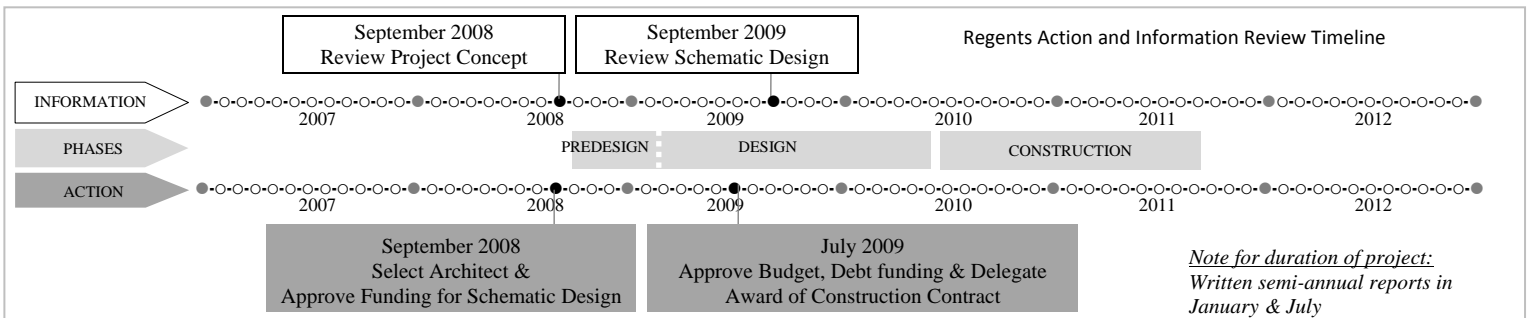


VII. STANDING COMMITTEES

B. Finance, Audit & Facilities Committee

Ethnic Cultural Center Expansion: Adopt Budget, Approve Debt Funding and Delegation of Authority to Award Construction Contract



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 total project budget at \$15,500,000;
2. the use of the Internal Lending Program to fund up to \$16,000,000 for design, construction, furniture, fixtures, equipment, and cost of debt issuance; and
3. delegation of authority to the President or his designee to award a construction contract, subject to the scope, budget, and funding remaining within 10% of the established budget.

BACKGROUND

The Ethnic Cultural Center (ECC) promotes an inclusive and educational environment by providing programs and services which enhance the communication and exchange of multicultural perspectives and values. Students and student organizations collaborate, develop and implement programs while building leadership and organizational skills. The ECC is considered a national model for University based multi-cultural student centers. The existing 10,603 square foot ECC is a single-story light wood frame building located at the southwest corner of NE 40th Street and Brooklyn Avenue NE in west campus. The building is 39 years old and no longer adequately supports the program that began back in 1970.

VII. STANDING COMMITTEES

B. Finance, Audit & Facilities Committee

Ethnic Cultural Center Expansion: Adopt Budget, Approve Debt Funding and Delegation of Authority to Award Construction Contract (continued p. 2)

In May 2007, the Service and Activities Fee Committee (SAFC) co-funded a feasibility study to assess and outline long-range goals related to changing student user needs and lifestyles, aging infrastructure, and code compliance for the ECC. Based on extensive student interviews, focus groups, and numerous open forums, a conceptual/programmatic option was generated. Based upon that study the following goals were identified: preservation of the ECC as a “safe zone” for minority students where ethnically diverse students will feel “at home;” student leadership and involvement are cornerstones of the ECC program; the building must be “of the students, for the students, and by the students” to be truly successful; this facility should enhance and further the image of the UW as a national leader in diversity programs; and eliminate chronic shortages of meeting and office space for student organizations and provide for a reasonable amount of future capacity for long term growth of the program.

In September 2008, the Board of Regents approved funding for the predesign and schematic design phases for the ECC Expansion project. The predesign and schematic design processes confirmed the actual scope, timing, potential phasing, program and space needs, and budget for the project.

During winter and spring quarters of 2009, this project along with the other two student life projects - Husky Union Building (HUB) Renovation and Expansion and Hall Health Primary Care Center Remodel - were presented to the Associated Students of University of Washington (ASUW), Graduate and Professional Student Senate (GPSS), and SAFC to determine whether or not the students would advocate for the issuance of bonds for project construction. With overwhelming support the ASUW and GPSS endorsed the projects and SAFC voted on May 22, 2009 to recommend to the University administration that they issue bonds to pay for the construction for all of the student life projects.

PROJECT DESCRIPTION

This project will demolish the existing 10,603 square foot one-story building and construct a three-story building of approximately 25,000 square feet to address the need for additional conference and meeting rooms, support spaces, library, computer room, performing arts practice room, and administrative space to meet current demand and reasonable future growth. Existing wall murals will be reproduced as part of the building architecture. Site improvements will seek to create landscape open space and landscape buffers to adjacent University facilities and public right of ways.

VII. STANDING COMMITTEES

B. Finance, Audit & Facilities Committee

Ethnic Cultural Center Expansion: Adopt Budget, Approve Debt Funding and Delegation of Authority to Award Construction Contract (continued p. 3)

SCHEDULE:

Architect Selection	September 2008
Predesign	October 2008 - March 2009
Design	March 2009 - April 2010
Bidding / Award	April 2010 - June 2010
Construction	June 2010 - August 2011
Occupancy	September 2011

PROJECT BUDGET AND FUNDING:

The project budget is \$15.5 million and will be funded by a new student fee. On May 22, 2009, the Services and Activities Fee Committee approved a new student fee of up to \$95 per quarter for all three Student Life projects. The new fee for the Ethnic Cultural Center portion is estimated at \$11.00 per quarter and will take effect in the fall quarter of the 2011-2012 academic year (September 2011) when the new building will be opened for use. Together with the HUB and Hall Health projects, the new fee is expected to total \$90 per quarter.

The sources and uses for the project are as follows:

[continued on next page]

VII. STANDING COMMITTEES

B. Finance, Audit & Facilities Committee

Ethnic Cultural Center Expansion: Adopt Budget, Approve Debt Funding and Delegation of Authority to Award Construction Contract (continued p. 4)

Sources of Funds

Internal Lending Program - Student Fees	15,250,000
Existing Bond Proceeds	950,000
Total Sources of Funds	16,200,000

Uses of Funds

Design Costs	1,830,000
Construction Costs	12,258,000
Furniture, Fixtures, Equipment, and Other	1,412,000
Total Design and Construction	15,500,000

Interest Paid during Construction	575,000
Cost of Issuance	125,000
Total Uses of Funds	16,200,000

Sources of Repayment for ILP Loan (30 Years at 5.5%)

Student Fee Debt Service	1,046,000
Average Annual Debt Service Payment	1,046,000

The main financial risk is from not collecting sufficient student fee revenue to repay the ILP loan. Under-collection of fee revenue could come from non-payment and/or a higher number of fee waivers than assumed in the financial analysis. This risk has been mitigated by including a 10 percent coverage amount in the new fee.

Because the fee is a part of tuition, the risk of under-collection from non-payment is very small. Since debt service payments have the first call on fee revenue, any shortfall would be made up from reserves or reductions in programs levels funded by student fee revenue.

PREVIOUS ACTION:

September 2008 - Approved funding for the predesign and schematic design phases. Delegated authority to the President to award a design contract for the Ethnic Cultural Center with the firm of Rolluda Architects, Inc., in association

VII. STANDING COMMITTEES

B. Finance, Audit & Facilities Committee

Ethnic Cultural Center Expansion: Adopt Budget, Approve Debt Funding and Delegation of Authority to Award Construction Contract (continued p. 5)

with Larry McFarland Architects subject to successful negotiation of an architectural agreement.

Attachment

Summary Project Budget

**UNIVERSITY OF WASHINGTON
CAPITAL PROJECTS OFFICE - SUMMARY PROJECT BUDGET
STANDARD PROCUREMENT**

PROJECT: Ethnic Cultural Center

Project Number: 201725

ESTIMATED DATE OF COMPLETION: September 2011

<u>Project Budget</u>	<u>Total Escalated Cost</u>	<u>% of TPC*</u>
Pre-Schematic Design Services	\$ 215,000	1%
A/E Basic Design Services	\$ 561,000	4%
Extra Services	\$ 290,000	2%
Other Services	\$ 554,000	4%
Design Services Contingency	\$ 210,000	1%
Consultant Services	\$ 1,830,000	12%
Construction Cost	\$ 9,830,000	63%
Other Contracts	\$ -	0%
Construction Contingencies	\$ 1,365,000	9%
Sales Tax	\$ 1,063,000	7%
Construction	\$ 12,258,000	79%
Equipment & Furnishings	\$ 349,000	2%
Artwork	\$ -	0%
Other Costs	\$ 363,000	2%
Project Management	\$ 700,000	5%
Other	\$ 1,412,000	9%
Total Project Cost (TPC)*	\$ 15,500,000	100%

Included in Above:

Escalation through December 2011	\$ 821,068	6%
(based on 0% for 2009, 2.5% for 2010, and 3.5% for 2011)		