

EXECUTIVE SUMMARY

ITEM NAME: FY 2011-2013 Capital Improvement Plan (NAU)

Action Item Discussion Item Information Item

Issue: Northern Arizona University requests approval of its FY 2011-2013 Capital Improvement Plan.

Project Justification/Strategic Implications:

- Northern Arizona University is actively seeking solutions to the complex issues facing the State of Arizona. This plan will allow the university to meet campus needs and continue to revitalize campus facilities and learning environments. University leadership is actively pursuing alternative means to maintain our momentum and carry forward our mission. As part of this commitment, the university CIP identifies deferred maintenance and building renewal needs. Our goal to enrich and promote student learning has resulted in unprecedented enrollment growth at NAU for the second consecutive year, which places demands on maintaining and improving the facilities needed to support our students, faculty and programs.

Statutory/Policy Requirements:

- Board Policy 7-106 requires Capital Committee review and Board approval of the annual Capital Improvement Plan.

Project Costs:

- The first year of the Three-Year Capital Plan contains one project, shown in the table on the following page. The project total is \$40,000,000 and utilizes a ground lease to a development firm to construct a new Residence Hall.
- The CIP also presents an \$11,996,088 Building Renewal Request for fiscal year 2011. The request is computed using a Joint Committee on Capital Review (JCCR) approved formula along with directions from the Central Office.

Priority	Project Name	Project Description	Fund Source	Estimated Total Costs
1	Privatized Residence Hall	New 560 bed residence hall to be constructed on campus property on south, central campus. It is anticipated a ground lease to a private developer will be utilized.	Othr	\$40,000,000
State Appropriation (SAP)				\$0
General Fund Debt Service (GFDS)				\$0
Revenue Bonds (RB)				\$0
Certificates of Participation (COPS)				\$0
Federal Funds (FEDS)				\$0
Gifts (GIFT)				\$0
Other (OTHR)				\$40,000,000
Total Costs: FY 2010				\$40,000,000

Contact Information

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Fiscal Impact and Financing Plan:

- Debt Ratio Impact: The Privatized Residence Hall project will not impact the university debt ratio.
- The university's debt capacity study for the FY 2011 - 2013 Capital Improvement Plan indicates the total projected expenses are 6.89% excluding SPEED projects and 7.74% including SPEED projects (ABOR and State policy max 8%). NAU existing debt service as a percentage of total expenses is 6.06% or approximately \$22.3 million.

Committee Review and Recommendation:

- The Capital Committee reviewed the plan at its meeting on September 9, 2009, and recommended Board approval.

Recommendation:

That the Board grant approval of the Northern Arizona University FY 2011 -2013 Capital Improvement Plan.

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FY 2011 PROJECT DESCRIPTIONS

PROJECT NAME: New Privatized Residence Hall

PRIORITY: 1

DESCRIPTION:

The proposed project will be constructed on a site located on south, central campus. The proposed project will provide suite style housing for upper classman and will be approximately 560 beds. The project will also include classrooms and common space. The Privatized Residence Hall will be similar to the recently opened Aspen Crossing residence hall.

The university will retain ownership of the project site and make it available to the developer under a ground lease. Parking development was included in RFP issued for housing development.

JUSTIFICATION:

The university is committed to the goal of becoming a premier residential learning community through enhancement of the quality of residential living and development of student accommodations within a vibrant community setting. This project directly supports the strategic direction and mission of Northern Arizona University.

NAU is experiencing unprecedented enrollments. Current demand for non-traditional style residential housing exceeds current inventory. Today's students' expectations and preferences have changed and therefore creation of new apartment style housing is needed.

Funding will be through private financing (public/private partnership) and places no capital investment or financial obligation upon the university.

ESTIMATED PROJECT COST: \$40,000,000

FUNDING SOURCE: Private Development

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FY 2012-2013 PROJECT DESCRIPTIONS

PRIORITY	PROJECT NAME	PROJECT DESCRIPTION
1	Renovations and Deferred Maintenance	This project is renovations to address deferred maintenance in buildings identified during facility audits as having conditions meeting red or orange criteria. Repair costs when compared with replacement costs indicate these facilities are nearing the end of their useful life or are unable to meet their current program requirements. Potential buildings for this phase are in review by executive administration.
2	Health Sciences / Nursing	The existing Health Sciences building (#66) is a 61,617 gross square foot facility located on south campus. The overall state of the building is in poor condition (orange) and has an FCI greater than 10%.The exterior envelop requires repair and mechanical, electrical and plumbing (MEP) systems need to be repaired or upgraded due to the age of the systems. This facility was constructed in 1970 and meeting academic program needs is limited. The existing Nursing building was constructed in 1978 and is 20,013 gross square feet. Nursing is located on south campus and is adjacent to Health Sciences. MEP systems in Nursing need to be upgraded for improved academic environments, windows are not energy efficient, and stairwells need to be brought up to code during renovation. A new building to house these programs was part of the NAU SPEED program, but the new facility was put on hold due to reduced SPEED allocations.
3	Eastburn Education Center	The Eastburn Education Center (#27) is 77,324 square feet and was constructed 1958. It is a 2-story facility with a basement, which includes heavily used classrooms and offices. The building roof is failing, the building has no fire sprinkler protection, the building has the original electrical switchgear and feeds, and existing HVAC controls need replacement; all exterior windows are single pane should be replaced with dual pane, energy efficient windows. The building has one hydraulic elevator with a 2,500# capacity and no emergency power back-up.
4	Parking Structure/ Residence Hall/Retail/ Office Space	<p>The proposed Privatized project will be constructed on the current Fronske Health Center site, which will be demolished in 2011, upon completion of the Health and Learning Center. The proposed project will provide additional parking, suite style housing for upper classman, retail space for dining and bookstore operations, and office space.</p> <p>The university will retain ownership of the project site and make it available to the developer under a ground lease. Housing, parking, retail, and soft space development was included in an RFP issued for privatized development.</p>