

Capital Project for Constructing the Health Center Improvements

JOINT FINANCE AND AUDIT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE

April 13, 2015

In March 2014, the Board of Visitors approved a \$200 thousand planning authorization for the Health Center Improvements project. The planning work is nearing completion of schematic designs and will be ready to enter the construction phase this summer. In accordance with the scope of the authorized planning project, the designed solution proposes a 3,500 gross square foot one-story addition to the east wing of McComas Hall and 1,700 square feet of interior renovations of the existing Schiffert Health Center for a total 5,200 gross square foot project.

The proposed addition includes space to house the Campus Alcohol and Prevention Center, expanded infirmary space to ensure separation of wound care cases from Methicillin-resistant Staphylococcus Aureus (MRSA) cases, and an isolation area which could serve to handle highly contagious cases and assist with emergency preparedness. The proposed renovations create three intake rooms, a phlebotomy area, an orthopedic room, a nebulizer room, a dietitian's office, and a biohazard waste storage space.

As with all self-supporting projects, the university has developed a financing plan to support the project. The total project budget is \$3.071 million and annual debt service is estimated to be \$250 thousand. The timing of the project request has been coordinated with the 2016 retirement of debt for the original construction of McComas Hall. The funding plan for debt service calls for the redirection of existing Student Health fee revenues when debt on the original McComas Hall project is retired. Thus, student fees will not be increased for this project and the revenue source is sufficient to cover this amount. Temporary financing will be secured to cover project costs until permanent debt is issued.

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. This request is for a \$2.871 million authorization supplement to the existing \$200 thousand planning authorization for a \$3.071 adjusted total project budget authorization to complete the Health Center Improvements project.

RESOLUTION ON CAPITAL PROJECT FOR CONSTRUCTING THE HEALTH CENTER IMPROVEMENTS

WHEREAS, the Board of Visitors approved a \$200 thousand planning authorization for the Health Center Improvements project in March 2014; and,

WHEREAS, the project scope is to construct 3,500 gross square feet of new space to incorporate the Campus Alcohol and Prevention Center and infirmary space into the Schiffert Health Center and to renovate 1,700 gross square feet of existing space in the Schiffert Health Center to create three intake rooms, a phlebotomy area, an orthopedic room, a nebulizer room, dietitian's office, and a biohazard waste storage space; and,

WHEREAS, planning work is nearing completion of schematic designs and will be ready to enter the construction phase this summer; and,

WHEREAS, the total project budget is \$3.071 million, including the previous authorization of \$200 thousand plus this supplement request of \$2.871 million; and,

WHEREAS, the university has developed a 100 percent nongeneral fund resource plan for the project; 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,

NOW, THEREFORE BE IT RESOLVED, that the university be authorized to move forward with a \$2.871 million supplement authorization to complete 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 \$3.071 million total project costs, plus related issuance costs and financing expenses.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to complete the design, construction, and equipping of the Health Center Improvements project be approved.

June 1, 2015