

EXECUTIVE SUMMARY

ACTION ITEM: The Northern Arizona University Capital Improvement Plan (CIP) for FY 2008 – 2010.

ISSUE:

Northern Arizona University requests Board approval of its proposed FY 2008 – 2010 Capital Improvement Plan.

BACKGROUND:

- Northern Arizona University is submitting a Capital Improvement Plan (CIP) consistent with ABOR Policy Chapter VII. A Three Year Capital Plan identifies projects the university intends to initiate or is planning to initiate during the specified fiscal year. The university Transmittal Statement presents the \$8,906,645 Building Renewal Request for fiscal year 2008. The request is computed using approved formulas and directions from the Central Office.
- The FY2008 One Year Plan consists of three projects totaling \$56,900,000 funded by System Revenue Bonds and Auxiliary Revenue Bonds.

Priority	Project Name	Fund Source	Estimated Total Costs
1	Building 70 Demolition and Replacement	System Revenue Bonds	\$21,500,000
2	Recreation Center Expansion	Auxiliary Revenue Bonds	\$20,000,000
3	Gammage Renovation	System Revenue Bonds	\$15,400,000

FISCAL IMPACT AND FINANCING PLAN:

- The Annual Assessment of Debt Capacity demonstrates the University’s ability to finance major capital projects through debt instruments. Projected debt service as a percent of total expenditures per state law is a maximum of 8% and unrestricted expenditures per ABOR policy is a maximum of 10%.

Debt Ratio by Project Comparisons¹

	State ²	ABOR ³
Existing Capital Debt:	4.7%	5.8%
Projected Capital Debt:		
FY 2007 Capital Development Plan ⁴	7.07%	9.52%
FY 2008 One Year Capital Plan	6.2%	8.4%

1. Debt ratios are based upon total expenditures (Arizona State Law) and unrestricted expenditures and mandatory transfers (ABOR)

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2. State: Calculated debt service includes bonds and certificates of participation as related to current (restricted and unrestricted) operating expenses, and mandatory transfers.
3. ABOR: Total debt service includes bonds, certificates of participation, and capital leases as related to total current unrestricted operating expenses and mandatory transfers.
4. Computed capital debt with the completion of the FY 2007 Capital Development Plan (CDP) is reported to the Board at the September 2006 meeting.

RECOMMENDATION:

RESOLVED, that Northern Arizona University be, and hereby is, granted approval of the Capital Improvement Plan for FY 2008 - 2010.

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PROJECT DESCRIPTIONS

PROJECT NAME: Building 70 Demolition and Replacement

PRIORITY: 1

DESCRIPTION:

The existing Building 70, or former College of Business Administration, is one of the facilities with drainage and structural problems aggravated by expansive clay soils located under the building foundation. A re-life study completed August 2006 by Ryder Hunt Levett Bailey confirms demolition and replacement as the most cost effective option. This project will complete demolition of the approximate 71,000 square foot building. Siting of a new facility will not be on the exact footprint of the demolished Building 70. Portions of Building 70 are currently used for classrooms and faculty offices. Studies and discussions are currently underway to determine best use of this site, but no decisions have been made.

JUSTIFICATION:

In the early 1970's the university undertook the construction of south campus, choosing architecture that has not performed well nor looked good as time has passed. Even though these buildings are a decade newer than the north campus academic cluster, they have more problems with brickwork, drainage and air handling systems. The existing Building 70, or former College of Business Administration, is one of the facilities with drainage and structural problems aggravated by expansive clay soils located under the building foundation. This project will complete demolition of the approximate 71,000 square foot building. A re-life study completed August 2006 by Rider Hunt Levett Bailey confirms the demolition and replacement as the most cost effective method to address building issues. The site on south campus will become a prime location as the university completes its new McConnell entrance as part the Wayfinding and Landscaping project currently underway. The south campus will become a gateway entry for the university. Siting of a new facility will not be on the exact footprint of the demolished Building 70. Studies and discussions are currently underway to determine best use of this site. Consolidation of academic programs currently spread across campus is being reviewed, along with other utilization options.

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PROJECT NAME: Recreation Center Expansion

PRIORITY: 2

DESCRIPTION:

The expansion would include state of the art exercise facilities, exercise studios, expanded gym space and space for recreational services such as intramural sports and wellness programs and student classroom spaces. A Recreation Facility Advisory committee was recently formed to identify specific academic requirements and student needs, as well as to determine increased square footage requirements.

JUSTIFICATION:

The current 49,000 square foot Recreation Facility was constructed in 1989. The original construction was partially funded by student fees. This new expansion project is in response to overcrowding and inaccessibility to popular areas, which began hitting maximum capacity in the last few years. Demand for academic classes exceeds available gym space. Student access to the weight room operates via a take-a-number ticket system. To alleviate some of the overcrowding, cardio rooms were added at a few residence halls. Basketball and volleyball are the two most popular activities with students. Waiting times are currently up to two hours during peak times for these limited facilities

A study conducted in 2002 by the National Intramural-Recreational Sports Association (NIRSA) found that student involvement in recreational sports programs, facilities, and services plays a significant role in recruiting new students, supporting the learning environment, integrating students into the social community of the campus, affiliating them with the institution, and enhancing a number of student educational and developmental outcomes. In fall 2004, a web survey was conducted to assess NAU student opinions regarding recreational opportunities. Responding students reported the availability of recreation facilities was important to them and makes a valuable contribution to their total university experience. A significant number of responding students supported an additional recreation fee to fund facility expansions.

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PROJECT NAME: Gammage Renovation

PRIORITY: 3

DESCRIPTION:

The Gammage Renovation project involves major reconfiguration of space and replacement of mechanical and electrical systems. Repeated leaks in the steam heating system disrupt users and are invasive to repair. The original structure was built in the 1930's and is now part of the Northern Arizona Normal School Historic District. A three-story addition was added in 1958, but no other major renovations have occurred since that time. This renovation project will upgrade the structure to meet current building, fire and life safety codes. Environmental improvements will include temperature control and mechanical ventilation to improve indoor air quality. Current systems do not provide any mechanical ventilation. Fresh air can only be introduced into the building by opening exterior wall windows; as a result, the building temperature is inconsistent. Building occupants rely on a variety of portable heaters and fans to control their environment. Interiors will be reconfigured to provide effective, efficient use of space and resolve ADA deficiencies. As an historic building, considerations will be made to preserve significant historic architectural features.

Renovation of this facility is preferred to demolition and new construction due to its listing in the university historic district. Renovation of the facility would allow for less intense utilization, while preserving the historical identity of the university. The building is constructed out of locally quarried sandstone with hand carved stone relief as accent masonry.

JUSTIFICATION:

The Gammage Administration Building currently houses student related services vital to university operations. The existing inefficient, crowded interiors and lack of mechanical ventilation are concerns that negatively impact operations and interior environments. This major renovation project will resolve these ongoing critical issues.

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**NORTHERN ARIZONA UNIVERSITY
 FY 2008 – 2010 CAPITAL IMPROVEMENT PLAN
 TWO YEAR CAPITAL FORECAST 2009 AND 2010**

PROJECT NAME	PROJECT DESCRIPTION
<p>Sciences and Liberal Arts Renovation</p>	<p>The Sciences and Liberal Arts Renovation address buildings 18, 19, 20, and 21 which have been used as dry and wet teaching and research laboratories. Renovation of these existing spaces will reuse and reconfigure existing spaces into instructional classrooms and offices. In addition, renovation will address modernization of the existing dry laboratory spaces, classrooms and office spaces. Major fire life safety deficiencies and ADA issues will be addressed during renovation. The Sciences and Liberal Arts Complex, built in the early 1960's, is badly in need of renovation and modernization to provide a safe, code compliant building. Modernization is needed to meet the university mission in providing students learning environments that enhance the learning experience. No major renovation or construction has occurred in this complex since construction. The major building systems have reached the end of their useful life and, in some cases, do not function at the required level. The complex also suffers from a number of deficiencies that include a lack of a fire suppression system and inadequate laboratory safety controls. Fire notification devices were recently installed. Reuse of this space for less demanding facility functions such as instructional classrooms, dry laboratories and offices will be more cost effective. Academic functions that place a high demand upon facility systems are scheduled for the New Laboratory Building adjacent to this complex.</p>
<p>Fronske Health Center</p>	<p>The Fronske Health Center is a 13, 741 square foot facility constructed in 1965. It serves as the campus out-patient facility and contains the university pharmacy. Many building systems are original to the construction. Needed upgrades include mechanical systems, building automation systems, and building code compliance issues. Electrical systems are insufficient for current medical equipment. Services provided may be included in the new Health Professions Complex. If Fronske is consolidated into the new Health Professions Complex, this project will be eliminated.</p>

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TWO YEAR CAPITAL FORECAST 2009 AND 2010 continued

PROJECT NAME	PROJECT DESCRIPTION
North Union	<p>This facility was originally constructed in 1952 as a two story, 52,304 square foot building. This building currently contains the Admissions Office, Creative Communications, Enrollment Marketing Services, and the Timber Inn (50's Diner). Minor space reconfiguration and renovation has occurred as user groups have changed. Building mechanical systems for this facility have worn to the point of inefficient operation and are unable to be fully repaired based upon age and condition of equipment. Safety systems of the facility are also less than acceptable. Some systems have been partially shut down because they cannot be repaired. Periodic failures result in areas being closed and inaccessible to tenants and students. Damage to building fixtures also stems from these failures. The current NAU master plan identifies this building for possible demolition. While the North Union is adjacent to the historical district, it is not part of the district.</p>
Skydome Renovation and Addition	<p>Opened in 1977, the facility serves as the hub of major athletic activities, events, intramurals, student recreation, graduation, emergency evacuation and medical emergency center for the University, the community and region. The Skydome is home for the NAU Athletic department, coaches, student athletes, and serves as the practice venue for football, basketball, indoor track. The Skydome serves as the competition venue for football, basketball, intramurals, indoor track, high school football, regional and state band days, and regional and state basketball tournaments. It serves as the Northern Arizona region venue for events such as home shows, car shows, outdoor shows, conferences, concerts, and NAU and high school graduations. Flagstaff, Coconino County, and state agencies rely on the Skydome to serve as a command headquarters and center for area emergencies. The Skydome has become a major economic driver for the region and state.</p> <p>Continual use over 30 years has taken its toll. The restrooms, seating, plumbing, electrical, and mechanical need replacement. Changes in fire safety regulations and State Fire Marshal requests have put the University in the position of needing to perform a major renovation and modernization of the Skydome to better protect the visiting public. The Skydome has more public contract than any other facility.</p> <p>In addition to needing major renovation, additional space is required. The growth of the University and the increasing use of the Skydome have created demand for additional space including athletic offices, training rooms, student study space, storage, restroom and locker rooms.</p>

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TWO YEAR CAPITAL FORECAST 2009 AND 2010 continued

PROJECT NAME	PROJECT DESCRIPTION
Social and Behavioral Sciences Renovation and Addition	Environmental upgrades and interior modifications are critical to the learning environment. The project scope encompasses elimination of code deficiencies in building 65 including modifications for ADA and interior renovation of existing restrooms, mechanical systems, and asbestos abatement. The facility is badly in need of renovation and modernization to provide state of the art behavioral sciences education to the students of Arizona. An addition is necessary to accommodate students and consolidate SBS units located across the NAU campus, including occupants in various buildings such as Anthropology Laboratory (49), Plateau Center (24), Swing Space building 4 (Demolished building 60), and others.
New Student Services Addition – University Union	The University Union was built in two phases (1984 and 1988) to facilitate an expanded food service operation and Student Services Departments (Student Government, Student Life, Residence Life). Student service groups and departmental use of meeting space have increased drastically in recent years. Expansion of the University Union is intended to enhance the student experience by consolidating Student Service offices and improving services offered. This addition would occur to the southeast in an area currently a parking lot. It is anticipated this parking surface can be eliminated with the new parking deck across the street.
New Support Services Facility	This project is intended to replace the space vacated by Residence Life Support Services at Building 24. The new warehouse facility would be located in proximity to the Capital Assets and Services Facility at Northern Arizona University. This south campus location would eliminate the need to perform large scale deliveries into the core of the campus and increase safety for pedestrians, bicyclists, and personal vehicles of faculty staff and students. This facility is an integral component of the Residence Life operation. The ability to adjust to seasonal needs of residential operations includes landscaping needs, furniture installation, residence hall equipment needs, and maintenance storage for on-going repairs to maintain the residential focus of the campus community. This project reinforces the campus master plan and NAU commitment to a residential community and will lessen the potential hazards of such an operation in the campus core.

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TWO YEAR CAPITAL FORECAST 2009 AND 2010 continued

PROJECT NAME	PROJECT DESCRIPTION
New Transportation Spine	Utilizing transportation projections outlined in the campus Master Plan, the new transportation spine addresses timely north and south pedestrian movement, supports campus parking structures and the elimination of surface parking lots, reduces vehicular traffic, and promotes open, green spaces. Existing campus transit is currently impeded by traffic and pedestrians at class change and students regularly use cars to drive across campus. This transportation spine is listed in the ABOR approved university master plan for years 2005 – 2010 and strategic plan of the University.