The Board of Visitors approved the New Upper Quad Residence Hall project at its June 3, 2019 meeting. The approved project includes a program of 300 beds and will be located on the corner of Stanger Street and Old Turner Street adjacent to the site for the New Corps Leadership and Military Sciences Building. The program bed count ensures housing capacity to support the enrollment growth plans for the Corps of Cadets to reach 1,400 students. The original project authorization includes a $33 million budget which is based on a university residential cost model of $110,000 per bed. The project scope includes razing Femoyer Hall and the design, construction, and furnishings for the new residential facility.

Subcontractor pricing at the completion of preliminary designs (September 15, 2020) show the costs for the project are $133,000 per bed, or $40 million. The primary drivers that push the cost over $110,000 per bed are associated with the site, which is a necessary feature for the Corps of Cadets. Specifically, the complexity and extensiveness of utility relocations, volume of contaminated soils remediation and hazardous materials handling for the demolition of Femoyer Hall, extensive grade changes to address ADA compliance, and market pricing. The costs above reflect the acceptance of value engineering alternatives.

The project includes the scope necessary to meet the needs of the Corps of Cadets, residential program, and campus requirements. The university reviewed the project scope and established that the acceptance of any additional value engineering would be detrimental to the program requirements for the Corps of Cadets. In consideration of the location requirements for the Corps of Cadets, the university recommends increasing the budget above the $110,000 per bed model.

To ensure the project addresses its programmatic intent, the university is requesting a $7 million supplement authorization for the New Upper Quad Residence Hall project. The university has developed a financing plan to support the additional $7 million of costs necessary to complete the entire scope of work. The plan calls for the use of debt serviced from residential program auxiliary revenue. Any cash designated for the project accumulated prior to the issuance of permanent debt may be used directly for project costs and to lower the total debt issuance.

Under the 2006 Management Agreement between the Commonwealth of Virginia and the university, the Board of Visitors has the authority to approve the budget, size, scope, debt issuance, and overall funding of nongeneral fund capital outlay projects. This request is for a $7 million supplement to adjust the total authorization for the New Upper Quad Residence Hall project to $40 million.
RESOLUTION OF A CAPITAL PROJECT TO SUPPLEMENT
THE NEW UPPER QUAD RESIDENCE HALL

WHEREAS, the Board of Visitors approved the New Upper Quad Residence Hall project at its June 3, 2019 meeting with a 300-bed capacity to ensure housing accommodations to support the enrollment growth plans for the Corps of Cadets to reach 1,400 students; and,

WHEREAS, the approved project budget of $33 million was based on a cost model of $110,000 per residential bed to raze Femoyer Hall and to design, construct, and furnish the new residential facility; and,

WHEREAS, subcontractor market pricing at the completion of preliminary designs (September 15, 2020) show the project cost is $40 million, or $133,333 per bed; and,

WHEREAS, in consideration of the location requirements for the Corps of Cadets, the university recommends increasing the budget above the $110,000 per bed model to $133,333 per bed to ensure the project meets the programmatic requirements for the Corps of Cadets; and,

WHEREAS, the adjusted total project costs inclusive of razing Femoyer Hall and the design, construction, and furnishings for the new facility would be $40 million; and,

WHEREAS, the university and residential program have developed a entirely nongeneral fund financing plan to cover a $40 million total project cost to complete the necessary scope of work; and,

WHEREAS, under the 2006 Management Agreement between the Commonwealth of Virginia and the university, the university has the authority to issue bonds, notes or other obligations that do not constitute State tax supported debt; and,

WHEREAS, the Finance and Resource Management Committee will further review and approve a financing resolution prior to securing permanent financing for the debt component of the project plus amounts needed to fund issuance costs, reserve funds, and other financing expenses; and,

WHEREAS, under the 2006 Management Agreement between the Commonwealth of Virginia and the university, the Board of Visitors has authority to approve the budget, size, scope, debt issuance, and overall funding of nongeneral funded major capital outlay projects.

NOW, THEREFORE BE IT RESOLVED, that the university be authorized to move forward with a $7 million supplement to adjust the total project authorization for the New Upper Quad Residence Hall project to $40 million and to complete the project.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to supplement and complete the New Upper Quad Residence Hall project be approved.

November 15, 2020