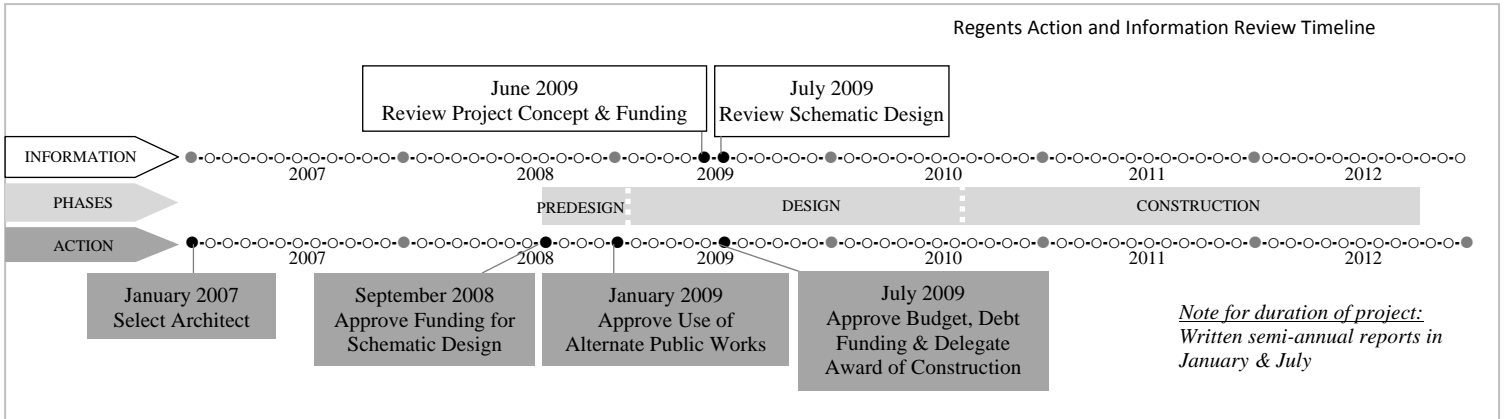


V. REPORT OF THE UNIVERSITY PRESIDENT

Husky Union Building Renovation and Addition – Review Project Concept and Funding



INFORMATION:

The purpose of this presentation is to review the project concept and funding for the Husky Union Building (HUB) Renovation and Expansion project prior to the completion of the schematic design phase. We will return in July 2009 to present the schematic design, request approval of the budget, debt funding and delegation of the construction award.

BACKGROUND:

The mission of the HUB is to serve as the primary campus community center for students, faculty, staff, alumni and guests; provide and support a program of cultural, educational, social, recreational service activities; offer amenities and services for the diverse needs and activities of the campus community; and to create a sense of community. This project seeks to achieve University and HUB goals such as: strengthening campus community by increasing programs and services; encouraging interactions between students, faculty and staff; cultivating engagement between student leaders; fostering tradition and affiliation; and enhancing student involvement.

In 2006-2007, the Services and Activities Fee Committee (SAFC) co-funded with Student Union Activities Facilities (SAUF) a master plan proposal to assess and outline long-range goals related to changing campus needs and lifestyles, aging infrastructure, and code compliance for the HUB. The projects grew out of SAFC discussion over the course of the 2007-08 academic year. Over the summer of 2008, with consultation between University administration and student leaders, it was determined that the scope of the HUB renovation and expansion should be scaled back from the initial proposal of \$188 million to a range of \$140 - \$150 million.

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Husky Union Building Renovation and Addition – Review Project Concept and Funding (continued p. 2)

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

During winter and spring quarters of 2009, this project along with the other two Student Life projects – Hall Health Primary Care Center and Ethnic Cultural Center Expansion – 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 establish a new student fee to pay for all of the Student Life projects.

SCHEDULE:

Architect Selection	January 2007
Master Plan	February 2007 – May 2008
Predesign	September 2008 – February 2009
Design	February 2009 – September 2010
Construction	October 2010- November 2012
Occupancy	January 2013

PROJECT BUDGET AND FUNDING:

The preliminary project budget is \$128.3 million. This is a reduction from the earlier \$140 – \$150 million estimated budget to reflect the current competitive pricing in the construction market and the absence of private contribution opportunities. We anticipated raising \$20 million in private contributions. However, an assessment of the viability of private contributions indicated that it is not feasible in the current economic conditions.

This project will be funded from a new student fee that will be used to pay off a 30-year loan from the University’s Internal Lending Program (ILP). On May 22 SAFC approved a new student fee of up to \$95 per quarter for all three Student Life projects. The new fee for the HUB portion will take effect in the winter quarter of the 2012-2013 academic year.

The ILP loan, including loan and accrued interest costs, is estimated at \$125.7 million. The project will also receive \$369,000 from SAUF, \$2.6 million from student fee reserves, and \$4.6 million from existing bond proceeds. Central

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Husky Union Building Renovation and Addition – Review Project Concept and Funding (continued p. 3)

administration will make debt service payments on \$20 million of project costs over the 30-year loan period.

<u>Sources</u>	<u>\$ Million</u>
SAUF	\$ 0.37
Existing bond proceeds	4.63
SAF reserves	2.60
New student fee	3.25
Interest earnings	0.04
ILP loan (including loan & interest costs)	126.06
Total, Sources	\$ 136.95
 <u>Uses</u>	
Project design & construction cost	\$ 125.74
Revenue mitigation payment to HFS	2.60
ILP loan & interest costs	8.61
Total, Uses	\$ 136.95

PREVIOUS ACTIONS:

January 2007 – Architect Appointment

September 2008 – Funding approved for predesign and schematic design phases

January 2009 – Use of alternative public works utilizing General Contractor / Construction Manager (GC/CM) method for construction approved