

Capital Budget Request

Financing for Unified Communications & Network Renewal

Overview

Agency	Virginia Polytechnic Institute and State University (208)
Project Code	none
Project Type	Improvements-Infrastructure Repairs
Biennium	2014-2016
Budget Round	Amended Bill
Request Origin	New Project
Building Name	
Project Location	Roanoke Area
Facility/Campus	Blacksburg Main Campus
Source of Request	Agency Request
Building Function	
Infrastructure Element	Site Data/Telecommunications

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 Unified Communications and Network Renewal project. This project has been initiated under the university's restructuring authority using entirely nongeneral fund resources. The project is in the construction phase with a total cost of \$16.508 million. This request is for authorization to issue 9(d) debt through the Treasury Board to finance project costs.

The project scope is to improve four complementary communication infrastructure components over five years. The four components include a unified communications system, upgrading the Internet Protocol (IP) Network, upgrading the cable plant, and upgrading equipment rooms in various facilities. The unified communications component replaces the outdated campus telephones and voicemail systems. Upgrading the IP Network involves replacing outdated internet protocol equipment across the entire network system. Upgrading the cable plant replaces old horizontal and vertical cabling for forty-one campus buildings. The facilities upgrade involves constructing or renovating equipment rooms on an as needed basis to support updated communications and data equipment.

Justification

Financing Request:

The Board of Visitors approved the project on March 26, 2012. The funding plan includes \$7.705 million of auxiliary cash and \$8.803 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 \$8.803 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 Unified Communications and Network Renewal project is 100 percent nongeneral fund auxiliary enterprise. Thus, the funding plan calls for \$16.508 million of nongeneral fund auxiliary enterprise support. The Telecommunications auxiliary will contribute \$7.705 million of auxiliary revenue towards the project to lower the amount of debt needed for the project. This proposal is for the remaining \$8.803 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 Telecommunications auxiliary revenue. The funding plan for debt service calls for auxiliary funds from self-generated revenue and student fees. The estimated fee impact is shown below and is the same for Virginian and Non-Virginian domicile students.

- Total annual student fee(s) revenue assessed to support the project.

-- Mandatory Non-E&G Fee for All On-Campus Students (Comp Fee) – 1.97 percent, \$36 total phased in over multiple years.

Options considered:

Other options considered include a university stand-alone debt issuance, which would result in higher costs.

Alternatives Considered

Costing Methodology

N/A

Agency Funding Request

Phase	Year	Fund	Subject	Requested Amount
Full Funding	2016	0306 - Auxiliary Enterprise	2322 - Construction, Buildings	\$7,705,000
Full Funding	2016	0815 - 9(D) Debt Service - Construction Costs	2322 - Construction, Buildings	\$8,803,000
Total				\$16,508,000

Project Costs

Cost Type	Total Project Costs	Requested Funding	DGS Rec
Acquisition Cost	\$0	\$0	\$0
Building & Built-in Equipment	\$0	\$0	\$0
Sitework & Utility Construction	\$0	\$0	\$0
Construction Cost Total	\$0	\$0	\$0
Design & related Services from Other Costs tab	\$113,000	\$113,000	\$0
Inspection & Testing Services from Other Costs tab	\$43,500	\$43,500	\$0
Project Management & Other Costs from Other Costs tab	\$16,351,500	\$16,351,500	\$0
Furnishings & Movable Equipment	\$0	\$0	\$0
Construction Contingency	\$0	\$0	\$0
Total Project Cost	\$16,508,000	\$16,508,000	\$0

Capacity

Cost Type	Unit of Measure	Units	Cost Per Unit
Acquisition Cost		0	\$0
Construction Cost		0	\$0
Total Project Cost		0	\$0

Other Costs

Cost Type	Total Project Costs	Requested Funding	DGS Rec
Design & Related Service Items			
A/E Basic Services	\$104,000	\$104,000	
A/E Reimbursables	\$0	\$0	
Specialty Consultants (Food Service, Acoustics, etc.)	\$0	\$0	
CM Design Phase Services	\$0	\$0	
Subsurface Investigations (Geotech, Soil Borings)	\$0	\$0	
Land Survey	\$0	\$0	
Archeological Survey	\$0	\$0	
Hazmat Survey & Design	\$0	\$0	
Value Engineering Services	\$0	\$0	
Cost Estimating Services	\$0	\$0	
Other Design & Related Services	\$9,000	\$9,000	
Design & Related Services Total	\$113,000	\$113,000	

Inspection & Testing Service Items		
Project Inspection Services (inhouse or consultant)	\$43,500	\$43,500
Project Testing Services (conc., steel, roofing, etc.)	\$0	\$0
Inspection & Testing Services Total	\$43,500	\$43,500
Project Management & Other Cost Items		
Project Management (inhouse or consultant)	\$96,500	\$96,500
Work By Owner	\$0	\$0
BCOM Services	\$0	\$0
Advertisements	\$0	\$0
Printing & Reproduction	\$0	\$0
Moving & Relocation Expenses	\$0	\$0
Non Built-In Data and Voice Communications	\$0	\$0
Signage	\$0	\$0
Demolition	\$0	\$0
Hazardous Material Abatement	\$0	\$0
Utility Connection Fees	\$0	\$0
Utility Relocations	\$0	\$0
Commissioning	\$0	\$0
Miscellaneous Other Costs	\$16,255,000	\$16,255,000
Project Management & Other Costs Total	\$16,351,500	\$16,351,500

Operating and Maintenance Costs (Agency)

Cost Type	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
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
Rob Mann	09/08/2014 03:08 PM	09/08/2014 03:08 PM	Enter Capital Budget Request
Rob Mann	09/08/2014 03:09 PM	09/08/2014 03:19 PM	Continue Drafting
Rob Mann	09/08/2014 03:24 PM	09/08/2014 03:30 PM	Agency Review Step 1
Rob Mann	09/08/2014 03:30 PM	09/08/2014 03:31 PM	Ready for DPB Submission
Ruth Anderson	09/09/2014 10:13 AM	09/09/2014 10:15 AM	DPB Review
Ruth Anderson	09/09/2014 10:32 AM	09/09/2014 10:41 AM	DPB Review
			DPB Review