SSU BOLD: A Campus Unification and Modernization Project

Project Update & Funding Discussion

Finance & Facilities Committee
9/25/19

Karen House
Science Labs… and more

- DCAMM Proposal Process
- Readiness Project Results
- Bold
- Total Project Cost
- SSU Cash & Debt
- SSU Financial Readiness
- Next Steps
DCAMM Proposal Process

• Similar to two years ago
• Pre-formatted template
• Peer review (10/16/19)
• Final submission (12/20/19)
• SSU executive task force preparing the proposal, led by Adria Duijvesteijn
• Decision anticipated Spring 2020
Commonwealth Priorities

• Address deferred maintenance
• Programmatic collaborations
• Regional or statewide occupational needs
• Minimize space requirements, improve student outcomes
Other Decision Considerations

• BHE equity priority:

  *Significantly raise the enrollment, attainment and long-term success outcomes among under-represented student populations.*

• Comparative need across all proposals

• Business case & implementation strategy, incl. ability to leverage non-state funds
Funding Requirements (from DCAMM proposal template)

H.2 Total funding:
Identify the $ amount being requested from DCAMM and indicate what other sources of funding are being used for this project. Under “Timing and Constraints” describe whether these are matching funds, grants, loans or gifts and clarify timing and other constraints on the funding $.

Confirm timing constraints of financial commitment. Please note: all $ (including fundraising $ that have not yet been committed) must be committed and confirmed prior to completion of Study/Schematic Design Certification.

If the IHE is providing funding to support completion of the project, indicate amount and timing of confirming the availability of cash resources of institution. If the IHE has secured private sector funding to support completion of the project, indicate the name of the provider(s) amount and timing of the availability of cash resources of institution. Provide a letter from the Trustees confirming a commitment to providing IHE’s resources and indicating the availability of funding timing.

H.3 Potential revenue from sale of state-owned property
If the project involves the potential sale of state-owned property, include the name of the building or asset that will be sold, and the estimated total amount of revenue that would be deposited to the Commonwealth’s General Fund as a result of the sale, pursuant to current state law. While the revenue would not be used directly to fund the project, it could be considered as an offset to the overall cost to the Commonwealth.
Readiness Study

- 4 options emerged from study
  - 1 bad, 2 similar
- 2 options costed, both in Meier Hall
  - $60.4 million
  - $67.7 million
- 21 science labs (16 teaching, 5 research)

- Cost estimates refined; still unaffordable
- What could be built for $40M?
  - Science labs (7)
  - $42.2 million
  - Only $2.8 million in Deferred Maintenance
  - Unlikely to be funded by Commonwealth
Unlikely to be funded by Commonwealth
Time to “Be Bold”
SSU BOLD: A Campus Unification and Modernization Project

• Exit South Campus
• Renovate Horace Mann (incl. sim labs)
• Build 7 new science labs connected to Meier Hall
• Create 4 new tech-friendly classrooms in library
• Add parking spaces on North Campus
• Payoff Bates debt; avoid future investment
Exit South Campus

Appraisal: $11-15 Million
Harrington Building
Bates Complex
Upper South
8 Harrison
Renovate Horace Mann

GSF: 37,830
Program:
• CJ (perhaps)
• Health Care Studies
• Nursing
• Occupational Therapy
Notable Spaces:
• Simulation Labs
• Occupy: 2023
Gain 26% classroom efficiency based on North Campus location
Sim Labs increase capacity in healthcare programs

Tech friendly classrooms contribute to workforce readiness
Build 7 new labs-Meier Hall

GSF: 16,730
Program:
• Biology
• Chemistry
Occupy: 2023
Easier collaboration with STEM, health science programs in Horace Mann

Continue incrementally renovating remaining science labs & addressing deferred maintenance (such as recent & current roof projects)
The new labs as currently envisioned; connected to Meier Hall
New Classrooms in Library

- Swing Space if needed
- Permanent Classrooms
- Repurpose underutilized space
- Tech friendly classroom opportunity → North Shore region workforce impact
- Potential faculty teaching innovation collaboration space
## Project Budget & DM Impact

<table>
<thead>
<tr>
<th>Component</th>
<th>Cost</th>
<th>Elimination of Deferred Maintenance</th>
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</thead>
<tbody>
<tr>
<td>Sell South Campus</td>
<td>Generates funds</td>
<td>$67.1M</td>
</tr>
<tr>
<td>Pay off Bates (MSCBA held debt) – payoff amt pending MSCBA</td>
<td>Est. $4.6M</td>
<td>Incl. above</td>
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<tr>
<td>Renovate Horace Mann for South Campus programs</td>
<td>$28.5M</td>
<td>$3.6M</td>
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<tr>
<td>Build 7 labs Meier Hall &amp; 4 classrooms in Library</td>
<td>$32.5M</td>
<td>n/a</td>
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<tr>
<td>Build parking on North Campus</td>
<td>$500K</td>
<td>n/a</td>
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<tr>
<td><strong>Total Cost</strong></td>
<td><strong>$66.0M</strong></td>
<td><strong>$70.7M</strong></td>
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</table>
Project Funding ($66.0 needed)

Sources:

- DCAMM $25 – 30M
- Property sale $11-15M
- Parking funds on hand $500K
- SSU Cash + Debt $10-15M
- Gifts & Grants $10-15M
<table>
<thead>
<tr>
<th>Commonwealth Criteria</th>
<th>SSU Bold Project</th>
<th>Our Sense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred Maintenance</td>
<td>$70.7 million eliminated</td>
<td></td>
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<tr>
<td>Programmatic Collaborations</td>
<td>Health sciences partners, MLS, Mass Bio, employers</td>
<td></td>
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<tr>
<td>Regional workforce needs</td>
<td>Health Care, IT</td>
<td></td>
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<tr>
<td>Minimize space requirements, improve student outcomes</td>
<td>26% efficiency in space use; takes 257,177 GSF offline (includes Bates)</td>
<td></td>
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<tr>
<td>Equity</td>
<td>SSU is most diverse of the state U’s; only one without modern science labs; largest nursing program</td>
<td></td>
</tr>
<tr>
<td>Business Case &amp; implementation strategy; ability to leverage outside $</td>
<td>Innovative real estate strategy; leveraging grants &amp; gifts to fund; avoid investment in Bates; ongoing operational savings</td>
<td></td>
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</tbody>
</table>
PROS:
• Right size facilities
  • Vacate South and consolidate to North
  • Reduce operating costs
  • A positive for recruiting students & STEM faculty
• Improves STEM/health science facilities (workforce programs) by 2023
  – adjacencies
• Revitalizes now-vacant Horace Mann;
• Garner space efficiencies due to location
• Allows continued use of Meier Hall
• 4 new classrooms, opportunity to increase tech-friendly
• Avoids investing in Bates

CONS:
• Risks - two major construction projects simultaneously & a land sale with rezoning considerations
• Funding gap requires significant gifts and grants
Quotes from Commonwealth partners (DCAMM, DHE, MSCBA)

• “Super creative… great proposal…Selling South Campus is a big deal…this is very strong”

• “ Shrinking the campus footprint is very compelling… obvious impact on workforce needs”

• “Innovative… informed by previous planning… how can we help you to deliver this?”
DCAMM proposal process requires evidence of funding

- DCAMM money (proposal in process)
- Sale of South Campus (legislation, zoning, & sale)
- Gifts and Grants (active discussions)
- SSU Cash & Debt (authorization in December; don’t issue until necessary)
- Parking (funds on hand with MSCBA)
Bold: SSU Cash & Debt $10-15M

- **Cash on Hand**
  - 6/30/19: $27.0 million (+$8.4)
  - 6/30/18: $18.6 million

- **Investments**
  - 6/30/19: $16.5 million (+$1.7)
  - 6/30/18: $14.8 million
Debt

• Bonds, Loans & Note Payable (on book)
  – 6/30/19: $43.5 million (-$1.7)
  – 6/30/18: $45.2 million

• MSCBA held debt (off book)
  – 6/30/19: $187.5 million (+$4.2)
  – 6/30/18: $183.3 million

• Total
  – 6/30/19: $231 million (+2.5)
  – 6/30/18: $228.5 million
MSCBA would issue the debt for SSU Bold

• Authorization based on 2008 Bond Bill

• Credit evaluation process is TBD but based on standard ratios

• Identify the source of repayment (i.e. student fees and/or reallocation of other expenses)

• For $10M debt, debt service w/b $800K
  – 1.1% of FY20 UG Tuition & Fees
  – $125.00 per student
SSU Financial Health – FY18 Ratio Analysis (update is pending FY19 audit)
Next Steps

• Peer review (Oct. 16)
• DCAMM & City - South Campus sale
• Continue advocacy for gifts & grants
• Update ratio analysis & debt capacity
• Nov. 20 Finance & Facilities Committee meeting – recommend authorization for debt NTE $X
• Dec. 13 BOT vote on debt motion
• Dec. 20 submit DCAMM proposal
• Spring 2020 notification regarding DCAMM funds
## Occupy by 2023

<table>
<thead>
<tr>
<th>Sub-Project</th>
<th>Plan B - Bold: Decant South Campus; Reno Horace Mann, Battery Pack for Science</th>
<th>Who's Money, from where</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>Due diligence - is Plan B feasible, affordable, attractive</td>
<td>DCAMM (Readiness Project)</td>
</tr>
<tr>
<td>South/HM</td>
<td>City to Rezone South Campus</td>
<td>DCAMM (Readiness Project)</td>
</tr>
<tr>
<td>South/HM</td>
<td>Design additional North Campus Parking</td>
<td>SSU (MSCBA held funds)</td>
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<tr>
<td>South/HM</td>
<td>Construct additional North Campus Parking</td>
<td>SSU (MSCBA held funds)</td>
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<tr>
<td>South/HM</td>
<td>Plan for Bates decommissioning</td>
<td>soft costs</td>
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<tr>
<td>South/HM</td>
<td>Sell South Campus (leaseback &amp; pay off MSCBA debt?)</td>
<td>n/a</td>
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<tr>
<td>South/HM</td>
<td>Design the Library classrooms</td>
<td>SSU</td>
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<tr>
<td>South/HM</td>
<td>Construct the Library classrooms</td>
<td>SSU</td>
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<tr>
<td>South/HM</td>
<td>Design Horace Mann renovations</td>
<td>Commonwealth</td>
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<td>South/HM</td>
<td>Renovate Horace Mann</td>
<td>Commonwealth</td>
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<td>South/HM</td>
<td>Move programs from South Campus to Horace Mann</td>
<td>Commonwealth</td>
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<tr>
<td>South/HM</td>
<td>Decommission South Campus (end leaseback period)</td>
<td>Commonwealth</td>
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<tr>
<td>General</td>
<td>Work with MSCBA regarding credit analysis</td>
<td>soft costs</td>
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<tr>
<td>General</td>
<td>Submit Funding Proposal</td>
<td>soft costs</td>
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<tr>
<td>General</td>
<td>Learn results of funding proposal</td>
<td>n/a</td>
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<tr>
<td>Sci/Meier</td>
<td>Issue bonds for funding SSU piece</td>
<td>SSU; MSCBA to issue</td>
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<tr>
<td>Sci/Meier</td>
<td>Design Meier Battery Pack addition</td>
<td>SSU; MSCBA to issue</td>
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<tr>
<td>Sci/Meier</td>
<td>Build the Battery Pack</td>
<td>SSU; MSCBA to issue</td>
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<tr>
<td>Sci/Meier</td>
<td>Move into Battery Park science labs</td>
<td>SSU; MSCBA to issue</td>
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<tr>
<td>General</td>
<td>Fundraising</td>
<td>SSU</td>
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### Funding window

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### Notes:

1. South Campus Sightlines Deferred Maintenance: $80.5 Million includes Bates of $36.7 Million ($43.8M Commonwealth bldgs.)
2. Horace Mann Sightlines Deferred Maintenance: $9.9 Million
Why Be Bold?

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