

Fiscal Year 2010-11 Capital Construction Request

Western State College Shavano Apartment Complex

PROGRAM PLAN STATUS

2009-114

Approved Program Plan? Yes Date Approved: May 24, 2010

PRIORITY NUMBERS

Prioritized By Priority
Dept/Inst NP of 3

PRIOR APPROPRIATION AND REQUEST INFORMATION

<u>Fund Source</u>	<u>Prior Approp.</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>Future Requests</u>	<u>Total Cost</u>
CF	\$0	\$20,044,500	\$0	\$0	\$20,044,500
Total	\$0	\$20,044,500	\$0	\$0	\$20,044,500

ITEMIZED COST INFORMATION

<u>Cost Item</u>	<u>Prior Approp.</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>Future Requests</u>	<u>Total Cost</u>
Land Acquisition	\$0	\$0	\$0	\$0	\$0
Professional Services	\$0	\$2,150,000	\$0	\$0	\$2,150,000
Construction	\$0	\$15,900,000	\$0	\$0	\$15,900,000
Equipment	\$0	\$1,000,000	\$0	\$0	\$1,000,000
Miscellaneous	\$0	\$40,000	\$0	\$0	\$40,000
Contingency	\$0	\$954,500	\$0	\$0	\$954,500
Total	\$0	\$20,044,500	\$0	\$0	\$20,044,500

SUMMARY OF THE PROJECT

Western State College is requesting cash funds spending authority to demolish the existing Shavano Apartment Complex and construct a 80,000-GSF, 200-bed apartment complex on the southwest quadrant of the campus. The five buildings in the existing complex were built between 1957 and 1964, and their Facility Condition Index (FCI) ratings range from 51.9 to 55.1, well below the Office of the State Architect's target index rating of 85.0 for state buildings. According to the college, due to the poor condition of the apartments in the existing complex, the average annual occupancy rate is only 65 percent. The project addresses a critical shortage in quality student housing. The project will also add amenities identified as desirable features in a recent housing survey conducted by the college, such as common gathering spaces, computing labs, storage space, and high-speed internet access. The replacement facility will consist of at least two multi-storied buildings with apartment-style units, similar to the existing complex. The units will mix one-, two-, and four-bedroom occupancy units, each with common living and kitchen space. The college plans to commence project construction in fall 2011. The new facility is planned to be ready for occupancy the summer of 2012.

Source of cash funds. The university plans to issue Build America Bonds for several projects, including the construction of a new apartment complex. Access to this program expires in December 2010. The bonds will be issued for a period of 35 years at an anticipated rate of 4.3 percent. The source of cash funds to repay the bonds issued for this project is a facility fee approved by students in spring 2010.

Required approvals. Pursuant to Section 23-1-106 (10)(b), C.R.S., any cash project included on an institution's Two-Year List of Projected Cash Need that is subject to the Higher Education Revenue Bond Intercept Program requires additional review by the Capital Development Committee (CDC) and the Joint Budget Committee (JBC).

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Thus, this project must be approved by the CDC as part of the institution's submitted Two-Year List of Projected Cash Need and, once notification has been received that the program plan and budget documents have been approved by the Colorado Commission on Higher Education, separately recommended to the JBC.

Staff questions and issues.

1. What is the expected average annual payment for the bond issuance?

The estimated average annual debt service (P&I) payment is \$3.4 million. Payments will be made from revenues generated from Western's student housing program and the newly adopted facility fee.

2. Will the bond issuance include any other projects besides the Shavano Apartment Complex Replacement and the Paul Wright Gymnasium Renovation projects? If so, what other projects will be included in the issuance?

The college intends to issue, through this same transaction, its allocation of \$1.6 million in Qualified Energy Conservation Bonds (QECB) to fund our energy performance contract with Ameresco, Inc. Qualified Energy Conservation Bonds are a taxable instrument that provides a 70 percent federal subsidy on interest payments. The college received this allocation through a competitive grant process from the Governor's Energy Office.