

EXECUTIVE SUMMARY

ACTION ITEM: Northern Arizona University's FY2007 Capital Development Plan

ISSUE:

Northern Arizona University requests Board approval of its FY2007 Capital Development Plan (CDP) which incorporates two new projects, and authorization to proceed with advance planning, facilities programming, and preliminary design of these projects.

BACKGROUND:

- Northern Arizona University is submitting a CDP consistent with the ABOR Policy Chapter VII. The CDP identifies those projects the university intends to initiate or is considering for initiation during the current fiscal year, as well as projects that have been previously approved by the Board. The FY2007 Capital Development Plan reflects the university's priorities as reflected in the current Strategic Plan and university mission statement.

CHANGES TO THE CAPITAL DEVELOPMENT PLAN:

- Northern Arizona University requests the following projects be added to the university's Capital Development Plan. Approval of the plan will allow NAU to initiate advance planning, programming and design for:
 1. **New High Technology Academic Facility.** The proposed New High Technology Academic Facility will be approximately 200,000 square feet. A new academic facility was identified in phase one of the current NAU Master Plan to address inadequate classroom spaces through infill, adaptive re-use and redevelopment of campus areas. This project has three major purposes: one, consolidate the Distance Learning programs and departments into one facility and create a headquarters; two, provide highly mediated state-of-the art classrooms for the North campus academic core; three, provide modern facilities for North campus academic departments currently in 'red' or substandard buildings that have high student contact. Targeted departments included are Math, English, Modern Languages, and Philosophy; all subjects taken by a majority of first year students. In keeping with the master plan, select 'red' buildings will be considered for demolition and the New High Technology Academic Facility will be built on their footprint. These include the Adel Math building, a 42,652 square foot building constructed in 1962 and essentially the original building with a few minor changes; the Counseling and Testing facility, a 6,550 square foot building last renovated in 1988 and adjoining the Adel Math building; and the Babbitt Academic Annex, a 39,500 square foot former dormitory constructed in 1958 and converted into an academic facility in 1990. The total project budget is anticipated to be \$45.5 million.

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2. **University Union – Dining Expansion.** The project is a 20,000 square foot, multi-story addition to the north side of the existing student union. Increased student participation in the university’s food service program has exceeded available dining capacity. First floor space will provide multi-use dining and activity space; the upper area will provide dining and lounge functions. The existing central kitchen will service the traditional dining expansion. The expansion will also include new retail facilities with platform cooking to provide cook to order options for students, staff and visitors.
 - The 2007 Capital Development Plan incorporates two revisions. The Health Professions project budget is increased in concert with the proposed expansion of allied health programs. The NAU project at Yavapai College is eliminated and changed to a lease location in Prescott.

FISCAL IMPACT AND MANAGEMENT PLAN:

Debt Ratio Impact: The debt ratio approved by the Board in the university’s Capital Improvement Plan for FY 2007-2009 projects is 4.7% of total projected expenditures and mandatory transfers (State Law Basis, max 8%) and 5.8% of projected unrestricted expenditures and mandatory transfers (ABOR Policy basis, max 10%). The debt ratios for the CDP are 7.07% of total projected expenditures and mandatory transfers (State Law Basis, max 8%) and 9.52% of projected unrestricted expenditures and mandatory transfers (ABOR Policy basis, max 10%). This includes all projects listed and projects that have received project approval.

The following table identifies the incremental debt services for indebted projects in the 2007 CDP:

Incremental Debt Service 2007 Capital Development Projects			
Project Name	Amount Financed	State	ABOR
New Projects			
New High Technology Academic Facility	\$45,500,000	0.77%	0.95%
University Union - Dining Expansion	\$7,000,000	0.12%	0.15%
Previously Approved Projects			
Health Professions Complex	\$50,000,000	0.84%	1.04%
Arizona Western – NAU Yuma	\$4,000,000	0.09%	0.11%
Faculty & Staff Housing	TBD		
Residence Hall	\$30,000,000	0.54%	0.68%
Parking Deck	\$20,000,000	0.37%	0.46%
Total	\$136,500,000		

RECOMMENDATION:

RESOLVED, that Northern Arizona University be, and hereby is, granted approval for the FY2007 Capital Development Plan, and authorization to proceed with the New High Technology Academic Facility and the University Union – Dining Expansion.

ATTACHMENT 1

**ARIZONA BOARD OF REGENTS
NORTHERN ARIZONA UNIVERSITY**

2007 CAPITAL DEVELOPMENT PLAN SUMMARY

CAPITAL DEVELOPMENT DEBT SUMMARY

and

OPERATION AND MAINTENANCE SUMMARY

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**Northern Arizona University
2007 Capital Development Plan Summary**

Project	Amount Financed	Funding Source	Annual Debt Svc ^{1,2}	GSF	Annual O & M ³	Approval Status
ACADEMIC / RESEARCH						
New Capital Project Proposal						
New High Technology Academic Facility	\$45,500,000	SR Bonds	\$2,956,000	200,000	\$1,137,500	Pending
University Union - Dining Expansion	\$7,000,000	Aux Bonds	\$455,000	20,000	\$175,000	Pending
Previously Approved						
Health Professions Complex	\$50,000,000	COP	\$3,249,000	150,000	\$1,250,000	CDP 01/05
Arizona Western - NAU Yuma	\$4,000,000	COP	\$302,244	10,000	\$100,000	CDP 01/05
Subtotal	\$106,500,000		\$6,962,244		\$2,662,500	
PUBLIC / NON-PROFIT PARTNERSHIPS						
Faculty & Staff Housing	TBD	TBD	TBD	TBD	LLC	CDP 6/05
RESIDENCE LIFE						
Previously Approved						
Residential Complex	\$30,000,000	NA	\$1,949,248	110,000	LLC	CDP 6/05
PARKING						
Previously Approved						
Parking Structure	\$20,000,000	TBD	\$1,299,498	NA	\$350,000	CDP 6/05
Cumulative Project Totals	\$156,500,000		\$10,210,990		\$3,012,500	

Note¹: Debt Service: System Revenue Bonds estimated annual principal and interest payments, 30 years at 5.10% and 35 years at 5.5%.

Note²: Certificates of Participation estimated annual principal and interest payments, 26 years at 5.3%

Note³: Requested Direct Appropriation



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**Northern Arizona University
2007 Capital Development Plan**

CAPITAL DEVELOPMENT PLAN DEBT SERVICE BY FUNDING SOURCE									
Project	Amount Financed	GFA^{1,2}	301/ Sales Tax	GIF	AUX / LF	ICR	GUF	DFO	Total
Previously Approved Projects									
Health Professions Complex	\$50,000,000		\$3,249,000						\$3,249,000
Arizona Western - NAU Yuma	\$4,000,000	\$302,244							\$302,244
Faculty & Staff Housing	TBD								TBD
Parking Structure	\$20,000,000				\$1,299,498				\$1,299,498
Residential Complex	\$30,000,000				\$1,949,248				\$1,949,248
New Capital Projects									
New High Technology Academic Facility	\$45,500,000						\$2,956,000		\$2,956,000
University Union - Dining Expansion	\$7,000,000				\$455,000				\$455,000
Totals	\$156,500,000	\$302,244	\$3,249,000	\$0	\$3,703,746	\$0	\$2,956,000	\$0	\$10,210,990

Note¹: General fund appropriation monies.

Note²: Bridge financing awaiting FY08 Appropriation.

Fund Source Codes: General Fund Appropriation (GFA), 301, Tuition (TUI), Auxiliary (AUX), Local Funds (LF), Indirect Cost Recovery (ICR), General University Funds (GUF), Debt Financed by Other (DFO) = Federal Grant (FGT) or Gifts (GIF), or Other (OTH).

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**Northern Arizona University
2007 Capital Development Plan**

CAPITAL DEVELOPMENT PLAN OPERATION AND MAINTENANCE FUNDING									
Project	Total Project Cost	Annual O & M	GFA	301	AUX / LF	ICR	GUF	DFO	Total
Previously Approved Projects									
Health Professions Complex	\$50,000,000	\$1,250,000					\$1,250,000		\$1,250,000
Arizona Western - NAU Yuma	\$4,000,000	\$100,000					\$100,000		\$100,000
Faculty & Staff Housing	TBD	LLC							TBD
Parking Structure	\$20,000,000	\$350,000			\$350,000				\$350,000
Residential Complex	\$30,000,000	LLC							TBD
New Capital Projects									
New High Technology Academic Facility	\$45,500,000	\$1,137,500					\$1,137,500		\$1,137,500
University Union - Dining Expansion	\$7,000,000	\$175,000			\$175,000				\$175,000
Totals	\$156,500,000	\$3,012,500	\$0	\$0	\$525,000	\$0	\$2,487,500	\$0	\$3,012,500

Fund Source Codes: General Fund Appropriation (GFA), 301, Tuition (TUI), Auxiliary (AUX), Local Funds (LF), Indirect Cost Recovery (ICR), General University Funds (GUF), Debt Financed by Other (DFO) = Federal Grant (FGT) or Gifts (GIF), or Other (OTH).

ATTACHMENT 2

**ARIZONA BOARD OF REGENTS
NORTHERN ARIZONA UNIVERSITY
2007 CAPITAL DEVELOPMENT PLAN**

PROJECT JUSTIFICATION REPORTS

for

**New High Technology Academic Facility
University Union – Dining Expansion**

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ARIZONA BOARD OF REGENTS

2007 CAPITAL DEVELOPMENT PLAN – PROJECT JUSTIFICATION REPORT

Northern Arizona University – New High Technology Academic Facility
(NAU Project Number: #09.850.061)

1. Project Need:

A new academic facility was identified in phase one of the current NAU Master Plan to address inadequate classroom spaces through infill, adaptive re-use and redevelopment of campus areas. A key element of NAU's strategic goals and mission is to keep pace with technological advances and evolving educational curricula.

This project has three major purposes. One, consolidate our Distance Learning programs and departments into one facility and headquarters. Two, provide highly mediated state-of-the art classrooms for the North campus academic core. Three, provide modern facilities for North campus academic departments currently in 'red' or substandard buildings that have high student contact. Included are the Math Department, English Department, Modern Languages, and the Philosophy Department.

In keeping with the master plan, several 'red' buildings will be demolished and the New High Technology Academic Facility will be built on their footprint. For example, the Adel Math building, a 42,652 square foot building constructed in 1962, is essentially the original building with a few minor changes. The Babbitt Academic Annex is a 39,500 square foot former dormitory constructed in 1958 and converted into an academic facility in 1990. The Counseling and Testing facility will also be demolished.

The design of the building will emphasize open common areas and use architecture to facilitate collaboration among faculty, students, and the greater university community. The new site will also be designed to encourage interaction among faculty and between faculty and students. The traditions of open-door accessibility to faculty and undergraduate instruction to students are hallmarks of NAU.

2. Programming and Design Costs, and Exceptions (if Required), to Achieve Project Implementation:

Programming and design costs for the project will not exceed the limits defined in ABOR Policy, Chapter VII (7-107.C.3. and 7-107.E.3). Consultant and design professional services for Project Implementation Approval will not exceed more than three percent (3%) of the estimated total project budget.

3. Estimated Project Scope and Cost:

The proposed New High Technology Academic Facility will be approximately 200,000 square feet. The total project budget is anticipated to be \$45.5 million. The new construction project will be funded by system revenue bonds and debt service will be funded by tuition. Demolition costs will be funded through general university funds.

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4. Conformance with ABOR Space Guidelines:

This project will comply with ABOR space standards.

5. Project Compliance with Mission, Strategic Plans, University Marketing and Campus Master Development Plans and Community Input Process:

Mission and Strategic Plans: The New High Technology Academic Facility addresses defined goals within NAU's Strategic Plan including recruitment and retention of students, establishment of NAU as an outstanding undergraduate residential learning community, and improvement in the student academic experience.

Campus Master Plans/Land Use: The project is consistent with the land use and campus utilization recommendations identified in the current Master Plan. Infill of campus spaces to address academic program needs and activate campus zones is directly supported by this project.

Community Input Process: Faculty, professional staff and administration will provide direct input into the programming of this facility. In addition, presentations and information sharing opportunities will be offered to the campus community, e.g. user groups, students, departments, etc. As part of President Haeger's community outreach plan, capital projects are shared with a variety of city agencies and authorities, as well as Flagstaff community service organizations.

6. Fiscal Impact and Financing Plan:

Total Project Budget:	\$45,500,000
Source of Funds:	System Revenue Bonds
Operation & Maintenance:	\$1,137,500
Annual Debt Service:	\$2,956,000

7. Backfill / Use Plan:

There is no release of classroom spaces associated with this project. It is anticipated that Adel Math, Counseling and Testing and Babbitt Annex will be demolished and supplanted by the footprint of the New High Technology Academic Facility. It is anticipated Counseling and Testing programs will be relocated to the new Health Professions Building.

8. Alternatives:

An alternative is major renovation of existing academic facilities that are exceeding 50 years in age. These academic facilities were built during a time of fast growth at NAU, the 1950's and 1960's, and built to keep the first cost as low as possible and sacrifice long term durability. As a result, these buildings are essentially worn out. If these buildings held significant historical value or provided some unique environment that overcame the poor impression they leave with students, staff and visitors, then the university would renovate.

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ARIZONA BOARD OF REGENTS

2007 CAPITAL DEVELOPMENT PLAN – PROJECT JUSTIFICATION REPORT

Northern Arizona University – University Union – Dining Expansion
(NAU Project Number: #09.300.071)

1. Project Need:

The University Union is located in the central campus corridor which is interspersed with multiple residence halls and apartments. Two years ago, NAU implemented a mandatory freshman food service plan. As students continue voluntary participation throughout their tenure on the Mountain Campus, the success of the plan has stretched existing dining facilities beyond capacity. Current projections indicate a 27% increase in student demand for meal plans. The existing Union has traditional dining capacity for 220. The south dining facility, which is adjacent to duBois Conference Center, provides traditional dining for 300. Each of these locations is currently averaging 750 lunch transactions and 850 dinner transactions. An additional 5000 cash customers per week utilize the Union dining facilities. These dining transaction numbers do not include campus guests, such as admission tours, high school tours, and high altitude training groups.

The existing central kitchen in the Union has capacity to service expanded dining. The current dining area will be reconfigured. Expanded traditional dining will be adjacent to the central kitchen. New retail areas with platform cooking surfaces will be located in perimeter spaces. All anticipated retail functions will require cold storage and paper product storage, but have minimal back of the house activities.

2. Programming and Design Costs, and Exceptions (if Required), to Achieve Project Implementation:

Programming and design costs for the project will not exceed the limits defined in ABOR Policy, Chapter VII (7-107.C.3. and 7-107.E.3). Consultant and design professional services for Project Implementation Approval will not exceed more than three percent (3%) of the estimated total project budget.

3. Estimated Project Scope and Cost:

The project scope includes a 20,000 square foot multi-story addition to the north side of the existing student union to accommodate increased student participation in the university's food service program. First floor space will provide multi-use dining and activity space, while the upper area will provide dining and lounge areas. The existing central kitchen will service the traditional dining expansion. The addition will also include new retail facilities with platform cooking that provide cook-to-order options for students, staff and visitors. The total project budget is \$7 million. The project will be financed by system revenue bonds and auxiliary funds will be used to fund the debt service.

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4. Conformance with ABOR Space Guidelines:

The project will comply with ABOR space standards.

5. Project Compliance with Mission, Strategic Plans, and Campus Master Development Plans and Community Input Process:

Mission and Strategic Plans: Stated goals within NAU's Strategic Plan include the allocation of resources to enhance student activities. Providing effective, functional and accessible dining spaces are fundamental expectations and correlate with the plan. Improved student, staff and visitor environments address recruitment and retention of students, faculty and staff.

Campus Master Plans/Land use: The addition to the University Union is consistent with the Master Plan which endorses a pedestrian campus experience. The existing location is near multiple residence halls and apartments.

Community Input Process: The university community and senior administration reviewed this project and determined it is a university priority. Professional staff, students and administration will provide direct input into the programming of this facility. In addition, presentations and information sharing opportunities will be provided to the Flagstaff community as the project develops.

6. Fiscal Impact and Financing Plan:

Total Project Budget:	\$7,000,000
Source of Funds:	Auxiliary Revenue Bonds
Operation & Maintenance:	\$175,000
Annual Debt Service:	\$455,000

7. Backfill / Use Plan:

There is no release space associated with this project.

8. Alternatives:

Renovation of this facility is preferred due to significant costs to construct a new central kitchen. The location is in proximity to 12 residence halls. Not providing adequate, convenient dining capacity would adversely affect student recruitment and retention.

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9. Project location map:

