

**VII. STANDING COMMITTEES****B. Finance, Audit & Facilities Committee****Establishing a Student Facilities Renovation Fee****RECOMMENDED ACTION:**

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents approve:

- 1) the establishment of a new Services and Activities Fee (hereafter referred to as the Student Facilities Renovation Fee) for the UW Seattle campus at an amount not to exceed \$95 per quarter per student with part-time students being charged rates proportionate to that of full-time students; and to be implemented separately and proportionally for each project upon substantial completion of the renovated spaces (September 2011 for the Ethnic Cultural Center and Hall Health Primary Care Center, and September 2012 for the Husky Union Building).

**BACKGROUND**

The Student Facilities Renovation Fee will pay for debt service on the internal loan supporting the renovations of the Husky Union Building (HUB), the Ethnic Cultural Center (ECC), and the Hall Health Primary Care Center (HHPCC). The proposed renovations have been under consideration for several years and have been discussed with the Board of Regents several times. The most recent presentation to the Board was at the June 2009 meeting, where the project concept and the funding model for each project were discussed. Separate action items approving each of the renovation projects will be presented to the Board at the July 2009 meeting.

During winter and spring quarters of 2009, the HUB renovation, the HHPCC renovation, and the ECC renovation were presented to the Associated Students of University of Washington (ASUW), Graduate and Professional Student Senate (GPSS), and Services and Activities Fee Committee (SAFC) on the UW Seattle campus to determine whether the students would advocate for the issuance of debt to fund project construction. The ASUW and GPSS endorsed the projects with overwhelming support and the SAFC voted on May 22, 2009 to establish a new student fee to pay for the HUB renovation, the ECC renovation, and the HHPCC renovation.

In Engrossed Substitute House Bill (ESHB) 1244 that adopted the State of Washington operating budget for the 2009-11 biennium, the State legislature authorized the governing boards of the state research universities, the state

## VII. STANDING COMMITTEES

### B. Finance, Audit & Facilities Committee

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regional universities, and the Evergreen State College to adjust tuition and fees within certain parameters that are specified in Section 603 of ESHB 1244. Section 603(5) states: "Each governing board is authorized to adopt or increase services and activities fees for all categories of students as provided in RCW 28B.15.069." RCW 28B.15.069 imposes limitations on how much existing services and activities fees can be increased and acknowledges that the services and activities fee committee authorized under RCW 28B.15.045 may initiate a request for fee increases.

In materials submitted to the state legislature as part of the 2009-11 state budget process, the university highlighted that it intended to implement a Student Facilities Renovation Fee of up to \$102 per quarter on the UW Seattle campus. The Student Facilities Renovation Fee that is being adopted under this action item is well below the level listed in those materials.

The Student Facilities Renovation Fee will be implemented when the renovations of the HUB, the ECC, and the HHPCC are substantially complete. Under the current project construction plan, the Student Facilities Renovation Fee shall be set at an expected \$17 per quarter in September 2011, when the renovations of the Ethnic Cultural Center and the Hall Health Primary Care Center are expected to be substantially complete. The Student Facilities Renovation Fee shall be increased to an expected \$90 per quarter in September 2012, when the renovation of the Husky Union Building is expected to be substantially complete.

#### *Attachments*

1. Services & Activities Fee Committee Recommendation
2. SAF Revenue and Expense Summary



## Services & Activities Fee Committee Committee Recommendation

June 23, 2009

Mr. Eric Godfrey  
Vice Provost for Student Life  
University of Washington  
Schmitz 476  
Seattle, Washington 98195

Dear Mr. Godfrey

On May 22, 2009, the Services & Activities Fee Committee met to review and ultimately approve recommendations regarding the renovation and expansion of Hall Health Primary Care Center (HHPCC), the Ethnic Cultural Center (ECC), and the Husky Union Building (HUB). This recommendation represents nearly four years and countless hours of extensive and excellent work by faculty, staff, and most importantly, UW students. The Committee recommends moving forward with these three capital projects by indebting students with a new student fee.

This recommendation finalizes the two year process that SAFC requires for units whose projects would necessitate the SAFC to institute a new long-term fee on students. Two consecutive committees approved of these projects, along with the endorsements from the Associated Students of the University of Washington and the Graduate and Professional Student Senate.

These renovations will open the door to a new era of student life on the Seattle campus, providing an environment that fosters the brightest students and meets the needs of the rapidly changing ways in which they learn.

### *Hall Health Primary Care Center Renovation*

The existing Hall Health Primary Care Center building suffers from many deficiencies that substantially impact the ability to provide modern, quality health care to the student population. The existing Hall Health building was constructed in 1936 for a student population that was a small fraction of the current size, and an addition was completed thirty years ago in 1978. The building is old and outdated, suffering many ailments on top of overall wear and tear including:

ATTACHMENT 1

- Insufficient space to serve students
- Confusing internal circulation
- Significant lack of privacy
- Poor use of space
- Very little flexibility
- Inability to meet 21st century healthcare needs

The remodel would substantially increase the ability to take care of our student population and drastically improve the experience for every student using HHPCC's many services. In addition to fixing the above stated problems, the remodel looks to the future, forecasting the needs of the changing student population and the changing healthcare environment. These include greatly increased ability to provide mental healthcare as well as a greater ability to generate revenue from non-students to subsidize the healthcare costs to students.

The Committee approves of the proposed phasing for the project, and commends the project planners for minimizing the impact on students to the greatest extent. SAFC recommends moving forward with this project.

### *Ethnic Cultural Center Renovation*

The University established the Ethnic Cultural Center in 1968 to increase minority enrollment and ethnic and cultural awareness. The ECC has and continues to foster some of the most vibrant and passionate communities on campus, enabling countless students to find a home and a calling within a large urban campus. These communities grew exponentially in the forty years since, and current student demand far exceeds capacity; currently, over 60 Registered Student Organizations seek space within the building. The new building would increase the size of the building to about 25,000 GSF, more than doubling the current size of 10,000 GSF. This new space will provide:

- Increased space for Registered Student Organizations
- New work spaces for student activities
- Additional meeting rooms
- Improved communal and lounge spaces

The greatly needed renovation would demonstrate the university's commitment to diversity and its power to increase the quality of education and to enrich campus culture. The Committee found the level of student involvement in the ECC project extraordinary: students initiated and drove the project every single step of the way. The ECC grew from a student-led effort, and the new construction is the same, "of the students, for the students, and by the students." The Committee recommends moving forward on the project.

## *Husky Union Building Renovation*

The Husky Union Building is the heart of our campus, the place where students gather, learn, lead,, develop a sense of community, and create lasting friendships and experiences. It is the busiest building on campus, with over 4,000 programs and events and approximately 800,000 visitors each quarter. The HUB is 60 years old, first opened in 1949 with renovations in 1952, 1963, and 1975, ,and the age shows. The building suffers from many ailments including decentralization of programs and services, very poor circulation and wayfinding, and a general inability to provide a welcoming, open space for students to gather and build community. The number of activities outgrew the building as well; there are now over 700 Registered Student Organizations and there is currently a one-year waiting list to book a venue for large-scale student events. More importantly, the building is deficient in functional ways, providing insufficient safety for our student population. The building suffers from:

- Inadequate ventilation
- Extensive asbestos problems
- Insufficient accessibility (not up to ADA)
- Aging mechanical, and electrical systems
- Damaged seismic systems due to Nisqually earthquake

The renovation would solve these problems with a modern, attractive, and environmentally friendly building that students can be proud of. This project will create and enhance spaces, programs, and service to foster community engagement. Some features of the new HUB will be: enhanced multi-purpose areas for programs, events, and gatherings; improved meeting and board rooms for student governments and organizations; an improved location and better visibility for the Student Resource Center; better visual and programmatic connection the HUB lawn; lounges that enhance opportunities for collaborative interactions; and improved ballroom and event spaces. Additionally, the building would be an open and welcoming space, a space that students could gather and feel at home in between classes or during their long hours of studying.

Like the ECC, students initiated this project and were instrumental from the very beginning in all of the processes leading to this moment, with extensive student input from many organizations on all parts of campus. The Committee feels that this involvement and the diligence of reducing the cost to students produced a renovation that is well worth the price for a building that must be fixed. The Committee recommends moving forward with this project.

## *Committee Recommendation*

The Committee recommends moving forward with the renovation of Hall Health Primary Care Center, the Ethnic Cultural Center, and the Husky Union Building. This should be paid for with the remaining balance of the Golf Driving Range bond and a thirty year bond to pay for the remaining balance of the three capital projects. Students would

repay this bond under a new quarterly fee that may not exceed \$95 per student per quarter. The Committee recommends instituting this fee in phases based on the approximate date of completion for each project (i.e., autumn 2011 for ECC and Hall Health, and autumn 2012 for the HUB).

### *Lost Operational Revenue*

During the phased construction, both HHPCC and Housing and Food Services (HFS) will realize losses from closed operations. HHPCC will minimize their non-student services to mitigate losses to student healthcare, with a loss estimated at \$1 million, and HFS' food operations in the HUB will be closed, with a loss estimated at \$2.6 million. In order to cover this \$3.6 million in losses, the Committee voted to allocate 75% of the IMA bond fee repayment fund for an allocation of approximately \$1.4 million. Up to \$2.2 million of the remaining losses may be covered with the SAFC general fund as the losses are realized. Any funds needed above this amount must be approved by SAFC.

The Committee reviewed many alternatives for funding this lost operational revenue. This recommendation represents the most fiscally responsible approach and minimizes the impact on existing and future students.

### *Closing Comments*

The Committee believes that if the Regents adopt these recommendations, the renovated HHPCC, HUB, and the ECC will enrich the campus culture and community. SAFC has strong faith in the leadership of these projects, both in the student leaders and the professionals involved. This vision of a new Seattle campus will allow UW student life to meet the needs of the 21st century student with modern health care, cultural enrichment, and vibrant places to learn and grow.

Sincerely,

Matt York  
2008 - 2009 Chair  
Services & Activities Fee Committee

**Student Facilities Fees - Revenue & Expense Summary, FY2008-FY2018 (\$000)**

	<u>FY2008</u> Actual	<u>FY2009</u> Forecast	<u>FY2010</u> Forecast	<u>FY2011</u> Forecast	<u>FY2012</u> Forecast	<u>FY2013</u> Forecast	<u>FY2014</u> Forecast	<u>FY2015</u> Forecast	<u>FY2016</u> Forecast	<u>FY2017</u> Forecast	<u>FY2018</u> Forecast
<b><u>REVENUES</u></b>											
Student Facilities Fees	11,187	11,783	12,411	13,073	13,770	14,504	15,277	16,091	16,948	17,852	18,803
Fee for Series 2000 Bonds (IMA)	3,917	4,000	4,084	4,171	4,259	4,348	4,440	4,534	4,630	4,727	4,827
Interest and Other Revenue	301	172	194	223	261	311	386	471	569	679	803
Total Revenue, Current	15,405	15,955	16,689	17,466	18,289	19,163	20,102	21,096	22,147	23,258	24,434
<b>New Student Fee - HUB</b>	-	-	-	-	-	7,997	7,997	7,997	7,997	7,997	7,997
<b>New Student Fee - ECC</b>	-	-	-	-	1,151	1,151	1,151	1,151	1,151	1,151	1,151
<b>New Student Fee - Hall Health</b>	-	-	-	-	574	574	574	574	574	574	574
Total Revenue, New Fee	-	-	-	-	1,725	9,722	9,722	9,722	9,722	9,722	9,722
<b>Total Revenue, w/New Fee</b>	<b>15,405</b>	<b>15,955</b>	<b>16,689</b>	<b>17,466</b>	<b>20,014</b>	<b>28,885</b>	<b>29,825</b>	<b>30,818</b>	<b>31,869</b>	<b>32,981</b>	<b>34,156</b>
<b><u>DEBT SERVICE</u></b>											
Total Debt Service, Current	(3,421)	(3,417)	(3,421)	(3,420)	(3,416)	(3,423)	(3,424)	(3,419)	(3,421)	(3,418)	(3,422)
<b>New Debt Service - HUB</b>	-	-	-	-	-	(7,270)	(7,270)	(7,270)	(7,270)	(7,270)	(7,270)
<b>New Debt Service - ECC</b>	-	-	-	-	(1,046)	(1,046)	(1,046)	(1,046)	(1,046)	(1,046)	(1,046)
<b>New Debt Service - Hall Health</b>	-	-	-	-	(522)	(522)	(522)	(522)	(522)	(522)	(522)
Total New Debt Service w/New Projects	-	-	-	-	(1,568)	(8,838)	(8,838)	(8,838)	(8,838)	(8,838)	(8,838)
<b>Total Debt Service, w/New Fee</b>	<b>(3,421)</b>	<b>(3,417)</b>	<b>(3,421)</b>	<b>(3,420)</b>	<b>(4,984)</b>	<b>(12,261)</b>	<b>(12,262)</b>	<b>(12,257)</b>	<b>(12,259)</b>	<b>(12,256)</b>	<b>(12,260)</b>
Times coverage	4.50	4.67	4.88	5.11	4.02	2.36	2.43	2.51	2.60	2.69	2.79
<b>Revenue Available for Programs</b>	<b>11,984</b>	<b>12,538</b>	<b>13,269</b>	<b>14,047</b>	<b>15,030</b>	<b>16,625</b>	<b>17,563</b>	<b>18,561</b>	<b>19,610</b>	<b>20,724</b>	<b>21,896</b>
<b><u>Expenses</u></b>											
<b>Total Expense</b>	<b>11,125</b>	<b>11,458</b>	<b>11,802</b>	<b>12,156</b>	<b>12,521</b>	<b>12,896</b>	<b>13,283</b>	<b>13,682</b>	<b>14,092</b>	<b>14,515</b>	<b>14,951</b>
<b>Beginning Fund Balance</b>	<b>7,639</b>	<b>8,608</b>	<b>9,687</b>	<b>11,154</b>	<b>13,044</b>	<b>15,554</b>	<b>19,282</b>	<b>23,562</b>	<b>28,441</b>	<b>33,959</b>	<b>40,168</b>
<b>Ending Fund Balance</b>	<b>8,608</b>	<b>9,687</b>	<b>11,154</b>	<b>13,044</b>	<b>15,554</b>	<b>19,282</b>	<b>23,562</b>	<b>28,441</b>	<b>33,959</b>	<b>40,168</b>	<b>47,114</b>