

SB 92-202 Cash-Funded Capital Construction Request

University of Colorado -- Boulder

Williams Village Phase 2a (202 Project)

PROGRAM PLAN STATUS

2009-127

Approved Program Plan?

Yes

Date Approved:

March 12, 2009

PROJECT REQUEST AND COST ITEMIZATION INFORMATION

Fund Source	FY 2009-10 Request	Cost Item	FY 2009-10 Request
CF	\$51,535,000	Land Acquisition	\$0
		Professional Services	\$5,789,103
		Construction	\$41,080,301
		Equipment	\$1,465,500
		Miscellaneous	\$643,944
Total	\$51,535,000	Total	\$51,535,000

SUMMARY

The University of Colorado -- Boulder (CU-Boulder) is requesting cash funds spending authority to construct a 500-bed, 127,724-GSF, student housing facility at Williams Village at the intersection of 30th Street and Baseline Road. The project will address an ongoing deficit of on-campus student housing. Additional student housing will provide for further development of residential academic programs and create living-learning environments, which helps students gain skills in problem solving and critical thinking, says CU-Boulder.

Williams Village is comprised of four student residences, including the Bear Creek Apartments, which opened in 2003. The new facility was planned as part of the 2001 Williams Village Master Site Development Plan, which set a goal of 1,900 additional student beds on the site. The Bear Creek Apartments began work towards this goal and constructed 906 beds. The proposed facility will build an additional 500 beds. Another 494 beds are planned for this site. The university says an additional 6,500 beds is needed overall in order to meet 2030 population projections.

CU-Boulder says its campus master plan goal is to house 27 percent of all students on campus. Based on the current bed count, the university only houses 22.8 percent of its students. There was a record high of 5,833 student in the 2008 freshman class, and the university is currently housing some first year students off-campus or in sub-standard facilities in order to meet the housing demand.

This is a Senate Bill 92-202 request, meaning the project will be designed, constructed, operated, and maintained with non-state money.

FUNDING SOURCE

The source of cash funds is revenue bonds from room and board sales in the proposed auxiliary facility. The university says that this revenue stream will be sufficient to cover project expenses, including the bond payments.

STAFF QUESTIONS AND ISSUES

1. What are the projected terms of the bond issuance, including the average bond payment and interest rate?

We are modeling a twenty-five year payment at 6.5 percent interest starting in FY 2011. The average annual bond payment will be \$4.2 million.

The university monitors the bond market very closely through our Treasurer's office. Currently, we are not seeing

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significantly favorable interest rates on similar bond issuances in the market. Given this, we do not feel it would be prudent to plan for lower interest rates at this point in the planning effort.

2. When does the university propose to bond for this project?

The first half of FY 2010.

3. Will the university realize any cost savings due to the impact of the economic recession on the price of construction materials and/or more favorable interest rates?

The university is carefully anticipating the realization of some cost savings due to the downturn in the building industry. During the initial design and costing phases of the project, the university will determine if there are opportunities to increase the scope of the site work to take advantage of cost savings and reduce the future cost of development of latter phases of work. Reduction of debt needed is another option which will be considered.

The campus sought out the expertise of two additional, third party contractors late in 2008 who affirmed that the project cost estimate was defensible. Since that time, the general bidding market has remained favorable and show additional cost reductions for projects that are funded and ready to begin construction.

4. The FY 2008-09 five-year plan submitted by the University of Colorado system projected the total project cost for the William Village Phase 2a project to be \$63 million. The FY 2009-10 request is reduced by \$11.5 million. Has the project's scope been reduced?

The scope of the project has been reduced. Currently, the university is considering the omission of the parking garage.

5. Does the university plan to house a residential academic program in the new facility? If so, what will be the focus of the program?

Yes. The residential academic program for the facility has not yet been selected. This program will be determined through an existing committee process approximately one year before the occupancy of the building.

6. When will the university begin design and/or construction for another housing facility at Williams Village?

Current plans for the next phase of Williams Village are to be developed three to four years after this phase.