

Capital Project for Planning the Health Center Improvements

JOINT FINANCE AND AUDIT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE

February 12, 2014

McComas Hall was completed in 1998 with 118,225 gross square feet to house Recreation Sports in its west wing and the Schiffert Health Center and the Cook Counseling Center in its east wing. In 2006, the Board of Visitors and the Commonwealth approved a request by the university to construct a \$13 million addition to McComas Hall for additional recreation, clinical, and counseling space. During design in late 2008, cost estimates for the project scope exceeded the authorized budget and available resources. To manage the budget, the scope of the recreation component was implemented. The counseling program needs were absorbed into the building, and the clinical component was deferred until sufficient resources were identified to support additional improvements.

The addition for the recreation component was completed in 2010; however, the 16,000 assignable square feet of the Schiffert Health Center remain inadequate to support the service needs of the university's students. The density of students at the Center creates cramped conditions that result in privacy, confidentiality, treatment, and access concerns for students and medical staff. Beyond the space needs of the Health Center, the university's Campus Alcohol Abuse Prevention Center (CAAPC) does not have a permanent location to deliver its programs. Prevention of alcohol abuse is a high priority for the university, and the program is currently located in a make-shift room in War Memorial Hall that does not adequately support its mission and is not strategically located for program delivery.

The solution proposed by the Student Health Program and supported by the Vice President for Student Affairs and by the university is to construct a one story addition to the east wing of McComas Hall and to renovate an interior portion of the existing Schiffert Health Center. Overall, the 4,700 gross square foot project would include 3,000 gross square feet of new space and 1,700 gross square feet of renovation work. This solution is consistent with the program originally approved by the Board of Visitors and the Commonwealth in 2006.

The new addition would relocate the Campus Alcohol Abuse and Prevention Center and include infirmary space for the Schiffert Health Center. Relocating the Campus Alcohol Abuse Prevention Center to McComas Hall would allow for better coordination of prevention and treatment services with the Schiffert Health Center and the Cook Counseling Center. The new infirmary would allow students to be treated in a space separate from wound care and Methicillin-resistant Staphylococcus Aureus (MRSA) treatment. The new infirmary may also serve as an isolation area should that be needed, and its negative pressure room could allow Schiffert Health Center to handle highly contagious cases and assist with emergency preparedness.

Renovating a portion of the existing Schiffert Health Center would create three intake rooms from the old laboratory. The laboratory would be relocated to the old wound care/treatment room. The relocated laboratory space would better support existing equipment and improve the layout and functionality of the space. Existing rooms would be repurposed into a

phlebotomy area, an orthopedic room, a nebulizer room, and a dietitian's office. A biohazard waste storage space would be created to separately store and secure that type of material.

As with all self-supporting projects, the university has developed a financing plan to support the project and provide assurance regarding its financial feasibility. This funding plan calls for the use of debt which may be serviced from Student Health auxiliary revenue. The target total project budget is \$2.868 million and annual debt service is estimated to be \$234,000. The funding plan for debt service calls for the redirection of existing student fee revenues when debt on the original McComas Hall project is retired in 2016. Thus, student fees will not be increased for this project and the revenue source will be sufficient to cover this amount.

Under the 2006 Management Agreement between the Commonwealth of Virginia and the university, the Board of Visitors has the authority to approve the budget, size, scope, debt issuance, and overall funding of nongeneral fund capital outlay projects. The university's 2014-2020 Six-Year Capital Outlay Plan approved by the Board of Visitors at its September 9, 2013 meeting includes a nongeneral fund project for a Health Center Improvements project. This request is for a \$200,000 planning authorization for the Health Center Improvements project. A subsequent request for construction funding may be submitted after designs are underway and a firm scope and cost are determined.

RESOLUTION ON CAPITAL PROJECT FOR PLANNING THE HEALTH CENTER IMPROVEMENTS

WHEREAS, the Schiffert Health Center is no longer adequate to support the service needs of the university's students and the cramped condition creates privacy, confidentiality, treatment, and access concerns for students and medical staff; and,

WHEREAS, the university's Campus Alcohol Abuse Prevention Center (CAAPC) does not have a permanent location to deliver its programs; and,

WHEREAS, the proposed solution is to construct a one story addition to the east wing of McComas Hall and to renovate an interior portion of the Schiffert Health Center; and,

WHEREAS, the 4,700 gross square foot project would include 3,000 gross square feet of new space and 1,700 gross square feet renovation work; and,

WHEREAS, the university has developed a 100 percent nongeneral fund resource plan for the project, including this \$200,000 of planning work; and,

WHEREAS, the funding plan includes the use of debt which may be serviced from the Student Health auxiliary revenue; and,

WHEREAS, under the 2006 Management Agreement between the Commonwealth of Virginia and the university, the university has the authority to issue bonds, notes or other obligations that do not constitute State tax supported debt; and,

WHEREAS, the Finance and Audit Committee will further review and approve a financing resolution prior to securing permanent financing for the debt component of the project plus amounts needed to fund issuance costs, reserve funds, and other financing expenses; and,

WHEREAS, under the 2006 Management Agreement between the Commonwealth of Virginia and the university, the Board of Visitors has authority to approve the budget, size, scope, debt issuance, and overall funding of nongeneral funded major capital outlay projects; and,

WHEREAS, the university may address minor cost variances provided sufficient funds are available to support the full project costs;

NOW, THEREFORE BE IT RESOLVED, that the university be authorized to move forward with a \$200,000 planning authorization for the Health Center Improvements project and to secure temporary short-term financing through any borrowing mechanism that prior to such borrowing has been approved by the Board, as applicable, in an aggregate principal amount not to exceed the \$200,000 planning authorization, plus related issuance costs and financing expenses.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to design the Health Center Improvements project be approved.

March 24, 2014