



Section 3

Capital Plan and Budget

In this section we will review the 2002/03–2004/05 Capital Plan which includes construction and infrastructure projects and programs that are currently underway or forecasted to commence over the next three-years. We also will present the 2002/03 Capital Budget, which represents \$266 million of cash outlays and associated funding of the Capital Plan for the twelve month fiscal period.

The Capital Plan is designed as a three-year rolling plan with budget commitments made to the first year and only then to those projects which have fully identified funding. Historical debt spending, the reliance on debt to fund future capital projects, and changes in the economy have influenced our priority setting and limited our ability to commit to projects without a clear and viable funding plan. As a result, our capital plan includes the funding description “Resources to be Identified” for the first time. The costs in this category are expected to be funded through a combination of gift raising and school, department and university reserves.

The two largest funding sources for capital projects have been and are forecasted to be long-term debt and donor gifts.

Over the past decade, debt was used as a major funding source for seismic renovations on the campus following the 1989 Loma Prieta earthquake. Additionally, debt has been used for Residential & Dining Enterprises’s Capital Improvement Program, the university’s recently completed 5-year deferred maintenance program, and for the partial funding of many donor-related projects. Our previous levels of debt funded projects coupled with the current economy and its impact on the endowment, have limited the university’s ability to take on additional debt.

Donations in support of capital projects have also been a significant funding source. Over the past several years, the university was able to complete the Science and Engineering Quad, the Center for Clinical Sciences Research, the Alumni Center, the Avery Aquatics

complex and the renovations of Green Library and the Cantor Center for Visual Arts, among other projects, as a result of generous contributions. We anticipate a more difficult capital fund raising environment over the life of this Capital Plan.

The result of more significant constraints on debt and fund raising means building projects on the campus will slow from the rapid pace of the late 1990s. The lack of available funding sources has led to the establishment of the following priorities for capital projects over the next several years: 1) new housing to meet community needs and requirements under the General Use Permit, 2) life safety and code compliance issues including the completion of our seismic renovation program, and 3) facility enhancements to meet our highest priority academic initiatives.

THE CAPITAL PLAN, 2002/03 – 2004/05

The Stanford campus is an extraordinary resource that shapes and defines university life. The central campus has more than 670 major buildings providing over 12 million gross square feet (gsf) of physical space. The physical plant has an historical cost of \$1.97 billion and an estimated replacement cost of approximately \$5.2 billion.

The Capital Plan represents the university’s on going efforts to restore, maintain and improve campus facilities for teaching, research, housing and related activities. As Stanford’s academic programs evolve, needs for new and improved teaching and research facilities emerge. The plan is carefully balanced to meet institutional needs for new and renovated facilities within the constraining factors of limited development entitlements and available funding.

The Capital Plan, which includes 34 major construction projects and numerous infrastructure projects and programs, totals \$1.07 billion. A summary table of project commitments and expenditures by fiscal year

SUMMARY OF THREE-YEAR CAPITAL PLAN, 2002/03-2004/05

[IN MILLIONS OF DOLLARS]

	Estimated Project Cost	Capital Budget 2002/03	Project Funding Source					Annual Continuing Costs	
			Current Funds ¹	Gifts In Hand or Pledged	University Debt		Resources To be Identified ²	Debt Service	Operations Maintenance & Utilities
					Center/ Auxiliary Debt	Academic Debt			
Projects in Design & Construction	319.9	147.7	19.9	192.4	51.0	49.3	7.4	7.2	7.4
Forecasted Projects	531.7	56.1	29.0	12.4	50.2	77.0	363.1	9.9	8.4
Total Construction Plan	851.6	203.8	48.9	204.8	101.2	126.3	370.4	17.1	15.8
Infrastructure Programs	216.0	62.2	126.0		65.2	24.9		7.8	0.5
Total Three-Year Capital Plan									
2002/03-2004/05 before Internal Charges	1,067.6	266.0	174.9	204.8	166.3	151.2	370.4	24.9	16.3
Less: Stanford Infrastructure Surcharge ³	(35.4)	(8.8)	(35.4)						
GUP Entitlement Fee ³	(29.6)	(2.4)	(29.6)						
Total Three-Year Capital Plan									
2002/03-2004/05 after Internal Charges	1,002.6	254.8	109.9	204.8	166.3	151.2	370.4	24.9	16.3

¹ Includes funds from university and school reserves, GUP Mitigation assessments and the Stanford Infrastructure Program.

² Anticipated funding for this category is through a combination of gift raising and school, department and university reserves.

³ Stanford Infrastructure and GUP Entitlement Fee surcharges are included in the Estimated Project Cost of the Construction Plan. These surcharges are the funding mechanism for GUP Mitigation Costs and the Stanford Infrastructure Program (see Infrastructure Projects and Programs table). As a result, the consolidated Construction and Infrastructure Plans include these surcharges twice; as a cost to the construction project and as a cost to the infrastructure programs. As a result, the surcharges included in the construction costs are eliminated on the Summary of Three-Year Capital Plan table to avoid overstatement.

is displayed above. In addition, a detailed list of these projects is provided at the end of this section. The projects in the plan are divided into three parts.

- **DESIGN & CONSTRUCTION** – The 11 projects in Design and Construction represent \$319.9 million of the plan. Some of these projects, such as the Clark Center and Lokey Laboratory, are well into the construction phase. Other projects, such as Branner Hall and Offsite Library Collections (SAL III) are in the design phase. All of these projects will continue to be active in 2002/03.
- **FORECASTED CONSTRUCTION PROJECTS** – Forecasted projects include a projection of projects by year, listed by anticipated Board of Trustee concept approval dates. Only those projects with an anticipated concept approval in 2002/03 and fully identified funding are considered budget commitments in this rolling three-year plan. These include seven projects totaling \$71 million with identified funding from school/department reserves or approved debt. Another seven projects with estimated costs of \$139.3 million may receive budget commitments in this year

once funding is identified. The second and third year of the rolling three-year plan include nine significant capital projects that are planned for Board of Trustee review in 2003/04 and 2004/05. These projects total \$321.4 million of estimated costs, the funding for 82% of which has not been identified. Construction of many of these projects will be completed in subsequent years.

- **INFRASTRUCTURE PROJECTS & PROGRAMS** – These projects include two new parking structures, as well as a number of utility systems, information technology and communication systems, ADA upgrades, site improvements and transportation programs, GUP mitigation and other infrastructure projects. These projects comprise the remaining \$216 million of the Capital Plan.

The total projects in the 2002/03 to 2004/05 plan have decreased \$530 million from last year's plan covering fiscal years 2001/02 to 2003/04. This change is due primarily to the general economic climate, including debt and fundraising constraints faced by the university. These fiscal realities have resulted in a deferral of

schedules for many of our forecasted projects. In some cases, projects have been cancelled or placed on hold.

In the following section we address the Capital Plan from several different perspectives: its funding sources; the use of funds by program category (e.g., academic/research, housing); the use of funds by type of project (e.g., new construction, renovation); other Stanford projects; and the Capital Plan's constraints.

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. As discussed above, this is the first year in which we have included a funding designation of "resources to be identified". Though it is expected that the costs in this category will be funded through a combination of gift raising and school,

department and university reserves, the specific source has not been identified.

Current Funds

The three-year plan anticipates that \$174.9 million will be funded by current funds, which include school and department reserves and assessments from the GUP Entitlement Fee program and the Stanford Infrastructure Program (SIP).

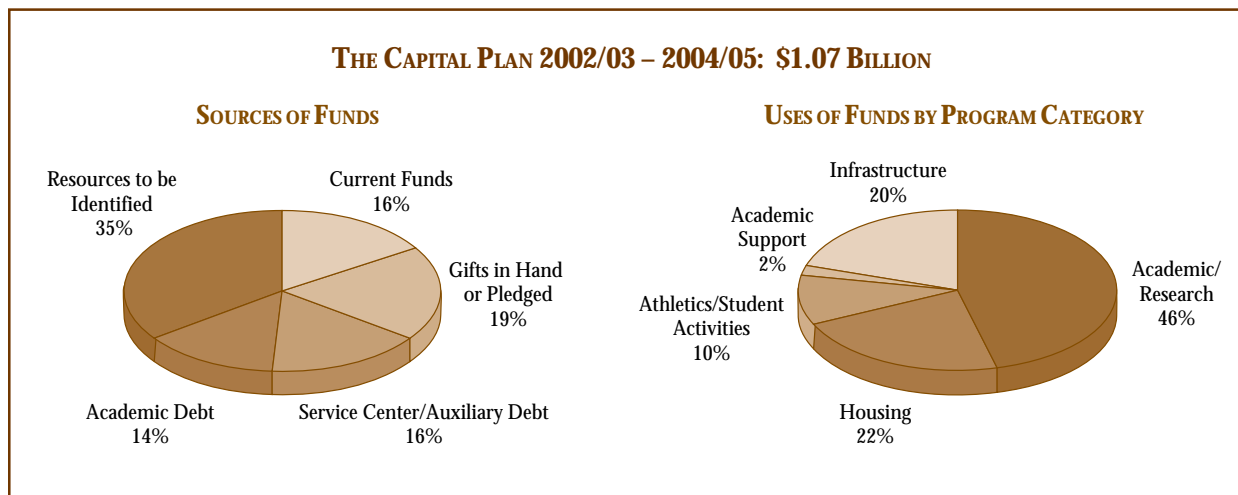
The GUP Entitlement Fee is an assessment levied upon capital projects that increase the school's/department's current core campus space allocation. These fees provide funding for requirements and recommendations made under the 2000 General Use Permit and the Community Plan. The SIP assessments are levied on all capital projects and fund parking, transportation, and campus planning programs.

SUMMARY OF PROJECT COMMITMENTS & EXPENDITURES

[IN MILLIONS OF DOLLARS]

Concept Approval	Estimated Project Cost	Through 2001/02	Project Expenditures Three-Year Anticipated Cash Outlay			
			2002/03	2003/04	2004/05	Thereafter
Construction Projects						
2001/02 & Earlier	319.9	163.5	147.7	0.7	3.0	5.0
2002/03	210.3		56.1	84.0	41.5	28.6
2003/04	293.3			35.9	51.8	205.6
2004/05	28.1				23.0	5.1
Total	851.6	163.5	203.8	120.7	119.3	244.3
Infrastructure						
2001/02 & Earlier	104.7	55.3	25.9	12.8	10.7	
2002/03	55.0		36.3	12.0	6.7	
2003/04	28.5			28.5		
2004/05	27.8				27.8	
Total	216.0	55.3	62.2	53.3	45.2	
Total Capital Plan						
2001/02 & Earlier	424.6	218.8	173.6	13.5	13.7	5.0
2002/03	265.3		92.4	96.1	48.2	28.6
2003/04	321.8			64.4	51.8	205.6
2004/05	55.9				50.8	5.1
Total Capital Plan¹	1,067.6	218.8	266.0	174.0	164.5	244.3

¹Stanford Infrastructure and GUP Entitlement Fee surcharges are included in the Estimated Project Cost of the Construction Plan. These surcharges are the funding mechanism for GUP Mitigation Costs and the Stanford Infrastructure Program (see Infrastructure Projects and Programs table). As a result, the consolidated Construction and Infrastructure Plans include these surcharges twice; as a cost to the construction project and as a cost to the infrastructure programs. As a result, the surcharges included in the construction costs are eliminated on the Summary of the Three Year Capital Plan table to avoid overstatement.



Gifts

Though it is anticipated that a significant percentage of the funds designated as “resources to be identified” will come from gifts, the three-year capital plan defines gifts as only those currently in hand or pledged. The three-year Capital Plan includes gifts of \$204.8 million representing 19% of the \$1.07 billion Capital Plan. Seventy-one percent of these gifts represent funding for the Clark Center.

Debt

Debt remains a significant financing source for the Capital Plan. Approximately 30% of projected expenditures will be funded by \$317.5 million of debt. Of this amount, \$166.3 million will be serviced by the budgets of auxiliaries and service centers, principally Residential and Dining Enterprises and the Capital Utilities Program. Another \$143.8 million will be supported by the unrestricted funds budget. The remaining \$7.4 million will be supported by school reserves.

USES OF FUNDS BY PROGRAM 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 directly support Stanford’s teaching and research mission, and include buildings that have offices, classrooms and laboratories used by faculty, students and staff. In total, academic/research projects in the plan total \$492.2 million, or 46%.

The following projects have previously been approved by the Board of Trustees and are currently in design and construction within the three-year plan:

- The Clark Center is a 182,400 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 approximately 45 faculty, their support staff, students, post-doctorate students and visiting scholars.
- The new 87,000 gsf Lokey Laboratory (previously known as the Chemistry and Biology Building) will provide laboratories for the chemical intensive research of Synthetic Chemistry, as well as additional laboratories for the Biology department.
- The Chen Particle Astrophysics Institute is a 25,000 gsf research facility designed to support state-of-the-art research at SLAC.
- The Skilling classroom renovation (5,354 gsf) will upgrade critical teaching facilities within the Skilling building at the School of Engineering.

Additional academic/research projects planned for Trustee concept approval in the next three years include 12 new and renovated buildings. Projects in Medicine include a new School of Medicine Education/Information Center (220,000 gsf), two Medical School research facility expansions (of up to approximately 10,000 gsf each), and seismic upgrades of the ED Stone Buildings (414,000 gsf). In the sciences and engineering, renovation projects include Mudd Teaching and Laboratory (85,000 gsf), Hopkins Agassiz Marine

station (10,000 gsf), Herrin Hall (15,000 gsf), a laboratory build-out of the HEPL Endstation 3 (gsf to be determined), and a renovation of Building 630 for laboratory use (15,578 gsf).

Other projects include renovations of Building 500/510 for an Archeology/Art Center (18,000 gsf), an office space renovation in the Lou Henry Hoover Building for the Hoover Institute (20,000 gsf), and a renovation and upgrade of the CPPC building for the School of Education (8,328 gsf).

Academic Support

The academic support category consists of facilities that help support the academic mission of the university. This category generally includes administrative space, as well as facilities such as libraries and museums. Academic support projects total \$21.8 million, or 2% of the plan. The following project has previously been approved by the Board of Trustees and is currently in design and construction:

- The Off-Site Library Collections project (SAL III) will develop 30,500 gsf of specialized warehouse space book storage for the Stanford University Libraries. This facility will augment the current on-campus browsable storage and accommodate Stanford's collection storage needs.

An additional project planned over the next several years is the renovation of the Bakewell Building (17,000 gsf) for administrative or academic support services.

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. Projects supporting athletics/student activities represent \$107.1 million, or 10% of total Capital Plan expenditures. The following project has been approved by the Board of Trustees and is in construction:

- The Redwood City Boathouse Facility, a 16,000 gsf facility that will replace the previously leased facility for the crew and sailing teams.

Additional projects planned in the near future for Athletics include the construction of the Arrillaga Family Recreation Center which is a new 70,000 gsf intramural recreational sports facility, the renovation of Maples Pavilion (projected to be 35,000 gsf), and the renovation of the golf clubhouse and related facilities.

In the student activities area, the renovation of the Old Union, Clubhouse, and Nitery (90,486 gsf) is planned, which will create additional student activity and support space.

Housing

Housing projects represent \$230.5 million, or 22% 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 for both graduate and undergraduate students. The Buck Estate and SLAC User Lodging projects are included in this category as well. The Capital Improvement Program (CIP) is intended to address deferred maintenance, seismic upgrades, code compliance and major programmatic improvements in all areas of the student housing system. Several CIP projects are listed in the plan, particularly related to improvements and upgrades to the Row Houses.

The following projects have previously been approved by the Trustees and are currently in design or construction:

- The Escondido Village Graduate Studios 5 & 6 project will provide 326 new studio units. This 158,000 gsf project includes four new buildings. The two common buildings and Studio 5 will be complete in September 2002 and Studio 6 will be complete in December of 2002.
- The 34,900 gsf User Lodging Facility at SLAC will consist of 110 rooms to accommodate visiting scholars for both SLAC and the university.
- In the process of updating and renovating Branner Hall (48,000 gsf), we will address code compliance and deferred maintenance issues. The dining facility in the hall (8,583 gsf) also will be renovated as a part of this project.
- The Buck Estate project (15,000 gsf) includes exterior repairs, code and accessibility upgrades to buildings on the estate, as well as restoration of the grounds. The Buck Estate will serve as an official university residence.

In addition to these projects, a Law School Student Housing Quad will provide approximately 360 units for Law School student use, and an additional Manzanita undergraduate residence hall (56,250 gsf) is planned, which will add 125 beds in addition to a new dining facility. The Graduate School of Business is planning a housing addition adjacent to the Schwab Center within

the next several years as well. Renovation projects are also planned at Crothers and Crothers Memorial Halls and various Row Houses.

Infrastructure

Stanford's ongoing effort to renew its infrastructure is reflected in a \$216 million budget (20%) in the Capital Plan. A total of \$43.6 million will be spent on creating two new parking structures. The remaining \$172.4 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. Note that the GUP Mitigation and Stanford Infrastructure Programs are funded through construction project surcharges.

Parking

The three-year plan provides \$43.6 million for the construction of two new parking structures on the campus. The Pasteur Drive structure is underway and will be completed in 2003. The East Campus parking structure is forecasted and planned to be completed in 2004. These two structures will provide just over 2,000 parking spaces, replacing 977 of displaced parking created by new construction, and adding 1,052 spaces for new parking. The Pasteur Parking Structure will benefit the Center for Cancer Treatment and Prevention/Ambulatory Care Pavilion.

Parking is generally funded by a combination of funds from the Stanford Infrastructure Program (SIP) and the GUP Entitlement Fee program. The SIP funds parking that has been *displaced* and the GUP Fee funds parking that *increases* the number of parking spaces on campus. The maximum net increase in parking allowed is 2,300 spaces under the 2000 GUP, most of which is attributable to increases in on-campus student housing.

Capital Utility Program (CUP)

The three-year plan allocates a total of \$37.2 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 expansion, system replacement, regulatory issues/code compliance, and system controls.

Information Technology & Communication Systems

A total of \$81.3 million has been allocated for information systems applications, infrastructure

development and upgrades to networks and communication systems.

Compliance and Other

A total of \$29.1 million has been allocated toward the implementation of five Compliance and Other projects: the East & West Campus Storm Drain Improvements program, the ADA Barrier Removal Program which funds general accessibility improvements, the installation of Emergency Generators within various campus facilities, the Marguerite Bus Acquisition to replace the aging Marguerite fleet and the Family Farm Road project which is an ongoing effort to minimize the potential for flooding in the Family Farm Road area.

GUP Mitigation Costs

The three-year plan addresses capital expenditures for GUP mitigation. These planned expenditures represent the conditions of approval under the General Use Permit and Community Plan approved by Santa Clara County in December 2000. Expenditures to meet these conditions total \$15 million and relate to trail easements, groundwater recharge, and water conservation, irrigation and collection systems. Funding for these expenditures will be generated by an internal expansion fee. This fee will be levied upon capital projects that increase the school's/department's current core campus space allocation.

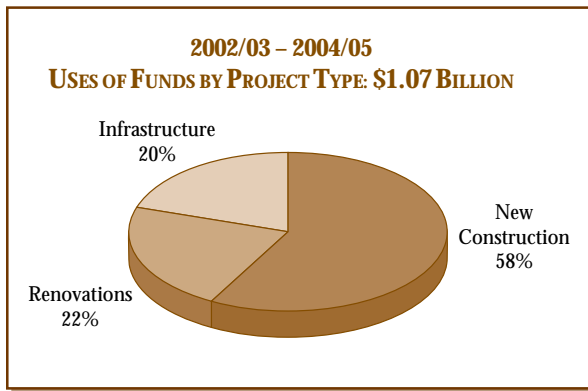
Stanford Infrastructure Program (SIP)

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 \$9.8 million over the three year period. Of this total, \$2.3 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 \$7.5 million represents campus landscaping and site improvement projects, including bicycle and pedestrian paths, lighting, outdoor art, and habitat mitigation.

USES OF FUNDS BY PROJECT TYPE

New Construction

Of the 34 major construction projects, the three-year plan anticipates 12 new buildings. These projects account for \$619.7 million or 58% of the three-year



plan, ranging in size from \$6.4 million to \$174 million. These buildings will support academic and research programs, increase student housing, and athletic facilities. In addition, a new library collection facility will be constructed off-site.

Renovations

As is illustrated in the chart on the next page, 22 renovation projects represent \$231.8 million, or 22% of the total project costs over the three year period. Four 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 500/510, Building 630, Bakewell, and CPPC. The remaining projects include major renovations of some of Stanford's older buildings, including Old Union, Branner and the Buck Estate.

Infrastructure

Infrastructure projects and programs totaling \$216 million comprise the remaining 20% of the Capital Plan.

OTHER STANFORD ENTITIES

The 2002/03 Capital Planning process has included all Stanford entities. 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. 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.

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

Stanford Hospital & Clinics

SHC is well underway with the Center for Cancer Treatment & Prevention/Ambulatory Care Pavilion, a 218,000 gsf project which is anticipated to be complete in 2002/03. In addition, the Lucile Packard Children's Hospital is planning interior renovation projects to support current program needs.

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 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 605 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 approximately 15 years as part of its overall capital planning process.

Debt Capacity

In April 2002, the university issued \$50 million of 30-year taxable, variable-rate notes to finance faculty mortgages. In June 2002, the university plans to initiate a \$150 million tax-exempt commercial paper program

and issue an initial \$20 million in notes under this program. In conjunction with these debt offerings, the rating agencies confirmed the university's AAA/Aaa bond ratings. Total university debt outstanding is projected to be \$1.3 billion at the end of 2001/02. Approximately \$225 million of capacity from existing debt programs is projected to be available at the end of 2001/02 to finance capital projects, including \$40 million of unexpended bond proceeds, \$55 million of taxable commercial paper capacity, and \$130 million of tax-exempt commercial paper capacity.

We will require a total of \$247 million of debt to finance:

- \$92 million for projects currently committed or under construction,
- \$120 million for forecasted projects commencing in 2002/03, and
- \$35 million for the faculty mortgage portfolio.

In addition to the existing \$225 million in remaining capacity under our current debt programs, we will need to raise an incremental \$22 million of debt to complete these projects. Projects identified in the Capital Plan commencing after 2002/03 will require an additional \$245 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. We will be in compliance with the university's debt policy under these assumptions.

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 2002/03-2006/07) total \$24.9 million; \$12.4 million of which will be paid for by unrestricted funds, and \$12.5 million will be serviced by auxiliary or service center operations.

The additional operations, maintenance and utilities (O&M) costs expected at the completion of all projects commencing in the three-year plan total \$16.3 million. Of this amount, \$6.4 million per year will be covered by auxiliary and service center operations. The remaining \$9.9 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 O&M costs. These capital-related costs compete directly with other academic program initiatives. Our current forecast for

the general funds portion of the Consolidated Budget for Operations includes these projected costs.

THE CAPITAL BUDGET, 2002/03

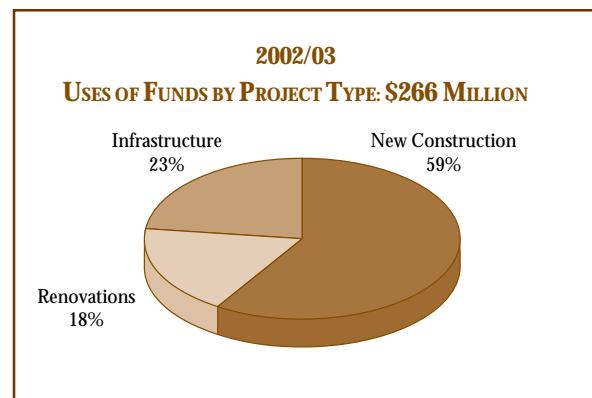
The 2002/03 Capital Budget represents capital expenditures for the upcoming fiscal year in the amount of \$266 million. Most of these expenditures reflect only a portion of the total costs of the capital projects listed, as most projects have a duration exceeding one year.

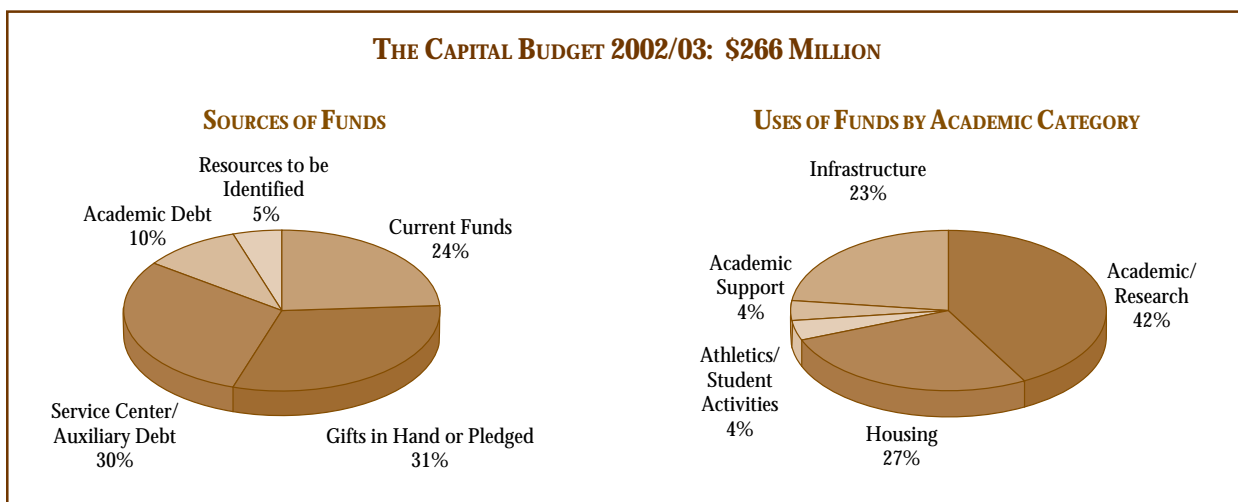
SOURCES AND USES

A breakdown of the Capital Budget's sources and uses of funds is presented in the following charts. Debt and gifts represent 40% and 31% of the budget, respectively. Current funds (i.e., existing university reserves and fund balances) represent 24% with the remaining 5% to be identified.

Of the total \$266 million Capital Budget, 42% will be spent on academic/research projects. Housing and infrastructure will represent 27% and 23% of the total budget, respectively. Athletics/student activities and academic support projects each represent 4% of the total budget.

An estimated 59% of the budget will be spent on new construction projects. The majority of these expenditures are to fund the Clark Center, Lokey Laboratory, Escondido Village Graduate Studios 5 & 6 and Law Student Housing Quad. Another 18% will be spent on renovation projects such as the Branner Hall Housing and Dining. The remaining 23% will be spent on Infrastructure projects and programs, including the Pasteur and East Campus Parking Structures. Other infrastructure initiatives in 2002/03 include Information Technology and CUP programs.





CAPITAL BUDGET IMPACT ON 2002/03 OPERATIONS

The 2002/03 Projected Consolidated Budget for Operations includes incremental debt service and O&M expenses for projects completing in 2002/03. Additionally, this budget includes an incremental increase in debt and O&M expenses for projects completing in 2002/03 that were operational for less than 12 months in 2001/02.

As noted in Section 1, Stanford borrows funds from capital markets and lends the proceeds to fund capital projects and programs. These capital projects and programs repay the funds plus interest over the remaining life of the project. These payments are known as internal debt service. Stanford is responsible for accumulating these funds for repayment to the external lender. The interest rate for internal debt service is calculated annually as a blended interest rate of all interest expense and bond issuance costs. The projected blended rate for 2002/03 is 5.38%.

The projected additional internal debt service funded by unrestricted funds is \$3.3 million. This amount represents the additional debt service on fourteen capital projects and programs, six of which were completed in

2001/02 with less than a full year of debt service. This debt service is offset by a decreased interest rate. This additional debt service brings the total annual internal debt service borne by the unrestricted university budget to \$30.6 million, equal to approximately 3.65% of unrestricted revenues.

Total internal debt service, including auxiliaries and services centers, will increase from \$75.1 million to \$85.3 million, an increment of \$10.2 million.

Additional O&M costs of approximately \$2.2 million will be funded by the university budget. A significant portion of this amount is due to the completion of the James H. Clark Center and the remaining portion of the Mechanical Engineering building which was completed in January 2002. Escondido Village Studios 5 & 6 and the Redwood City Boathouse will add additional O&M costs of approximately \$700,000 and will be funded through auxiliary operations.

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.

**2002/03-2004/05 CAPITAL PLAN
PROJECTS IN DESIGN & CONSTRUCTION**

[IN MILLIONS OF DOLLARS]

	School/ Department	Project Schedule	Estimated Project Cost	Capital Budget 2002/03	Project Funding Source				Annual Continuing Costs			
					Current Funds ¹	Gifts in Hand or Pledged	Service Center/ Auxiliary Debt	Academic Debt	Resources To Be Identified ²	Debt Service	Operations Maintenance & Utilities	
James H. Clark Center & Campus Drive Crossings	DOR	2000-03	146.6	55.5	145.0			1.6			0.1	4.5
Lokey Laboratory (formerly known as Chem/Bio)	H&S	1999-03	62.3	31.2	20.8			32.0		6.6	2.1	1.8
Escondido Village Studios 5 & 6 (326 new beds)	R&DE	2001-03	40.0	26.0	9.5		20.0				1.3	0.3
Offsite Library Collections (SAL III) ³	SUL	2001-03	15.7	7.9				15.7			1.0	0.2
Branner Hall Renovations (CIP)	R&DE	2001-03	15.2	9.9			15.2				1.6	
SLAC User Lodging Facility	SLAC	2001-03	10.8	5.4			10.8				0.7	0.2
Chen Particle Astrophysics Institute	SLAC	2002-06	10.0	0.7	10.0							0.1
Redwood City Boathouse ⁴	DAPER	1999-03	6.4	3.2	2.7					0.8		0.2
Branner Kitchen and Dining (CIP)	R&DE	2002-03	5.0	3.5			5.0					
Buck Estate Renovation	PPO	2001-03	4.4	2.2	4.4						0.4	0.1
Skilling Classroom Renovation	SOE	2002-03	3.5	2.3			3.5					
Subtotal - Projects in Design & Construction⁵			319.9	147.7	192.4	51.0	49.3	7.4	7.2	7.4		

¹Includes funds from university and school reserves, GUP Mitigation assessments and the Stanford Infrastructure Program.

²Anticipated funding for this category is through a combination of gift raising and school, department and university reserves.

³Includes land purchase of \$2.1M.

⁴Includes land purchase of \$1.0M.

⁵Stanford Infrastructure and GUP Entitlement Fee surcharges are included in the Estimated Project Cost of the Construction Plan. These surcharges are the funding mechanism for GUP Mitigation Costs and the Stanford Infrastructure Program (see Infrastructure Projects and Programs table). As a result, the consolidated Construction and Infrastructure Plans include these surcharges twice; as a cost to the construction project and as a cost to the infrastructure programs. As a result, the surcharges included in the construction costs are eliminated on the Summary of Three Year Capital Plan table to avoid overstatement.

**2002/03-2004/05 CAPITAL PLAN
FORECASTED CONSTRUCTION PROJECTS**

[IN MILLIONS OF DOLLARS]

	School/ Department	Project Schedule	Estimated Project Cost	Capital Budget 2002/03	Project Funding Source					Annual Continuing Costs		
					Current Funds ¹	Gifts in Hand or Pledged	University Debt			Resources To Be Identified ²	Debt Service	Operations Maintenance & Utilities
							Service Center/ Auxiliary Debt	Academic Debt				
Law Student Housing Quad (360 new beds)	LAW	2003-04	55.0	19.3			21.6		33.4	1.4	0.6	
Arrillaga Family Recreation Center	DAPER	2003-05	27.5	5.5		0.1			27.4		0.4	
Maples Pavilion	DAPER	2003-06	20.0	2.0		12.3			7.7		0.3	
HEPL End Station Build Out	DOR	2003-07	20.0	1.2				20.0		1.4	0.3	
Manzanita III Undergrad Housing/Dining (125 new beds)	R&DE	2003-05	18.4	1.8					18.4		0.2	
School of Medicine Lucas Center Expansion	SOM	2003-04	14.5	5.1		14.5					0.2	
Mudd Teaching & Laboratory Renovation	H&S	2003-05	9.2	1.8				9.2		0.8	0.2	
Building 500/510 Archaeology/Art Center	H&S	2003-04	8.7	3.0				4.3	4.4	0.4	0.2	
Row House Renovations (CIP-680 Lomita, Theta Delta Chi, Kappa Sigma)	R&DE	2003	8.3	8.3			8.3			0.7		
School of Medicine Research Facility Expansion	SOM	2003-04	7.8	2.7		7.8					0.2	
Bakewell Renovation	PPO	2003-04	6.1	2.1				6.1		0.5	0.1	
Golf Course Facilities Improvement	DAPER	2003-06	5.3	0.5					5.3		0.1	
Lou Henry Hoover 1st Floor/Basement Renovations	HOOVER	2003-04	5.1	1.8		5.1						
School of Education CPPC Seismic Upgrade	SUSE	2003-05	4.5	0.9		1.6			2.9			
2002/03 Subtotal			210.3	56.1		29.0	29.9	39.6	99.4	5.2	2.6	
School of Medicine Education / Information Center	SOM	2004-08	174.0						174.0		1.9	
GSB Housing	GSB	2004-06	53.1						53.1		3.8	
Old Union/Clubhouse/Building 590	VPSA	2004-06	48.0					20.0	28.0	1.7	0.1	
ED Stone SB 1953 Seismic Projects (Lane/Edwards)	SOM	2004-06	7.4					7.4		0.6		
Building 630 Seismic Renovation	H&S	2004-05	6.4					3.4	3.0	0.3		
Hopkins Agassiz Seismic	H&S	2004-05	4.6					2.8	1.8	0.2		
2003/04 Subtotal			293.3					33.4	259.9	2.8	5.8	
Crothers and Crothers Memorial (CIP)	R&DE	2005	15.2				15.2			1.2		
Herrin Hall Renovation	H&S	2005-06	7.8					4.0	3.8	0.3		
Row House Renovations (CIP-Storey, Columbae)	R&DE	2005	5.1				5.1			0.4		
2004/05 Subtotal			28.1				20.3	4.0	3.8	1.9		
Subtotal – Forecasted Projects			531.7	56.1		29.0	50.2	77.0	363.1	9.9	8.4	
Subtotal – Construction Plan ³			851.6	203.8		48.9	101.2	126.3	370.4	17.1	15.8	

¹Includes funds from university and school reserves, GUP Mitigation assessments and the Stanford Infrastructure Program.

²Anticipated funding for this category is through a combination of gift raising and school, department and university reserves.

³Stanford Infrastructure and GUP Entitlement Fee surcharges are included in the Estimated Project Cost of the Construction Plan. These surcharges are the funding mechanism for GUP Mitigation Costs and the Stanford Infrastructure Program (see Infrastructure Projects and Programs table). As a result, the consolidated Construction and Infrastructure Plans include these surcharges twice; as a cost to the construction project and as a cost to the infrastructure programs. As a result, the surcharges included in the construction costs are eliminated on the Summary of Three-Year Capital Plan table to avoid overstatement.

**2002/03-2004/05 CAPITAL PLAN
INFRASTRUCTURE PROJECTS & PROGRAMS**

[IN MILLIONS OF DOLLARS]

	School/ Department	Project Schedule	Estimated Project Cost	Capital Budget 2002/03	Project Funding Source				Annual Continuing Costs		
					Current Funds ¹	Gifts in Hand or Pledged	Service Center/ Auxiliary Debt	Academic Debt	Resources To Be Identified ²	Debt Service	Operations Maintenance & Utilities
Parking Structures											
Pastour Parking Structure (1,029 spaces)	FAC OPS	2001-03	31.1	10.6	8.7		22.4			1.6	0.2
East Campus Parking Structure (1,000 spaces)	FAC OPS	2002-04	12.5	6.3	12.5						0.1
Subtotal - Parking Structures			43.6	16.9	21.2		22.4			1.6	0.3
Capital Utilities Program (CUP)											
System Expansion	FAC OPS	2003-05	18.5	5.5			18.5			1.6	
System Replacement	FAC OPS	2003-05	11.3	3.2			11.3			1.0	
Regulatory	FAC OPS	2003-05	4.5	1.0			4.5			0.4	
Controls	FAC OPS	2003-05	2.9	1.1			2.9			0.2	
Subtotal - CUP			37.2	10.8			37.2			3.2	
Information Technology & Communications Systems											
Applications & Infrastructure	ITSS	2002-05	73.6	15.3	73.6					0.9	
Communications and Networking Systems	ITSS	2003-05	7.7	2.7			5.5	2.2			
Subtotal - Systems			81.3	18.0	73.6		5.5	2.2		0.9	
Compliance and Other											
East & West Campus Storm Drains	FAC OPS	2003-05	5.0	2.5				5.0		0.5	
ADA Barrier Removal	FAC OPS	2003-05	3.5	2.5	1.5			2.0		0.2	
Emergency Generators	FAC OPS	2003	0.7	0.7				0.7		0.1	
Marguerite Bus Acquisition	FAC OPS	2003	4.5	4.5	4.5						
Family Farm Road & Sediment Control	FAC OPS	2003-05	15.4	0.4	0.4			15.0		1.3	
Subtotal - Compliance and Other			29.1	10.6	6.4			22.7		2.1	
GUP Mitigation Costs											
Trail Easements	FAC OPS	2003-05	7.0	2.0	7.0						
Water Conservation System	FAC OPS	2003-05	3.4	0.5	3.4						
Water Allocation	FAC OPS	2003-05	2.6		2.6						0.1
Groundwater Recharge	FAC OPS	2003-04	1.1		1.1						
Wastewater Collection System	FAC OPS	2003-05	0.9		0.9						
Subtotal - GUP Mitigation			15.0	2.5	15.0						0.1
Stanford Infrastructure Program (SIP)											
Parking and Transportation Services ³	FAC OPS	2003-05	2.3	0.9	2.3						0.1
Campus Planning Systems	UA/PO	2003-05	7.5	2.5	7.5						0.1
Subtotal - SIP			9.8	3.4	9.8						0.1
Subtotal - Infrastructure Projects & Programs			216.0	62.2	126.0		65.2	24.9		7.8	0.5

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

²Anticipated funding for this category is through a combination of gift raising and school, department and university reserves.

³Parking Structures are listed separately.