

**VII. STANDING COMMITTEES****B. Finance, Audit and Facilities Committee**UW Bothell Student Activities Center Project - Establishing a Student FeeRECOMMENDED 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 Student Activities Center Fee for the UW Bothell campus for the construction of a Student Activities Center. The proposed fee is \$147 per quarter, per student, with part-time students being charged rates proportionate to that of full-time students. The collection of this fee would begin Autumn 2015, when the facility is at substantial completion; contingent upon July 2013 Board of Regents approval of the project budget and financing plan; and
- 2) The establishment of a Student Activities Center Programming Fee of up to \$22 per quarter, per student, with part-time students being charged rates proportionate to that of full-time students. The collection of this fee would begin Autumn 2015, when the facility is at substantial completion; contingent upon July 2013 Board of Regents approval of the project budget and financing plan.

Both actions are contingent upon the Legislature delegating authority to the UW for new or increased fees.

BACKGROUND

Over the past three and a half years, the UW Bothell Student Services and Activities Fee Committee (SAFC) and the Associated Students of the University of Washington Bothell (ASUWB) have supported the development of a Student Activities Center. In the 2010-11 academic year, SAF funding was provided for the preparation of a concept and massing study for the Student Activities Center. This concept study was completed in March 2011 and, based on the findings of this study, the SAFC and ASUWB decided to move forward with next steps in developing the project. In the 2012-13 academic year, SAF funding was provided to complete the confirmation of program, initial schematic design, and cost estimating for the Student Activities Center.

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

#### UW Bothell Student Activities Center Project - Establishing a Student Fee (continued p. 2)

Student support for the Student Activities Center is based on broad campus consultation. ASUWB, SAFC, and the Student Facilities Advisory Committee (an advisory body that includes representatives from both UW Bothell and Cascadia Community College) increased awareness and confirmed student support via surveys, focus groups, posters, raffles, and handouts at student events.

#### PROJECT OVERVIEW

UW Bothell and Cascadia Community College (CCC) are co-located on the Bothell campus. UW Bothell and CCC have confirmed a mutually agreeable partnership for the development of the Student Activities Center through a Memorandum of Agreement (MOA) dated May 23, 2013 (Attachment 1).

The scope of the Student Activities Center provides for a minimum of 35,000 square feet of flexible space. The design will allow for cost effective future expansion.

#### PROJECT BUDGET AND FUNDING

Under the terms of the UW Bothell/CCC MOA, UW Bothell will finance the project through the UW Internal Lending Program (ILP) and project debt will be repaid with student fees assessed to UW Bothell students.

CCC has signed a 30-year commitment to pay UW Bothell a minimum annual payment of \$570,000 supported by a CCC Student Activities Center fee under a facility use arrangement (in accordance with the terms outlined in the MOA). This \$570,000 payment is based on a \$100 per quarter fee on CCC students for CCC use of the new Student Activities Center.

Beginning in FY2016, this CCC payment will be used to reduce the UW Bothell SAF fee by \$47 so that the net Student Activities Center Fee for both institutions would be \$100 per quarter, per student. In the unlikely event that CCC should default on this payment, UW Bothell students reserve the ability to reinstate the \$47 per quarter per student fee amount.

#### Project Funding Sources and Use of Funds:

ILP Loan (Project construction)	\$18,000,000
ILP Loan (ILP interest and issuance, est.)	\$850,000
UWB SAF Long-Term Funds (Furnishings and Equip)	\$560,000
CCC Funding Contribution (Furnishings and Equip)	\$290,000
<hr/> Total, Project Funding	<hr/> \$19,700,000

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

#### UW Bothell Student Activities Center Project - Establishing a Student Fee (continued p. 3)

CCC will begin payments to UW Bothell students in Autumn 2015, when the facility is at substantial completion.

#### REVIEWS AND APPROVALS

In response to ASUWB's funding request, the UW Bothell SAFC has approved the continued development and construction of the Student Activities Center project. To fund this project, SAFC recommended the following:

- 1) Establishment of a Student Activities Center Fee of \$147 per quarter beginning Autumn 2015, at the time of substantial completion
- 2) Establishment of a Student Activities Center Programming Fee of up to \$22 per quarter beginning Autumn 2015 (recognizing the new facility will provide significant new opportunities to expand student activities, and acknowledging broad student support for new programming and activities)
- 3) Offsetting the UW Bothell SAF fees by applying the \$570,000 annual payment from CCC to UW Bothell SAF fees, reducing the UWB SAF fee by \$47 per quarter, per student.

UW Bothell Chancellor, Kenyon Chan, has reviewed and concurs with these recommendations (Attachment 3).

UW Treasury Office is currently performing due diligence on the ILP loan.

#### BOARD OF REGENTS' ACTIONS

In July 2013, the Board will be asked to approve the financing plan (including the ILP loan), adopt the project budget, approve the use of the General Contractor/Construction Manager (GC/CM) Alternative Public Works contracting method, and delegate authority to award the GC/CM contract.

#### *Attachments*

1. Memorandum of Agreement between University of Washington Bothell and Cascadia Community College for the Student Activities Center , dated May 23, 2013
2. UW Bothell SAFC Recommendation Letter to Chancellor Chan, dated April 29, 2013
3. Chancellor Chan Memo, dated May 20, 2013

# **MEMORANDUM OF AGREEMENT**

between

**UNIVERSITY OF WASHINGTON BOTHELL**

and

**CASCADIA COMMUNITY COLLEGE**

for the

**STUDENT ACTIVITIES CENTER**

DATED May 23, 2013

## **RECITALS**

WHEREAS, the University of Washington Bothell (UWB) and Cascadia Community College (CCC) pursuant to the Interlocal Cooperation Act, chapter 39.34 RCW, agree to proceed with the Project funding and construction of a Student Activities Center (SAC) located on land held by UWB and CCC as joint tenants in common of the UWB/CCC campus according to the terms set forth herein; and,

WHEREAS, the UWB and CCC have developed a mutually agreeable plan for the construction of the SAC whereby UWB will finance the Project through the University of Washington's internal lending program based on a thirty-year loan supported by UWB student fees combined with a thirty-year guaranteed annual payment from CCC.

## **AGREEMENT**

NOW, THEREFORE, it is hereby agreed by and between UWB and CCC that the following terms shall apply with regard to the Project scope and budget, financing, schedule, facility use and operations:

## SECTION 1 – PROJECT SCOPE AND BUDGET

- 1.1 The Student Facilities Advisory Committee (SFAC) shall serve as the Project Building Committee and shall include student government, student life, and staff representatives of UWB, CCC, UW Capital Projects Office, the design team (project architect, technical sub-consultants). SFAC will be advisory to the Chancellor of UW Bothell and the President of CCC. SFAC's Project Building Committee responsibilities will be outlined in a charter to be confirmed by the UWB Chancellor and the CCC President. The term of SFAC's Project Building Committee responsibilities will extend through substantial completion of the SAC.
- 1.2 The scope of the SAC will provide a minimum of approximately 35,000 gross square feet of flexible space for current and future student use in a manner that effectively engages the existing North Creek Events Center (NCEC), provides for direct access at the NCEC level as well as direct access to Campus Way, and provides for lower level access to the recently opened sports and recreation facilities.
- 1.3 The SAC design will allow for cost effective future expansion.
- 1.4 The total project cost budget for the SAC is set at \$18 million excluding financing costs and operations.
- 1.5 UW Bothell will coordinate with UW Treasury, UW Capital Projects, and CCC to establish appropriate account(s) for the proper management of funds.
- 1.6 The Project is subject to approval by the Board of Regents of the University of Washington.
- 1.7 The capital project is not subject to approval by any governing authority of CCC.

## SECTION 2 – PROJECT FINANCING

- 2.1 UWB will finance the Project through the University of Washington internal lending program. Project debt will be serviced as set forth below.
- 2.2 UWB will pay project debt. The source of funds for payment of project debt shall be entirely by fees assessed to UWB students.

- 2.3 The UWB Services and Activities Fee Committee is recommending approval of a new student fee of \$147 per quarter per UW student (based on 3 quarters per academic year). This fee recommendation is subject to approval by the Board of Regents of the University of Washington.
- 2.4 CCC agrees to pay UWB a minimum annual payment based on revenues generated by the collection of a student fee of \$100 per quarter per CCC student FTE (based on 3 quarters per academic year), provided that the minimum annual payment shall be \$570,000 (“CCC Payment”). CCC Payment is guaranteed even in the event of an enrollment decline up to 30%. Should CCC enrollments decline more than 30% from current levels CCC cannot use state funds to pay for this student facility and would likely default on this agreement.
- 2.5 In the event of the failure by CCC to meet its minimum annual payment obligations to UWB for any reason, CCC will be considered to be in default of this agreement and the SAC facility will come under the exclusive control of UWB.
- 2.6 Upon substantial completion of the SAC, which is scheduled for FY 2016, CCC will begin assessing its SAC student fee on CCC students. All revenues from the CCC SAC fee will be transferred to UWB within two weeks of the end of the quarter within which they are collected. UWB shall deposit \$570,000 of the CCC SAC fee revenues to the UWB Student Activities Fee Account annually. Assuming the project proceeds on schedule, beginning in FY 2016 the CCC annual payment of this \$570,000 will be deposited as revenue to the UWB Student Activities Fee Account and UWB students will request a reduction in their SAF Fee of \$47 per quarter per student, resulting in a net SAC fee for UWB students of \$100 per student per quarter.
- 2.7 CCC’s Board of Trustees approved the \$100 per quarter per student FTE fee for CCC students in November 2011. CCC’s Board is scheduled to approve an updated action item reflecting the current financing plan and the CCC Payment at their June 19, 2013 meeting.
- 2.8 The new student fees for both UWB and CCC students are set at a level that will cover debt service for project construction, cost of the loan issuance, and operations and maintenance of the facility.
- 2.9 Cost of furniture and equipment for the facility is estimated at approximately \$850,000 (“F&E Cost”), and is outside of the debt-funded project cost. The F&E Cost will be funded two-thirds from UWB long-term funds and one-third from CCC student long-

term funds prior to facility opening. Both institutions are planning for the F&E expenditure and agree to share responsibility for payment as indicated in this section.

- 2.10 The Associated Students of the University of Washington Bothell (ASUWB) provided an initial \$300,000 from student long-term funds for preliminary design of the SAC. This initial \$300,000 will be included in the total project cost to be financed, and upon issuance of the bonds for the project, \$300,000 will be returned to the ASUWB long-term fund.
- 2.11 Associated Students of Cascadia Community College (ASCCC) has also provided initial funding for preliminary design in the amount of \$161,445. This initial funding will also be included in the total project cost to be financed, and upon issuance of the bonds for the project, \$161,445 will be returned to the ASCCC long-term fund.
- 2.12 UWB and CCC will appoint a new SAC Advisory Committee made up of the Vice Chancellor for Administration and Planning for UWB, the Vice President for Administrative Services for CCC, the UWB Services and Activities Fee Committee Chair, three additional student representatives appointed by ASUWB, the CCC Services and Activity Fee Committee Chair, two additional student representatives appointed by CSG, and student life staff representatives from each institution. The SAC Advisory Committee will be charged with considering financial, operational, and other matters related to the SAC, and will be advisory to the Chancellor of UWB and the President of CCC. The SAC Advisory Committee membership and responsibilities will be confirmed and chartered by the UWB Chancellor and the CCC President.
- 2.13 Both UWB and CCC are growing institutions and it is anticipated that SAC fee collections at both institutions will exceed the requirements of the debt service and the CCC Payment. The SAC Advisory Committee will review financial statements regarding the SAC fee collections to ensure all obligations are being met, and will report semi-annually to the UWB Chancellor and the CCC President.
- 2.14 The SAC Advisory Committee will make recommendations to the UWB Chancellor and the CCC President for distribution of excess revenues. Such revenues may be used to accelerate retirement of project debt, equipment/capital renewal, programming and facility enhancement, creation of a Phase 2 reserve fund, or other purposes as deemed appropriate.

## SECTION 3 – FACILITY USE AND OPERATIONS

- 3.1 The SAC will be built for the enjoyment and benefit of students from both institutions, and common areas within the SAC shall be accessible to students from both institutions without restriction. Common areas are defined as all areas excepting rooms dedicated for the use of ASUWB and ASCCC and their respective student activities, organizations, and Student Life staff. These areas will be confirmed in greater specificity upon completion of project design.
- 3.2 Common areas in the SAC shall also be accessible to UWB and CCC faculty and staff without restriction; students shall, however, have priority rights to use of such common areas.
- 3.3 Dedicated spaces in the SAC shall be apportioned approximately two-thirds to UWB and one-third to CCC, corresponding to the relative financial contribution of the respective student bodies to the project construction funding. Dedicated spaces are defined as spaces that are dedicated to the use of ASUWB and ASCCC and their respective student activities organizations and Student Life staffs.
- 3.4 Specific operating and management procedures and policies will be developed by the SAC Advisory Committee for approval by the UWB Chancellor, CCC President, and the student government presidents from both institutions prior to the opening of the SAC.
- 3.5 Funding for basic facility operations and maintenance is included in the current project financial proposal and student fee proposal. UWB and CCC students are developing student activity programming proposals, Student Life staffing proposals, and other student activities funding proposals for further consideration and funding decisions.

## SECTION 4 – DISPUTE RESOLUTION

- 4.1 Any dispute arising under this Agreement shall be resolved by the mutual agreement of the UWB Chancellor and CCC President in accordance with the terms of the Agreement and after consideration of the recommendation of the SFAC.



SECTION 5 – AMENDMENTS TO THE AGREEMENT

5.1 Any amendment of this Agreement must be in writing signed by the UWB Chancellor and CCC President.

SECTION 6 – TERM OF THE AGREEMENT

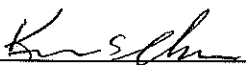
6.1 The term of this Agreement will extend for the duration of the Project loan. UWB and CCC will develop a new Memorandum of Agreement regarding on-going financial and operational partnership aspects of the SAC prior to the retirement of the Project debt, whether this occurs at the end of thirty years, or earlier if the debt retirement is accelerated.

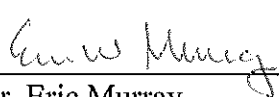
6.2 This Agreement shall be effective from the date of the last signature appearing below.

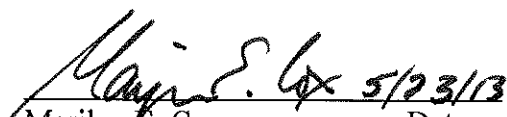
**Approved:**


University of Washington Bothell

Cascadia Community College


  
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Dr. Kenyon Chan                      Date  
Chancellor                              May 23, 2013

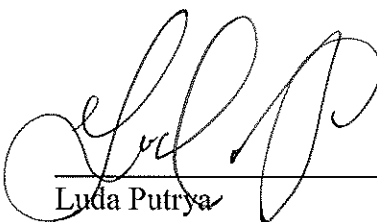
  
\_\_\_\_\_  
Dr. Eric Murray                      Date  
President                                 5/23/2013

  
\_\_\_\_\_  
Marilyn E. Cox                      Date  
Vice Chancellor, Administration & Planning                      5/23/13

  
\_\_\_\_\_  
Terence Hsiao                      Date  
Vice President, Administrative Services                      5/23/13

**Concur:**

  
\_\_\_\_\_  
Kevin King                      Date  
President, ASUWB                      5/24/13

  
\_\_\_\_\_  
Luda Putrya                      Date  
President, CCC Student Government                      5/23/13

# **W** UNIVERSITY of WASHINGTON | BOTHELL

April 29, 2013

Dear Chancellor Chan,

On behalf of the 2012-13 Services and Activities Fee Committee, I am pleased to submit our 2013-14 annual budget and corollary stipulations for your consideration. A total of 29 proposals were received from members of the campus community. These requests totaled \$2,463,677, approximately \$983,627 more than we had available to allocate.

The committee based its budget on revised net revenue of \$1,480,050 computed as follows:

Recommended Distribution of Fees for 2013-14		
3900 FTE assumed	\$	1,521,000
Estimated Summer 2013 Revenue	\$	123,500
Net Revenue	\$	1,644,500
Less Mandated Loan Fund/Financial Aid (5%)		(82,225)
<b>Revised Net Revenue</b>	<b>\$</b>	<b>1,562,275</b>

The SAF committee is recommending the SAF fee to remain at \$130.00. Prior to allocating any awards, the committee first established a contingency fund of 5% of the available revenue (\$82,225) for next year's group to allot for new student-initiated projects and activities. Baring the 5% contingency, we had \$1,480,050 to allocate among 11 annual operating requests.

In addition, we are asking for spending authority on excess fees collected in the 2013-14 academic year to be moved into the contingency budget. We also recommend allocating \$120,824 from our long term reserve to fund the relocation and associated costs to move the fitness from its current location to Husky Hall.

The general criteria used to evaluate each funding request included:

- the degree to which the request supports a UWB student program or activity or provides a direct service that is of general interest and has broad appeal to currently enrolled UWB students;
- how well the proposed program, activity, or service is conceived and organized and, if previously funded, its track record for success;
- the likelihood of partial or full funding from another source or the probability that alternative funding (full or partial) is available from another source; and

- the number and diversity of currently enrolled UWB students likely to benefit from the program, activity, or service in proportion to the level of proposed funding.

An open forum was held on April 26, providing members of the campus community an opportunity to comment on or appeal any of our proposed allocations, budget stipulations, or amendments to the committee's operating guidelines. The budget was approved on April 28th.

While students have supported a new fee of up to \$167 per student per quarter, the financial analyses for the project loan have confirmed that a fee of \$147 (otherwise known as the Student Activities Center Fee) per student per quarter will be required to fully fund the project. UW Bothell students have also partnered with Cascadia Community College (CCC) students and CCC has signed a thirty-year commitment to provide \$570,000 per year to UW Bothell students in accordance with the terms outlined in the attached Memorandum of Understanding between the two institutions.

CCC will begin payments to UW Bothell students in FY 2016, at the time of SAC substantial completion. At that time, it is the recommendation of the Services and Activities Fee Committee that the CCC \$570,000 be used to replace UWB SAF fee collections, and that the UWB SAF fee be reduced by \$47 per student per quarter. This adjustment ensures that in the long-term the net amount paid for the building project by any student, whether enrolled at UWB or CCC, is \$100 per student per quarter.

Recognizing that the new facility will provide significant new opportunities to expand student activities, and acknowledging the students' broad support for new programming and activities, the committee further recommends that a specific SAC programming fee of up to \$22 (otherwise known as the Student Activities Center Programming fee) per quarter per student be considered in FY 2016 in addition to the normal SAF fee annual budget process.

Please feel free to contact me for further information or if clarification is needed. Thank you for your support of our recommendations and efforts. It has been a pleasure to serve on the committee.

Sincerely,

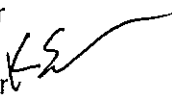


James Anderson, Chairperson  
2012-13 SAF Committee  
jamesa7@uw.edu



May 20, 2013

TO: James Anderson, SAF Chair

From: Kenyon S. Chan, Chancellor 

Thank you for the SAF 2013 recommendations. I concur with your recommendations and look forward to presenting them to the Board of Regents on June 13, 2013.

Please send my thanks to the committee members for a job well done.

attachments