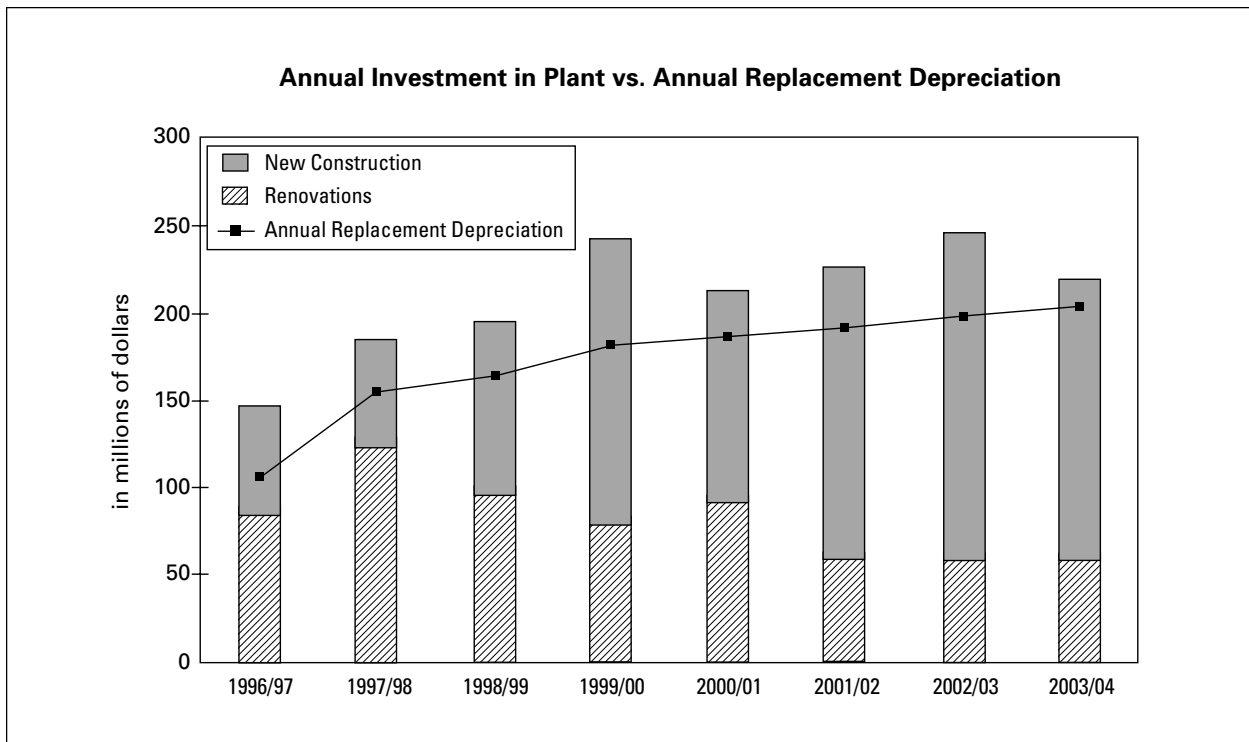
An estimated 52% of the budget will be spent on new construction projects. The majority of these expenditures are to fund the James H. Clark Center & Campus Drive Crossings, EV Grad Studio 5 & 6 Wellseley and Chemistry/Biology projects. Another 18% will be spent on renovation projects such as Building 160 Seismic & Program Renovation, Mirrieles Seismic and Branner Seismic Renovations. The remaining 30% will be spent on

Infrastructure programs, including the Pasteur and Stockfarm Parking Structures. Other major infrastructure initiatives in 2001/02 include Information Technology and CUP programs.

Capital Budget Impact on 2001/02 Operations

The 2001/02 Projected Consolidated Budget for Operations includes incremental debt service and O&M expenses for projects completing in 2001/02. Additionally, this budget includes an incremental increase in debt and O&M expenses for projects completing in 2001/02 that were operational for less than 12 months in 2000/01.

The projected additional debt service funded by unrestricted funds is \$2.9 million. This amount represents the additional debt service on nine capital projects, two of which completed in 2000/01 with less than a full year of debt service. This additional debt service brings the total annual internal debt service borne by the unrestricted University budget to \$27.7 million, including \$1.8 million debt service on commercial paper. This equals approximately 3.5% of unrestricted revenues.



Total internal debt service, including auxiliaries and services centers, will increase from \$61.3 million to \$64.9, an increment of \$3.6 million.

Additional O&M costs of approximately \$1 million will be funded by the University budget. A significant portion of this amount is due to the completion of Mechanical Engineering, Stockfarm Road Parking Structure and the Alumni Center (\$826,000) and will be funded by general funds. Escondido Village Student Housing and Avery Aquatics will add additional O&M costs of \$204,000 and will be funded by auxiliary operations.

TOTAL INVESTMENTS IN CAPITAL ASSETS

The adequacy of investment in facilities has been an important capital planning issue in higher education. To assess the adequacy of Stanford's investment, projected annual capital spending is compared to the approximate annual depreciation charge computed on a replacement cost basis. An

adequate annual reinvestment should equal or exceed the replacement cost depreciation. The chart on the previous page illustrates reinvestment against the approximate annual depreciation charge on both an historic and prospective basis. The annual depreciation charge is computed on a replacement cost basis for both periods.

In 2001/02, the estimated annual investment in facilities is approximately \$223 million, as compared to annual replacement depreciation of \$190 million. Prospectively, annual spending is expected to continue to exceed the estimated depreciation charge. Based on this analysis, Stanford's investment in facilities is adequate.

CAPITAL PLAN PROJECT DETAIL

Tables showing the details for projects in Design and Construction, Forecasted Projects, and Infrastructure Projects and Programs follow on the next three pages.

**2001/02-2003/04 Capital Plan
Projects in Design & Construction**
(in millions of dollars)

	School/ Department	Project Schedule	Estimated Project Cost	Capital Budget 2001/02	Project Funding Source						Annual Continuing Costs		
					Current Funds ¹	Dept. of Energy Funds	In Hand or Pledged	Gifts ²		Debt		Debt Service	Operations, Maintenance & Utilities
								To Be Raised	Service Center Auxiliary Debt	Academic Debt			
James H. Clark Center & Campus Drive Crossings	DOR	2000-03	146.6	53.3		130.0	15.0				0.1	4.3	
Chemistry / Biology	H&S	1999-03	64.0	17.0	3.0	20.0	9.0				2.3	1.5	
EV Grad Studio 5 & 6 Wellseley (326 beds)	SH&DS	2001-02	43.3	30.0		10.0		33.3			2.4	0.3	
Mechanical Engineering (New Lab/570 Code Compliance)	SOE	1999-03	33.3	10.0	13.3	2.0					1.4	0.7	
Building 160 Seismic & Program Renovation	PRES/PROV	2000-02	32.0	14.0		7.5					2.1		
Offsite Library Collections	SUL	2001-03	18.7	5.6	3.0						1.1	0.2	
Mirrielees Seismic Phases I & II (150 beds)	SH&DS	2001-02	14.4	10.1				14.4			1.2		
Particle Astrophysics Institute	SLAC	2001-03	10.0	3.0		10.0					0.8	0.1	
Wilbur Kitchen Renovation (CIP Year 9)	SH&DS	2001-02	9.9	2.3					9.9		0.7	(0.1)	
Student Health Services Building	VPSA	2000-02	9.6	4.6	5.6	4.0					0.7	0.6	
User Lodging Facility - Phase I	SLAC	2001-02	9.5	6.5					9.5		0.6		
CDC/DRC Student Service Building	VPSA	2001-02	8.0	3.7						8.0			
CBRL Renovation	SOM	2001-02	7.8	5.7		5.1	2.7						
Crown Hall Classroom Technology Upgrades	LAW	2001-02	7.6	4.9	7.6								
Office Research Building	SLAC	2000-02	7.2	4.5				7.2				0.1	
Redwood City Boathouse	DAPER	1999-02	6.4	2.4		1.5	4.9					0.1	
Building 170 Seismic & Systems Upgrade	PRES/PROV	2000-02	6.0	3.9	1.0	4.2	0.3			5.0	0.4		
Jasper Ridge Biological Reserve Field Station	H&S	1999-02	5.0	2.0	0.5							0.1	
Buck Estate Renovation	PRES/PROV	2001-02	4.4	2.4	1.4	3.0						0.1	
Subtotal – Projects in Design & Construction			443.7	185.9	35.4	7.2	197.3	31.9	67.1	104.8	13.1	8.1	

1 Includes funds from University and School reserves, GUP Mitigation assessments and the Stanford Infrastructure Program.

2 Includes gifts in hand, pledged and those to be raised, as April 30, 2001.

**2001/02-2003/04 Capital Plan
Forecasted Construction Projects**
(in millions of dollars)

School/ Department	Project Schedule	Estimated Project Cost	Capital Budget 2001/02	Project Funding Source					Annual Continuing Costs		
				Current Funds ¹	Dept. of Energy Funds	In Hand or Pledged	To Be Raised	Gifts ²	Debt	Debt Service	Operations, Maintenance & Utilities
Fitzpatrick Photonics Center	2002-05	95.8	6.7		25.0	70.8					1.6
Education / Library Building	2002-05	46.1	4.6		46.1						3.8
Arrillaga Family Recreation Center	2002-04	34.2	6.8	6.8	27.4						0.4
Manzanita 3 Undergraduate Housing (125 beds + Dining)	2002-04	18.4	1.5		14.7			3.7			0.2
Branner Seismic Renovation (CIP Year 11)	2002-03	14.2	3.3					14.2			0.2
Lou Henry Hoover First Floor & Basement Renovations	2002-03	5.3	1.9	5.3							
Crown Hall Program Renovations Phase I	2002	4.0	4.0		4.0						
SCPD Classroom Renovation - Skilling Upgrades	2002-03	3.7	1.3	3.7							
Childcare at Olmstead	2002-03	3.2	1.1	3.2							
Encina Tennis Courts	2002	3.0	1.5	3.0		3.0					
Building 160 Learning Lab Fit-up	2002-03	3.0	0.9	3.0		3.0					
Projects Under \$3 Million	2002-06	37.3	3.0	10.5	0.8	17.3	5.0	3.0			0.5
Linac Coherent Light Source	2003-06	100.0			100.0						0.1
GSB/SIEPR Program Building B	2003-06	29.2				29.2					0.7
Law and Technology Information Center	2003-05	28.9				28.9					0.5
GSB/SIEPR Program Building A	2003-06	21.7				21.7					0.5
Mayfield Undergraduate Row Houses (150 beds)	2003-05	20.3				20.3					0.1
Bio-X West	2003-04	17.6				17.6					0.1
Maples Pavilion Expansion	2003-04	12.1				12.1					0.2
ED Stone SB1953 Seismic Projects	2003-08	10.0				10.0					1.0
X-Ray Laboratory for Advanced Materials (XLAM)	2003-04	11.0				11.0					0.1
Bakewell Renovation	2003-04	6.6				6.6					0.4
Row Houses Renovation (CIP)	2003-04	4.3				4.3					
Tower House Renovation / Addition	2003-04	3.6				3.6					
Florence Moore Seismic Upgrade	2003-04	3.1				3.1					0.3
EV Renovation (CIP)	2003-04	3.1				3.1					0.3
Projects Under \$3 Million	2003-03	2.7		1.1		1.6					0.1
Chemical and Bioengineering Facility	2004-06	108.0				108.0					2.5
Biology-Herrin Replacement	2004-06	66.7				66.7					1.8
Law Student Housing Quad (190 beds + Dining)	2004-06	43.4				43.4					0.3
Old Union/Clubhouse/Building 590	2004-06	42.8				21.4			21.4		1.9
Meyer Library Seismic Renewal	2004-06	23.2				14.2			9.0		0.8
Hopkins Teaching & Research Labs	2004-06	13.9				13.9					
Crown Hall Program Renovations Phase II	2004-05	12.4				10.4			2.0		0.2
Mudd Teaching & Lab Renovation	2004-05	10.4				5.2			5.2		0.5
Building 500/510 Archeology / Art Center	2004-06	10.2				5.1			5.1		0.5
Roble Hall Seismic Renovation (CIP)	2004-05	9.7						9.7			0.8
Knoll Seismic Renovation	2004-06	9.0		5.6					3.4		0.3
Eating Clubs Replacement	2004-05	7.8				7.8					
Building 630 Seismic Renovation	2004-05	7.2				3.8			3.4		0.3
Cafeteria Upgrade	2004-06	4.5				4.5					
CPPC Seismic Upgrade (Classroom/Office)	2004-06	4.4				3.5			0.9		0.1
Grad Community Center Escondido Road	2004-05	4.2				4.2					
Storke Student Publications Renovation/Replacement	2004	4.1				4.1					
EV Renovation (CIP)	2004-05	3.8						3.8			0.3
Projects Under \$3 Million	2004-06	5.0		3.0	2.5						0.1
Subtotal - Forecasted Projects		933.1	36.7	39.1	107.8	25.2	649.1	48.5	63.4	9.9	13.4
SUBTOTAL - CONSTRUCTION PLAN		1,376.8	222.6	74.5	115.0	222.5	681.0	115.6	168.2	23.0	21.5

1 Includes funds from University and School reserves, GUP Mitigation assessments and the Stanford Infrastructure Program.
2 Includes gifts in hand, pledged and those to be raised, as April 30, 2001.

**2001/02-2003/04 Capital Plan
Infrastructure Projects & Programs**
(in millions of dollars)

	School/ Department	Project Schedule	Estimated Project Cost	Capital Budget 2001/02	Project Funding Source				Annual Continuing Costs		
					Current Funds ¹	Dept. of Energy Funds	In Hand or Pledged	Gifts ² To Be Raised	Service Center Auxiliary Debt	Debt	Operations, Maintenance & Utilities
Parking Structures											
Pasteur Parking Structure (1,029 spaces)	FAC OPS	2001-03	30.0	18.5	4.0			26.0		1.8	0.1
Stockfarm Parking Structure (1,550 spaces)	FAC OPS	2000-02	18.8	5.0	18.8						0.1
Stockfarm Expansion PS 7 (857 spaces) ³	FAC OPS	2004-05	11.2		11.2						0.1
Maples/Serra Parking Structure (1,000 spaces)	FAC OPS	2002-03	12.7	4.4	12.7						0.1
Subtotal – Parking Structures			72.7	27.9	46.7			26.0		1.8	0.3
Capital Utilities Program (CUP)											
System Expansion	FAC OPS	2002-04	13.9	7.5				13.9		1.1	
Regulatory	FAC OPS	2002-04	12.4	11.3	11.0			1.4		0.1	
Wear-Out	FAC OPS	2002-04	11.5	2.4				11.5		0.9	
Controls	FAC OPS	2002-04	3.1	1.0				3.1		0.3	
Subtotal – CUP			40.9	22.2	11.0			29.9		2.4	
Information Technology & Communications Systems											
Applications & Infrastructure	ITSS	2002-04	48.1	24.5	48.1					0.9	
Communications Facilities	ITSS	2002-04	8.8	3.8				6.5		2.3	
Subtotal – Systems			56.9	28.3	48.1			6.5		2.3	
Compliance and Other											
East & West Campus Storm Drains	FAC OPS	2002-03	5.7	2.5						0.6	
ADA Barrier Removal	FAC OPS	2002-04	5.5	2.5	1.5					0.3	
Emergency Generators	FAC OPS	2002-03	1.4	0.7						0.1	
Family Farm Road & Sediment Control	FAC OPS	2002-04	4.1	0.8	4.1					0.3	
Subtotal – Compliance and Other			16.7	6.5	5.6					1.3	
GUP Mitigation Costs											
Parking		2002-04	11.6	2.8	11.6						
Road Improvements		2003-04	4.0		4.0						
Water Conservation		2002-04	2.9	0.8	2.9						
Parks & Recreation Facilities		2002-04	2.5	0.5	2.5						
Habitat Conservation		2002-03	0.5	0.2	0.5						
Subtotal – GUP Mitigation			21.4	4.3	21.4					11.1	
Stanford Infrastructure Program (SIP)											
Parking and Transportation Services		2002-04	5.1	1.7	5.1						0.1
Campus Landscaping and Planning Projects		2002-04	6.0	2.4	6.0						0.1
Subtotal – SIP			11.1	4.1	11.1						0.1
Subtotal – Infrastructure Projects & Programs			219.7	93.2	143.9			62.4		13.4	0.4

1 Includes funds from University and School reserves, GUP Mitigation assessments and the Stanford Infrastructure Program.

2 Includes gifts in hand, pledged and those to be raised, as April 30, 2001.

3 Includes 365 parking spaces (\$4.8 million) of GUP Mitigation Parking costs.