

Williston State College June 16, 2011

Request approval for Williston State College to seek legislative authorization under NDCC section 48-01.2-25 for a change in project amount for the Residence Hall project from \$9,875,000 to \$9,975,000, from private gift funds.

Project Description

The new dormitory, which will be ready for the Fall 2011 term, is about 85 percent complete. It will have a 171 student capacity, designed with four-bedroom, two-bath suites that will house eight students per suite. The facility includes a convenience store, kitchenette, and conference room which will be located by itself on the fourth floor.

The additional \$100,000 was a gift donated by a private party to the Williston State College Foundation and was directed to be spent on the fourth floor conference room of WSC's new residence hall.

Campus Facility Master Plan and Budget

A new dormitory was one area of "concern" identified by our Accreditation Report back in 1999, over 10 years later this issue has yet to be addressed. Students are currently housed in facilities the newest of which was built in 1979. WSC first included the addition of a new dormitory in its 2008 Master Plan. The project will be completed within budget and is consistent with WSC's Master Plan.

SBHE and/or Legislative History

Originally authorized by the legislature as a revenue bond project in 2009-11 at \$9.375 million. On November 19, 2009, the SBHE authorized WSC to seek Budget Section authorization to increase spending authority from \$9,375,000 to \$9,875,000 to accommodate the addition of a geothermal heat system to the project from grant or private funds. The request noted: "The requested action adds grant or private funds (with private funds, if any, to be repaid by the college through utility savings) of \$500,000. If the foundation funding is utilized, a written contract will be put in place outlining the repayment schedule based on the third-party payback analysis. This written contract would be subject to Chancellor review and approval."

Thereafter, the Budget Section approved a change in scope of project and an increase in authorization from \$9,375,000 to \$9,875,000 on December 15, 2009. The Budget Section minutes state: "Dr. Ray Nadolny, President, Williston State College, presented information regarding a request to increase the authorization for construction of the residence hall project from \$9,375,000 to \$9,875,000 pursuant to Section 48-01.2-25. Dr. Nadolny said the increase in authorization is to replace the traditional heating and cooling system for the project with a geothermal system. He said the payback period of the geothermal system is approximately eight years. He said he anticipates funding for the increase to be provided from grants and foundation loans."

On July 29, 2010 the SBHE approved WSC request to proceed with construction of New Residence Hall at an estimated cost of \$9,875,000 and request approval of the Resolution Approving the Issuance of Not to Exceed \$9,375,000 State Board of Higher Education of the State of North Dakota, Williston State College, Housing and Auxiliary Facilities Revenue Bonds.

Estimated Total Purchased or Donated Costs

The following costs are included within the \$9,975,000 request:

Planning, Permits and Insurance (design and preplanning costs, architect and engineer fees, permits, insurance, commissioning)	\$832,750
Land/Building Preparation and Purchase or Donated Costs (site	\$31,300

survey and soil testing)	
Demolition and Disposal	\$
Construction (foundation and building construction, infrastructure and utilities, mechanical and electrical)	\$8,188,158
Furniture and Equipment (fixed or movable appliances, furniture and equipment)	\$150,000
Other third party costs	\$
Institutional work (value of work completed by institution staff and billed to the project)	\$
Contingency	\$250,000
Hazardous Material Abatement	\$
Other (Cost of Issuance and 1 st years debt service)	\$422,792
Other (Donated gift to WSC Foundation for 4 th Floor Conf. Room)	\$100,000
TOTAL	\$9,975,000

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

WSC is projecting increased operating costs based on an increase in utilities expense as well as an addition of a Maintenance Person to take care of the day-to-day upkeep of the facility. Projected utilities expense for the first year is about \$133,740. The cost of an additional Maintenance Person is estimated at about \$46,800 for the first year including salary and fringe benefits. Increases in these costs are projected at 5% per year. All costs will be paid by revenues generated by the new facility.

Source and Availability of Funds

Sources of funds will be \$9,375,000 from revenue bonds, \$500,000 in the form of a loan from the WSC Foundation, and \$100,000 from a private party gift to the WSC Foundation specifically dedicated to a 4th floor conference room. The revenue bonds are "Recovery Zone Economic Development Bonds" (RZEDB) which will have a Federal subsidy of 45% of the annual interest cost and will be payable over 30 years. This will be repaid from revenues generated by all residence hall facilities on campus as well as a "College Fee" charged to all students to assist with repayment of the bond.

Williston State College, June 16, 2011

Request authorization to seek legislative Budget Section approval for an increase in WSC Workforce Training Center project amount 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.

Project Description

The project consists 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 1—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 began Phase I, remodeling a high bay at the Petroleum Safety and Technology Center. This will temporarily house the \$290,000 Well Control Simulator (DOL Grant). The cost to remodel is less than \$100,000 and training revenue dollars will be utilized for this project. 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.

Currently, the TrainND division is located in the Crighton Building. 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. The SBDC has a small office in Crighton yet facilitates over 50% of the State's SBDC loans. This classroom will initially be returned to the Diesel program and/or provide a larger space for the SBDC. This could be done without any additional dollars, other than possibly the use of a small amount of institutional funds, for cosmetic upgrades. 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 building site has been leveled and is currently used for hands-on training. There is large equipment on the site that will be moved. An oil company has volunteered to move the equipment at no charge. The site survey and soil testing have been completed. TrainND has equipment, furniture, etc. in the Crighton Building, which will be transferred to the new facility.

If sufficient funds are not available for the entire \$3.910 million project, following consultation with the WSC Workforce Training Advisory Council, the project would likely be scaled back to fit within the current legislative authorization and resources available, with the construction of the bays and classroom a high priority. WSC would keep the SBHE apprised of any changes in project amount and scope.

With regard to the potential private funds, WSC will likely also 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.

Estimated Total Purchased or Donated Costs

Planning, Permits and Insurance (design and preplanning costs, architect and engineer fees, permits, insurance, commissioning)	\$225,000
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
Furniture and Equipment (fixed or movable appliances, furniture and equipment)	\$
Other third party costs (Contractor mobilization, Bond & Ins.)	\$
Institutional work (value of work completed by institution staff and billed to the project)	\$
Contingency	\$175,000
Hazardous Material Abatement	\$
Other (donated costs to move equipment)	\$10,000
TOTAL	\$3,910,000

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

Operating/Utility costs are estimated to be \$56,280 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

\$500,000 from the State General Fund, up to \$1.725 million from a loan through Bank of North Dakota, to be repaid through workforce training revenues, minimum of \$1.675 million in workforce training revenues and/or private funds and \$10,000 in donated costs. Based on conversation with the BND, the initial term of a loan would be five years, at which time WSC would need to renegotiate the rate. The loan would mature in 5 years but be amortized over 10 or 15 years. Monthly payments on a 10 year loan at 4.09% would be \$17,538.67 (\$210,464 per year) and on a 15 year loan would be \$12,837.56 (\$154,050.72 per year). WSC has indicated an intent to continue to identify opportunities to generate additional private industry support and revenues to limit the debt load, to the greatest extent possible.

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 (July 1, 2010 – May 31, 2011)	7702 (this number will increase)	5% (Projected 15%)	309	15%
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 to begin in July of 2011 with a completion date on or before October 2012.

Williston State College, June 16th 2011 – SBHE

WSC requests authorization to seek legislative Budget Section authorization under NDCC section 48-01-.2-25 for a change in project amount from \$1,500,000 to up to \$3,000,000 for Phase I and II of the campus branding project, \$1 million to be funded from the 11-13 permanent oil trust fund appropriation and \$2,000,000 from private foundation funds; furthermore, following Budget Section approval, proceed with the project.

Project Description

This project includes campus improvements at Williston State College. This work shall include, but not be limited to, new parking surfaces, improved sidewalks and site circulation, landscaping, storm sewer updates, improved lighting, new driveways access points, demolition and re-construction of a storage facility, moving of a maintenance shop, and new campus signage. Total project budget of \$3.0 million includes design & construction. Project design will include Landscape Architecture, Civil Engineering & Electrical Engineering.

WSC worked with JLG Architects to design an overall rework of its current front entrance and rear entrance parking. The overall project is 7 phases with an estimated total cost of over \$4.8 million. Working with estimates completed by JLG, WSC will complete the first 2 phases in FY2012, and, if we are able to raise the additional \$1,500,000 private funds, we will implement additional phases, up to Phase 5, as funding allows.

Phase 1 & 2	\$1,500,000.00
Phase 3	\$ 429,175.34
Phase 4	\$ 629,159.87
Phase 5	\$ 523,044.83
Phase 6	\$ 966,700.02
Phase 7	\$ 603,525.18

*Working with JLG Architects, WSC broke its vision for its campus into 7 phases in order to make the overall project more feasible and to break the overall expense up over several years. Within JLG's cost estimates they have included a "contractor mobilization" cost estimate for each phase. The more phases WSC is able to do at one time, the more cost savings we will see within this line-item.

Consistency with Campus Master Plan and Budget

This project is in our current Master Plan is the direct implementation of phases within the Master Plan.

SBHE and/or Legislative History

The 2011-13 Executive Budget recommendation included the following: "Authorizes \$1.0 million from the permanent oil tax trust fund with a required \$500,000 special fund match to repair and redesign multiple exterior areas to develop a more collegiate and professional atmosphere on the WSC campus." Funding as recommended was included in HB1003 (2011).

Estimated Total Purchased or Donated Costs

The following costs are included within the \$3,000,000 request:

	Original \$1,500,000	Revised \$3,000,000
Planning, Permits and Insurance (design and preplanning costs, architect and engineer fees, permits, insurance, commissioning)	\$142,658.12	\$279,250.02
Land/Building Preparation and Purchase or Donated Costs (site survey and soil testing)	\$	
Demolition and Disposal	\$150,606.00	\$252,422.24
Construction (foundation and building construction, infrastructure and utilities, mechanical and electrical)	\$989,561.18	\$2,002,986.84
Furniture and Equipment (fixed or movable appliances, furniture and equipment)	\$	
Other third party costs (Contractor mobilization, Bond & Ins.)	\$108,587.35	\$232,670.45
Institutional work (value of work completed by institution staff and billed to the project)	\$	
Contingency	\$108,587.35	\$232,670.45
Hazardous Material Abatement	\$	
Other	\$	
TOTAL	\$1,500,000	\$3,000,000

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

WSC does not foresee significant increases in operating costs as a result of this project as it is primarily exterior improvements to parking. A maintenance shop will be moved but the utilities will remain the same and a cold storage building will be demolished and a new building erected in its place, also with no impact on utilities. Lighting will be changed; however, there should be no significant change to the electricity needed as there is currently lighting in place in the current parking configuration.

Source and Availability of Funds

\$1,000,000 will be from the POTF and \$500,000 has been committed to date by the Williston State College Foundation. The additional \$1.5 million will also come from private fund sources.

Estimated Project Timeline and Completion Date

WSC is anticipating construction to begin in July of 2011 with a completion date on or before July 2012.