

January 14, 2015

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: FY 2016 Capital Development Projects Changes

Issue

Since the Board's prioritization of State-funded Capital Development Projects on August 19, 2014 and their approval of Non-state funded Projects on September 26, 2014, there have been changes made to the scope and funding amounts of several projects. The purpose of this agenda item is to inform the Board about these changes and the reasons for their change.

Background

The process of submitting, evaluating, and acting on projects requested by the institutions is rather long, and at times dynamic. In many cases, at the time the projects are submitted, procurement of donations and other non-state funds to help pay the capital costs of the projects are in process and have not been finalized. In addition, in some cases, only preliminary information is available on which to base cost estimates. As updated information becomes available, it is not uncommon for revisions to be made in scope and funding.

The two most common pieces of information that cause these changes are successful fund raising and updated Construction Budget Estimates (CBE) provided by DFCM based on more complete information. The changes in projects are highlighted in the tables that follow:

State Funded Projects

STATE FUNDED PROJECTS FOR FY 2016						
Institution & Project	Regents Action August 19, 2014					
	Gross Square Feet			Funding		
	New	Remodel	Total	State	Other	Total
UU Crocker Science Center	52,500	71,000	123,500	\$ 34,000,000	\$ 21,000,000	\$ 55,000,000
USU Biological Sciences Building	115,000	77,000	192,000	\$ 55,000,000	\$ 10,000,000	\$ 65,000,000
USU Clinical Services Building	100,000		100,000	\$ 10,000,000	\$ 20,000,000	\$ 30,000,000
WSU Social Sciences Building Renovation	13,000	106,322	119,322	\$ 30,100,000		\$ 30,100,000
SUU New Business Building	42,000	26,123	68,123	\$ 9,000,000	\$ 5,000,000	\$ 14,000,000
Snow New Science Building	52,600		52,600	\$ 18,370,000		\$ 18,370,000
DSU Physical Education/Student Wellness Center	100,000		100,000	\$ 19,000,000	\$ 10,000,000	\$ 29,000,000
UVU Performing Arts Building	120,000		120,000	\$ 34,000,000	\$ 2,000,000	\$ 36,000,000
SLCC CTE Classroom & Learning Resource Building	130,963		130,963	\$ 48,000,000		\$ 48,000,000

STATE FUNDED PROJECTS FOR FY 2016						
Institution & Project	Revised Amounts					
	Gross Square Feet			Funding		
	New	Remodel	Total	State	Other	Total
UU Crocker Science Center	52,500	71,000	123,500	\$ 34,000,000	\$ 21,000,000	\$ 55,000,000
USU Biological Sciences Building	87,250	77,000	164,250	\$ 55,000,000	\$ 10,000,000	\$ 65,000,000
USU Clinical Services Building	87,750		87,750	\$ 10,000,000	\$ 20,000,000	\$ 30,000,000
WSU Social Sciences Building Renovation	13,000	106,322	119,322	\$ 30,018,000		\$ 30,018,000
SUU New Business Building	41,877	26,123	68,000	\$ 11,038,000	\$ 5,000,000	\$ 16,038,000
Snow New Science Building	56,600		56,600	\$ 19,937,000	\$ 3,000,000	\$ 22,937,000
DSU Physical Education/Student Wellness Center	100,000		100,000	\$ 19,997,000	\$ 10,000,000	\$ 29,997,000
UVU Performing Arts Building	120,000		120,000	\$ 23,500,000	\$ 12,500,000	\$ 36,000,000
SLCC CTE Classroom & Learning Resource Building	120,963		120,963	\$ 39,312,000		\$ 39,312,000

Projects with revised amounts:

- USU Biological Sciences Building – The decrease in scope was based on an increased cost per square foot estimated by DFCM without changing the total cost of the project.
- USU Clinical Services Building – This decrease in scope, likewise, was the result of an increased cost per square foot estimated by DFCM without changing the total cost of the project.
- SUU New Business Building – The increase in cost resulted from an increased cost per square foot estimated by DFCM without materially decreasing the scope of the project.
- Snow College New Science Building – The increased cost is the result of a college requested increase in scope for the project and an increased cost per square foot estimated by DFCM. In addition, the college requested inclusion of \$3 million of donated funds to defray part of the cost of the project. \$2.9 million of the \$3 million commitment has already been pledged.
- DSU Physical Education/Student Wellness Center – The increase in cost results from an increased cost per square foot estimated by DFCM.
- UVU Performing Arts Building – The only change for this project is an increase in donated funds from the \$3 million included in the August 19, 2014 materials to \$12.5 million. All of the committed amount is currently in hand or supported by firm pledges.
- SLCC CTE Classroom & Learning Resource Building – The reduction in estimated cost for this project resulted from elimination of the funding for purchase of additional land for the project and the revised DFCM cost estimated by DFCM based on SLCC's requested reduction in scope.

It is important to note that in the process of prioritization of the projects there is a difference between the Regents and the Building Board processes in the way the commitment of non-appropriated funds (donated et al) are scored. The Regents' policy requires the Office of the Commissioner to determine the viability of the funds committed and award points on the portion considered to be acceptable for points. The Building Board accepts the entire amount as applicable in their scoring process. In addition, the Regents process does not allow funds from student fees to be counted as non-appropriated funds in the scoring process, while the Building Board process allows them to be counted.

The increases in non-appropriated funds noted above for Snow and UVU were submitted to the Building Board prior to their prioritization of the projects, but primarily because those increases had not gone before the Regents, the Building Board did not use the increased funds in scoring the projects. Because both processes have a discretionary element to be used after careful consideration of the relative importance and/or seriousness of the need, it is impossible to know, and imprudent to speculate on what the prioritization outcome might have been had they been used in both processes.

Non-state Funded Projects

NON-STATE FUNDED PROJECTS FOR FY 2016				
Institution and Project	Board Approved		Revised Amounts	
	Gross Sq. Ft.	Total Cost	Gross Sq. Ft.	Total Cost
UU Browning Building Addition	24,000	8,200,000	24,000	8,200,000
UU Orson Spencer Hall Redevelopment	195,338	60,000,000	195,338	60,000,000
USU Center for Engineering & Manufacturing Excellence	55,000	15,000,000	-	-
USU Fine Arts Complex Addition/Renovation	38,000	9,000,000	38,000	10,000,000
USU Romney Stadium West-side Renovation	50,650	23,000,000	60,000	31,000,000
USU Valley View Residence Hall Replacement	109,800	23,100,000	109,800	23,100,000
DSU 400 Bed Student Housing Project	100,000	20,000,000	100,000	20,000,000
SLCC South City Campus Strength & Wellness Center	11,575	3,900,000	11,575	3,900,000
SLCC Jordan Campus Student Center	120,000	30,000,000	-	-

Projects with changes:

- UU Orson Spencer Hall Redevelopment – The source of capital funding for this project as presented to the Regents was listed as private gifts and institutional funds, with authorization for bonding also requested. During the Building Board hearings, information was presented regarding a proposal to fund about half of the capital cost with a revenue bond to be defeased with a mandatory student fee of \$45 per semester. This student fee would sunset in ten years when payment of the bond would be completed.
- USU Center for Engineering & Manufacturing Excellence – When this project was presented to the Building Board, approval was denied with the understanding that it would be submitted again for approval when all of the funding is in place. USU, therefore, has decided to delay the project for consideration until next year.
- USU Fine Arts Complex Addition/Renovation – The only change to this project is an additional donation of \$1 million that will allow for additional renovation of existing facilities.
- USU Romney Stadium West-side Renovation – The increase in scope and resulting cost increases were identified during project design. The increased costs will be covered with donated funds and gate receipts.

- SLCC Jordan Campus Student Center – Prior to Building Board consideration of this project, SLCC determined that further study is needed regarding which location makes the most sense for this facility. As a result, this project was withdrawn from consideration.

The USU Kaysville Education Center Expansion project that was approved by the Regents on November 14, 2014, was also presented to the Building Board. This non-state funded project was approved to go forward as presented. However, the proposed source of funding for O&M support was a topic of considerable discussion. Members of the Building Board expressed concern about the fact that this core instructional facility was being required to pay for O&M support from its RCDE operating revenue (student tuition). This requirement is the result of the 2010 legislative decision to deny a request for appropriated O&M support funding for the original Kaysville Education Center building.

A motion was made for the Building Board to ask the legislature to consider funding the O&M for this Kaysville Education Expansion project. The motion passed unanimously. Prior to its passage, there was considerable discussion about the fact that this issue is much larger than this specific project proposal. As a result, the Building Board decided that a list was needed of all qualifying **non-state funded projects** that moved forward without state-appropriated O&M support during the recessionary years when funding was limited. It was noted that there were also projects during this time that had been previously authorized by the legislature to request O&M support, but were not subsequently funded because of the scarcity of funds. The Building Board decided to collect this information for further discussion and possible presentation of the total picture to the legislature to assure that this is not perceived as an independent USU initiative.

Commissioner's Recommendation

The Commissioner recommends that the Board ratify the changes to projects described above.

David L. Buhler
Commissioner of Higher Education

DLB/GLS/WRH