

Capital Budget Request

Financing for Health Center Improvements

Overview

Agency	Virginia Polytechnic Institute and State University (208)
Project Code	none
Project Type	New Construction
Biennium	2016-2018
Budget Round	Initial Bill
Request Origin	New Project
Project Location	Roanoke Area
Facility/Campus	Blacksburg Main Campus
Source of Request	Agency Request
Infrastructure Element	Hospital / Medical Center

Contains significant technology costs? No

Contains significant energy costs? No

Agency Narrative

Agency Description

This request is for a 100 percent nongeneral fund debt authorization to complete the Health Center Improvements project. This project has been initiated under the university's restructuring authority using entirely nongeneral fund resources. The project is in the design phase and anticipated to begin construction in December 2015 with a total cost of \$3.071 million. This request is for authorization to issue nongeneral fund 9(d) debt through the Treasury Board program to finance project costs.

This 5,200 gross square foot project will construct a one story addition to the east wing of McComas Hall (student recreation, health, and counseling center) and renovate an interior portion of the existing Schiffert Health Center. The new addition would include 3,500 gross square feet of new 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 1,700 gross square feet interior renovation would create three intake rooms, repurpose existing rooms into a phlebotomy area, an orthopedic room, a nebulizer room, and a dietitian's office. A biohazard waste storage space would also be created to separately store and secure that type of material.

Justification

Financing Request:

The Board of Visitors approved the planning on March 24, 2014 and construction on June 1, 2015. The funding plan includes \$3.071 million of fixed rate debt. The project is underway and the university is prepared to issue stand-alone debt for the project if necessary.

The State's VCBA program offers the most favorable cost of capital in terms of issuance costs and interest. This request is for a debt authorization to issue up to \$3.071 million in the VCBA program. Compared to a stand-alone issuance, issuing through the VCBA will reduce debt service and the savings will be passed along to students in the form of lower fees.

Funding Plan:

The program for the Health Center Improvements project is 100 percent nongeneral fund auxiliary enterprise. Thus, the funding plan calls for \$3.071 million of nongeneral fund auxiliary enterprise support. This proposal is for the \$3.071 million to be funded with traditional nongeneral fund 9d bond financing.

Authorization to finance the permanent debt issuance for the project through the VCBA 9d program will allow for more favorable financing terms, reducing the cost of capital which would benefit students. The debt service will be covered by Student Health auxiliary revenue. The timing of the project 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 revenues when debt on the original McComas Hall project retires. Thus, student fees are not impacted by this 9(d) debt plan.

Options considered:

Other options considered include delaying the project. However, 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.

Alternatives Considered

Costing Methodology

Agency Funding Request

Phase	Year	Fund	Subobject	Requested Amount
Full Funding	2017	0815 - 9(D) Debt Service - Construction Costs	2322 - Construction, Buildings	\$3,071,000
Total				\$3,071,000

Project Costs

Cost Type	Total Project Costs	Requested Funding	DGS Rec
Acquisition Cost	\$0	\$0	
Building & Built-in Equipment	\$1,732,000	\$1,732,000	
Sitework & Utility Construction	\$229,000	\$229,000	
Construction Cost Total	\$1,961,000	\$1,961,000	
DESIGN & RELATED SERVICE ITEMS			
A/E Basic Services	\$344,000	\$344,000	
A/E Reimbursables	\$7,000	\$7,000	
Specialty Consultants (Food Service, Acoustics, etc.)	\$5,000	\$5,000	
CM Design Phase Services	\$0	\$0	
Subsurface Investigations (Geotech, Soil Borings)	\$3,000	\$3,000	
Land Survey	\$0	\$0	
Archeological Survey	\$0	\$0	
Hazmat Survey & Design	\$1,000	\$1,000	
Value Engineering Services	\$0	\$0	
Cost Estimating Services	\$4,000	\$4,000	
Other Design & Related Services	\$45,000	\$45,000	
Design & Related Services Total	\$409,000	\$409,000	
INSPECTION & TESTING SERVICE ITEMS			
Project Inspection Services (inhouse or consultant)	\$76,000	\$76,000	
Project Testing Services (conc., steel, roofing, etc.)	\$13,000	\$13,000	
Inspection & Testing Services Total	\$89,000	\$89,000	
PROJECT MANAGEMENT & OTHER COST ITEMS			
Project Management (inhouse or consultant)	\$60,000	\$60,000	
Work By Owner	\$3,000	\$3,000	
BCOM Services	\$0	\$0	
Advertisements	\$0	\$0	
Printing & Reproduction	\$0	\$0	
Moving & Relocation Expenses	\$4,000	\$4,000	
Non Built-In Data and Voice Communications	\$35,000	\$35,000	
Signage	\$2,000	\$2,000	
Demolition	\$0	\$0	
Hazardous Material Abatement	\$0	\$0	
Utility Connection Fees	\$46,000	\$46,000	
Utility Relocations	\$0	\$0	

Commissioning	\$23,000	\$23,000
Miscellaneous Other Costs	\$80,000	\$80,000
Project Management & Other Costs Total	\$253,000	\$253,000
Furnishings & Movable Equipment	\$289,000	\$289,000
Construction Contingency	\$70,000	\$70,000
TOTAL PROJECT COST	\$3,071,000	\$3,071,000

Capacity

Cost Type	Unit of Measure	Units	Cost Per Unit
Acquisition Cost		0	\$0
Construction Cost	GSF	5,200	\$377
Total Project Cost	GSF	5,200	\$591

Operating and Maintenance Costs (Agency)

Cost Type	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
GF Dollars	\$0	\$0	\$0	\$0	\$0	\$0
NGF Dollars	\$0	\$0	\$0	\$0	\$0	\$0
GF Positions	0.00	0.00	0.00	0.00	0.00	0.00
NGF Positions	0.00	0.00	0.00	0.00	0.00	0.00
GF Transfer	\$0	\$0	\$0	\$0	\$0	\$0
GF Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Layoffs	0	0	0	0	0	0

Planned start date of new O&M costs (if different than the beginning of the fiscal year):---

Supporting Documents

No supporting documents for this adjustment

Workflow History

User Name	Claimed	Submitted	Step Name
Jennifer Hundley	06/13/2015 06:07 AM	06/13/2015 06:07 AM	Enter Capital Budget Request
Jennifer Hundley	06/13/2015 06:07 AM	06/13/2015 06:24 AM	Continue Drafting
Rob Mann	06/13/2015 11:16 AM	06/13/2015 11:17 AM	Agency Review Step 1
Rob Mann	06/13/2015 08:10 PM	06/13/2015 08:17 PM	Agency Review Step 1
Rob Mann	06/14/2015 10:15 AM	06/14/2015 10:20 AM	Ready for DPB Submission
Bob Broyden	06/14/2015 02:18 PM	06/14/2015 02:18 PM	Ready for DPB Submission
Ruth Anderson	06/15/2015 12:28 PM	06/15/2015 12:35 PM	DPB Review
Ruth Anderson	06/18/2015 11:00 AM	06/18/2015 11:00 AM	DPB Review
Anne Smith	06/19/2015 03:34 PM	06/19/2015 03:35 PM	DPB Review
Rob Mann	06/19/2015 03:39 PM	06/19/2015 03:39 PM	Agency Review Step 1
Bob Broyden	06/19/2015 03:51 PM	06/19/2015 03:51 PM	Ready for DPB Submission
			DPB Review