

Capital Project for East Eggleston Renovation

EXECUTIVE COMMITTEE

July 17, 2015

East Eggleston Hall was built in 1940 as a residence hall with 20,630 gross square feet, five floors, and 106 beds. The entire building housed students until 1983 when it was converted to support academic and residential administrative functions.

The university's long range planning for residential assets includes restoring the East Eggleston component to student housing. The increased size of the incoming Fall 2015 freshman class accelerated the demand for beds and, thus, the timing of a renovation to return East Eggleston to the residential bed inventory.

In late May 2015, Residential Programs initiated a renovation project to restore the rooms of four floors of East Eggleston Hall to residential use for the fall 2015 session. The scope includes 15,000 square feet of floors two through five and will provide an additional 86 beds to the housing inventory. The initial cost estimates for this scope of work were below the \$2 million capital outlay project threshold. Thus, the work was initiated as a non-capital renovation activity. As work progressed, unforeseen and unexpected code and life safety requirements were identified in late June 2015. Specifically, the requirements to install fire alarm systems and an additional sprinkler system. Addressing these requirements increases costs beyond the \$2 million capital outlay project budget threshold. The total costs are now expected to be \$2.5 million.

The university has continued work on the renovation because of the short window of time to bring the additional 86 beds on line in time for the fall 2015 semester. The university is requesting Board of Visitors' consideration and approval for a capital project authorization to complete the renovation at a not-to-exceed budget of \$2.5 million. As with all self-supporting projects, the university has developed a financing plan to support the full costs of the project. This plan calls for the use of cash from the auxiliary reserves to be repaid over time, and this fund source is sufficient to cover the project costs.

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 project authorization for the East Eggleston Renovation project.

RESOLUTION ON CAPITAL PROJECT FOR EAST EGGLESTON RENOVATION

WHEREAS, Residential Programs initiated a renovation project in late May 2015 to return four floors of East Eggleston Hall to student housing for residential use; and,

WHEREAS, the university desires to complete the renovation to house students for the fall 2015 semester; and,

WHEREAS, the original total project scope and cost estimate, inclusive of design, construction, and contingencies, were less than \$2 million; and,

WHEREAS, during the renovation unforeseen and unexpected safety issues related to the building fire rating, fire alarm systems, and sprinkler systems were identified; and,

WHEREAS, the impact of these unforeseen requirements resulted in revised total project costs of \$2.5 million; and,

WHEREAS, the university is requesting Board of Visitors' consideration and approval for a capital project authorization to complete the renovation at a not-to-exceed budget of \$2.5 million; and,

WHEREAS, Residential Programs and Finance have worked together to develop a funding plan to fully support the costs with 100 percent nongeneral fund resources from the auxiliary enterprise; 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 complete the East Eggleston Renovation project with an amount not to exceed \$2.5 million and to fund the project with auxiliary revenues.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to complete the East Eggleston Renovation project be approved.

August 05, 2015