

EXECUTIVE SUMMARY

Item Name: Annual Capital Plan, Including Waiver of ABOR Policy Requiring ACP Projects to Appear on the Previous Capital Improvement Plan, for the University of Arizona

Action Item

Requested Action: The University of Arizona (U of A) asks the board to approve its Annual Capital Plan (ACP), including waiver of ABOR Policy requiring ACP projects to appear in the previous Capital Improvement Plan (CIP). The ACP includes three new projects and three resubmitted projects, which total \$512.5 million, as described in this executive summary.

Background/History of Previous Board Action

- Capital Improvement Plan FY 2025 – FY 2028 September 2023
- FY 2024 Annual Capital Plan September 2023

Prior Year Activity

- Three (3) projects totaling \$140.5 million were substantially completed within the last 12 months.
- Seven (7) projects totaling \$536,550,055 began or continued construction activity in the last 12 months.
- Details on completed and ongoing projects are listed in Exhibit 1.

Overview and Alignment with Enterprise and University Goals and Objectives

- The U of A has developed the ACP to align with the university's campus master plan, system enterprise, and university strategic goals and objectives.
- The primary institutional priorities supported by the ACP include:
 - **Academic & Research Needs:** The educational and research programs contribute significantly to our state's quality of life and economic vitality. However, it must continue to increase operational efficiencies, and the number of degrees awarded while improving student success, retention, and graduation rates.

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- **Student Support Requirements:** New facilities and student success programs must be provided to ensure successful student recruitment, housing, socialization, retention, and graduation.
- **Campus Operations & Infrastructure Priorities:** Facilities must be kept safe, operational, and maintainable. Campus buildings and utility systems must be efficient and cost-effective to maximize the use of operating funds over time. Infrastructure improvements should be made in district-wide increments to maximize economies of scale and potential cost savings when possible. Critical maintenance and renovations must not fall behind, even when state building renewal funds are not received.
- **Life Safety & Code Compliance:** Life safety and code compliance issues must take the highest priority to assure the safety of students, staff, and visitors. Safety and code compliance issues must be resolved promptly.
- **Community Service Opportunities:** Community service is a vital aspect of the university's mission and is integral to most of the University's programs. The Land Grant status additionally increases the breadth of the community service.
- **Construction Market Conditions:** While there is some recent calming, construction pricing escalation, supply chain interruptions, and labor shortages continue to increase construction costs. During this time, it is advisable to expedite design and construction processes to the extent reasonably possible to lock in prices and minimize cost impacts on the University and its students.
- **Funding Sources & Financing Options:** Project funding and financing should be carefully considered for every project to take advantage of windows of opportunity, maximize available resources with minimal impacts on tuition rates, and responsibly manage the University's assets. Gift and State Appropriations should be optimized, and alternative funding approaches should be considered when appropriate. Impacts on tuition should be avoided when possible. Financial resources must be judiciously utilized to meet the highest institutional priorities, and the University's financial strength and standing must be preserved.

Annual Capital Plan Projects

- The UofA ACP includes three (3) new projects, and three (3) resubmitted projects totaling \$512.5 million.
- The following new projects are proposed for ACP approval, including notations where board policy waivers are requested:

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- The Center for Advanced Molecular and Immunological Therapies (CAMI)
- Deferred Maintenance – Waiver requested
- Micro/Nano Fabrication Center Renovation – Waiver requested
- The following three resubmitted projects were approved by the board in U of A's FY 2024 ACP at its September 2023 meeting. While work has progressed on design of all projects, and some previously received individual project and financing approval, there have been changes in the project scope, the total project costs, and/or the type of funding. Therefore, as required by ABOR 7-102 B.2.a.(2), the following projects are resubmitted for approval:
 - Arizona State Museum Renovation
 - After ACP approval in September 2023, the U of A conducted extensive design review of the historic ASM building to allow for more-informed decision making. These efforts revealed new information that required prioritization of the most feasible options to pursue and additional scope of work to include in the project.
 - The additional scope of work increased the total project cost from the previously approved \$30 million to \$50 million. The ASM project is being resubmitted for ACP approval given the increased scope of the project and the increase in total project costs.
 - The funding for this project will still be through bond financing.
 - Depending on how these challenges are resolved, this project is targeted to begin construction in late fall/early winter 2024.
 - Mining & Mineral Natural Resources Museum Renovation
 - After ACP approval in September 2023, U of A conducted extensive design review of the Mining & Mineral Natural Resources Museum. These efforts revealed new information that required prioritization of the most feasible options to pursue while remaining within the proposed budget.
 - Taking this additional time will ensure the maximum use of the State Appropriations that will fund this work.
 - Construction is now targeted to begin in the summer of 2025.

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- The Shantz Building Remodel
 - After ACP approval in September 2023, the U of A conducted extensive design review of the Shantz building to allow for more-informed decision making. These efforts revealed new information that required prioritization of the most feasible options to pursue and additional scope of work to include in the project.
 - The additional scope of work increased the total project cost from the previously approved \$65 million to \$100 million. This project is being resubmitted for ACP approval given the increased scope of the project and the increase in total project costs.
 - The funding for this project will still be through bond financing
 - Depending on how these challenges are resolved, this project is targeted to begin construction in October 2025 and will be complete in the fall of 2027.
- In addition, the timing of bond issuance for the Shantz and the Arizona State Museum projects has been reevaluated and postponed to the Fall of FY 2025, in concert with the updated timing for both projects. This pause will reduce interest expenses.
- Additional detail on project costs, financing, and scope can be found in the tables in Exhibits 2 and 3, and the individual Project Justification Reports attached at the end.

Fiscal Impact and Management

- There is no change in impact, compared to the board-approved 2024 ACP for U of A.
- The U of A ACP, if approved for implementation, will require an investment of \$512.0 million.
- Of the total amount, \$260 million will be financed using debt.

Debt Ratio Impact

- The projected highest debt ratio, in FY 2026, will be 4.3 percent excluding SPEED revenue bonds and 5.1 percent if including SPEED revenue bonds.

Other Projects

- The U of A anticipates no additional third-party projects, component unit projects, and

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commercial long-term leases that require board approval to be entered into in the next year.

Committee Review and Recommendation

The University Governance and Operations Committee reviewed this item at its September 12, 2024, meeting and recommended forwarding the item to the board for approval.

Statutory/Policy Requirements

- Pursuant to ABOR Policy 7-102.B.2, each university shall submit an annual ACP for the upcoming 12-month period in accordance with the calendar and form approved by the executive director of the board.
- ACPs are reviewed by the University Governance and Operations Committee and approved by the board.
- Approval of the ACP authorizes the university to seek legislative review for debt-funded or third-party projects, if applicable. A university cannot proceed with financing or execute construction contracts for a project until the committee has reviewed and the board has approved the Individual Project and Financing phase.
- Pursuant to ABOR Policy 7-102.B.2.a.(1), if a project has not appeared in the prior CIP, a waiver of this board policy can be requested in order for a project to appear on an ACP. U of A seeks an exception to this policy for the Deferred Maintenance and Micro/Nano Fabrication Center Renovation projects. A waiver is requested for the Deferred Maintenance projects because of the urgency to replace aging campus infrastructure and to address life and safety related projects. A waiver is requested for the Micro/Nano Fabrication Center Renovation project, which is 100% funded by the Arizona Commerce Authority, because they have received all the funding. In addition, Individual Project and Financing review are being requested for both projects at this meeting.
- Pursuant to ABOR Policy 7-102.B.2.a.(2), a previously approved project shall be re-submitted for ACP approval if it has not received individual project and financing approval. This applies to the Arizona State Museum Renovation, Mining & Mineral Natural Resources Museum Renovation, and Shantz Building Remodel projects

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EXHIBIT 1

ARIZONA CAPITAL PROJECT STATUS REPORT						
Project Name	Gross Square Feet	Total Budget	Direct Construction Budget	Percent Construction Completed	Percent to Gift Target	Date Last Board Approval
Shantz Building Renovation	86,980	\$100,000,000	\$72,000,000	0%	NA	Sep 22
PBC, CAMI	202,000	\$290,000,000	\$230,000,000	0%	0%	Sept 2023
Arizona State Museum Renovations	122,191	\$50,000,000	\$25,800,000	0%	NA	Sep 22
Phoenix Mining and Mineral Natural Resources Museum Renovation	30,315	\$12,000,000	\$9,150,000	0%	0%	Sep 22
Arizona Public Media New Facility	61,504	\$63,000,000	\$48,900,000	27%	74%	Jun 23
CALS Food Product and Safety Lab	16,800	\$11,550,055	\$9,594,000	36%	NA	Sep 22
UAHS Building 201	16,500	\$10,000,000	\$7,150,000	0%	NA	Sep 22
Ongoing Project Totals		\$536,550,055	\$402,594,000			
Completed Projects						
BSPB, 2 nd Floor Finish Shell Space	21,500	\$18,500,000	\$15,000,000	100%	NA	Feb 23
Grand Challenges Research Building	107,877	\$99,000,000	\$78,800,000	100%	NA	Nov 19
Andrew Weil Center for Integrative Medicine	29,400	\$23,000,000	\$19,300,000	100%	100%	Nov 19
Completed Project Totals		\$140,500,000	\$113,100,000			

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EXHIBIT 2

U OF A FY2025 ANNUAL CAPITAL PLAN								
PROJECT NAME	BOARD APPROVAL STATUS	GROSS SQUARE FOOTAGE	PROJECT COST	AMOUNT FINANCED	FUNDING METHOD	ANNUAL DEBT SERVICE	FINAL MATURITY	DEBT RATIO
NEW CAPITAL PROJECTS								
The Center for Advanced Molecular and Immunological Therapies (CAMI)	FY 2025-2027 CIP	205,000	\$290,000,000	\$75,000,000	Bonds / Grants	\$4,600,000	FY2055	0.1
Deferred Maintenance	FY2026-2029 CIP	3,500,000	\$35,000,000	\$35,000,000	Bonds	\$2,500,000	FY2045	0.1
Micro/Nano Fabrication Center Renovation	Waiver	15,500	\$25,000,000		Grant			
New Capital Project Totals			350,000,000	110,000,000		\$7,100,000		
RESUBMITTED CAPITAL PROJECTS								
Arizona State Museum Renovation Project	CIP 2021 ACP 2022 2023	122,191	\$50,000,000	\$50,000,000	Bonds	\$3,600,000	FY2045	0.1
Mining and Mineral Natural Resources Museum Renovation	ACP 2022 2023	30,315	\$12,000,000		State			
Shantz Building Remodel – Research Renovation Project	CIP 2021 ACP 2022 2023	86,980	\$100,000,000	\$100,000,000	Bonds	\$7,400,000	FY2045	0.2
Resubmitted Capital Projects Total			\$162,000,000	\$150,000,000		\$11,000,000		

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EXHIBIT 3

U OF A ANNUAL DEBT SERVICE BY FUNDING SOURCE									
PROJECT	AMOUNT FINANCED	TUITION	STUDENT FEES	INDIRECT COST RECOVERY	OTHER LOCAL FUNDS	STATE CAPITAL INFRASTRUCTURE	STATE LOTTERY	OTHER	TOTAL ANNUAL DEBT SERVICE
NEW CAPITAL PROJECT									
The Center for Advanced Molecular and Immunological Therapies (CAMI)	\$75,000,000			\$4,600,000					\$4,600,000
Deferred Maintenance	\$35,000,000	\$1,250,000				\$1,250,000			\$2,500,000
RESUBMITTED CAPITAL PROJECT									
Shantz Building Remodel – Research Renovation Project	\$100,000,000	\$3,700,000				\$3,700,000			\$7,400,000
Arizona State Museum Renovation Project	\$50,000,000	\$1,800,000				\$1,800,000			\$3,600,000
Annual Debt Service Total	\$260,000,000	\$6,750,000		\$4,600,000		\$6,750,000			\$18,100,000

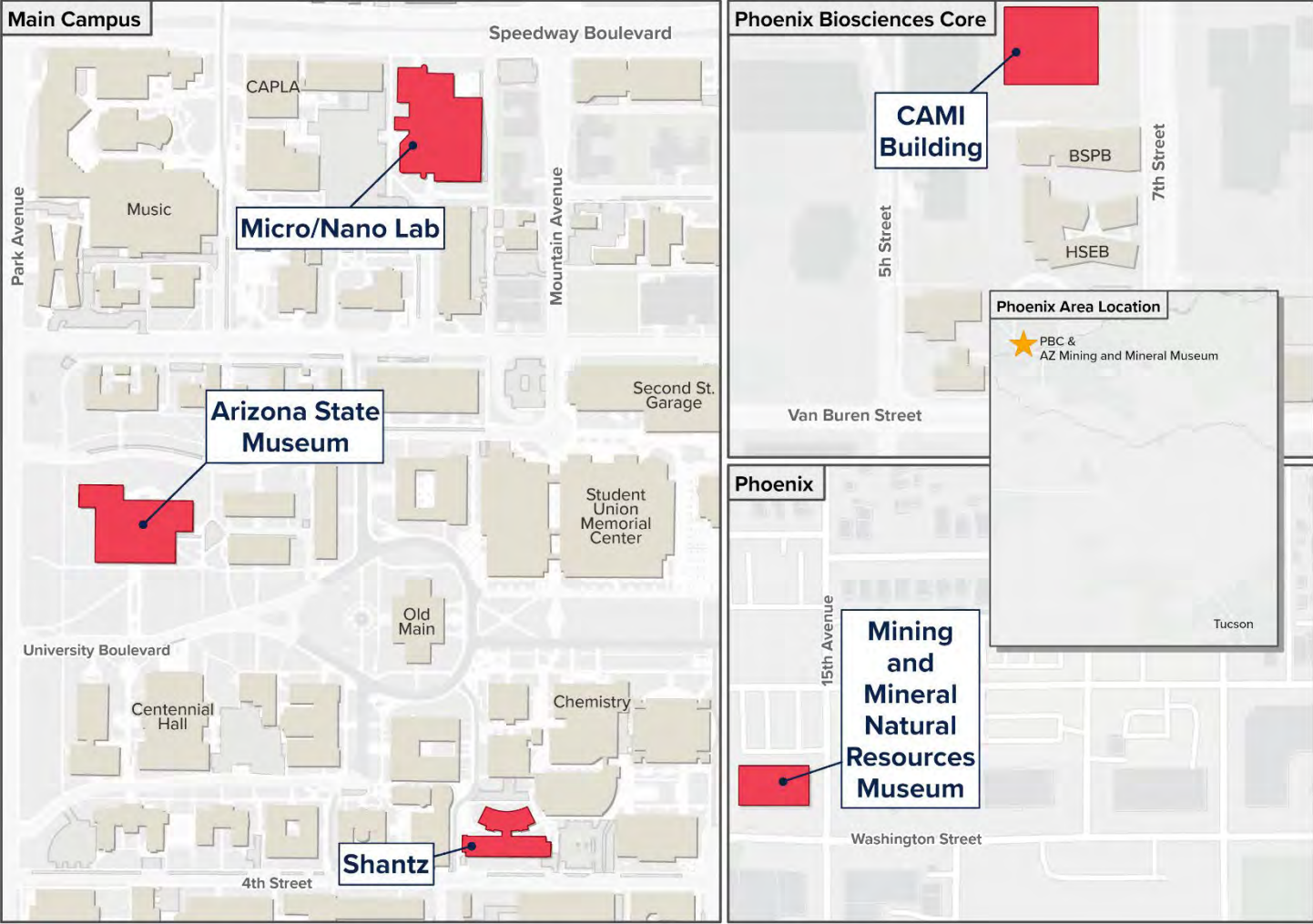
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EXHIBIT 3 (continued)

ANNUAL OPERATION AND MAINTENANCE BY FUNDING SOURCE									
PROJECT	TOTAL ANNUAL O&M	TUI	SFE	ICR	OLF	GFA	FGT	DFG	OTH
NEW CAPITAL PROJECT									
The Center for Advanced Molecular and Immunological Therapies (CAMI)	\$1,774,500			\$1,774,500					
Deferred Maintenance									
Micro/Nano Fabrication Center Renovation	\$134,200	\$134,200							
RESUBMITTED CAPITAL PROJECT									
Mining and Mineral Natural Resources Museum Renovation	\$232,200								\$232,200 (State Appropriation)
Annual O&M Totals	\$2,140,900	\$134,200		\$1,774,500					\$232,200
<small>TUI = Tuition SFE = Student Fees ICR = Indirect Cost Recovery OLF = Other Local Funds</small>				<small>GFA = General Fund Appropriation FGT Federal Grant DFG = Debt Financed by Gifts OTH = Other</small>					

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EXHIBIT 4
Project Site Map



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EXHIBIT 5



**2024 DEBT
 CAPACITY**

PURPOSE

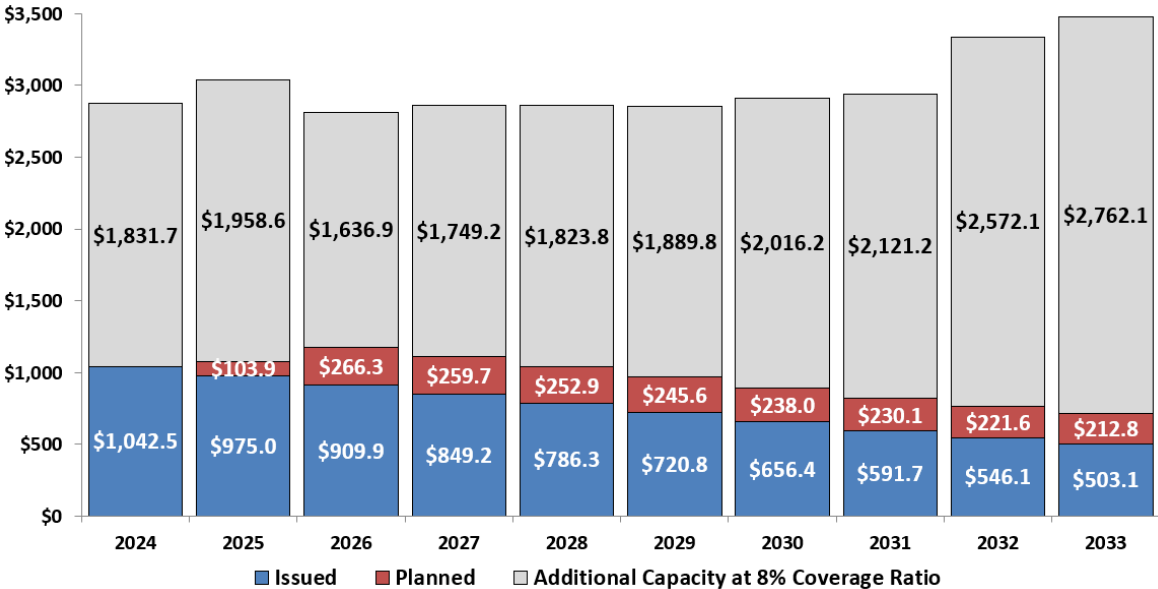
To demonstrate the University of Arizona’s ability to finance additional capital investment through debt instruments and to fund the related debt service (principal and interest).

PROJECTED DEBT CAPACITY

The debt capacity report includes six projects from the Annual Capital Plan (ACP): The Center for Advanced Molecular and Immunological Therapies (CAMI), Shantz Building Deferred Maintenance and Research Renovation, Arizona State Museum Deferred Maintenance, the Arizona Public Media Building, deferred maintenance, and the UAHS Building 201 Remodel. With the financing of the projects listed, the projected highest debt ratio is 4.3 percent in FY 2026, relative to the ABOR policy and statutory debt limit of 8 percent. The University outstanding debt in that year is projected to be \$1.62 billion. The year with the highest debt service will be FY 2026 at \$120.8 million. The 4.3 percent ratio is within the range used by the bond rating firms to judge an institution’s creditworthiness to service debt.

<i>Maximum Projected Debt Service to Total Expenditures Excluding/Including SPEED debt</i>
4.3% / 5.1%

University of Arizona projects outstanding debt (issued) to decline from \$1.0 billion in FY 2024 to \$503.1 million in FY 2033 as debt is retired. The planned debt includes financing of the projects listed in the paragraph above. Additional debt capacity represents debt that can be issued in the given year based on the statutory 8 percent debt ratio limit.



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FUTURE PROJECTS

Projects listed are from the current Annual Capital Plan (ACP) and current Capital Improvement Plan (CIP). These planned projects are included in the Debt Capacity assumptions.

	<u>Project Budget</u>	<u>Amount to Finance</u>
Center for Advanced Molecular and Immunological Therapies	\$ 290,000,000	\$ 75,000,000
Shantz Building - DM/Research Reno*	100,000,000	100,000,000
Arizona State Museum DM*	50,000,000	50,000,000
Arizona Public Media Building	63,000,000	20,000,000
Deferred Maintenance*	35,000,000	35,000,000
UAHS Building 201 Remodel	10,000,000	10,000,000
Total	\$ 548,000,000	\$ 290,000,000

* Includes funding from State Capital Appropriation HB2547

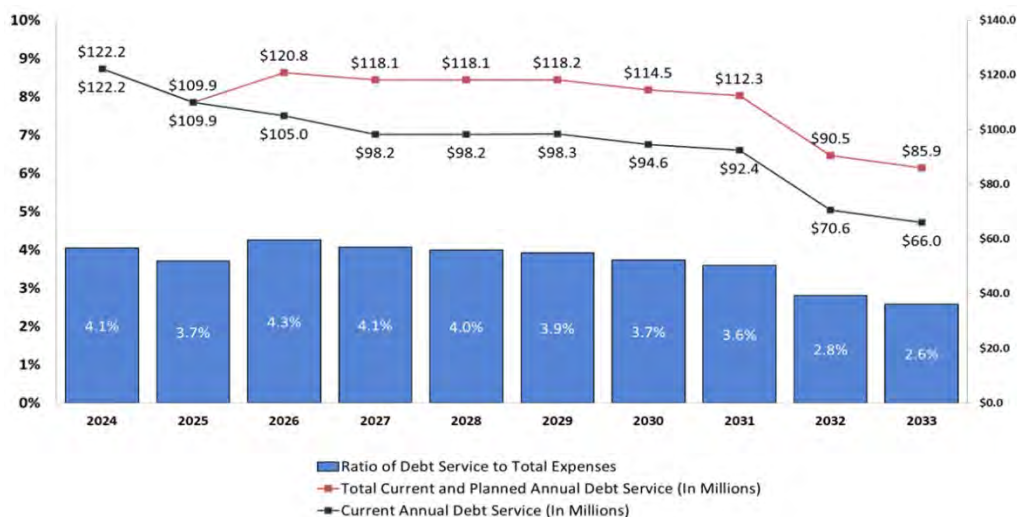
CREDIT RATINGS

The University of Arizona's current credit rating is Aa2 (Moody's) and AA- (S&P). Positive rating factors include UArizona as the flagship and land-grant institution, as well as its important role in the provision of medical education for the State of Arizona. The university continues to have growing and diverse research programs and sizable sponsored research funding with diverse sources. Offsetting factors include weakened operating performance, thinning debt service coverage, and high leverage compared to Moody's median peers.

Fiscal Year	<u>Moody's</u>		<u>Standard & Poor's (S&P)</u>	
	Rating	Outlook	Rating	Outlook
2019	Aa2	Stable	AA-	Stable
2020	Aa2	Stable	AA-	Stable
2021	Aa2	Negative	AA-	Stable
2022	Aa2	Negative	AA-	Stable
2023	Aa2	Stable	AA-	Stable
2024	Aa2	Negative	AA-	Negative

RATIO OF DEBT SERVICE TO TOTAL EXPENSES

Annual debt service on System Revenue Bonds (SRBs) and Certificates of Participation (COPs) is projected to reach a maximum of \$122.2 million in FY 2024. The ratio of debt service to total expenses is projected to peak in FY 2024 at 5.0 percent relative to the 8 percent statutory limit. The peak planned debt ratio includes debt service for the projects listed on the previous page. The Stimulus Plan for Economic and Educational Development (SPEED) bonds are funded up to 80 percent by state lottery revenues, with the balance financed by the University. SPEED debt service is excluded from the statutory debt ratio. If SPEED debt were included, the debt ratio is projected to peak in FY 2024 at 6.0 percent. The maximum projected annual debt service, including SPEED, is \$147.9 million in FY 2024.



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**University of Arizona
Annual Capital Plan - Project Justification Report
Center for Advanced Molecular Immunotherapies (CAMI)**

Background/History of Previous Board Action

- Capital Improvement Plan FY 2025 – 2028 September 2023

Project Description/Justification/Scope

- The University of Arizona (U of A) is seeking to build a new 205,000 Gross Square Feet (GSF) research and academic facility to house the next phase of expansion on the Phoenix Bioscience Core (PBC). The new building will include space for the new Center for Advanced Molecular and Immunological Therapies (CAMI) and other academic and core research laboratory support spaces to enhance the U of A's research and academic enterprises in the Phoenix area.
- The new CAMI building will be located on the prominent southwest corner of Filmore Street and 7th Street.
- The new building will be high-rise construction and will house wet lab research space to accommodate thirty-six to forty principal investigators, clinical research space, and dry lab space. Wet lab space will be capable of supporting BSL2-type research and will include provisions for drug development in addition to a Good Manufacturing Process (GMP) laboratory for the use of developing drugs for use in clinical trials. An expansion of the existing underground research core (vivarium) is to be included in the program for the new building.
- This project encompasses 205,000 GSF, which includes approximately 128,000 Net Assignable Square Feet (NASF).
- This first phase of construction includes 45,000 NASF of wet lab space, 15,000 NASF of clinical research and core lab space, and 25,000 NASF of shared academic and collaboration space. An additional 30,000 NASF of wet lab space and 7,000 NASF of vivarium space will be shelled and planned for future expansion.

Project Delivery Method and Process

- This project is being delivered through a Design-Build (D-B) delivery method. This approach was selected for this project because it can provide early cost control, save time through fast-track project scheduling while still providing contractor design input and coordination throughout the project, improving potentially adversarial project environments and still allowing for the selection of the most qualified architect-contractor team for this project. Through peer review of the D-B's cost

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estimate at each phase, and low-bid subcontractor work for the actual construction work, this method also provides a high level of cost and quality control.

- The Design-Builder provides a Guaranteed Maximum Price (GMP) based upon the amount previously agreed upon in the D-B agreement. The Design-Builder is at risk to provide the completed project within that price. In the selection of major subcontractors, the Design-Builder uses a qualification-based selection process prescribed by the ABOR Procurement Code to allow major subcontractors a design-assist role during the design phase. All remaining subcontractor work is awarded on the basis of the lowest responsive and responsible subcontractor bids. For this work, a minimum of three subcontractor bids will be required, except for specialty items or instances where proprietary systems are required, such as for energy management systems and door locks. A final report on project control procedures will be provided at project completion.
- The D-B Team was selected through the capital project selection committee process prescribed by the ABOR Procurement Code. A licensed contractor was included on the selection committee as required by ABOR Policy.

Project Status and Schedule

- The early construction and permit packages for site demolition, foundation, and site utilities are underway while Design Development for the building is occurring. The construction documents phase for the building’s structural/skin and the interiors is scheduled to commence November 2024.
- Project construction is scheduled to commence in November 2024, with substantial completion anticipated for May 2027.

Project Cost

- The construction cost for this project is \$230 million (\$1,132 per GSF), and the total project cost is \$290 million (\$1,415 per GSF).
- Comparable similar previously approved projects:

Comparable Similar Previously Approved Projects					
Project	University	Total Project Budget	Project GSF	Total \$/GSF	Constr. \$/GSF
Grand Challenges Research Building	U of A	\$99,000,000	107,877	\$918/gsf	\$748/gsf
Applied Research Building	U of A	\$85,000,000	89,000	\$955/gsf	\$746/gsf
Biomedical Sciences Partnership Building	U of A	\$133,000,000	245,000	\$543/gsf	\$467/gsf

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Fiscal Impact and Financing Plan

- U of A plans to finance \$75.0 million for the project using System Revenue Bonds (SRBs). The annual debt service on the SRBs is estimated to be \$4.6 million based on a conservative budget of 5 percent interest rate for a 30-year maturity. U of A plans to use Indirect Cost Recovery to pay for the debt service. U of A plans to use State and County ARPA funds, local funds, additional bond funding, and gifts to finance the remaining \$215 million project costs.
- When the bond is issued for the project, the U of A's estimated outstanding debt at the end of the fiscal year will be \$1.62 billion. At the same time, the University would have retired \$78.2 million in debt principal.
- The estimated Operations and Maintenance (O&M) cost for the project is \$1,774,500. The U of A plans to fund the O&M with Indirect Cost Recovery.
- U of A will:
 - (a) sell one or more series of system revenue bonds to finance the project, costs of issuance and payments to a bond insurer or other credit enhancer, provided such payments result in a benefit that exceeds the amount of such payments;
 - (b) sell bonds at a price at, above or below par, on a tax-exempt or taxable basis, in one or more series, at a fixed or variable rate of interest;
 - (c) enter into necessary agreements, including those related to bond insurance or other credit enhancement agreements; and
 - (d) utilize a financial advisor, bond counsel, and bond trustee for the financing. The system revenue bonds will be marketed and sold on a negotiated basis, either to one or more investment banking firms currently in a pool of bond underwriters procured by the three state universities or by the State of Arizona or by a direct sale to a bank or banks or other financial institutions.

Debt Ratio Impact

- The estimated annual debt service of \$4.6 million on this project's SRBs would increase the U of A debt ratio by 0.1 percent. The projected highest debt ratio is 4.3 percent, excluding SPEED revenue bonds, and 5.1 percent if including SPEED revenue bonds. This remains well below the 8.0 percent debt ratio limit established by ABOR policy and state statute.

Occupancy Plan

- The project will provide new research space for the newly created center.

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- This facility will provide new space for new faculty and research. It is not anticipated that any existing space will be released, or that any existing facilities will be demolished.

Statutory/Policy Requirements

- ABOR Policy 7-102 requires all major capital projects with an estimated total project cost of \$10 million or more to be included in the Annual Capital Plan, including new construction, renovation, infrastructure, information technology, and third-party projects.

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**University of Arizona
Annual Capital Plan - Capital Project Information Summary
Center for Advanced Molecular Immunotherapies (CAMI)**

Project Description / Location:

This project will be a new research facility for the Center for Advanced Molecular and Immunological Therapies and will include clinical research and core facilities to support the Center along with the other research missions on the Phoenix campus. The project will be located at the Phoenix Bioscience Core in downtown Phoenix.

**FY 2025 Annual
Capital Plan**

Project Schedule (Beginning Month/Year):

Planning	August 2023
Design	January 2024
Construction	November 2024
Occupancy	June 2027

Project Budget:

Total Project Cost	\$ 290,000,000
Total Project Cost per GSF	\$ 1,415
Direct Construction Cost - New	\$ 232,000,000
Construction Cost per GSF - New	\$ 1,132
Direct Construction Cost - Renovation	\$ N/A
Construction Cost per GSF - Renovation	\$ N/A
Change in Annual Oper./Maint. Cost	
Utilities	\$ 820,000
Personnel	\$ 638,600
Other	\$ 315,900

Funding Sources:

Capital:	
• State/County ARPA Funds	\$154,000,000
• System Revenue Bonds	\$75,000,000
• Local Funding and Gifts	\$61,000,000
Operation/Maintenance:	
• Indirect Cost Recovery	1,774,500

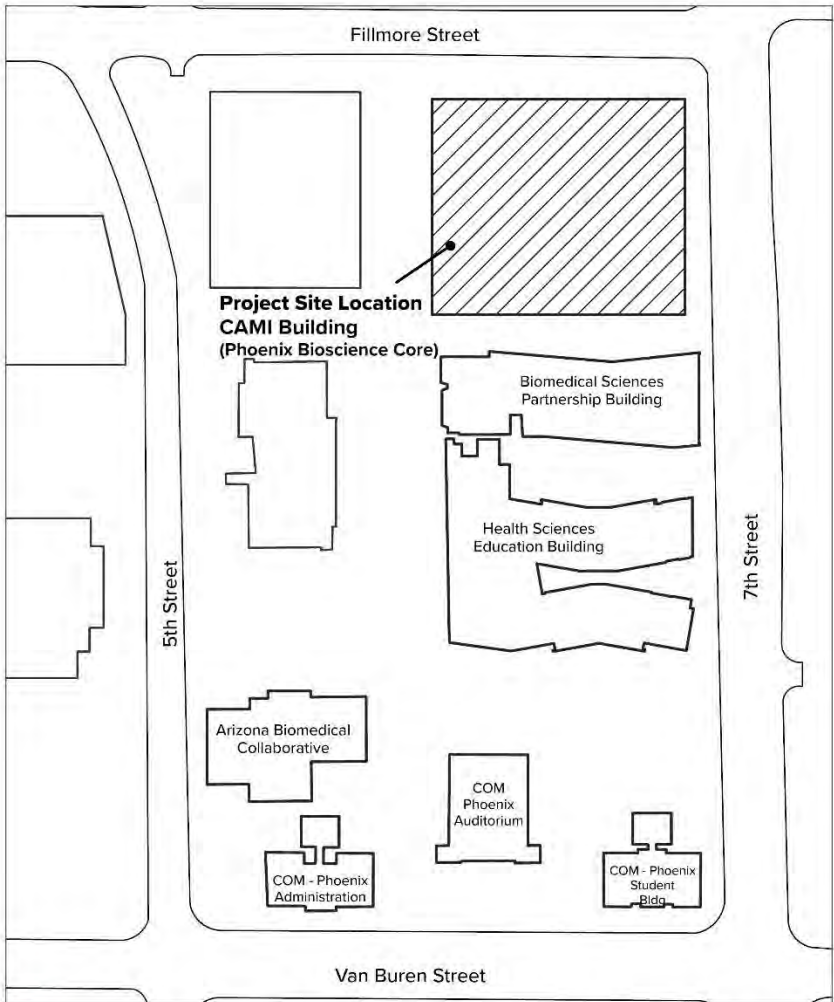
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**University of Arizona
Annual Capital Plan - Capital Project Budget Summary
Center for Advanced Molecular Immunotherapies (CAMI)**

	<u>FY 2025 Annual Capital Plan</u>	
<u>Date of Budget Estimate</u>	<u>September 2024</u>	
1. Land	\$	0
2. Construction Cost		
A. New Construction	\$	228,000,000
B. Renovation	\$	0
C. Fixed Equipment	\$	3,000,000
D. Site Development (exclude 2.E.)	\$	0
E. Parking & Landscaping	\$	0
F. Utilities Extensions	\$	1,000,000
G. Other (asbestos only)	\$	0
Subtotal Construction Cost	\$	232,000,000
3. Consultant Fees		
A. Construction Manager	\$	0
B. Architect/Engineering Fees	\$	29,000,000
C. Other (Programming, Special Consult.)	\$	2,000,000
Subtotal Consultant Fees	\$	31,000,000
4. Furniture Fixtures and Equipment	\$	8,000,000
5. Contingency, Design Phase	\$	4,000,000
6. Contingency, Construction Phase	\$	7,000,000
7. Parking Reserve	\$	0
8. Telecommunications Equipment	\$	2,300,000
Subtotal Items 4-8	\$	21,300,000
9. Additional University Costs		
A. Surveys and Tests	\$	1,400,000
B. Move-in Costs	\$	100,000
C. Public Art	\$	0
D. Printing/Advertisement	\$	0
E. Univ. Facilities & Project Management	\$	3,000,000
F. State Risk Mgt. Ins	\$	1,200,000
Subtotal Additional University Costs	\$	5,700,000
TOTAL CAPITAL COST	\$	290,000,000

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**University of Arizona
Annual Capital Plan - Project Site Location Map
Center for Advanced Molecular Immunotherapies (CAMI)**



Center for Advanced Molecular & Immunological Therapies (CAMI) Building



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University of Arizona Annual Capital Plan - Project Justification Report Deferred Maintenance Project

Background/History of Previous Board Action

- No previous action
- Waiver requested
- This project has been included as a first-year project in the FY 2026 – 2029 Capital Improvement Plan at this meeting.

Project Justification/Description/Scope

- Facilities Management will be addressing campus-wide Deferred Maintenance needs at a total cost of \$35,000,000. These needs include fire alarm upgrades, elevator code compliance, electrical code compliance, roof replacement, plumbing upgrades, street repairs, ADA compliance, generators and building automation upgrades.
- These Deferred Maintenance projects will extend the use and life of our mechanical, electrical and plumbing systems.

Project Delivery Method and Process

- The delivery method for each Deferred Maintenance project will be selected on a project-by-project basis depending on which method provides the most efficient and effective delivery. All projects will either follow state contracts that have been competitively bid on or will go through the JOC process.

Project Status and Schedule

- Design Phase is currently underway.
- Project construction is scheduled to commence in September 2024 and will be completed in June 2025.

Project Cost

- This project encompasses multiple projects on campus. This project encompasses 3,500,000 gross square feet (gsf), including 3,491,833 net assignable square feet (nasf).

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- The construction cost for this project is \$30,000,000 (\$8.59 per gsf), and the total project cost is \$35,000,000 (\$10.02 per gsf).
- Comparable similar previously approved projects:

Comparable Similar Previously Approved Projects					
Project	University	Total Project Budget	Project GSF	Total \$/GSF	Constr. \$/GSF
HVAC	University of Arizona	\$18,700,000	650,917	\$28.73	\$24.62
Fire Safety	University of Arizona	\$6,402,025	189,608	\$33.76	\$28.94
Building Automation	University of Arizona	\$1,600,000	574,733	\$2.78	\$2.39
Street Repair	University of Arizona	\$1,354,375	260,567	\$5.20	\$4.46
Elevator	University of Arizona	\$872,500	331,674	\$2.63	\$2.25
ADA Compliance	University of Arizona	\$299,000			
Generators	University of Arizona	\$745,000	342,620	\$2.17	\$1.86
Roof	University of Arizona	\$860,000	133,686	\$6.43	\$5.51
Plumbing	University of Arizona	\$899,600	401,582	\$2.24	\$1.92
Electrical Code	University of Arizona	\$842,500	18,074	\$46.61	\$39.95
Flooring	University of Arizona	\$260,000	129,785	\$2.00	\$1.72
Student Union Tunnel Repair	University of Arizona	\$635,000	245,035	\$2.59	\$2.22
Athletics Safety Upgrades	University of Arizona	\$1,200,000	34,177	\$35.11	\$30.10
Honors Kitchen Hood	University of Arizona	\$210,000	8,000	\$26.25	\$22.50
Engineering Classroom	University of Arizona	\$120,000	171,375	\$0.70	\$0.60

Fiscal Impact and Financing Plan

- U of A plans to finance \$35 million for the project using System Revenue Bonds (SRBs). The annual debt service on the SRBs is estimated to be \$2.5 million based on a conservative budget of 5 percent interest rate for a 20-year maturity. U of A plans to use state appropriations tied to the Capital Infrastructure Fund established in ARS 15-1671 to pay for half of the debt service and retained tuition matching funds to pay the other half. In FY 2025, the University’s budget for Tuition (without UAGC) is \$816.1 million and Capital Infrastructure Fund appropriation is \$11.8 million. These sources fund debt service on other capital projects and have existing capacity to cover this project.
- The Operations and Maintenance (O&M) cost for the project is already included in the University’s current budget.
- U of A will:

EXECUTIVE SUMMARY

- (a) sell one or more series of system revenue bonds to finance the project, costs of issuance and payments to a bond insurer or other credit enhancer, provided such payments result in a benefit that exceeds the amount of such payments;
- (b) sell bonds at a price at, above or below par, on a tax-exempt or taxable basis, in one or more series, at a fixed or variable rate of interest;
- (c) enter into necessary agreements, including those related to bond insurance or other credit enhancement agreements; and
- (d) utilize a financial advisor, bond counsel, and bond trustee for the financing. The system revenue bonds will be marketed and sold on a negotiated basis, either to one or more investment banking firms currently in a pool of bond underwriters procured by the three state universities or by the State of Arizona or by a direct sale to a bank or banks or other financial institutions.

Debt Ratio Impact

- The estimated annual debt service of \$2.5 million on this project's SRBs would increase the U of A debt ratio by .09 percent. The projected highest debt ratio is 4.3 percent, excluding SPEED revenue bonds, and 5.1 percent if including SPEED revenue bonds. This remains well below the 8.0 percent debt ratio limit established by ABOR policy and state statute.

Statutory/Policy Requirements

- ABOR Policy 7-102 requires all major capital projects with an estimated total project cost of \$10 million or more to be included in the Annual Capital Plan, including new construction, renovation, infrastructure, information technology, and third-party projects.
- Pursuant to ABOR Policy 7-102.B.2.a.(1), if a project has not appeared in the prior CIP, a waiver of this board policy can be requested in order for a project to appear on an ACP. U of A seeks an exception to this policy for the Deferred Maintenance projects because of the urgency to replace aging campus infrastructure and to address life and safety related projects. In addition, Individual Project and Financing review is being requested for this project at this meeting.

EXECUTIVE SUMMARY

**University of Arizona
 Annual Capital Plan - Capital Project Information Summary
 Deferred Maintenance**

Project Description / Location:

This project will address Deferred Maintenance and will be located at the University of Arizona.

FY 2025 Annual
 Capital Plan

Project Schedule (Beginning Month/Year):

Planning	July 2023
Design	July 2023
Construction	September 2024
Occupancy	September 2024

Project Budget:

Total Project Cost	\$ 35,000,000
Total Project Cost per GSF	\$ 10.02
Direct Construction Cost - New	\$ 0
Construction Cost per GSF - New	\$ 8.59
Direct Construction Cost - Renovation	\$ 30,000,000
Construction Cost per GSF - Renovation	\$ 0
Change in Annual Oper./Maint. Cost	
Utilities	N/A
Personnel	N/A
Other	N/A

Funding Sources:

Capital:	
• System Revenue Bonds	\$ 35,000,000
Operation/Maintenance:	N/A

EXECUTIVE SUMMARY

**University of Arizona
Annual Capital Plan - Capital Project Budget Summary
Deferred Maintenance**

<u>Date of Budget Estimate</u>	<u>FY 2025 Annual Capital Plan</u>	
		Sept 2024
1. Land	\$	0
2. Construction Cost		
A. New Construction	\$	0
B. Renovation	\$	12,365,000
C. Fixed Equipment	\$	22,000,000
D. Site Development (exclude 2.E.)	\$	0
E. Parking & Landscaping	\$	0
F. Utilities Extensions	\$	0
G. Other (asbestos only)	\$	0
Subtotal Construction Cost	\$	30,000,000
3. Consultant Fees		
A. Construction Manager	\$	3,800,000
B. Architect/Engineering Fees	\$	500,000
C. Other (Programming, Special Consult.)	\$	0
Subtotal Consultant Fees	\$	4,300,000
4. Furniture Fixtures and Equipment	\$	0
5. Contingency, Design Phase	\$	50,000
6. Contingency, Construction Phase	\$	450,000
7. Parking Reserve	\$	0
8. Telecommunications Equipment	\$	0
Subtotal Items 4-8	\$	500,000
9. Additional University Costs		
A. Surveys and Tests	\$	0
B. Move-in Costs	\$	0
C. Public Art	\$	0
D. Printing/Advertisement	\$	0
E. Univ. Facilities & Project Management	\$	0
F. State Risk Mgt. Ins	\$	200,000
Subtotal Additional University Costs	\$	200,000
TOTAL CAPITAL COST	\$	35,000,000

EXECUTIVE SUMMARY

University of Arizona Annual Capital Plan - Project Justification Report Micro/Nano Fabrication Center Renovation Project

Background/History of Previous Board Action

- No previous action
- Waiver requested

Project Justification/Description/Scope

- This project is funded 100% by the Arizona Commerce Authority. The scope of the project is to modernize the Micro/Nano Fabrication Center clean room in the U of A Electrical Engineering Building on the Tucson campus. This modernization will facilitate expanded R&D and workforce development in support of the semiconductor industry in alignment with the CHIPS Act and the growth of semiconductor manufacturing within the state of Arizona. The Micro/Nano Fabrication Core Facility (MNFC) is operated as a Core Facility under RII and generates revenues from small and medium companies which utilize the equipment facility.
- This project will continue the U of A's pursuit to remain a preeminent research institution. This project is consistent with regional and national goals to develop a knowledgeable, skilled workforce capable of semiconductor design and manufacturing within the US, thus bolstering our national position in a competitive global market.
- U of A is requesting a waiver of ABOR Policy 7-102.B.2.a.(1). requiring CIP approval. The project was not originally included on the previous CIP, which was approved by ABOR in September 2023.
- It is critical that this project move forward now as 100% of the funding has been received by the Arizona Commerce Authority.

Project Delivery Method and Process

- This project is being delivered through a Design-Build (D-B) delivery method. This approach was selected for this project because it can provide early cost control, save time through fast-track project scheduling while still providing contractor design input and coordination throughout the project, improving potentially adversarial project environments and still allowing for the selection of the most qualified architect-contractor team for this project. Through peer review of the D-B's cost

EXECUTIVE SUMMARY

estimate at each phase, and low-bid subcontractor work for the actual construction work, this method also provides a high level of cost and quality control.

- The Design-Builder provides a Guaranteed Maximum Price (GMP) based upon the amount previously agreed upon in the Design-Build agreement. The Design-Builder is at risk to deliver the completed project within that price. In the selection of major subcontractors, the Design-Builder uses a qualification-based selection process prescribed by the ABOR Procurement Code to allow major subcontractors a design-assist role during the design phase. All remaining subcontractor work is awarded on the basis of the lowest responsive and responsible subcontractor bids. For this work, a minimum of three subcontractor bids will be required, except for specialty items or instances where proprietary systems are required, such as for energy management systems and door locks. A final report on project control procedures will be provided at project completion.
- The D-B Team was selected through the capital project selection committee process prescribed by the ABOR Procurement Code. A licensed contractor was included on the selection committee as required by ABOR Policy.

Project Status and Schedule

- Design Phase is currently underway as a D-B.
- Project construction is scheduled to commence during September of 2024. Substantial completion is anticipated in December 2025.

Project Cost

- This project encompasses 15,500 gross square feet (gsf), including 7,000 net assignable square feet (nasf) of clean room space, 1,500 nasf of laboratory space, and 7,000 nasf of support/utility space.
- The construction cost for this project is \$20.6 million (\$1,327.42 per gsf), and the total project cost is \$25.0 million (\$1,612.90 per gsf).

EXECUTIVE SUMMARY

- Comparable similar previously approved projects:

Comparable Similar Previously Approved Projects					
Project	University	Total Project Budget	Project GSF	Total \$/GSF	Constr. \$/GSF
Bldg. 173 1 st Flr, TV Chamber Fit Out	U of A	\$6,570,000	4,000	\$1,642.50	\$1,150.00
UAHS Bldg. 201 1 st Flr. Medical Imaging Office Renovation	U of A	\$10,800,000	16,500	\$606.00	\$433.00
HSIB PT Education Renovation	U of A	\$9,550,000	12,650	\$754.94	\$579.05
UAHS Bldg. 201 Renovations	U of A	\$25,710,000	30,014	\$856.60	\$493.10

Fiscal Impact and Financing Plan

- The University will use \$25.0 million in Arizona Commerce Authority grant funding for this project.
- The estimated Operations and Maintenance (O&M) cost for the project is \$134,200. The University plans to use tuition to fund the O&M.

Debt Ratio Impact

- The project will have no impact on the University’s debt ratios because no debt will be issued to finance this project.

Occupancy Plan

- This project will not require the relocation of space occupants or programming. The function for which this space is programmed will be put on temporary pause during construction. Space occupants will continue their other regular duties elsewhere in the building/campus.

Statutory/Policy Requirements

- ABOR Policy 7-102 requires all major capital projects with an estimated total project cost of \$10 million or more to be included in the Annual Capital Plan, including new construction, renovation, infrastructure, information technology, and third-party projects.
- Pursuant to ABOR Policy 7-102.B.2.a.(1), if a project has not appeared in the prior CIP, a waiver of this board policy can be requested in order for a project to appear

EXECUTIVE SUMMARY

on an ACP. U of A seeks an exception to this policy for this project, which is 100% funded by the Arizona Commerce Authority, because it has received all the funding. In addition, Individual Project and Financing review is being requested for this project at this meeting.

EXECUTIVE SUMMARY

**University of Arizona
Annual Capital Plan - Capital Project Information Summary
Micro/Nano Fabrication Center Renovation Project**

Project Description / Location:

This project will renovate the Micro/Nano Fabrication Center and will be located at ECE Building.

FY 2025 Annual Capital Plan

Project Schedule (Beginning Month/Year):

Planning	August 2023
Design	April 2024
Construction	September 2024
Occupancy	December 2025

Project Budget:

Total Project Cost	\$ 25,000,000
Total Project Cost per GSF	\$ 1,612.90
Direct Construction Cost - Renovation	\$ 20,575,000
Construction Cost per GSF - Renovation	\$ 1,327.42
Change in Annual Oper./Maint. Cost	
Utilities	\$ 62,000
Personnel	\$ 48,300
Other	\$ 23,900

Funding Sources:

Capital:	
• Arizona Commerce Authority	\$ 25,000,000
Operation/Maintenance:	
• Tuition	\$ 134,200

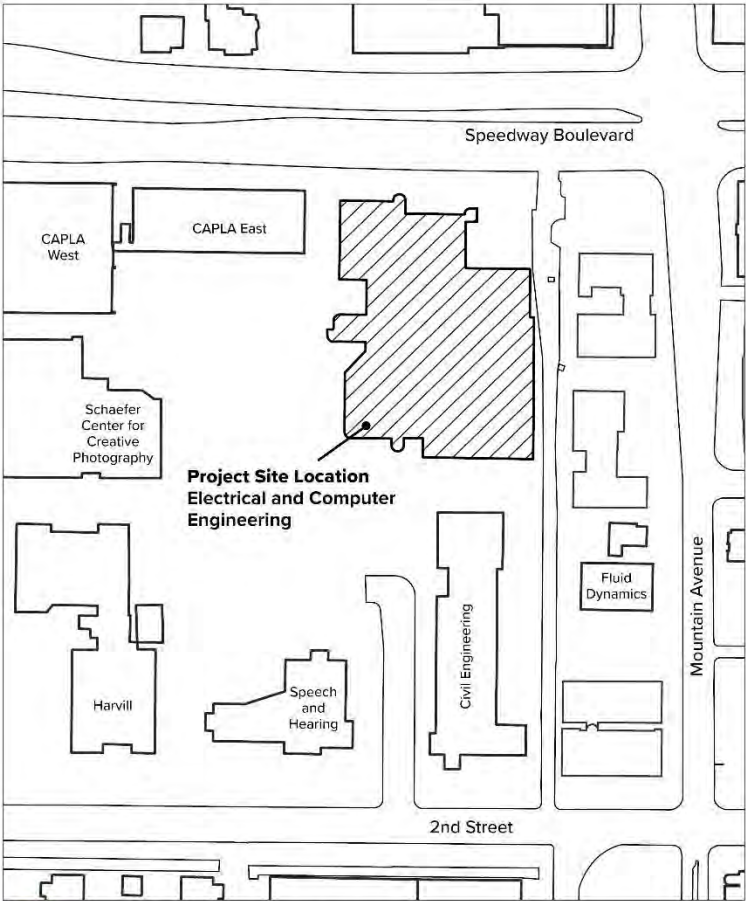
EXECUTIVE SUMMARY

**University of Arizona
Annual Capital Plan - Capital Project Budget Summary
Micro/Nano Fabrication Center Renovation Project**

<u>Date of Budget Estimate</u>	<u>FY 2025 Annual Capital Plan</u>	
		Sept 12, 2024
1. Land	\$	0
2. Construction Cost		
A. New Construction	\$	0
B. Renovation	\$	20,575,000
C. Fixed Equipment	\$	0
D. Site Development (exclude 2.E.)	\$	0
E. Parking & Landscaping	\$	0
F. Utilities Extensions	\$	0
G. Other (asbestos only)	\$	0
Subtotal Construction Cost	\$	20,575,000
3. Consultant Fees		
A. Construction Manager	\$	0
B. Architect/Engineering Fees	\$	2,250,000
C. Other (Programming, Special Consult.)	\$	150,000
Subtotal Consultant Fees	\$	2,400,000
4. Furniture Fixtures and Equipment	\$	0
5. Contingency, Design Phase	\$	400,000
6. Contingency, Construction Phase	\$	560,000
7. Parking Reserve	\$	0
8. Telecommunications Equipment	\$	450,000
Subtotal Items 4-8	\$	1,410,000
9. Additional University Costs		
A. Surveys and Tests	\$	325,000
B. Move-in Costs	\$	0
C. Public Art	\$	0
D. Printing/Advertisement	\$	2,000
E. Univ. Facilities & Project Management	\$	194,000
F. State Risk Mgt. Ins	\$	94,000
Subtotal Additional University Costs	\$	615,000
TOTAL CAPITAL COST	\$	25,000,000

EXECUTIVE SUMMARY

**University of Arizona
Annual Capital Plan - Project Site Location Map
Micro/Nano Fabrication Center Renovation Project**



**Electrical and Computer Engineering
Micro-Nano Center Renovation**



EXECUTIVE SUMMARY

**University of Arizona
Annual Capital Plan - Project Justification Report
Arizona State Museum Deferred Maintenance/Renovation Project**

Previous Board Action

- Capital Improvement Plan FY 2023 – 2025 September 2021
- Annual Capital Plans September 2022 & September 2023

Project Justification/Description/Scope

- Arizona State Museum (ASM) is a unit under the Office for Research, Innovation, and Impact. ASM's collections, which grow by 1,000 cubic feet per year, are housed in two buildings, ASM South (Building 30) and ASM North (Building 26). This project will address ASM North, which was constructed in 1927 to house the U of A's Library and has been occupied by ASM since 1977. This project will address deferred maintenance and long overdue upgrades to the electrical, fire protection, mechanical/HVAC, plumbing, civil, structural, and architectural building systems. These upgrades are required to ensure the safety, security, and preservation of ASM's collections.
- ASM curates millions of objects and associated records for the State of Arizona in compliance with ARS §15-1631, ARS § 41-844 et seq., and Chapter 8 of the ABOR Policy Manual; and for the federal government in compliance with 36 CFR 79. Non-compliance with state and federal curation standards will prevent ASM from meeting its mission under state law and can negatively affect the U of A's eligibility for future federal funding. Infrastructure upgrades are urgently needed for ASM to meet twenty-first century best practices for museum collections care, exhibitions, and public outreach; state and federal requirements for collections care and preservation; and university teaching, research, and service goals.
- This project encompasses 122,191 Gross Square Feet (GSF), which includes 84,703 Net Assignable Square Feet (NASF).

Project Delivery Method and Process

- This project is being delivered through a Design-Build (D-B) delivery method. This approach was selected for this project because it can provide early cost control, save time through fast-track project scheduling while still providing contractor design input and coordination throughout the project, improving potentially adversarial project environments and still allowing for the selection of the most qualified architect-contractor team for this project. Through peer review of the D-B's

EXECUTIVE SUMMARY

cost estimate at each phase, and low-bid subcontractor work for the actual construction work, this method also provides a high level of cost and quality control.

- The Design-Builder provides a Guaranteed Maximum Price (GMP) based upon the amount previously agreed upon in the Design-Build agreement. The Design-Builder is at risk to provide the completed project within that price. In the selection of major subcontractors, the Design-Builder uses a qualification-based selection process prescribed by the ABOR Procurement Code to allow major subcontractors a design-assist role during the design phase. All remaining subcontractor work is awarded on the basis of the lowest responsive and responsible subcontractor bids. For this work, a minimum of three subcontractor bids will be required, except for specialty items or instances where proprietary systems are required, such as for energy management systems and door locks. A final report on project control procedures will be provided at project completion.
- The D-B Team was selected through the capital project selection committee process prescribed by the ABOR Procurement Code. A licensed contractor was included on the selection committee as required by ABOR Policy.

Project Status and Schedule

- Design phase commenced summer 2023.
- Project construction is scheduled to commence during winter 2025 with a targeted completion of summer 2027.

Project Cost

- The project encompasses 122,191 GSF, including 84,703 NASF.
- The construction cost of this project is \$42.5 million (\$348 per GSF) and the total project cost is \$50 million (\$409 per GSF).
- Comparable similar previously approved projects:

Comparable Similar Previously Approved Projects					
Project	University	Total Project Budget	Project GSF	Total \$/GSF	Constr. \$/GSF
Animal and Comparative Biomedical Sciences	University of Arizona	\$18,152,398	62,265	\$291.53	\$122.99
Steward Observatory	University of Arizona	\$11,092,247	129,107	\$85.92	\$69.30
Facilities Management Building	University of Arizona	\$24,000,000	70,000	\$342.86	\$267.00

EXECUTIVE SUMMARY

Fiscal Impact and Financing Plan

- The University plans to finance \$50 million for the project using System Revenue Bonds (SRBs). The annual debt service on the SRBs is estimated to be \$3.6 million based on a conservative budget of 5 percent interest rate for a 20-year maturity. The University plans to use state appropriations tied to the Capital Infrastructure Fund established in ARS 15-1671 to pay for half of the debt service and retained tuition matching funds to pay the other half. In FY 2025, the University's budget for Tuition (without UAGC) is \$816.1 million and Capital Infrastructure Fund appropriation is \$11.8 million. These sources fund debt service on other capital projects and have existing capacity to cover this project.
- The Operations and Maintenance (O&M) cost for the project is already included in the University's current budget.

Debt Ratio Impact

- The estimated annual debt service of \$3.6 million on this project's SRBs would increase the UA debt ratio by .12 percent.

Occupancy Plan

- Based on the number of staff working remotely, the project would commence with minimal traffic in the building. Public access may be restricted during construction and care will be taken in addressing collections throughout the building, and possible relocations to ASM South if needed.
- It is not anticipated that any existing space will be released, or that any existing facilities will be demolished.

Statutory/Policy Requirements

- ABOR Policy 7-102 requires all major capital projects with an estimated total project cost of \$10 million or more to be included in the Annual Capital Plan, including new construction, renovation, infrastructure, information technology, and third-party projects.
- Pursuant to ABOR Policy 7-102.B.2.a.(2), a previously approved project shall be re-submitted for ACP approval if it has not received individual project and financing approval, which applies to this project.

EXECUTIVE SUMMARY

**University of Arizona
Annual Capital Plan - Capital Project Information
Summary Arizona State Museum Deferred
Maintenance/Renovation Project**

Project Description / Location:

This project will address outstanding Deferred Maintenance needs at the Arizona State Museum.

	<u>FY 2024 Annual Capital Plan</u>	<u>Revised FY 2025 Annual Capital Plan</u>
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Project Schedule (Beginning Month/Year):

Planning	Summer 2022	April 2023
Design	Summer 2023	September 2023
Construction	Winter 2024/2025	January 2025
Occupancy	Summer 2026	July/August 2027

Project Budget:

Total Project Cost	\$ 30,000,000	\$ 50,000,000
Total Project Cost per GSF	\$ 245.52	\$ 409.19
Direct Construction Cost - Renovation	\$ 25,803,171	\$ 42,500,000
Construction Cost per GSF - Renovation	\$211.17	\$ 348
Change in Annual Oper./Maint. Cost		
Utilities	N/A	\$ 366,600
Personnel	N/A	\$ 380,600
Other	N/A	\$ 188,300

Funding Sources:

Capital:		
<ul style="list-style-type: none"> • System Revenue Bonds 	\$ 30,000,000	\$ 50,000,000
Operation/Maintenance:		
<ul style="list-style-type: none"> • In current budget 	N/A	\$ N/A

EXECUTIVE SUMMARY

**University of Arizona
Annual Capital Plan - Capital Project Information
Summary Arizona State Museum Deferred
Maintenance/Renovation Project**

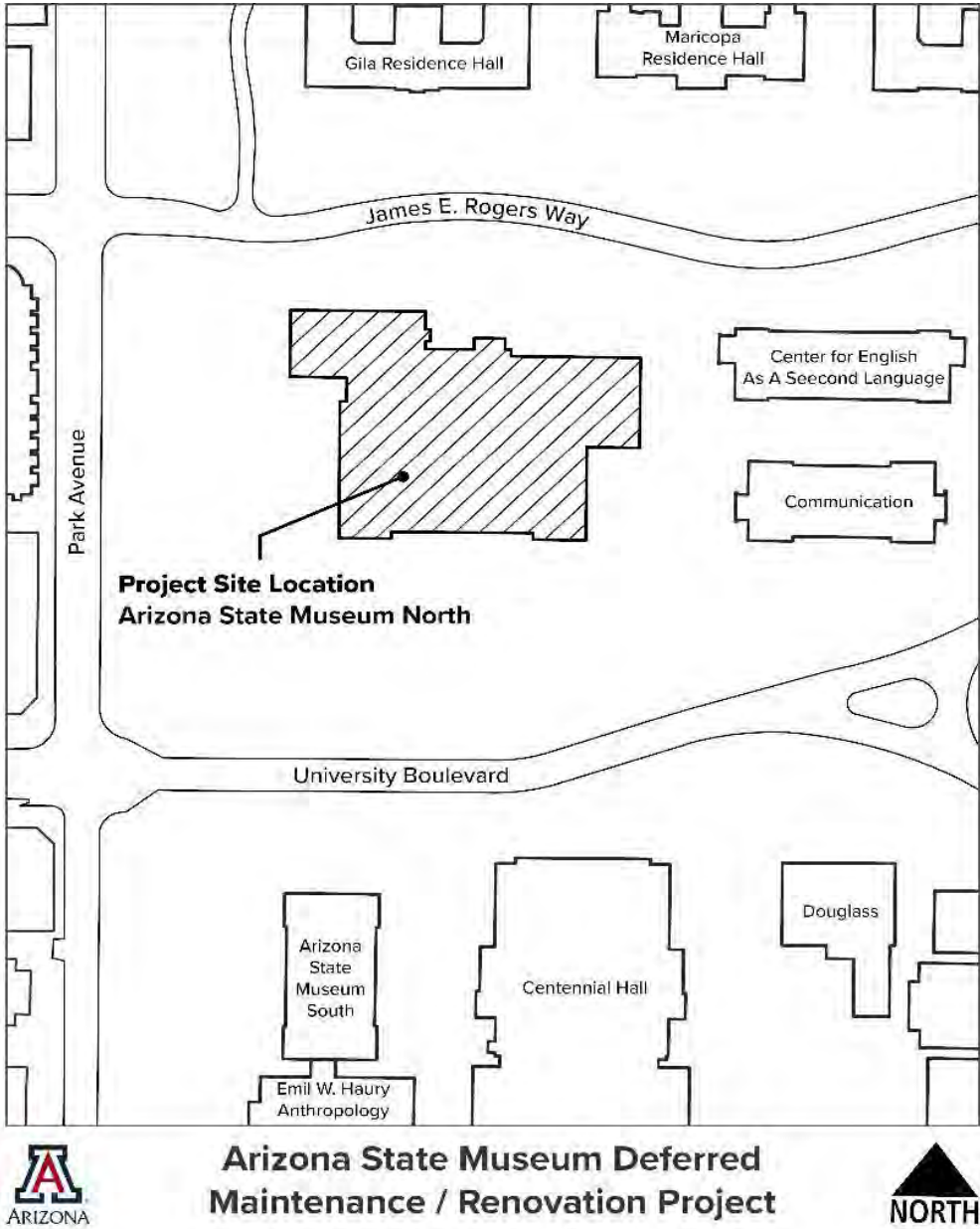
Project Description / Location:

This project will address outstanding Deferred Maintenance needs at the Arizona State Museum.

<u>Date of Budget Estimate</u>	<u>FY 2024 Annual Capital Plan Sept 2023</u>	<u>Revised FY 2025 Annual Capital Plan Sept 2024</u>
1. Land	\$ 0	\$ 0
2. Construction Cost		
A. New Construction	\$ 0	\$ 0
B. Renovation	\$ 24,859,000	\$ 40,500,000
C. Fixed Equipment	\$ 0	\$ 100,000
D. Site Development (exclude 2.E.)	\$ 0	\$ 0
E. Parking & Landscaping	\$ 0	\$ 0
F. Utilities Extensions	\$ 0	\$ 0
G. Other (asbestos only)	\$ 833,000	\$ 2,500,000
Subtotal Construction Cost	\$ 24,895,000	\$ 43,100,000
3. Consultant Fees		
A. Construction Manager	\$ 100,000	\$ 0
B. Architect/Engineering Fees	\$ 1,898,000	\$ 2,900,000
C. Other (Programming, Special Consult.)	\$ 0	\$ 200,000
Subtotal Consultant Fees	\$ 1,998,000	\$ 3,100,000
4. Furniture Fixtures and Equipment	\$ 0	\$ 200,000
5. Contingency, Design Phase	\$ 950,000	\$ 425,000
6. Contingency, Construction Phase	\$ 1,000,000	\$ 2,000,000
7. Parking Reserve	\$ 0	\$ 0
8. Telecommunications Equipment	\$ 0	\$ 200,000
Subtotal Items 4-8	\$ 2,100,000	\$ 2,825,000
9. Additional University Costs		
A. Surveys and Tests	\$ 0	\$ 45,000
B. Move-in Costs	\$ 0	\$ 100,000
C. Public Art	\$ 0	\$ 0
D. Printing/Advertisement	\$ 0	\$ 2,000
E. Univ. Facilities & Project Management	\$ 250,000	\$ 648,000
F. State Risk Mgt. Ins	\$ 110,000	\$ 180,000
Subtotal Additional University Costs	\$ 210,000	\$ 975,000
TOTAL CAPITAL COST	\$ 30,000,000	\$ 50,000,000

EXECUTIVE SUMMARY

**University of Arizona
Annual Capital Plan – Project Site Map Arizona State
Museum Renovation Project**



EXECUTIVE SUMMARY

**University of Arizona
Annual Capital Plan - Project Justification Report
Mining and Mineral Natural Resources Museum
Renovation**

Background/History of Previous Board Action

- Annual Capital Plans September 2022 and September 2023

Project Justification/Description/Scope

- In the FY 2023 Arizona State Budget, funds in the amount of \$12M were appropriated to provide capital improvements to the Mining Mineral and Natural Resources Museum (MMNRE) in Phoenix. This funding allowed the U of A to begin planning and developing a re-envisioned museum to promote the U of A's activities in the areas of mining, mineral and natural resources.
- SB 1731 states that "The University of Arizona shall operate, manage and maintain the mining, mineral and natural resources educational museum at the location consistent with title 27, chapter 1, article 1, Arizona Revised Statutes." The broad scope of the MMNRE museum provides opportunities to explore exhibits and outreach in the areas of mining, sustainable natural resources, including water and energy, agriculture, rangelands, deserts, and forests. Since the building is near the State capitol, many opportunities exist to showcase the U of A's innovation and impact in these areas. The new museum will expose potential students and visitors to the opportunities available at the U of A.

Project Delivery Method and Process

- This project is being delivered through a Design-Build (D-B) delivery method. This approach was selected for this project because it can provide early cost control, save time through fast-track project scheduling while still providing contractor design input and coordination throughout the project, improving potentially adversarial project environments and still allowing for the selection of the most qualified architect-contractor team for this project. Through peer review of the D-B's cost estimate at each phase, and low-bid subcontractor work for the actual construction work, this method also provides a high level of cost and quality control.
- The Design-Builder provides a Guaranteed Maximum Price (GMP) based upon the amount previously agreed upon in the Design-Build agreement. The Design-Builder is at risk to provide the completed project within that price. In the selection of major subcontractors, the Design-Builder uses a qualification-based selection process prescribed by the ABOR Procurement Code to allow major subcontractors a design-

EXECUTIVE SUMMARY

assist role during the design phase. All remaining subcontractor work is awarded on the basis of the lowest responsive and responsible subcontractor bids. For this work, a minimum of three subcontractor bids will be required, except for specialty items or instances where proprietary systems are required, such as for energy management systems and door locks. A final report on project control procedures will be provided at project completion.

- The D-B Team was selected through the capital project selection committee process prescribed by the ABOR Procurement Code. A licensed contractor was included on the selection committee as required by ABOR Policy.

Project Status and Schedule

- The design phase is currently underway.
- Project construction is scheduled to commence during summer 2025 and will be completed fall 2026.

Project Cost

- This project encompasses 30,315 gross square feet (gsf), including 13,500 net assignable square feet (nasf) of exhibit space, and 7,000 nasf of office and support spaces.
- The construction cost for the renovation of the building is \$9,150,000 (\$302 per gsf), and the total project cost is \$12,000,000 (\$396 per gsf). Fundraising is ongoing for the build out of the museum space and exhibits.

Comparable Similar Previously Approved Projects					
Project	University	Total Project Budget	Project GSF	Total \$/GSF	Constr. \$/GSF
N/A*					

*No similar projects previously approved

Fiscal Impact and Financing Plan

- The University is using \$12 million in state general appropriation funds for MMNRE. The University has already received the capital appropriation from the state for this project.
- The estimated Operations and Maintenance (O&M) cost for the project is \$232,200. The U of A plans to fund the O&M with state general fund appropriations.

EXECUTIVE SUMMARY

Debt Ratio Impact

- The project will have no impact on the U of A's debt ratios because no debt will be issued to finance this project.

Occupancy Plan

- This facility will provide new space for the U of A. It is not anticipated that any existing space will be released, or that any existing facilities will be demolished.

Statutory/Policy Requirements

- ABOR Policy 7-102 requires all major capital projects with an estimated total project cost of \$10 million or more to be included in the Annual Capital Plan, including new construction, renovation, infrastructure, information technology, and third-party projects.
- Pursuant to ABOR Policy 7-102.B.2.a.(2), a previously approved project shall be re-submitted for ACP approval if it has not received individual project and financing approval, which applies to this project.

EXECUTIVE SUMMARY

**University of Arizona
Annual Capital Plan - Capital Project Information Summary
Mining and Mineral Natural Resources Museum Renovation**

Project Description / Location:

This project will provide capital improvements to the Mining Mineral and Natural Resources Museum (MMNRE) in Phoenix.

	<u>FY2024 Annual Capital Plan</u> Sept 2023	<u>FY2025 Annual Capital Plan</u> Sept 2024
Planning	Fall 2022	Fall 2022
Design	Summer 2023	Summer 2023
Construction	Summer 2024	Summer 2025
Occupancy	Spring 2026	Fall 2026

Project Budget:

Total Project Cost	\$12,000,000	\$12,000,000
Total Project Cost per GSF	\$396	\$396
Direct Construction Cost - Renovation	\$9,150,000	\$9,150,000
Construction Cost per GSF - Renovation	\$302	\$302
Change in Annual Oper./Maint. Cost		
Utilities	\$100,170	\$90,900
Personnel	\$101,200	\$94,400
Other	\$50,000	\$46,700

Funding Sources:

Capital:		
• State Appropriations	\$12,000,000	\$12,000,000
Operation/Maintenance:		
• State General Fund Appropriation	\$251,307	\$232,200

EXECUTIVE SUMMARY

**University of Arizona
Annual Capital Plan - Capital Project Budget Summary
Mining and Mineral Natural Resources Museum
Renovation**

<u>Date of Budget Estimate</u>	<u>FY 2024 Annual Capital Plan</u>	<u>FY 2025 Annual Capital Plan</u>
	September 2023	September 2024
1. Land	\$ 0	\$ 0
2. Construction Cost		
A. New Construction	\$ 0	\$ 0
B. Renovation	\$ 9,150,000	\$ 9,150,000
C. Fixed Equipment	\$ 265,000	\$ 265,000
D. Site Development (exclude 2.E.)	\$ 0	\$ 0
E. Parking & Landscaping	\$ 0	\$ 0
F. Utilities Extensions	\$ 0	\$ 0
G. Other (asbestos only)	\$ 100,000	\$ 100,000
Subtotal Construction Cost	\$ 9,515,000	\$ 9,515,000
3. Consultant Fees		
A. Construction Manager	\$ 950,000	\$ 950,000
B. Architect/Engineering Fees	\$ 0	\$ 0
C. Other (Programming, Special Consult.)	\$ 0	\$ 0
Subtotal Consultant Fees	\$ 950,000	\$ 950,000
4. Furniture Fixtures and Equipment	\$ 550,000	\$ 550,000
5. Contingency, Design Phase	\$ 285,000	\$ 285,000
6. Contingency, Construction Phase	\$ 285,000	\$ 285,000
7. Parking Reserve	\$ 0	\$ 0
8. Telecommunications Equipment	\$ 165,000	\$ 165,000
Subtotal Items 4-8	\$ 1,285,000	\$ 1,285,000
9. Additional University Costs		
A. Surveys and Tests	\$ 20,000	\$ 20,000
B. Move-in Costs	\$ 10,000	\$ 10,000
C. Public Art	\$ 0	\$ 0
D. Printing/Advertisement	\$ 5,000	\$ 5,000
E. Univ. Facilities & Project Management	\$ 175,000	\$ 175,000
F. State Risk Mgt. Ins	\$ 40,000	\$ 40,000
Subtotal Additional University Costs	\$ 250,000	\$ 250,000
TOTAL CAPITAL COST	\$ 12,000,000	\$ 12,000,000

EXECUTIVE SUMMARY

**University of Arizona
Annual Capital Plan - Project Site Location Map
Mining and Mineral Natural Resources Museum Renovation**



EXECUTIVE SUMMARY

**University of Arizona
Annual Capital Plan – Project Justification
Report Shantz Building Remodel - Research
Renovation Project**

Background/History of Previous Board Action

- Capital Improvement Plan FY 2023 – 2025 September 2021
- Annual Capital Plans September 2022 and September 2023

Project Justification/Description/Scope

- The U of A's renovation of the Shantz Building is a high priority on the deferred maintenance list. Modernization of the building will address strategic research needs along with the retention, attraction, and recruitment of high-level researchers to the University.
- Renovations of the six-story Shantz Building will include updates to all major mechanical, plumbing, and electrical systems and infrastructure; and will repurpose the building programming to meet the University's strategic research initiatives.
- Shantz currently supports approximately 30,000 Gross Square Feet (GSF) of wet laboratory space, which will be reimagined and transformed into a mix of wet, damp, and dry laboratories; support spaces, collaboration spaces, and offices to meet the needs of a 21st century university research institution.
- This project encompasses 86,980 GSF, which includes 57,955 Net Assignable Square Feet (NASF).

Project Delivery Method and Process

- This project is being delivered through a Design-Build (D-B) delivery method. This approach was selected for this project because it can provide early cost control, save time through fast-track project scheduling while still providing contractor design input and coordination throughout the project, improving potentially adversarial project environments and still allowing for the selection of the most qualified architect-contractor team for this project. Through peer review of the D-B's cost estimate at each phase, and low-bid subcontractor work for the actual construction work, this method also provides a high level of cost and quality control.

EXECUTIVE SUMMARY

- The Design-Builder provides a Guaranteed Maximum Price (GMP) based upon the amount previously agreed upon in the Design-Build agreement. The Design-Builder is at risk to provide the completed project within that price. In the selection of major subcontractors, the Design-Builder uses a qualification-based selection process prescribed by the ABOR Procurement Code to allow major subcontractors a design-assist role during the design phase. All remaining subcontractor work is awarded on the basis of the lowest responsive and responsible subcontractor bids. For this work, a minimum of three subcontractor bids will be required, except for specialty items or instances where proprietary systems are required, such as for energy management systems and door locks. A final report on project control procedures will be provided at project completion.
- The D-B Team was selected through the capital project selection committee process prescribed by the ABOR Procurement Code. A licensed contractor was included on the selection committee as required by ABOR Policy.

Project Status and Schedule

- The Design Phase commenced in Spring 2023, with a year-long pause while final determination of programming of building occupants was determined. Project Programming is currently underway.
- Project construction is targeted to commence in late 2025 and will be completed in Fall 2027.

Project Cost

- This project encompasses 86,980 GSF, including 57,955 NASF for the Shantz Building Renovation and an estimate 22,000 GSF of renovations within other buildings, to be determined, to accommodate temporary and permanent relocation of displaced departments.
- The construction cost for this project is \$75 million (\$862 per GSF), and the total project cost is \$100 million (\$1,149 per GSF).

EXECUTIVE SUMMARY

- Comparable similar previously approved projects:

Comparable Similar Previously Approved Projects					
Project	University	**Total Project Budget	Project GSF	**Total \$/GSF	**Const. \$/GSF
Bateman Physical Science Center Improvements (2021)	ASU	\$88,500,000 (\$60,000,000)	90,400	\$978 (\$664)	\$782 (\$531)
Biomedical Research Laboratory Building Improvements (2018)	ASU	\$74,000,000 (\$40,000,000)	112,000	\$661 (\$357)	\$471 (\$254)
Chemistry Building Renovation (2019)	U of A	\$70,000,000 (\$42,000,000)	76,000	\$906 (\$550)	\$609 (\$370)
Thunderbird School of Global Management classroom & office (2019)	ASU	\$110,000,000 (\$67,000,000)	111,000	\$995 (\$604)	\$873 (\$530)

*** Note: Estimate of cost escalation to align to midpoint of construction.*

Fiscal Impact and Financing Plan

- U of A plans to finance \$100 million for the project using System Revenue Bonds (SRBs). The annual debt service on the SRBs is estimated to be \$7.4 million based on a conservative budget of 5 percent interest rate for a 20-year maturity. The University plans to use state appropriations tied to the Capital Infrastructure Fund established in ARS 15-1671 to pay for half of the debt service and retained tuition matching funds to pay the other half. In FY 2025, the University’s budget for Tuition (without UAGC) is \$816.1 million and Capital Infrastructure Fund appropriation is \$11.5 million. These sources fund debt service on other capital projects and have existing capacity to cover this project.
- The Operations and Maintenance (O&M) cost for the project is already included in the University’s current budget.

Debt Ratio Impact

- The estimated annual debt service of \$7.4 million on this project’s SRBs would increase the U of A debt ratio by .17 percent.

Occupancy Plan

- Research spaces will be updated to be more efficient and provide greater utilization of the space using denser phenotypes of laboratory spaces. Underutilized portions of the building will be reprogrammed for appropriate space allocation based upon the strategic research strategy.

EXECUTIVE SUMMARY

- Current occupants will be vacated, either temporarily or permanently, to other facilities on campus and redistributed or reinstated back into the facility as determined by the programming and research needs.
- This facility may provide new space for new faculty. It is not anticipated that any existing space will be released, or that any existing facilities will be demolished.

Statutory/Policy Requirements

- ABOR Policy 7-102 requires all major capital projects with an estimated total project cost of \$10 million or more to be included in the Annual Capital Plan, including new construction, renovation, infrastructure, information technology, and third-party projects.
- Pursuant to ABOR Policy 7-102.B.2.a.(2), a previously approved project shall be re-submitted for ACP approval if it has not received individual project and financing approval, which applies to this project.

EXECUTIVE SUMMARY

**University of Arizona
Annual Capital Plan - Capital Project Information
Summary Shantz Building Remodel – Research
Renovation Project**

Project Description / Location:

This project will renovate the six-story Shantz Building located at 1177 E. 4th Street.

	FY 2024 Annual Capital Plan	FY 2025 Annual Capital Plan
<u>Project Schedule (Beginning Month/Year)</u>		
Planning	Late 2022	Late 2022
Design	Early 2023	Early 2023
Construction	Late 2025	Late 2025
Occupancy	Fall 2027	Fall 2027
<u>Project Budget:</u>		
Total Project Cost	\$65,000,000	\$100,000,000
Total Project Cost per GSF	\$747	\$1,149
Direct Construction Cost – Renovation	\$46,500,000	\$75,000,000
Construction Cost per GSF – Renovation	\$534	\$862
Change in annual Oper/Maint cost		
Utilities	N/A	N/A
Personnel	N/A	N/A
Other	N/A	N/A
<u>Funding Sources</u>		
Capital System Revenue Bonds	\$65,000,000	\$100,000,000

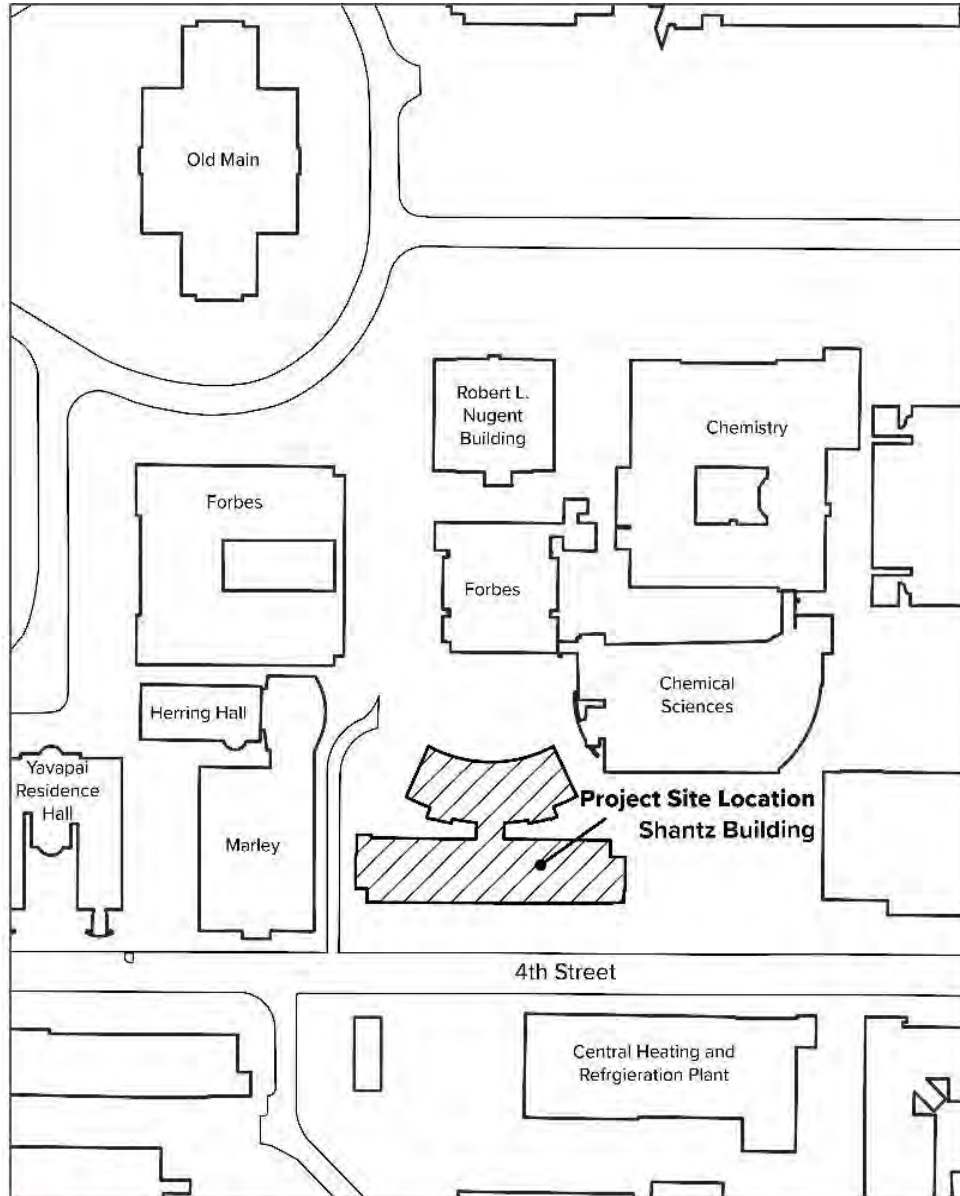
EXECUTIVE SUMMARY

**University of Arizona
Annual Capital Plan - Capital Project Budget
Summary Shantz Building Remodel – Research
Renovation Project**

<u>Date of Budget Estimate</u>	<u>FY 2024 Annual Capital Plan</u>	<u>FY 2025 Annual Capital Plan</u>
	<u>Sept 2023</u>	<u>Sept 2024</u>
1. Land	\$ 0	0
2. Construction Cost		
A. New Construction	\$ 0	0
B. Renovation	\$ 46,500,000	72,000,000
C. Fixed Equipment	\$ 1,000,000	1,500,000
D. Site Development (exclude 2.E.)	\$ 0	0
E. Parking & Landscaping	\$ 0	0
F. Utilities Extensions	\$ 0	0
G. Other (asbestos only)	\$ 1,000,000	1,500,000
Subtotal Construction Cost	\$ 48,500,000	75,000,000
3. Consultant Fees		
A. Construction Manager	\$ 1,000,000	1,750,000
B. Architect/Engineering Fees	\$ 5,500,000	7,750,000
C. Other (Programming, Special Consult.)	\$ 250,000	500,000
Subtotal Consultant Fees	\$ 6,750,000	10,000,000
4. Furniture Fixtures and Equipment	\$ 2,000,000	2,500,000
5. Contingency, Design Phase	\$ 2,400,000	3,750,000
6. Contingency, Construction Phase	\$ 2,400,000	3,750,000
7. Parking Reserve	\$ 0	0
8. Telecommunications Equipment	\$ 1,000,000	1,500,000
Subtotal Items 4-8	\$ 7,800,000	11,500,000
9. Additional University Costs		
A. Surveys and Tests	\$ 120,000	250,000
B. Move-in Costs	\$ 50,000	150,000
C. Public Art	\$ 0	0
D. Printing/Advertisement	\$ 50,000	100,000
E. Univ. Facilities & Project Management	\$ 1,500,000	2,650,000
F. State Risk Mgt. Ins	\$ 230,000	350,000
Subtotal Additional University Costs	\$ 1,950,000	3,500,000
TOTAL CAPITAL COST	\$ 65,000,000	100,000,000

EXECUTIVE SUMMARY

**U of A Annual Capital Plan
Project Site Location Map Shantz Building Remodel
Research Renovation Project**



**Shantz Building Remodel -
Research Renovation Project**

