



Office of Advancement and Capital Construction and Planning Unit Guidelines for Fundraising Campaigns for Major Facilities

This document provides guidance to advancement teams, academic and auxiliary units, and facilities and planning teams about how fundraising campaigns for capital projects are organized. It is further intended to enhance coordination between various campus stakeholders in the development of capital project fundraising campaigns.

INTRODUCTION

A capital project fundraising campaign is an intensive fund raising effort designed to raise a specified amount of money within a defined time period to meet the asset-building needs of an organization. The most common use of capital project fundraising is the traditional, or classical, intensive campaign that has a specific goal related to building construction, renovation, or expansion. This is generally referred to as “bricks and mortar” fundraising.

This document serves as a guide for all capital projects for which there is an expectation that some or all of the funding will be raised from private donors by university leadership side by side with the Office of Advancement. It is intended to guide the establishment of campus partnerships to facilitate effective communication and resource sharing between various stakeholders.

UNIVERSITY RESOURCES

All capital projects, including those with a fundraising component, must adhere to university law and policy and state law and policy. As such, capital projects are managed by the Capital Construction and Planning unit in the CU System Budget and Finance Office, in close coordination with the facilities management and capital planning offices at each campus. System-wide and campus specific resources can be found using the following links.

Campus/Unit	Office/Link to Additional Information
CU System	Capital Construction and Planning http://www.cu.edu/budgetpolicy/capital-construction-and-planning
Boulder	Facilities Management http://www.colorado.edu/fm/
Colorado Springs	Facilities Services Department http://www.uccs.edu/~facsrvs/
Denver	Facilities Management and Planning https://www.ucdenver.edu/offices/facilities-management-and-planning
Anschutz Medical Campus	Facilities Management https://www.cuanschutz.edu/offices/facilities-management



CAPITAL PROJECT PLANNING, REVIEWS, AND APPROVALS

Capital construction¹ includes the:

- acquisition or disposition of real property;
- construction, demolition, renovation or remodeling of any real property;
- site improvement or development;
- installation of fixed or movable equipment after construction or renovation;
- contracting for architects, engineers, or other planning consultants; or
- installation, development, or upgrade of Information Technology.

The process to initiate planning and design for a new capital construction project varies by campus; however, all new capital construction must be in conformance with a Regent-approved Ten-Year Facility Plan. Generally speaking, Ten-Year Facility Plans are approved every ten years; however, significant changes to a Ten-Year Facility Plan (e.g. constructing something not contemplated by the approved plan) can be approved through an amendment to the plan in the intervening years.

A **program plan** is required for most capital construction projects. Program planning requirements are itemized in [APS 3002](#). Initial programming and fiscal planning typically includes the preliminary project scope, need, location, budget, and schedule.

Regent review and approval of program plans is required based on the project type and certain monetary thresholds:

- All state-funded project requests require Regent review and approval. This review typically occurs in May (Regent Finance Committee) and June (full Board).
- Cash-funded project review and approval is based on monetary thresholds. Review of cash-funded projects may occur at any regularly scheduled Regent Finance Committee meeting and the subsequent Board of Regents meeting. All new construction projects costing over \$2.0 million and renovation or renewal projects costing over \$5.0 million require program plan approval by the Board of Regents per [Article 13 - Business and Finance](#) of the Laws of the Regents.

Note that all new acquisitions (regardless of cost) also require approval by the Board of Regents; program plan approval is required for acquisitions valued at more than \$2.0 million.

The **University of Colorado Design Review Board (DRB)** is a six-member committee of design experts appointed by the President. The DRB is charged with reviewing and consulting on the design of all aspects of site development and the exterior built environment to ensure the consistency of new construction, renovations, and additions with campus ten-year facility plans and design guidelines. The campus architect serves as the liaison to the DRB and the AVP for Budget, Planning, and Capital is responsible for the administration and management of the DRB.

¹ Section 24-30-1301 (2), C.R.S. and CU Administrative Policy Statement (APS) 3002



The DRB formally approves or denies project design at three stages of the design review process: 1. Conceptual design; 2. Schematic design; and 3. Design development. Note that the DRB also reviews building and campus signage and wayfinding. Additional information can be found in the [CU Design Review Board Process and Procedures](#).

PROJECT TEAM

The Project Team is responsible for overseeing all phases of a project from inception to planning and design and eventual construction. The Project Team typically consists of “owners” or representatives of the academic or auxiliary unit requesting the project, the campus architect and other members of the campus planning team, and a project manager. If a project will be funded in whole or part through gifts, a member of the campus advancement team should also be appointed to the Project Team. The Project Team will work together to coordinate the development of the program plan and associated fundraising campaign.

PRE-CAMPAIGN PLANNING

Successful capital project fundraising campaigns are characterized by intensive planning and analyses, similar to a comprehensive campaign. Often times, a capital project fundraising campaign is in planning for several years before a decision is made to move forward with the project. All members of the Project Team should be engaged in pre-campaign planning.

Capital fundraising campaigns must be closely coordinated with system and campus leadership to ensure that the project fits the strategic needs of the university. During the pre-planning phase, the Project Team should determine a budget for the project and conduct an analysis to determine the appropriate mix of funding to complete the project. The Project Team should also determine how much fundraising should be completed at each phase of the project’s design (e.g. what fundraising target should be met before moving from conceptual to schematic design) and how much fundraising should be complete before construction commences.

The pre-campaign planning phase of a project is extremely important, especially given the high visibility of a capital project fundraising campaign. Announcing the planned construction of a new facility and then failing to raise the money to build the facility creates reputational risk to the university. It also can risk relationships with donors who have already committed to the project.

DETERMINING PROJECT COSTS AND SETTING FUNDING GOALS

Costs relating to the total project, including soft and hard costs, such as architecture, engineering, land acquisition, site preparation, construction, furnishings, equipment, start-up, and endowment, are essential parts of a comprehensive needs analysis. Other costs should be included as part of the total project. These are the hidden costs that, if forgotten, will complicate the financing process during or after the construction period. These include the following:

- *Fundraising costs.* The university should take into consideration any extraordinary fundraising costs that may be incurred in conducting the capital project.



- *Donor recognition costs:* Capital projects with a fundraising component often have costs associated with donor recognition. These may include a donor wall and/or donor signage.
- *Equipment, furniture, and fixtures.* The project costs must include all costs of occupying the building.
- *Associated infrastructure and utilities.* The project costs should also account for any necessary improvements to site utilities and infrastructure, which may include repairs to, or construction of, parking.
- *Endowment needs.* Sometimes the university will include an endowment goal in the over-all cost of a project to provide for the ongoing operation and maintenance of a new or renovated building.
- *Attrition costs.* Capital project fundraising campaigns should attract pledges to be paid over some number of years—usually three to five. Some of the value of these pledges will be lost through nonpayment. In a properly conducted campaign, however, this non-payment should not exceed 5 to 10 percent of the goal. These losses should be anticipated and incorporated into the funding goals of the project.
- *Inflation and cost overruns.* *What impact will inflation have on project costs? What will actual costs be when the building is finished and ready for occupancy and use? It is difficult to estimate what the actual costs will be when the project has been completed, but during planning, a contingency factor for inflation and cost over runs should be included in the computations of cost.*
- *Due diligence costs.* *Property acquisition, either through gift or purchase, requires certain evaluation costs. These costs may include title reports and title insurance premiums, land surveys, appraisal fees, environmental assessments, property condition inspections, and transactional costs including legal fees and closing costs.*

Setting Realistic Fundraising Goals

A successful capital project fundraising campaign must garner support from large donors. The 80/20 rule is a good rule of thumb for all fundraising campaigns: the university should generally expect to receive 80% of its fundraising goal for a capital project from 20% of the donors to the project.

Consistent with best practices for capital project fundraising campaigns, the university should conduct an intense analysis of the potential donor pool for a project and should perform a market test with top-tier donors to ensure project feasibility. A good first step is to compile a gift range chart and determine which potential donors fit into the top tiers of the chart. From there, the campus office of development/advancement should work with university leadership to make a case for the project and approach potential high-level donors early in the process to garner feedback and determine potential interest in the project.

Identifying a lead donor to name a building or project can often drive the success of the fundraising campaign. Advancement should work with campus leadership to determine the amount necessary to name a building to ensure the success of the fundraising campaign.



Determining the Right Mix of Funding

The Project Team should work closely with campus leadership to determine how to fund a capital project. It should also establish a schedule for when funding from various sources will be made available to the project in order to inform the construction schedule.

In many cases, sources other than philanthropy may be necessary to help cover the costs of new construction and substantial renovations, such as debt financing. If the project will be financed, in whole or part, through debt or internal loan, campus representatives should contact the Treasurer's Office to discuss need and timing during the project planning phase. Additionally, borrowing for a capital project requires separate Regent review and approval.

Another potential source of funding is state General Fund. State funding is very limited and it may take many years to secure state support for a project. This can complicate a capital fundraising campaign due to the unpredictability of when or even if a project will receive state support. A Project Team should carefully consider whether a capital fundraising campaign is appropriate to pair with a request for state funding support given the level of uncertainty associated with securing state funds for capital projects.

Additional Considerations for Capital Projects

- *The case for support.* Is the case or argument for a capital project fundraising campaign well defined? Does it reflect the institution's mission, goals, and objectives? Does it have strong appeal? Will the organization's constituencies understand it? Will it motivate potential donors to be unusually generous? Are the needs valid? Do they reflect a sense of urgency? Are they understood and accepted as valid by the constituency that will be asked to give? Is the project in alignment with or in support of the campus master plan, or other strategic campus priorities?
- *Timing.* Is this the proper time for a capital project fundraising campaign? Are conflicting campaigns in progress or contemplated in the near future? What impact will they have? What amount of time is required to ensure the success of this campaign: a year, two, three, more? (Current practice is three to five years and not more than seven. Fundraising campaigns with a longer duration generally cannot maintain the momentum necessary to be successful).
- *Public relations requirements.* Are there public relations problems that will have to be resolved before any campaign can start? What public relations or promotional activity may be needed to motivate the community to support the campaign?
- *Gift support history.* Does the program(s) that will benefit from the capital project have a good track record of successful fundraising? Has the program(s) been active in its approach to larger donors: individuals, corporations, foundations, and others?
- *Staffing and resources.* Capital project fundraising campaigns require a great deal of organization and coordination. Is the right staffing in place? What budget will be required to cover the cost of the campaign?



NAMING AND RECOGNITION CONSIDERATIONS

[Regent Policy 14.C](#) and [APS 3004](#) guide the process for naming university facilities and programmatic units. Regent approval is required for all honorary naming of major facilities or programmatic units in recognition of a major benefactor to the university. Regent approval should be sought first through the Regent Finance Committee and then the full Board of Regents.

As defined by the policies, major facilities typically include buildings, building wings, and building additions; and may also include facilities such as recreational fields, plazas, fountains, roadways, walkways, quadrangles or other similar campus infrastructure, as determined by the president and each campus chancellor.

In accordance with the policy and best fundraising practices, if an individual or group (donor) would like to name a major facility, they must have made a substantial contribution toward the construction, renovation, or maintenance of the facility and act in a way that upholds values that preserve human dignity and the educational ideals of the university. A contribution of at least 25% of the construction or renovation cost of a major facility is recommended. A greater percentage may be required on a case-by-case basis if the facility is to be constructed entirely with private support. A lesser percentage may be deemed to be substantial if that contribution made possible the construction, renovation, or maintenance of the major facility.

Naming rights for spaces within or associated with a new facility will be determined by the campus office of development/ advancement, in consultation with the project owner (e.g. Dean, VC, etc.) and subject to the approval of the chancellor, with consideration of the total fundraising goal and market conditions, as well as the size, utility and location of the space. The campaign should contemplate an “affordable naming” offering (e. g. “bricks”) to promote participation in the building by alumni and friends. Recognition for such gifts should be included in the building plans.

ROLE OF PROJECT TEAM DURING PROJECT CONSTRUCTION

Once a capital project fundraising campaign is underway and/or a project is under construction, it is important for the Project Team to continue to meet periodically to coordinate about items such as:

- the timing and distribution of gift funds;
- any major scope changes and/or value engineering;
- the size, type, and location of donor recognition signage;
- any limitations set forth in a gift agreement that need to be monitored throughout construction; and
- any new donor opportunities that may arise with the addition of particular features or programs.