

UTAH COLLEGE OF APPLIED TECHNOLOGY

AGENDA ITEM

UCAT BOARD OF TRUSTEES

17 Sep 2015

ITEM: II.K

TOPIC: DXATC Building Funding Plan

BACKGROUND

The 2015 Utah Legislature and Governor Herbert authorized \$31,900,000 in state funding for construction of a new permanent DXATC campus on 30 acres of property previously acquired in St. George at the site of the former airport. The Legislature and the Governor also authorized intent language that required the Building Board to certify that any alternate funds were available before releasing the state funds.

On September 9, 2015, the Building Board voted to certify \$8,000,000 in additional, alternate funds through a bond to be issued through Washington County. They also authorized private and pledged donations currently totaling \$504,600. The certification allows DXATC to move ahead with construction and Campus President Stephens is targeting January 14, 2015 for a groundbreaking event. An additional caveat in the approval requires DXATC "to confirm the appropriateness of the alternate funding strategy with the Utah State Treasurer's Office."

DXATC has reduced the scope of its project from 177,000 square feet to 150,000 square feet and the estimated cost has been reduced from \$44,900,000 to \$39,900,000.

There have been questions between UCAT Administration and DXATC regarding whether or not the UCAT Board of Trustees and the Legislature (through intent language) need to approve the concept of the \$8M Washington County bond if DXATC will be participating in paying the multi-year debt service. A message from Angela Oh, the fiscal analyst assigned to the Higher Education Appropriations Committee and recently reassigned to assist the Infrastructure and General Government Appropriations committee is as follows:

"DXATC would not need approval for this capital lease because of two key factors: 1) Washington County would bond for \$5-8 million on top of the \$31.9 million state funded portion (Washington County would only own a wing, the state would own the majority of the new building); and 2) DXATC is considered a discreet component unit and not part of primary government (if they were a part of primary government, then they would need legislative approval). However, if LFA wanted, we could include intent language stating something like: The Legislature authorizes the Dixie Applied Technology College to enter into a capital lease with Washington County for their permanent campus."



RECOMMENDATION

Given the approvals indicated above, UCAT Administration recommends the Board of Trustees approve DXATC's Building Funding Plan and the associated bond repayment to Washington County.

Attachments:

Letter from Pres. Stephens to the Building Board

Letter from VP Grob to the Building Board

Letter from the Washington County Commission to the Building Board

Letter from Layton Construction and Method Studio to the Building Board



**Dixie
Applied
Technology
College**

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September 2, 2015

Mr. Ned Carnahan, Chair
Utah State Building Board
State Office Building Room 4110
PO Box 141160
Salt Lake City, Utah 84114

RE: Dixie Applied Technology College Permanent Campus Facility

Dear Chair Carnahan and Members of the Building Board,

In response to directives given by the Board in its June 3, 2015 meeting, I am happy to present credible evidence, certifying that the DXATC permanent campus project and accompanying budget has been revised, and funding is in place to meet the revised budget.

Included, please find:

1. Project revisions, certified by CMGC team: Method Studio and Layton Construction: from 177,000SF to 150,000SF.
2. Budget revisions, certified by CMGC team: Method Studio and Layton Construction: from \$44,900,000. To \$39,900,000.
3. Letter from Washington County Commissioners, certifying their commitment to bond for \$8,000,000 for the purpose of contributing to the DXATC building project.
4. Letter from DXATC Vice President of Finance, Mr. Eric Grob, certifying private donations in hand to date and commitment for additional funds: \$154,600 in hand and \$350,000 in commitment.

With the efforts outlined above, as President of DXATC, I certify that funding for the DXATC project is complete with a legislative appropriation of \$31,900,000 and \$8,000,000 from Washington County. Private funding will be used for possible alternates. This meets the revised budget of \$39,900,000 to construct a 150,000SF permanent campus facility for the College.

I respectfully request that the Board take action to certify that the funds are indeed available.

Respectfully,



Kelle Stephens, President

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September 1, 2015

Mr. Ned Carnahan, Chair
Utah State Building Board
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PO Box 141160
Salt Lake City, UT 84114

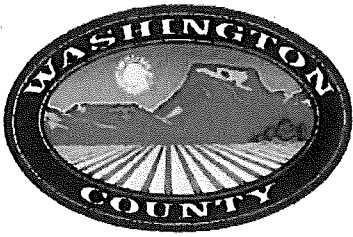
RE: Dixie Applied Technology College Permanent Campus Facility

Dear Chair Carnahan and Members of the Building Board,

As Vice President for Finance I certify that the Dixie Applied Technology College (DXATC) has received \$154,600 in private donations for the DXATC permanent campus project. We also have a commitment from a private donor for an additional \$350,000 that is being paid in increments of \$10,000 per month.



Eric R. Grob
Vice President for Finance
Dixie Applied Technology College



WASHINGTON COUNTY

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Employer of Choice

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September 2, 2015

Utah State Building Board
Attn: Jeff Reddoor
Utah State Office Building
Suite 4110
P.O. Box 141160
Salt Lake City Utah, 84114-1160
cniederhauser@utah.gov

Re: Dixie Applied Technology College Permanent Campus

Dear Utah State Building Board:


We write this letter to affirm Washington County's commitment to bond for up to \$8 million in order to fund a portion of the construction costs for the Dixie Applied Technology College Permanent Campus. This affirmation is in compliance with Washington County Resolution Number R-2015-1928, which we passed unanimously on August 4, 2015.

We have discussed this matter with our county's financial advisor Jon Bronson, SVP/Managing Director of Zions Bank Public Finance, and he has assured us that the county will have no trouble securing a bond in this amount for the DXATC permanent campus.


The DXATC permanent campus is needed in our county and will allow educational and training opportunities to ensure continued economic growth throughout Southern Utah. Please contact us if you have any questions or concerns.

Sincerely,

WASHINGTON COUNTY COMMISSION


Alan D. Gardner
Chairman


Victor Iversen
Commissioner


Zachary D. Renstrom
Commissioner

Cc: Kristen Cox, kristencox@utah.gov

September 2, 2015

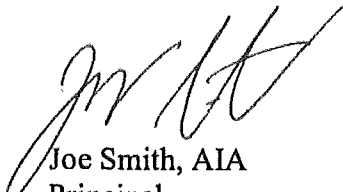
Mr. Ned Carnahan, Chair
Utah State Building Board
State Office Building Room 4110
PO Box 141160
Salt lake City, Utah 84114


RE: Dixie Applied Technology College Permanent Campus Facility

Dear Chair Carnahan and Members of the Building Board:

In response to DXATC's need to reduce the overall scope to meet the project budget, Layton Construction and Method Studio have worked directly with DXATC and DFCM to identify strategies to reduce the overall budget. We are confident the project can be completed at 150,000 SF for a total project cost of \$39,900,000 – while achieving DFCM and DXATC's vision of a high quality, long-lasting, and high-performing building.

As a team we have worked diligently to specifically evaluate each of the College's programs and space needs in an effort to prioritize and right-size each programmatic element within the building. Each of the programmed spaces have been designed and planned to align with the specific function it serves – while providing short-term flexibility and long-term adaptability requisite for a technical college. The New Permanent Campus Building will be a facility that is in harmony with its unique environment and community, a comfortable place for instructing and learning, and a model for technical colleges throughout the region.


Joe Smith, AIA
Principal
Method Studio, Inc.


Josh Haines
Vice President
Layton Construction Company