



Virginia Department of Planning and Budget
Project Request Justification

2006 – 2008 Biennium

Date: October 12, 2006

A. General Information

1. Agency Name: Virginia Tech 2. Agency Code: 208
3. Project Title: Construct New Residence Hall 4. Agency Priority: 2
5. Name of Person to Contact about this Form: M. Dwight Shelton, Jr.
6. Contact Person's Telephone Number: (540) 231-8775
7. Contact Person's E-mail Address: mdsjr@vt.edu
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B. Proposed Project

1. Description (include project size, capacity, and purpose):

- This project requests 9(c) debt authorization for new construction of a 250-bed residence hall to house students who will be displaced during the approaching sequential renovation over the next two decades of 17 of the oldest and most out-of-date residence halls on campus. The new residence hall is envisioned to include approximately 80,000 gross square feet of modern dormitory space, including common lounge and study areas and programming space to facilitate co-curricular learning. Rooms and bathroom facilities will be designed to meet current student expectations for privacy, space and accessibility. The building will be air conditioned and feature state-of-the-art power, lighting and telecommunications infrastructure to accommodate modern teaching and high tech delivery methods and study habits, which provide a more comprehensive and efficient learning experience for students.
- The building will be constructed to last fifty years or more and will meet the latest safety standards for student residential use.
- The project scope is based on the number of residential beds needed to stabilize the overall residential inventory while existing, older residence halls are taken off-line for renovations. The building size is also based on the optimal size for residential programs and use of land.
- The University is seeking state authorization for this nongeneral fund project in order to qualify the project for 9(c) debt authorization under restructuring guidelines.
- In accordance with the Financial Feasibility Study submitted to Treasury on September 15, 2006, the University proposes to finance the project with 9(c) revenue bond proceeds totaling \$27,000,000 that will be repaid over 20 years. The University proposes to fund the principal, interest and operating costs with revenue from residential fees. Revenue in the amount of \$2.9 million will be generated from an increase in system-wide residential fees and new user fee revenue generated from the new facility, as shown in the financial feasibility study. Students selecting to reside in the new

residence hall will pay a user fee suited for the type of space that will be provided. The revenue generated from these fees will be sufficient to cover the annual operating costs and debt service, and it will be used solely for this project. The University intends to establish the minimal fee necessary to support the cost of principal, interest, and operating costs.

2. In approved Master Site Plan: Yes No
If not, explain:

3. In current Strategic Plan: Yes No
If not, explain:

C. Project Justification

1. Programmatic:

- The residential and dining program mission is to provide services, staffing, and programs that support the educational programs of Virginia Tech and to enhance the quality of campus life. The residential division is responsible for promoting the personal and academic success of the approximately 9,000 residents in the University's 44 residential halls. Through services, programs, and activities, staff members offer a positive educational and physical environment within the residential communities for graduate and undergraduate students. The facilities should provide a safe, clean, attractive, and inviting place that supports the program. Housing program examples include the Corps of Cadets, scholarship athletes, Honors Program, Summer Transition Program, Wellness Environment for Living and Learning, and First Year Experience.
- Safe, high quality, modern facilities are needed to support the program operations and to meet the service and living environment expectations of a contemporary student. Attracting high quality students in higher education is competitive, and the residential and dining system program is often a deciding factor for students because of its link to quality of life and academic support. Students expect the residential and dining program to keep pace with safety, technology, and convenience improvements. A program that does not keep pace will lose students to other peer institutions, possibly in other states.
- Construction of new residence halls and the renovation of older facilities to keep the programs up-to-date supports the University's mission by providing a supportive learning environment. A student's living environment is a critical component of University life; therefore, the accommodations should meet student expectations and be conducive to learning.
- This project provides a way to keep pace with student expectations by inserting a new residence hall to house students who will be displaced during planned major renovations of 17 outdated campus residence halls over the next two decades. The overall strategy works toward keeping the system at a competitive level with minimal disruption to service delivery while improving the facility inventory.

2. Existing facilities:

- The current residential program includes 44 residence halls with a total bed capacity of approximately 9,000. The average age of the residence hall inventory is about 32 years old. The inventory includes a mix of state-of-the-art facilities and outdated facilities. Students avoid the outdated facilities in favor of the modern facilities. This results in more requests for the modern residence halls than can be met. The students who are not selected for the newer residence halls are generally less satisfied with the remaining on-campus housing because the rooms are commonly smaller, without air conditioning, utilize gang showers and toilets (instead of suite arrangements), have less available study space, and less power and telecommunications infrastructure.
- This new residence hall is a critical linchpin in the long-range improvements strategy for the residential system that provides for the rejuvenation and improvement of the most deficient residence halls on campus, with minimal service disruption to the student community. This project will build a new residence hall to replace some of the beds lost during the renovation of older residence halls. This strategy accomplishes three important objectives. First, outdated, undesirable residence halls will be brought up to modern standards and expectations without under serving students. Second, needed renovations of older residence halls can be accomplished at lower cost than all new construction. Third, modern-style, high-demand residence halls will be developed without overbuilding the residence hall system.

D. Options Considered (include as an option delaying this project until future biennia. For supplements to existing projects, identify what scope changes would be necessary to complete the project within existing resources)

The options considered, but not selected, include renovating an existing facility for temporary use as a residence hall, relocating displaced students to housing in the local community, deferring the project, and a public-private transaction. Constructing a new facility is the selected option because of the cost savings, efficiencies achieved by the space management strategy, and limited disruption posed to the student community.

Renovating an existing facility for temporary use as a residence hall is not a selected option because the level of renovations needed to change a non-residential building to residential usage would require a complete gutting of the building that would likely cost more than new construction. In addition, no vacant space on campus could be identified for this purpose.

Relocating displaced students to housing in the local community is not a selected option because of the negative financial impact this would have on the residential program due to the loss of significant housing revenue over an extended period of time. This would also have a negative impact on the undergraduate student population, whose success and satisfaction is dependent upon on-campus programming and support.

Deferring the project is not the selected option because the University needs to continue modernizing its aging inventory of residence halls before they experience further significant deterioration and obsolescence. This proposed residence hall must be on-line prior to the start of the first renovation to ensure the inventory of residential spaces is not negatively impacted.

Public-private transactions are not a selected option because the building needs to be placed on-campus and the University has available land for the desired site; the building must meet the University's design standards and thus short-term design solutions may not be used to save costs; and the University has the financial strength to finance the project and access to lower cost of capital than a private partner. The combination of these factors makes a University project more economical and practical than a public-private partnership.