



November 6, 2019

## USHE – Non-State Funded Legislative Requests for 2020-21

In accordance with Regent Policy R702, *Non-State Funded Project*, the Board of Regents reviews and authorizes institutional requests for non-state funded capital development projects that require legislative approval.

The following non-state funded projects were submitted for consideration because they require legislative authorization for bonding, but are not requesting state-appropriations for design, construction, or operation and maintenance (O&M):

- University of Utah – Health Sciences Campus Office Space (\$100,000,000 bond)
- University of Utah – 102 Tower Building Purchase (\$50,000,000 bond)
- University of Utah – Health Sciences Garage and Roadway Improvements (\$80,000,000 bond)

In addition, three non-state funded requests also require legislative authorization because they request state-funded operation and maintenance:

- University of Utah – Rio Tinto Kennecott Building Addition for Engineering (\$162,100 O&M)
- Utah State University – Blanding Professional Career and Technical Ed. Lab (\$37,162 O&M)
- Salt Lake Community College – Westpointe Building (\$328,929 O&M)

Further information about the non-state funded projects may be found in the following attachment. Following presentations in the November Board meeting by the institutions for these projects, the full Board will vote to approve these projects for legislative action. Projects requiring bond authorization that are approved by the Board will be included in the System request to the legislature for authorization in the 2020 General Session. Projects requiring a legislative appropriation for O&M that are approved by the Board will be added to and included in the Board's legislative budget request.

### **Commissioner's Recommendations**

The Commissioner recommends that the Board review these projects carefully and approve them for legislative action.

### **Attachments**

**UNIVERSITY OF UTAH – HEALTH SCIENCES CAMPUS OFFICE SPACE**

Revenue Bond	Clinical Revenue	Total Cost Estimate	Gross Sq. Feet	State Funded O&M	Sources Bond Repayment
\$100,000,000	\$5,100,000	\$105,100,000	250,000	\$0	Clinical Revenues

The University of Utah proposes to construct a 250,000 square foot office building to support the School of Medicine and relocate office space from the old School of Medicine building (Building 521). Approximately 1,200 faculty and staff will relocate to this new facility and will need to be in close proximity to the clinical, research, and academic Health Sciences programs. While some faculty and staff will relocate to the Medical Education and Discovery project (the state funded project from 2018 replacing Building 521's academic and research space), the majority of the 2,000 employees currently working in Building 521 are proposed to relocate to this office building. The University anticipates that 820 full-time employees and 400 medical residents will relocate to the facility. The space will accommodate an additional 250 FTE the University anticipates hiring before the construction is completed and an additional 100 future FTE.

A Work Space Taskforce at the University developed solutions to support growth in the University Health Sciences programs and proposed a hybrid space allocation model with increased sharing of office space for faculty and staff. The proposed project is planned based on this model which eliminates assigned work space for certain job types (instead proposing flexible 'touchdown' space), includes a larger distribution of workstations for full time staff, and a proposes a higher ratio of shared communal space. The large amount of circulation space and small work stations have the effect of producing a net to gross square foot ratio of 56 percent for the proposed facility.

**UNIVERSITY OF UTAH – 102 TOWER BUILDING PURCHASE**

Revenue Bond	Donations	Total Cost Estimate	Gross Sq. Feet	State Funded O&M	Sources Bond Repayment
\$50,000,000	\$0	\$52,500,000	192,000	\$0	Existing Hospital and Institutional Lease Payments

The University of Utah currently leases approximately three-fourths of the 192,000 square foot office building known as 102 Tower located at 102 South 200 East in Salt Lake City. The building was formerly known as the Questar Building and was constructed originally in 1956, expanded by the Boyer Company in 1998, and extensively remodeled in 2016. Current occupants of the building include the information technology departments of the University of Utah and the University Hospital as well as the medical billing department for the School of Medicine. The current University lease includes a purchase option for the entire building set at \$50,000,000 (plus \$2.5 million of unamortized abated rent), which the University intends to exercise by the contract date of February 28, 2021. The University estimates the market value of the property at \$69 million.

A financial analysis by the institution estimates that purchasing the property will save approximately \$1.67 million annually, \$11.5 million over the remaining term of the lease (six years), and significantly more over the useful life of the building. The analysis includes projected debt service on a \$50 million revenue bond, operating expenses to maintain and oversee the facility, current lease expenses, and projected revenue from tenants occupying the other quarter of the building.

## UNIVERSITY OF UTAH – HEALTH SCIENCES GARAGE AND ROADWAY IMPROVEMENTS

Revenue Bond	Prior Approved Project	Total Cost Estimate	Gross Sq. Feet	State Funded O&M	Sources Bond Repayment
\$80,000,000	\$5,900,000	\$85,900,000	462,125	\$0	Hospital, Clinical, and Parking Revenues

The University of Utah proposes to construct a 1,400 stall parking garage adjacent to the University Hospital and the Huntsman Cancer institute with a pedestrian bridge connecting each facility in order to address parking shortages for patients, visitors, and staff. The additional parking will also allow the University to temporarily vacate the 950 space Hospital Terrace Garage to complete necessary seismic upgrades. The \$85.9 million project includes three components: a \$59.2 million parking garage, \$17.1 million to rebuild the road on North Medical Drive, and \$9.6 million to create a bridge from the new parking garage to the University Hospital.

The proposed parking garage is estimated to cost approximately \$59.2 million including \$5.9 million of scope and funding from the Kathryn F. Kirk Center for Comprehensive Cancer Care and Women's Cancers facility authorized by the Board and the Legislature last year. The cost of the parking garage includes almost \$11 million to excavate hard rock and shore up and waterproof three levels of concrete underground parking because of the parking garage's difficult hillside location. In addition, several unique features of the proposed garage increase the cost: \$2 million of solar panels, light wells, and roofing, \$1.3 million façade upgrade to connect to Huntsman, \$1.6 million for mechanical ventilation, and \$1.4 million for a bridge to connect to Huntsman. Not included in the \$59.2 million scope for the parking structure is an extended bridge to connect the garage to the University Hospital that will cost an additional \$9.6 million.

As part of this project the University also proposes to address traffic congestion along North Medical Drive by rebuilding and expanding the roadway for an estimated cost of \$17 million, which also includes the cost of adding a tunnel from the road to the new parking garage.

## UNIVERSITY OF UTAH – RIO TINTO KENNECOTT BUILDING ADDITION FOR ENGINEERING

Revenue Bond	Other Funding	Total Cost Estimate	Gross Sq. Feet	State Funded O&M	Source of Funds
\$0	\$9,685,000	\$9,685,000	18,089	\$162,100	Donations and Institutional Funds

The University of Utah proposes to construct an 18,089 square foot addition to the existing 40,385 square foot Rio Tinto Kennecott Building to accommodate growth in the mechanical engineering program which is currently housed in five buildings. The number of graduates from the College of Engineering has grown at a compound annual rate of 8.5 percent since 2014 and the College has tried to accommodate this growth through facility renovations at about \$1 million a year for the last ten years. The College has nearly exhausted its ability to renovate space and new space is required. This project will add 15 offices to accommodate 10 faculty and 25 students and 10 teaching laboratories (a machine shop, thermal lab, fluid and energy lab, mechatronics lab, freshman design lab, senior design lab, undergraduate design space, and graduate program lab). The teaching laboratories will be much more efficient than previous space and will help improve the College's laboratory utilization by reducing the size of 9,800 square feet of existing lab space into 6,000 square feet of right-sized space. As the use of the building will be primarily for approved academic purposes and associated support, the University requests legislative funding of \$162,100 for the operation and maintenance of the expanded facility.

### UTAH STATE UNIVERSITY – BLANDING PROFESSIONAL CAREER AND TECHNICAL EDUCATION LAB

Revenue Bond	Other Funding	Total Cost Estimate	Gross Sq. Feet	State Funded O&M	Source of Funds
\$0	\$1,600,000	\$1,600,000	4,035	\$37,162	Institutional Funds

Utah State University (USU) requests authorization to construct a new 4,000 square foot facility on the USU Blanding campus to provide space for two programs: an existing Heavy Equipment and Trucking Maintenance program, and a new Welding program. The new facility will allow the University to relocate the existing program to be in closer proximity to the other career and technical programs and will allow the University to respond to regional demand for welding.

The new building will be a metal structure with three main structural bays and an adjacent outdoor yard. The Heavy Equipment and Trucking Maintenance portion of the facility will include 2,250 square feet with 16'x16' overhead doors and a service pit and tire storage area. The welding laboratory will include 1,250 square feet with 10-12 prefabricated welding stations. As the use of the building will be primarily for approved academic purposes and associated support, the University requests legislative funding of \$37,162 for the operation and maintenance of the expanded facility.

### SALT LAKE COMMUNITY COLLEGE – WESTPOINTE BUILDING

Revenue Bond	Prior Approval	Total Cost Estimate	Gross Sq. Feet	State Funded O&M	Source of Funds
\$0	\$7,000,000	\$0	36,600	\$328,929	Institutional Funds

In the May 2019 meeting the Board of Regents approved Salt Lake Community College (SLCC) to purchase the Westpointe Workforce Training and Education building using institutional funds and acknowledged that the College may propose a future budget request for operation and maintenance. The purchased facility is located in Salt Lake City at 2150 West Dauntless Avenue adjacent to the new SLCC-Westpointe campus. The 36,600 square foot office building was leased by the College for an annual lease payment of \$578,857 with a three percent annual escalation. The facility supports academic instruction for electronics, non-destructive testing, flight training, and general education programs as well as student services for the Westpointe campus. SLCC used the opportunity to purchase the 2.5-acre property including the facility and a paved parking lot for the appraised value of \$7,000,000. As the use of the building will be primarily for approved academic purposes and associated support, the College requests legislative funding of \$328,929 for the operation and maintenance of the expanded facility.