

ITEM 7.7: Request to Approve the Annual Capital Plan for Northern Arizona University

Requested Action: Northern Arizona University (NAU) asks the board to approve its Annual Capital Plan (ACP), as described in this executive summary. The ACP includes 2 new projects and no resubmitted projects, none of which are third-party projects. Excluding third-party projects, the ACP totals \$98 million, as described in this executive summary and supporting document/s.

Committee Review and Recommendation

The University Governance and Operations committee reviewed this item at its September 11, 2025, meeting and recommended forwarding the item to the board for approval with no changes.

Background/History of Previous Board Action

- Capital Improvement Plan FY 2026 – FY 2029 September 2024
- Campus Master Plan November 2023

Prior Year Activity

- There were no major capital projects ongoing nor substantially completed within the last 12 months.
- Since there hasn't been any activity in the last 12 months, there aren't any details listed in Exhibit 1.

Overview and Alignment with Enterprise and University Goals and Objectives

NAU has developed the ACP to align with university's Campus Master Plan, and the system Enterprise and university strategic goals and objectives.

- The primary institutional priorities supported by the ACP include:
 - Academic Needs: The New Nursing Building expands capacity for NAU's high-demand nursing programs and meets the critical need outlined in the 2023 Master Plan for a facility to support the recently elevated College of Nursing. This is an essential component of our contributions to the Arizona Healthy Tomorrow Initiative and will train the next generation of healthcare professionals to serve the people and communities of Arizona.
 - Student Support Requirements: New facilities and student success programs must be provided to assure successful student recruitment, housing, socialization, retention and graduation.
 - Campus Operations & Infrastructure Priorities: Facilities must be kept in safe, operational and maintainable condition. Campus buildings and utility systems must be efficient and cost-effective to maximize the use of operational funds over

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time. Infrastructure improvements should be made in district-wide increments when possible to maximize economies of scale and potential cost savings. Critical maintenance and renovations must not fall behind, even when state building renewal funds are not received. Both projects positively advance these priorities by eliminating several buildings with high deferred maintenance and improving infrastructure serving the facilities.

- **Life Safety & Code Compliance:** Life safety and code compliance issues must take highest priority to assure the safety of students, staff and visitors. Safety and code compliance issues must be resolved promptly. The Cline Library Renovation will address a major code compliance issue by separating the building’s HVAC water supply from its fire sprinkler water system. This improvement not only protects the health and safety of library occupants but also safeguards NAU’s assets, reduces liability, and ensures full compliance with applicable building and fire protection standards.
- **Sustainability and Resource Stewardship:** The New Nursing Building will be designed to meet or exceed LEED Silver standards, reducing long-term operational costs and environmental impact. Both projects will integrate energy-efficient systems and sustainable materials, supporting NAU’s carbon neutrality commitments. Both projects will enable the demolition of three low-functioning, inefficient buildings, eliminating deferred maintenance liabilities and significantly reducing energy consumption and greenhouse gas emissions from outdated infrastructure. By consolidating academic and support functions into modern, flexible spaces, NAU will optimize space utilization, improve service delivery, and reduce the overall campus footprint—all while advancing the university’s carbon neutrality commitments.
- **Funding Sources & Financing Options:** Project funding and financing should be carefully considered for every individual project, to take advantage of windows of opportunity, to maximize the resources available with minimal impacts on tuition rates and to responsibly manage the assets of the University. The use of gift and SPEED bond funds should be optimized and alternative funding approaches should be considered when appropriate. Impacts to 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. Both of these projects utilize SPEED bond funds.

Annual Capital Plan Projects

- The NAU ACP includes two projects totaling \$98 million, and there are no third-party projects.
- The following lists the new projects proposed for ACP approval, including notations where board policy waivers are requested:
 - New Nursing Building
 - Cline Library Renovation

- There are no resubmitted projects.
- 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

- The NAU ACP, if fully implemented, will cost a total of \$98 million.
- The total amount, \$98 million, will be financed using SPEED supported debt. The remaining SPEED funding allocation will be utilized to address deferred maintenance issues within the Physical Sciences building. The Physical Sciences project will be under the \$10 million threshold based on the SPEED allocation of one-third.
- Debt Ratio Impact: The debt service associated with projects in the ACP will increase the debt ratio by 0% percent excluding SPEED projects, and 0.9% percent including SPEED projects. The current debt ratio prior to these projects is 4.4% excluding SPEED debt and 5.8% including SPEED debt.
- The tables in Exhibits 2 and 3 provide detail project financing, funding sources and debt ratio impact.

Other Projects

- NAU does not anticipate any third-party projects, component unit projects, and commercial long-term leases that require board approval to be entered into in the next year.

Supporting Document/s

[Exhibits 1-5 and Project Information](#)

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 Finance, Capital and Resources 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.

EXHIBIT 1

Northern Arizona University Capital Project Status Report							
Project Name	Square Footage	Total Budget	Direct Construction Budget	Percent Work Complete	Percent to Gift Target *	Date last Board Approval	Original / Revised Occupancy Date
Ongoing University Projects							
N/A							
Ongoing Third-Party Projects							
N/A							
Substantially Completed University Projects							
N/A							
Substantially Completed Third-Party Projects							
N/A							
*Values as of 6/30/2025							

EXHIBIT 2

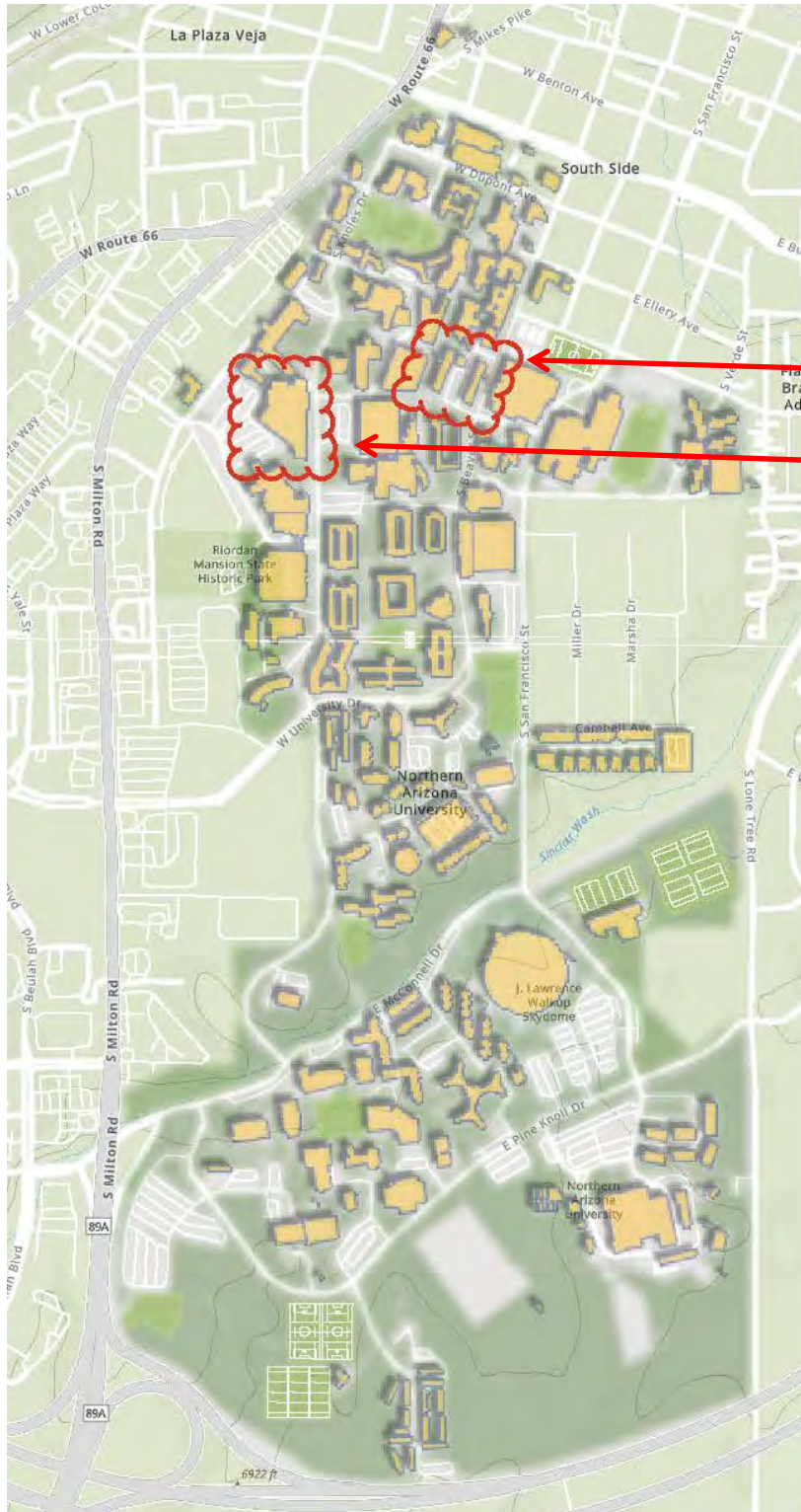
Northern Arizona University Annual Capital Plan Table							
Project	Board Approval Status	Gross Square Footage	Project Cost	Amount Financed	Funding Method	Annual Debt Service	Debt Ratio
New Projects							
New Nursing Building	FY 2026 - 2029 CIP	40,000	\$50,000,000	\$50,000,000	SRB	\$3,428,000	0.47%
Cline Library Renovation	FY 2026 - 2029 CIP	211,312	\$48,000,000	\$48,000,000	SRB	\$3,055,000	0.42%
Subtotal			\$98,000,000	\$98,000,000		\$6,483,000	0.89%
Resubmitted Projects							
No resubmitted projects							
Subtotal							
Third Party Projects							
No third party projects							
Subtotal							
TOTAL			\$98,000,000	\$98,000,000		\$6,483,000	0.89%

EXHIBIT 3

Northern Arizona University											
ANNUAL DEBT SERVICE BY FUNDING SOURCE											
Project	Amount Financed	CIF	TUI	AUX	ICR	OLF	SLP	FGT	DFG	OTH	TOTAL ANNUAL DEBT SERVICE
New Projects											
New Nursing Building	\$ 50,000,000						\$3,428,233				
Cline Library Renovation	\$ 48,000,000						\$3,055,000				
Subtotal	\$ 98,000,000						\$ 6,483,000				
Resubmitted Projects											
No resubmitted projects											
Subtotal											
Third Party Projects											
No third party projects											
Subtotal											
Total	\$ 98,000,000	N/A	N/A	N/A	N/A	N/A	\$6,483,000	N/A	N/A	N/A	N/A

OPERATION AND MAINTENANCE BY FUNDING SOURCE											
Project	TOTAL ANNUAL O&M	301	TUI	AUX	ICR	OLF	GFA	FGT	DFG	OTH	
New Projects											
New Nursing Building	\$ 238,770					\$238,770					
Cline Library Renovation	No change										
Subtotal	\$ 238,770					\$238,770					
Resubmitted Projects											
No resubmitted projects											
Subtotal											
Third Party Projects											
No third party projects											
Subtotal											
Total	\$ 238,770					\$238,770					

EXHIBIT 4
Project Locations



New Nursing Building site

Cline Library

EXHIBIT 5
Debt Capacity Report
 Fiscal Year 2025 Unaudited

PURPOSE

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

PROJECTED DEBT CAPACITY

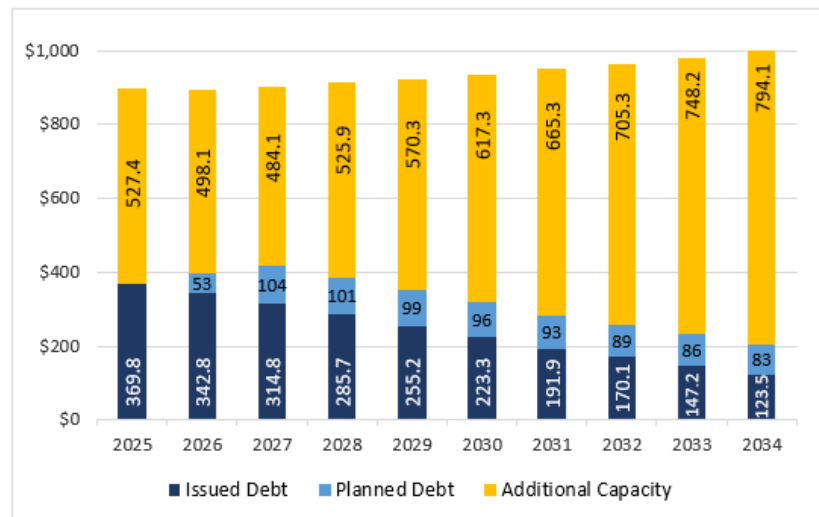
**Maximum Projected Debt Service
to Total Expenditures**

**Excluding/Including
SPEED debt**

4.4% / 6.7%

Currently outstanding (issued) debt at the end of FY 2025 is \$369.0 million. Outstanding debt in FY 2026 is projected to be \$371.4 million. The maximum projected debt ratio is 4.4 percent in FY 2027. The 4.4 percent ratio is within the range used by bond rating firms to confirm an institution’s creditworthiness and is below the 8 percent statutory debt limit. Maximum total annual debt service of \$49.6 million will occur in FY 2030 at 4.3 percent.

Currently outstanding (issued) debt declines from \$369.0 million in FY 2025 to \$220.5 million by FY 2034 as debt is retired. Additional debt capacity represents debt that can be issued in any given year based on the statutory 8 percent debt ratio maximum.



FUTURE PROJECTS

SPEED Bonding Issuances based on a one-third allocation:

- FY26 Q3 - \$53.625M – Nursing Building (\$50M) & Physical Sciences Deferred Maintenance (\$3.625M)
- FY27 Q1 - \$53.625M – Cline Library (\$48M) & Physical Sciences Deferred Maintenance (\$5.625M)

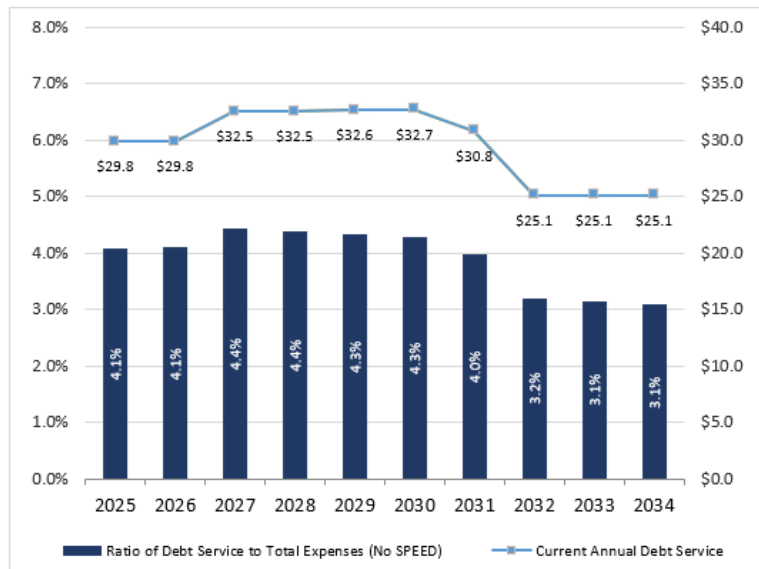
CREDIT RATINGS

Positive rating factors cited by agencies include NAU’s presence as a large, comprehensive university; multiple years of growth in wealth, liquidity, and enrollment; good operating reserves; and a healthy history of monthly days cash on hand. Offsetting factors include strong enrollment competition, high maximum annual debt service compared to agency medians and narrow reserves relative to debt.

Fiscal Year	Moody's		Standard & Poor's	
	Rating	Outlook	Rating	Outlook
2017	A1	Stable	A+	Stable
2018	A1	Stable	A+	Stable
2019	A1	Stable	A+	Stable
2020	A1	Stable	A+	Negative
2021	A1	Stable	A+	Stable
2022	A1	Stable	A+	Stable
2023	A1	Stable	A+	Stable
2024	A1	Stable	A+	Stable
2025	A1	Stable	A+	Stable

RATIO OF DEBT SERVICE TOTAL EXPENSES

Annual debt service on system revenue bonds and COPs is projected to increase from \$29.8 million in FY 2025 to a maximum of \$32.7 million in FY 2030. The ratio of debt service to total expenses is expected to reach a maximum in FY 2027 at 4.4 percent. SPEED (Stimulus Plan for Economic and Educational Development) bonds are funded up to 80 percent by state lottery revenues, with the balance funded by the University. SPEED debt service is excluded from the statutory debt ratio, but if SPEED debt service of \$11.7 million is included, the highest projected debt ratio increases to 6.7 percent in FY 2027.



NAU
Annual Capital Plan – Project Justification Report
New Nursing Building

Background/History of Previous Board Action

- Capital Improvement Plan FY 2026 – FY 2029 September 2024
- Campus Master Plan November 2023

Project Justification/Description/Scope

- As identified as a phase 1 priority in NAU's Campus Master Plan, this new 40,000 gross square feet (GSF) (approximate) replacement building will become the new home of the College of Nursing. It will unite all nursing program spaces which are currently spread across multiple buildings in space inadequate for current and future demand. Consolidating programs in one location improves space utilization and reduces duplication of specialized equipment.
- The new building will be a modern, purpose-built facility built to LEED silver or better standards. Nursing education requires advanced simulation labs, skills practice areas, and flexible classrooms—amenities that older buildings cannot easily or cost-effectively accommodate. This space will strengthen NAU's leadership in healthcare education and applied research, with specialized labs and clinical training facilities. The new facility will also assist with recruitment by attracting high-caliber faculty, students, and research partnerships, increasing NAU's competitiveness for grants and external funding.
- The new building will be centrally located in the north campus science corridor (at the site formerly identified for a future Interdisciplinary Science and Academic Complex building), to provide academic synergy and program integration. Nursing shares foundational coursework and research needs with Biology, Chemistry, and Physical Sciences (e.g., anatomy, physiology, microbiology). Locating Nursing near these disciplines strengthens interdisciplinary collaboration, allows shared use of specialized labs, and supports integrated learning experiences. Proximity fosters easier student movement between classes, labs, and simulation facilities, reducing travel time and scheduling conflicts. Peterson, Babbitt Academic Annex, and Academic Annex will be demolished in alignment with the Campus Master Plan as they are aging facilities with high deferred maintenance needs, poor energy performance, and layouts that no longer support modern pedagogy.
- The current Nursing Building is in poor condition and is not functionally adequate for the growing Nursing program while accounting for \$2.6M in Deferred Maintenance Costs.

Project Delivery Method and Process

- This project will be delivered through the ABOR approved procurement method of hiring a Design Professional (DP) and Construction Manager at Risk (CMAR).
- NAU has not yet selected a DP or CMAR for this project. The DP and CMAR will be selected according to ABOR policy and Arizona law.

Project Status and Schedule

- The DP and CMAR will be selected in early 2026. The design will be completed within approximately 12 months after the DP contract is awarded.
- Construction, including demolition of the existing buildings, will commence when the design is complete and after all approvals are in place. Construction is anticipated to take 24 – 36 months.

Project Cost

- The total project budget is \$50 million, which is \$913 cost/sf and \$1,250 cost/sf total project. This includes site work, demolition, utility connection and modernization, design, and building construction.
- Comparable similar previously approved projects:

Project	University	Total Project Budget	Project GSF	Total \$/GSF	Constr. \$/GSF
South Engineering Lab	NAU	\$7,878,000	9,840	\$801	\$583
Student Athlete High Performance Center	NAU	\$46,000,000	65,618	\$701	\$603
Center for Advanced Molecular Immunotherapies	UA	\$290,000,000	205,000	\$1,415	\$1,132

Fiscal Impact and Financing Plan

- The \$50 million project will be debt-financed with system revenue bonds supported by SPEED amortized over an approximate twenty-five term. The annual debt service of \$3,428,233 will be funded by 80% state lottery allocated proceeds and 20% university funds and is included in current budget planning.
- Debt Ratio Impact: The debt service associated with this project will increase the debt ratio by 0% percent excluding SPEED projects, and 0.47% percent including SPEED projects. The current debt ratio prior to this project is 5.8% percent.
- The associated increases in operations and maintenance costs will be funded by local funds.

Occupancy Plan

- The project will provide new space for the College of Nursing. Programs located in the former Nursing building, DuBois Center, and Health Professions buildings will be located in this new facility. Peterson and Academic Annex do not require occupant relocations as they are vacant. Occupants of Babbit Academic Annex are planned to relocate into Cline Library.

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 ACP, including new construction, renovation, infrastructure, information technology, and third-party projects.

**Northern Arizona University
Annual Capital Plan – Capital Project Information Summary
New Nursing Building**

Project Description / Location:

This project is design and construction of a new 40,000 GSF New Nursing Building to house the College of Nursing. The project also includes site prep and utility work, to include demolition of three existing buildings, Peterson, Babbit Academic Annex, and Academic Annex, as they are in the general site location.

Project Schedule:

Planning	October 2025
Design Start	February 2026
Construction Start	August 2027
Construction Completion	August 2029

Project Budget:

Total Project Cost	\$50,000,000
Total Project Construction Cost	\$39,043,160
Total Project Cost per GSF	\$ 1,250
Construction Cost per GSF	\$ 913

Estimated Annual O&M Cost:

Utilities	\$ 100,000
Personnel	\$ 133,170
All Other Operating	\$ 5,600
Total	\$ 238,770

Funding Sources:

Capital:

- System Revenue Bonds \$50,000,000

Operations/Maintenance:

- Other Local Funds \$ 238,770

**Northern Arizona University
Annual Capital Plan – Capital Project Budget Summary
New Nursing Building**

Capital Costs:

1. Land Acquisition	
2. Construction Cost	
A. New Construction	\$ 32,000,000
B. Tenant Improvement	
C. Special Fixed Equipment	
D. Site Development (excl. 2.E.)	
E. Parking and Landscaping	
F. Utilities Extensions	\$ 1,500,000
G. Other* (Demolition/abatement)	\$ 3,052,500
Subtotal Construction Cost	<u>\$ 36,552,500</u>
3. Fees	
A. CMAR Pre-Construction	\$ 200,000
B. Architect/Engineer	\$ 3,904,316
C. Other (Cx, estimating)	\$ 400,000
Subtotal Consultant Fees	<u>\$ 4,504,316</u>
4. FF&E Movable	\$ 2,182,374
5. Contingency, Design Phase	\$ 500,000
6. Contingency, Construction Phase	\$ 2,243,160
7. Parking Reserve	
8. Telecommunications Equipment	\$ 1,500,000
Subtotal Items 4 - 8	<u>\$ 6,425,534</u>
9. Additional University Costs	
A. Surveys, Tests, Haz Mat Abatement	\$ 180,000
B. Move-in Costs	\$ 100,000
C. Printing Advertisement	\$ 108,619
D. Keying, signage, facilities support	\$ 525,000
E. Project Management Cost	\$ 1,456,310
F. State Risk Mgmt Ins (.00034**)	\$ 147,721
Subtotal Addl Univ. Costs	<u>\$ 2,517,650</u>
Total Capital Cost	<u>\$ 50,000,000</u>

Northern Arizona University
Annual Capital Plan – Project Site Location Map
New Nursing Building



Note: Exact building placement on site is to be determined.

NAU
Annual Capital Plan – Project Justification Report
Cline Library Renovation

Background/History of Previous Board Action

- Capital Improvement Plan FY 2026 – FY 2029 September 2024
- Campus Master Plan November 2023

Project Justification/Description/Scope

- The Campus Master Plan identifies renovations to Cline Library as a phase 1 project. It is necessary to prioritize functional upgrades while addressing critical life safety and deferred maintenance needs. This project is a partial renovation of the 211,312 GSF Cline Library building. The primary focus is on deferred maintenance, code and safety upgrades, and space optimization.
- The Cline Library renovation will address a critical life safety and code compliance issue by separating the building’s HVAC water supply from its fire sprinkler water system. Currently, the two systems are connected in a manner that does not meet modern building and fire codes, creating potential risk to both building operations and occupant safety. The renovation will install dedicated, code-compliant piping and infrastructure for each system, ensuring the fire suppression system maintains proper pressure and water quality at all times. This improvement not only protects the health and safety of library occupants but also safeguards NAU’s assets, reduces liability, and ensures full compliance with applicable building and fire protection standards.
- As part of the Cline Library renovation, NAU will consolidate underutilized space by relocating occupants from the Babbitt Academic Annex into newly reconfigured areas within the library. This is an enabling move for the critical New Nursing Building project. In recent years, the reduction and digitization of print collections have freed up significant floor area in the library, creating an opportunity to optimize space utilization. By converting this underused space into modern, efficient office and collaborative environments, NAU will eliminate the need to operate and maintain the Babbitt Academic Annex—an aging, low-functioning facility with substantial deferred maintenance. This strategic move reduces the campus footprint, lowers operating costs, and creates closer proximity between library resources, academic support services, and faculty, fostering greater collaboration and student engagement.
- This project will accelerate goals outlined in both the Campus Master Plan and the related Library Master Plan. The tenant improvement portion of the construction will address multiple facility needs in a single coordinated effort—avoiding costly, piecemeal renovations later. The project will upgrade building systems, finishes, and layouts in areas of the library that would otherwise remain outdated, thereby reducing the backlog of deferred maintenance. These improvements—such as modernized

HVAC, building envelope modifications, life safety systems, and accessible interior layouts—align with key priorities outlined in the Library Master Plan, including creating more adaptable, technology-rich spaces and expanding capacity for academic support services. The result is a facility that is more functional, compliant, and sustainable, while simultaneously removing an entire low-functioning building from the university’s deferred maintenance inventory.

Project Delivery Method and Process

- This project will be delivered through the ABOR approved procurement method of hiring a Design Professional (DP) and Construction Manager at Risk (CMAR).
- NAU has not yet selected a DP or CMAR for this project. The DP and CMAR will be selected according to ABOR policy and Arizona law.

Project Status and Schedule

- The DP and CMAR will be selected in mid-2026. The design will be completed within approximately 12 months after the DP contract is awarded.
- Construction will commence when the design is complete and after all approvals are in place. Construction is anticipated to take 24 – 36 months.

Project Cost

- The total project budget is \$48 million, which is \$180 cost/sf and \$222 cost/sf total project.
- Comparable similar previously approved projects:

Project	University	Total Project Budget	Project GSF	Total \$/GSF	Constr. \$/GSF
Bury Hall Renovation	NAU	\$7,000,000	17,470	\$401	\$298
Haydon Library Renovation	ASU	\$90,000,000	245,000	\$367	\$275

Fiscal Impact and Financing Plan

- The \$48 million project will be debt-financed with system revenue bonds supported by SPEED amortized over an approximate twenty-five term. The annual debt service of \$3,055,000 will be funded by 80% state lottery allocated proceeds and 20% university funds and is included in current budget planning.
- Debt Ratio Impact: The debt service associated with this project will increase the debt ratio by 0% percent excluding SPEED projects, and 0.42% including SPEED projects. The current debt ratio prior to this project is 5.8% percent.
- There are no associated increases in operations and maintenance costs with this project.

Occupancy Plan

- The current occupants of Cline Library will not be displaced by this project. Current occupants of Babbitt Academic Annex will relocate when the tenant improvement portion of the project is complete.

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 ACP, including new construction, renovation, infrastructure, information technology, and third-party projects.

**Northern Arizona University
Annual Capital Plan – Capital Project Information Summary
Cline Library Renovation**

Project Description / Location:

This project is a partial renovation of the 211,312 GSF Cline Library. The primary focus is on deferred maintenance, code and safety upgrades, and space optimization. Location is within the footprint of the existing Cline Library.

Project Schedule:

Planning	February 2025
Design Start	July 2026
Construction Start	December 2026
Construction Completion	December 2028

Project Budget:

Total Project Cost	\$48,000,000
Total Project Construction Cost	\$38,000,000
Total Project Cost per GSF	\$ 222
Construction Cost per GSF	\$ 180

Estimated Annual O&M Cost:

Utilities	\$ 0
Personnel	\$ 0
All Other Operating	\$ 0
Total	\$ 0

Funding Sources:

Capital:

- System Revenue Bonds \$48,000,000

Operations/Maintenance:

- Other Local Funds \$ 0

**Northern Arizona University
Annual Capital Plan – Capital Project Budget Summary
Cline Library Renovation**

Capital Costs:

1. Land Acquisition	
2. Construction Cost	
A. New Construction	\$ 38,000,000
B. Tenant Improvement	
C. Special Fixed Equipment	
D. Site Development (excl. 2.E.)	
E. Parking and Landscaping	
F. Utilities Extensions	
G. Other* (Demolition/abatement)	
Subtotal Construction Cost	<u>\$ 38,000,000</u>
3. Fees	
A. CMAR Pre-Construction	\$ 150,000
B. Architect/Engineer	\$ 3,800,000
C. Other (Cx, estimating)	\$ 275,000
Subtotal Consultant Fees	<u>\$ 4,225,000</u>
4. FF&E Movable	\$ 700,000
5. Contingency, Design Phase	\$ 400,000
6. Contingency, Construction Phase	\$ 1,990,000
7. Parking Reserve	
8. Telecommunications Equipment	\$ 150,000
Subtotal Items 4 - 8	<u>\$ 3,240,000</u>
9. Additional University Costs	
A. Surveys, Tests, Haz Mat Abatement	\$ 275,000
B. Move-in Costs	\$ 150,000
C. Printing Advertisement	\$ 50,000
D. Keying, signage, facilities support	\$ 511,819
E. Project Management Cost	\$ 1,398,058
F. State Risk Mgmt Ins (.00034**)	\$ 150,123
Subtotal Addl Univ. Costs	<u>\$ 2,535,000</u>
Total Capital Cost	<u>\$ 48,000,000</u>

Northern Arizona University
Annual Capital Plan – Project Site Location Map
Cline Library Renovation

