

FY 2009-10 Emergency Supplemental Capital Construction Request

Metropolitan State College of Denver Hotel Learning Center

Motion: Approve the supplemental request for additional cash funds spending authority for the Hotel Learning Center project (\$5,672,338 CF).

GENERAL INFORMATION

2010-072

1. Which supplemental criterion does the request meet?

Emergency

If the college does not receive additional cash funds spending authority, it may need to delay bonding for project, which in turn may impact the project timeline. Additionally, the college hopes to bond in the near future in order to capitalize on a competitive bond market.

2. Which projects will be restricted to fund the supplemental request?

No emergency restriction is necessary because the request is from cash funds.

3. Has the request been approved by OSPB and CCHE?

Yes

PRIOR APPROPRIATION AND SUPPLEMENTAL REQUEST INFORMATION

The appropriation to be amended was authorized in the following bill: HB 10-1376

<u>Fund Source</u>	<u>Prior Appropriations</u>	<u>Supplemental Request</u>	<u>Future Requests</u>	<u>Total Cost</u>
CF	\$39,327,762	\$5,672,338	\$0	\$45,000,100
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REASON FOR SUPPLEMENTAL REQUEST

The college is requesting increased cash funds spending authority to address additional costs resulting from changes to the project as originally submitted. The college decided to relocate the Hotel Learning Center because the original project site required moving major underground utilities. The new site is an existing tennis court. The additional funds will be used for the following:

- costs associated with a different site, including relocating the existing tennis courts and fencing the baseball field;
- costs associated with the use of higher industry standards for building life expectancy;
- additional documentation and site surveys;
- hotel parking accommodations;
- pedestrian improvements;
- additional furnishings and kitchen and laboratory equipment; and
- audio visual equipment.

Source of funds. The project will be financed through the issuance of Build America Bonds to be repaid through operation agreements. The college anticipates setting up a special purpose entity to negotiate and manage qualified management agreements with the hotel operator and franchisor. These agreements will be used to cover the cost of the debt service and program operating expenses. The bonds will be issued for a period of 30 years at an

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anticipated interest rate of 5.5 percent and an average annual payment of \$3.75 million.

SUMMARY OF PROJECT

The project, as requested, constructs a 30,000-GSF Hotel Learning Center as part of a new hotel to be built on the site of Parking Lot R at the corner of Auraria Parkway and Speer Boulevard on the Auraria Higher Education Center (Auraria) campus. The college plans to establish a public-private partnership with a hotel operator to construct a new hotel and hotel learning center to be operated by the Metro Department of Hospitality, Tourism, and Events in order to create a hands-on learning laboratory to train students in the hospitality industry. The entire project cost is \$39.3 million, including \$30.6 million, or 77.9 percent, for hotel construction, and \$8.7 million, or 22.1 percent, for hotel learning center construction.

The Hotel Learning Center will include a 10,000-GSF banquet room and 16,286 square feet in conference and conference support space. It will also include full production specialty kitchens and a beverage management center, amphitheatre-style, distance-learning capable classrooms, teaching laboratories, faculty offices, and student gathering areas.

QUESTIONS / OUTSTANDING ISSUES

All responses to staff questions have been incorporated into the project write-up.