

Lake Region State College, SBHE Meeting June 14, 2012

LRSC requests authorization to seek Budget Section authorization for change in project scope per NDCC 48-01.2-25; and, further, subject to Budget Section approval, request SBHE authorization to proceed with the Wind Turbine project at a cost of \$7,181,216, to be funded through energy performance contract, with initial \$2,609,920 general fund investment.

Project Description

LRSC will purchase and install a wind turbine to be utilized for its Wind Energy Technician Training Program, which was authorized by the SBHE in March 2009. The turbine will be a commercial 1.6MW turbine that will be utilized to train technicians and provide power for the campus. LRSC will replace one of its gas boilers with an electric boiler to utilize more of the electricity produced by the wind turbine and enhance the energy cost savings. The original plan was to locate the turbine on campus property, but in 2009 the Devils Lake Regional Airport extended their secondary runway. As a result, the FAA would not grant permission to locate the turbine on campus property for safety reasons. LRSC located a potential site on private land approximately 3.2 miles northwest of the campus and the landowner has agreed to a lease/easement for LRSC to install the turbine. LRSC received approval on the new site from ND PSC on 3/6/12 and from the FAA on 4/27/12. LRSC has been working unsuccessfully with manufacturers for three years to purchase a wind turbine. LRSC, working with EAPC Engineering, now has a manufacturer willing to sell a single turbine. In addition to the installation of the wind turbine, LRSC will have the opportunity to improve the campus heating plant infrastructure by replacing a boiler which has reached the end of its useful life with a hot water boiler and improve the plant reliability with equipment to allow redundancy in case of a heating plant emergency. The original plan presented to the legislature anticipated replacing all boilers; however, current planning suggests that repayment will not cash-flow over the 15 year energy performance contract terms.

The project, as presented to the legislature in 2009, anticipated the cost of the project at \$6,132,000. Since that time, LRSC incurred additional inflationary costs due to the delays in the project and costs associated with relocation of the wind turbine. These added costs total \$1,049,216 and have reduced the overall amount available for the project as originally anticipated. The cost differences between 2009 and 2012 are detailed below.

Costs in 2009		Costs in 2012	
\$3,341,000	Turbine/Turbine Electrical	\$2,254,000	Turbine
\$1,021,800	Misc/Construction	\$1,100,000	Turbine Electrical
\$4,362,800	Turbine Subtotal	\$1,050,000	Turbine Civil (Road, Foundation, Tower)
		\$33,000	Primary Loop Procurement
		\$200,800	Technical Tools
		\$191,615	Contingency
		\$1,334,968	Misc (Lab Safety Equipment, Model, Engineering, Construction Mgmt, Commissioning)
		\$6,164,383	- New Wind Turbine - Metering at Campus
\$274,000	Electric Blr/Gas Boiler	\$218,440	Replace Single Gas Fired Boiler - North Boiler
\$900,000	Maintenance Building	\$572,543	Central Pumping Station Upgrade
\$66,000	Pumps/Piping	\$187,412	Engineering, Project Development, Commissioning and Bond
\$409,200	Electrical Equip	\$38,438	Misc (Baseline Development, Annual M&V)
\$120,000	Transformer Panels	\$1,016,833	Infrastructure Improvements
\$1,769,200	Infrastructure Improvements		
\$6,132,000	Total Project	\$7,181,216	Total Project
		\$12,500	Legal Fees
		\$920	Preplanning/testing
		\$296,329	Payoff current Performance contract
(2,609,920)	ND Appropriation	(2,609,000)	ND Appropriation
\$3,522,080	Performance Contract Financing	\$4,881,045	Performance Contract Financing

Consistency with Campus Facility Master Plan and Budget

The Wind Turbine project was the #1 project in LRSC's Campus Facility Master Plan in 2007 and 2009 Legislative Sessions. It directly impacts LRSC's mission to meet the labor market needs of ND. Lake Region State College (LRSC) has a premier technical training program for wind turbine maintenance. The current agreement to shut down turbines owned and operated for profit by private corporations for classroom instruction continues to be problematic.

SBHE and/or Legislative History

The 60th Legislative Session approved the project in 2007 with a \$3,007,600 special fund authority. The \$3,007,600 special fund authority was replaced in the 09-11 biennium with a \$2,609,920 appropriation. The 61st Session appropriated the \$2,609,920 in two different ways:

- 1) State appropriation
- 2) Federal Stimulus Funds (special fund authority)

LRSC was instructed to apply for Federal Stimulus Grant funding and, if successful, any dollar of federal funds received would decrease the State Appropriation by one dollar. LRSC was not successful with its federal grant applications.

For the 11-13 biennium, the 62nd Session removed the Federal Stimulus Funds requirement and allowed the \$2,609,920 State Appropriation to carry over from the 61st Session.

Estimated Total Purchased or Donated Costs

	Amount
Planning, Permits and Insurance (design costs associated with current project, OMB preplanning revolving funds, architect and engineer fees, permits, insurance)	\$360,000
Land/Building Preparation and Purchase or Donated Costs (land acquisition and site preparation/development)	\$200,000
Demolition and Disposal	\$75,000
Construction (foundation and building construction or renovation, including fixed equipment, landscape, infrastructure and utilities, mechanical and electrical, parking and driveways or roadways)	\$6,196,216
Institutional work (value of work completed by institutional trade staff)	\$
Contingency	\$250,000
Hazardous Material Abatement	\$
Other, including 3rd party costs (please describe)	\$100,000
SUBTOTAL (if total exceeds \$250,000, requires SBHE approval)	\$7,181,216
Furniture, Fixture and Equipment (FF&E)	\$
TOTAL	\$7,181,216

No other work, other than that specified within this request, is required for the completion of the project not is other work planned to supplement this project using funding or authority not included within this request.

Future Operating/Improvement Costs and Funding Sources

Operating and maintenance costs are included in the Energy Services Agreement and will be funded by utility savings.

Source and Availability of Funds (including FF&E)

The legislature appropriated \$2,602,920 for the project. The balance of the project will be funded through an Energy Services Agreement over a 15 year repayment period.

Estimated Project Timeline and Completion Date

Project to begin on June 25, 2012 and be completed by June 30, 2013.

NORTH DAKOTA STATE UNIVERSITY - May 16, 2012

Authority to increase the project authorization and scope of the **Gate City Bank Auditorium (former Stevens Hall Auditorium)** project from \$380,000 to \$450,000, to be funded \$410,000 from private donations and \$40,000 from 11-13 extraordinary repair funds; seek legislative Budget Section approval per NDCC15-10-12.1; and proceed with project contingent on Budget Section approval.

Background Information

During fall 2010, NDSU was contacted by the NDSU Development Foundation regarding a list of fund raising "project ideas" that they hoped to propose to potential donors. The projects consisted of a variety of unrelated and fairly modest classroom renovations throughout the campus. There was no immediate sense from the Foundation that donors would be found to match up with the projects, but they wanted to have the list available. The Chancellor was consulted and agreed that the Foundation could move forward with their search for donors. In April 2011, a donor was found to fund one of the projects – Stevens Hall Auditorium.

Steven's Hall houses Biological Sciences, Botany, Cellular and Molecular Biology, Environmental and Conservation Science, Geosciences, Pre-Health Programs, Zoology, and the College of Science and Mathematics (Deans Office). The building was originally constructed in 1966 for academic needs and contains a large auditorium that is used extensively for larger lecture type of classes on campus. The facility seats 468 people but was very outdated and in need of renovation. NDSU requested and received authorization from the SBHE in May 2011 to proceed with the renovation of Stevens Hall Auditorium in the amount of \$380,000 to be funded from private donations (\$340,000) and 11-13 extraordinary repair funds (\$40,000) and to rename the auditorium to Gate City Bank Auditorium.

Project Description

The project consisted of base renovations to the auditorium including new seating, upgrades to renovation and finishes to meet the needs of the donor, and technology equipment to include projectors, screens and other technology. The project was bid within the original \$380,000 budget but after reviewing the plans and visiting the project site, Gate City Bank (GCB) decided that the front entry/vestibule and bathrooms also needed to be updated to match the auditorium. Therefore, the donor has offered to gift up to \$70,000 in additional funds to make this renovation scope change happen.

Consistency with Campus Facility Master Plan and Budget

This specific auditorium was not listed in the Master Plan but is consistent with the needs and mission of the campus as it is one of the largest classroom auditoriums on campus and is used extensively on a daily basis.

SBHE and/or Legislative History

May 9, 2011 - SBHE authorization of the \$380,000 renovation project, \$340,000 private funds and \$40,000 11-13 extraordinary repair funds

May 9, 2011 - SBHE authorization to rename Stevens Hall Auditorium to Gate City Bank Auditorium

Estimated Total Purchased or Donated Costs

The following costs are included within the \$450,000 request:

	Initial Request: May 2011	Current Request: May 2012
Planning, Permits and Insurance (design and preplanning costs, architect and engineer fees, permits, insurance, commissioning)	\$ 18,000	\$ 27,000
Land/Building Preparation and Purchase or Donated Costs (site survey and soil testing)	\$	\$
Demolition and Disposal	\$	\$
Construction (foundation and building construction, infrastructure and utilities, mechanical and electrical)	\$ 156,000	\$ 200,800
Furniture and Equipment (fixed or movable appliances, furniture and equipment)	\$ 186,000	\$ 182,000
Other third party costs	\$	\$
Institutional work (value of work completed by institution staff and billed to the project)	\$ 5,000	\$ 5,000
Contingency	\$ 15,000	\$ 30,000
Hazardous Material Abatement	\$	\$ 5,200
Other (please describe)	\$	\$
TOTAL	\$ 380,000	\$ 450,000

Future Operating/Improvement Costs and Funding Sources

N/A

Source and Availability of Funds

Private donor	\$ 410,000
2011-13 extraordinary repairs	\$40,000

Estimated Project Timeline and Completion Date

The intent is substantially complete this project by September 2012.

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Williston State College, May 16, 2011

Request approval of a change in project scope in Phase II of WSC Workforce Training Center project; and authorization to seek necessary Budget Section approval for change in Phase II project scope per NDCC 48-01.2-25; and, further, subject to Budget Section approval, request SBHE authorization to proceed with Phase II of the project. Also, request approval of a change in project amount and scope in Phase III of WSC Workforce Training Center project; and, authorization to seek necessary Budget Section approval for change in Phase III project scope per NDCC 48-01.2-25, and increased spending authority of \$2,828,267 in private, gift, and grant funds per NDCC 15-10-12.1, increasing total Phase II and III authorized project cost from \$3,910,000 to \$6,738,267.

Project Description

The project as approved by the SBHE and Budget Section in June 2011 consisted of: 1.) add two high bays and a classroom to the current Petroleum Safety and Technology Center for the Well Control program at an estimated cost of \$625,000 (4,500 square feet addition). This will allow WSC to move the well control simulator into a classroom. The remodeled space in FY11 (Phase I—see below) will now house the Lease Operator Program. This new training program is vital to the industry. All of the wells that are drilled have to be maintained for their lifetime. 2.) new construction of a building (15,600 square feet) will be added to the site. The new building will have 7 classrooms, 10 offices, and a reception area, housing the TrainND division. The estimated building cost is \$2,575,000. Other costs for parking lot, sub grade prep, asphalt, fees and contingency is \$700,000.

During FY11, WSC completed Phase I, remodeling a high bay at the Petroleum Safety and Technology Center at a cost of \$77,687, paid from WF training revenues. This project was not part of the original total \$3.9 million authorized project. This will temporarily house the \$290,000 Well Control Simulator (DOL Grant). This is an imperative training program to the industry as every supervisor on a drilling rig and workover rig has to be certified every two years.

WSC will be proceeding with Phase II of the project which was originally to include adding two high bays and a classroom to the Petroleum Safety and Technology Center at an estimated cost of \$625,000. Since that time, it has been determined that additional high bay space is not the highest priority need, instead classroom space and associated office space is needed to meet the rapidly increasing WF training demands from business and industry. Thus, Phase II will not include the high bays as originally planned. This change in project scope requires SBHE and legislative Budget Section authorization. Additionally, due to increasing construction costs in the Williston region, actual bid costs for Phase II are \$738,267, including parking area repairs. An increase in spending authorization is not required since Phase II still fits within the amount and sources authorized for the overall \$3.9 million project. This phase will be funded with \$500,000 in 11-13 state general fund appropriation, and the balance from currently available WF training revenues.

Phase III is construction of a new building to be located adjacent to the Petroleum Safety and Technology Center (East Industrial Park). The building includes classrooms, offices, conference room, and a reception area. The total square footage is 36,400. This will allow students easy access to the \$2 million in donated equipment for hands-on training. Currently, the TrainND division is located in the Crighton Building. The amount of square footage we currently have is 10,074. This project will allow the majority of the space vacated by TrainND to be returned to the Diesel Program, for program expansion. In addition, last year the diesel program turned over one of their classrooms to TrainND. Other long-term plans may be developed for the Crighton Building, with private industry financial support of renovation.

WSC Foundation purchased nine acres of land to develop this hands-on program. The TrainND Division at Williston State College leased the property from the Foundation. Companies have donated necessary equipment to develop the site. Over \$2 million dollars in equipment and services has been donated to this project. The building will be located at the Petroleum Safety and Technology Center (East Industrial Park), adjacent to the two million dollars in equipment donated by the industry. This will allow hands-on training opportunities for participants in training programs. The large equipment was moved in the fall of 2011. Those services were completed by Mitchells Oilfield Services.

If sufficient funds are not available for the entire \$6 million Phase III project, following consultation with the WSC Workforce Training Advisory Council, it would likely be scaled back to fit within the current authorization and resources available, with the construction of the classrooms a high priority. WSC will return to the SBHE for authority to proceed with Phase III of the project when more detailed information is available.

With regard to the potential private funds, WSC may pursue the possibility of a public/private partnership wherein the private sector would be encouraged to consider construction of a facility that could be shared between WSC and private business and industry to meet training and other needs. This may necessitate a lease/rental arrangement, which would be paid from private and/or workforce training revenues.

Consistency with Campus Master Plan and Budget

This project is part of the mission of Williston State College “to provide training for North Dakota business and industry to enhance their ability to compete globally. The Crighton building is filled to capacity on a regular basis, inhibiting the ability to provide quality training and develop/deliver new training programs as requested by the oil industry.

SBHE and/or Legislative History

- The 2007 Legislative Assembly appropriated \$700,000 from the permanent oil tax trust fund a service rig program facility, i.e. Petroleum Safety and Technology Center. The Petroleum Safety and Technology Center site offers hands-on training. The main areas of technical education are: Industrial Safety, Service Rig, Drilling, Roustabout, Commercial Drivers License, and Specialty Technicians.
- In March 2008, the SBHE authorized an increase in the project from \$700,000 to \$810,000 (\$700,000 POTTF, \$55,000 0709 SBHE contingency and capita improvement funds, \$55,000 local funds), for construction of a 7,500 square foot facility. This was approved by the legislative Budget Section in March 2008.
- In December 2010, the SBHE approved a change to its 11-13 biennial budget capital project priority list, to incorporate, as the number #1 priority the following \$2.2 million project:
 - a.) Construct two stand-alone high bay shops to house and train workers on recently acquired Commercial Truck Driving License Simulator and Well Control Simulator. Estimated Cost: \$1.2 Million. Authorize WSC Advisory Committee to work with business and industry, through the State Petroleum Council and other appropriate entities, to seek business and industry funding to construct bays.
 - b.) An addition of 5,000 square feet to WSC Workforce Training Center to provide additional bathrooms, two additional classrooms (one to accommodate a larger class and the other to accommodate additional training), offices for recently hired employees (three offices for two employees recently hired as well as another employee expected to be hired in the coming months). Estimated Cost: \$1 Million. \$300,000 to be provided by WSC through Workforce Training

Revenues, and up to \$700,000 from state general fund (general fund requirement would be reduced by any grant funds received) in 11-13 biennium.

WSC indicates that the December 2010 request was made at a time when the college was not experiencing the growth that it is now, thereby now necessitating more space. In addition, the Advisory Board recommended that the TrainND program be in one location. Adding a building to the east industrial park (state board land) will allow WSC to have a state of the art Petroleum training center.

- HB1003 (2011) includes \$500,000 in state general fund and \$1.725 million in other fund authority. In addition, section 4, of HB1003 states: “WSC may borrow the sum of \$1.725 million or so much of the sum as may be necessary, from the Bank of ND for the workforce training building project for the period beginning with the effective date of this Act and ending June 30, 2013.
- June 16, 2011 SBHE approved WSC request to seek legislative Budget Section approval for an increase in WSC Workforce Training Center project from \$2,225,000 to \$3,910,000 to be funded \$500,000 from state general fund, and up to \$1.725 million from Bank of ND loan, to be repaid from workforce training revenues, a minimum of \$1.675 million from private and/or workforce training revenues and \$10,000 donated costs; and, further, upon Budget Section approval, SBHE authorization to proceed with the project, following consultation with the Chancellor on final project scope and funding sources.
- June 21, 2011 Legislative Budget Section approved an increase in WSC Workforce Training Center project from \$2,225,000 to \$3,910,000 to be funded \$500,000 from state general fund, and up to \$1.725 million from Bank of ND loan, to be repaid from workforce training revenues, a minimum of \$1.675 million from private and/or workforce training revenues and \$10,000 donated costs.

Estimated Total Purchased or Donated Costs of Phase II and Phase III:

	Revised June 2011	Revised May 2012
Planning, Permits and Insurance (design and preplanning costs, architect and engineer fees, permits, insurance, commissioning)	\$225,000	\$315,397
Land/Building Preparation and Purchase or Donated Costs (site survey and soil testing)	\$25,000	
Demolition and Disposal	\$	
Construction (foundation and building construction, infrastructure and utilities, mechanical and electrical)	\$3,475,000	\$5,858,230
Furniture and Equipment (fixed or movable appliances, furniture and equipment)	\$	
Other third party costs (Contractor mobilization, Bond & Ins.)	\$	\$390,000
Institutional work (value of work completed by institution staff and billed to the project)	\$	
Contingency	\$175,000	\$175,000
Hazardous Material Abatement	\$	
Other (donated costs to move equipment)	\$10,000	
TOTAL	\$3,910,000	\$6,738,627

No other work, other than that specified within this request, is required for the completion of the project nor is other work planned to supplement this project using funding or authority not included within this request.

Future Operating/Improvement Costs and Funding Sources

Operating/Utility costs are estimated to be \$106,280 per year, including the addition to the current facility and the new building, to be paid from WF training revenues.

Source and Availability of Funds

	Original	June 2011 Revised	Phase II	Phase III	Total Phase II and Phase III	Additional Authorization Required, May 2012
General Fund	\$500,000	\$500,000	\$500,000		\$500,000	
Private/WF training revenues		\$1,675,000	\$238,267	\$1,436,733	\$1,675,000	
Donations/grants		\$10,000		\$2,838,267	\$2,838,267	\$2,828,367
BND borrowing authorization	\$1,725,000	\$1,725,000		\$1,725,000	\$1,725,000	
TOTAL	\$2,225,000	\$3,910,000	\$738,267	\$6,000,000	\$6,738,267	\$2,828,267
Purpose/Use	WF Training Center Addition and two stand-alone bay shops	Add two high bays and a classroom and construction of new building	Renovation: Classrooms and office space	New construction: Classrooms, offices, conference room and reception area		

The table below shows changes in Workforce training activities:

FISCAL YEAR	NUMBER of PARTICIPANTS	PERCENTAGE OF INCREASE	NUMBER OF BUSINESSES	PERCENTAGE OF INCREASE
2008	5541	25%	191	17%
2009	6769	22%	248	30%
2010	7376	10%	271	10%
2011	9040	23%	330	22%
Year-to-Date 2012(July 1, 2011 – April 1, 2012)	10,613	38%	395	28%
Projected 2012	10,000	27%	340	10%

If WSC had larger classrooms and more classrooms we would continue to increase the number of participants. The volume of training delivered in the current Crighton building setting is at maximum capacity. This building will position the college with the training space needed for the petroleum industry. We are also delivering training at hotels and at company locations. As we develop and add technical training programs, additional space will be needed. One company alone expects to add 500 new employees this summer. We provide all of their entry level training.

Given market demand for training, WSC projects adequate excess training revenues to apply toward the monthly loan payment and facility operating costs. Below is a history of excess revenues by fiscal year.

Local Fund / Fee	2007	2008	2009	2010	2011
TrainND	75,750.48	166,235.18	452,177.70	526,445.99	753,080.97
TrainND Minot	(24,886.84)	15,949.55	62,213.71	89,479.64	62,807.59
<i>Subtotal</i>	<i>50,863.64</i>	<i>182,184.73</i>	<i>514,391.41</i>	<i>615,925.63</i>	<i>815,888.56</i>

In the future, the cost of training would be adjusted to cover the added loan payments in the future, as necessary.

In 2010, Standard and Poors bond debt rating on the new WSC residence hall project was as follows:

WSC has received a 'BBB' credit rating from Standard and Poor's Rating Services.

(BBB: Adequate capacity to meet financial commitments, but more subject to adverse economic conditions.)

The financial review report prepared by the NDUS Office notes the following with regard to WSC's overall financial health at the end of FY10.

WSC's reserves are adequate however, liquidity should be closely monitored. Operating income

margin has increased since 2007 while long-term debt has decreased. Enrollment has been stable. WSC's financial condition should continue to be closely monitored. (NOTE: This was before WSC issued \$9.375 million in revenue bond debt for the new residence hall in FY11)

Estimated Project Timeline and Completion Date

WSC is anticipating construction of Phase II to begin in July of 2011 with a completion date on or before December 2012. Phase III will be dependent on fundraising activities.

BSC, May 16, 2012

Approve increased spending of \$1.5 million from \$7.5 million to \$9 million for the Student Union renovation and addition project, to be funded \$1.4 million from auxiliary reserves and \$100,000 from bond proceeds; and, authorization to seek necessary Budget Section approval for change in the project amount per NDCC 48-01.2-25; and, further, subject to Budget Section approval, request SBHE authorization to proceed with the project.

Rationale for Requested Increase in Spending Authority

Within the last several months, Bismarck has experienced 25-30% increase in construction costs. Many contractors are experiencing heavy demand for services and a shortage of labor and thus are not bidding new projects or bidding in excess of estimated cost. Material costs, labor shortage and the lack of competition are driving up prices. As a result, the student union costs are estimated to be about \$2.7 million higher than our original estimate of \$7.5 million. Examples that illustrate the current bidding environment include several recently bid projects:

Project	Architect Est.	Low Bid
Bismarck Community Bowl	\$5,996,905	\$8,338,170
BSC Physical Plant Building	\$1,500,000	\$1,707,900
BSC Infrastructure Project	\$162,000	\$353,900

The community bowl and infrastructure projects suffered from lack of competitive bidding as reflected in the number of general bidders at 3 and 1, respectively, and electrical bidders at 2 each.

Project Description

The Student Union is a 31,300 sq. ft. facility that was built in 1974 to house food services, the bookstore, meeting rooms and student activities. Over the years, improvements have been made to the facility to accommodate the growing student body, including expansion of the bookstore and co-location of advising and counseling services in the lower level. As a result of the growth experienced in enrollment over the last ten years, the facility is too small to meet the needs of students, employees and visitors. The project involves a 14,800 s.f. addition, as well as remodeling nearly 22,000 s.f. of existing space. This project would double the food service seating, serving, kitchen and storage space and double the bookstore storage and floor space and provide for a loading and unpacking area. Additionally, the project would double the student activities space and providing an open space for socialization and informal study groups, as well as dedicated space for student government, clubs and other organizations.

Consistency with Campus Facility Master Plan and Budget

This project is listed in BSC's 2010 campus master plan to be completed in the 2011-13 biennium.

SBHE and/or Legislative History

- The project was included in the SBHE's capital project list in the 2011-13 biennial budget request. The project received legislative approval in House Bill 1003 for the 2011-13 biennium, \$7.0 million in revenue bonds and \$500,000 in auxiliary reserves.
- In April, 2012 the SBHE authorized BSC request to proceed with construction of the addition to and renovation of the Student Union at an estimated cost of \$7.5 million, to be funded \$7.0 million from revenue bond proceeds and \$500,000 in auxiliary reserve funds; and, request approval of the Resolution Approving the Issuance of Not to Exceed \$7,000,000 State Board of Higher Education of the State of North Dakota, Bismarck State College, Auxiliary Facilities Revenue Bonds; also, approve BSC request for an overall increase in the college fee in the Fall 2013 from \$11 to \$15.50 in support of the project and exemption from limitation on mandatory fee increase.

Estimated Total Purchased or Donated Costs

Current estimates within the original scope of the project are about \$10.2 million. BSC is requesting a revision to increase authority to a total of \$9 million. This will necessitate revisions to the remodeling aspect of the project to bring the total costs in alignment with the new authority. BSC intends to bid the addition as the base and the remodel costs as several alternates to the project, to allow for flexibility in bid acceptance. Additionally, BSC is delaying the bidding to early January in hopes of engaging more bidders and therefore receiving more competitive pricing. Because the prime bidding season is in January, BSC would like to request authority from the budget section this June 2012, rather than wait and request a change in authority during the legislative session, which doesn't adjourn until May 2013.

	Original Amount	Revised Estimate, May 2012
Planning, Permits and Insurance (design costs associated with current project, OMB preplanning revolving funds, architect and engineer fees, permits, insurance)	\$614,000	\$614,000
Land/Building Preparation and Purchase or Donated Costs (land acquisition and site preparation/development)	\$11,000	\$11,000
Demolition and Disposal	\$0	\$0
Construction (foundation and building construction or renovation, including fixed equipment, landscape, infrastructure and utilities, mechanical and electrical, parking and driveways or roadways)	\$6,104,000	\$7,325,000
Institutional work (value of work completed by institutional trade staff)	\$0	\$0
Contingency	\$321,000	\$515,000

Hazardous Material Abatement	\$0	\$60,000
Other, including 3 rd party costs Bonding Costs	\$150,000	\$175,000
SUBTOTAL	\$7,200,000	\$8,700,000
Furniture, Fixture and Equipment (FF&E)	\$300,000	\$300,000
TOTAL	\$7,500,000	\$9,000,000

No other work, other than that specified within this request, is required for the completion of the project nor is other work planned to supplement this project using funding or authority not included within this request.

Future Operating/Improvement Costs and Funding Sources

The future operating expenses are estimated to be approximately \$40,000 annually to be funded from auxiliary revenues.

Source and Availability of Funds

House Bill 1003 provided authority for \$7 million revenue bond and \$500,000 of auxiliary reserve funds, which are currently on hand. The initial design and programming fees will be paid from auxiliary reserve funds. Repayment of the bond proceeds will come from an allocation of the College Fee.

BSC is requesting authority to increase project costs by \$1.5 million, using \$1.4 million auxiliary reserve funds and \$.1 million bond proceeds. The bonds were recently sold at a premium and therefore we have about \$100,000 of additional net proceeds to put towards the project. BSC has been very conservative in spending auxiliary funds over the years in order to have funds available for projects like the student union. We anticipate a balance in auxiliary reserves of more than \$2.5 million at the beginning of fiscal year 2014, which is when these funds will be needed for the project. BSC expects to replace the reserves within 4 years.

Estimated Project Timeline and Completion Date

BSC initially anticipated completing the revised design phase by May and bidding the project in June, with construction to begin shortly thereafter. However, given the escalated cost environment, revisions to the design will be made by November, and bidding will occur in January, with construction to begin spring 2013. The addition to the facility will be completed first to minimize the interruption to existing services. The food service operation will move into the addition when completed and the renovation work will begin spring/summer 2014. Completion of the entire project is expected in 2015.

Credit Rating

On March 27, 2012, Standard & Poor's (S&P) U.S. Public Finance assigned a confidential credit assessment quality of Medium Investment Grade for BSC's Series 2012 Revenue Bond obligation. On April 18, 2012, S&P assigned a final rating of "A" with a stable outlook. The general meaning of S&P's credit rating is "Strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances."