

Capital Project to Supplement the Dietrick First Floor and Plaza Renovation

JOINT FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE

April 24, 2018

The Board of Visitors approved the Dietrick First Floor and Plaza renovation project with a \$7 million total project cost at its September 11, 2017 meeting. The scope and budget for the project resolution were based on a feasibility study from a consultant and internal reviews. Planning work is underway, and schematic design cost reviews reveal the actual total project costs exceed \$7 million for the authorized scope.

The university has reviewed and analyzed each construction cost component of the project at the conclusion of schematic design and determined the total construction costs are \$6.8 million. The soft costs for design, project management, inspections, equipment, furnishings, etc. are \$1.5 million. Thus, the total project costs inclusive of design, construction, and equipment are \$8.3 million. The university has reviewed and analyzed opportunities for cost controls and determined a major scope reduction, either elimination of the plaza improvements or elimination of the enclosure for the seat expansion, would be necessary to remain within the current \$7 million project budget.

The full project scope is necessary to meet the needs of the dining program and student expectations. The university has developed a financing plan to support the additional \$1.3 million of costs necessary to complete the entire scope of work. The plan calls for the use of supplemental debt that will be serviced from Dining Program auxiliary revenues and will impact dining rates by approximately 0.25 percent.

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 \$1.3 million supplement to adjust the total authorization for the Dietrick First Floor and Plaza Renovation project to \$8.3 million.

**RESOLUTION OF A CAPITAL PROJECT FOR
THE SUPPLEMENT OF THE DIETRICK FIRST FLOOR AND PLAZA RENOVATION**

WHEREAS, Dietrick Hall, built in 1970, is the largest food service facility located in the south residential core of campus; and,

WHEREAS, the Board of Visitors approved the Dietrick First Floor and Plaza renovation project with a \$7 million total project cost at its September 11, 2017 meeting; and,

WHEREAS, the scope and budget for the project resolution were based on a feasibility study from a consultant as well as internal reviews and planning work is underway and schematic design cost reviews reveal the actual total project costs exceed \$7 million for the authorized scope; and,

WHEREAS, the university has reviewed and analyzed each construction cost component of the project at the conclusion of schematic design and determined the total construction costs are \$6.8 million; and,

WHEREAS, the soft costs for design, project management, inspections, equipment, furnishings, etc. are \$1.5 million; thus, the total project costs inclusive of design, construction, and equipment are \$8.3 million; and,

WHEREAS, the university has reviewed and analyzed opportunities for cost controls and determined a major scope reduction, either elimination of the plaza improvements or elimination of the enclosure for the seat expansion, would be necessary to remain within the current \$7 million project budget; and,

WHEREAS, the full project scope is necessary to meet the needs of the dining program and student expectations. The university has developed a financing plan to support the additional \$1.3 million of costs which calls for the use of supplemental debt that will be serviced from Dining Program auxiliary revenues and will impact dining rates by approximately 0.25 percent; 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.

NOW, THEREFORE BE IT RESOLVED, that the university be authorized to move forward with a \$1.3 million supplement to adjust the total project authorization for the Dietrick First Floor and Plaza Renovation project to \$8.3 million 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 \$8.3 million authorization, plus related issuance costs and financing expenses.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to supplement and complete the Dietrick First Floor and Plaza Renovation project be approved.

June 4, 2018