

FY 2017  
Capital Development Plan  
University of Arizona

EXECUTIVE SUMMARY

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**Item Name: FY 2017 Capital Development Plan (UA)**

- Committee Recommendation to Full Board  
 Full Board Approval

**Issue:** The University of Arizona asks committee review and recommendation to the full board for approval of the FY 2017 Capital Development Plan (CDP) which includes five previously approved projects. The CDP total project budget is \$341.7 million.

**Previous Board Action:** FY 2016 Capital Development Plan      June 2015

**Enterprise or University Strategic Plan:**

- Education excellence, access and degree production  
 Research excellence  
 Workforce and community  
 Productivity  
 Compliance  
 Real property purchase/sale/lease  
 Other:

**Statutory/Policy Requirements:**

- Pursuant to Arizona Board of Regents Policy Chapter 7-107, each university shall submit an annual Capital Development Plan for the upcoming fiscal year in accordance with the calendar approved by the president of the Board.
- Approval of the CDP allows universities to complete planning and design in preparation for submitting individual projects for Project Approval by the Business and Finance Committee, with a final report to the full Board.

**Capital Development Plan Projects:**

- The UA FY 2017 CDP totals \$341.7 million, proposes no new major capital projects for approval, and includes five previously approved capital projects.

**Newly Proposed Projects**

- None

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**Previously Approved Projects:**

- Health Sciences Innovation Building (formerly SIPHER)
- South Stadium Parking Structure
- North Campus Infrastructure Phase 2 (currently on hold)
- Engineering Innovation Building - PPP (currently on hold)
- Interdisciplinary Chemical Sciences Renovation & Expansion (currently on hold)

Additional detail on the proposed project cost and financing can be found in the attached Exhibits 1, 2 and 3.

**Changes to the Previously Approved Capital Development Plan FY 2016:**

- No new projects proposed

**Fiscal Impact and Management:**

- The FY 2017 Capital Development Plan includes five previously approved projects. Three of the approved projects are on hold. The fourth project, Health Sciences Innovation Building (formerly SIPHER) has an estimated cost of \$165 million. The fifth project is the South Stadium Parking Structure with an estimated cost of \$18.5 million. The total cost for all five projects is \$341.7 million. The UA anticipates financing the Health Sciences Innovation Building (HSIB) and South Stadium Parking Structure projects totaling \$173.5 million through the issuance of System Revenue Bonds (SRBs).
- The estimated total annual debt service on the SRBs to finance the Health Sciences Innovation Building and South Stadium Parking Structure projects is \$10.2 million. The University plans to fund the debt payments on the SRBs with University of Arizona Health Science (UAHS) funds, local funds and Parking and Transportation auxiliary funds. The annual debt payments are based on a 30-year maturity estimated 4.0 percent interest for the Health Sciences Innovation Building and 30-year maturity 4.5 percent interest rate for the South Stadium Parking Structure. Since the South Stadium Parking Structure is expected to be issued later than the Health Sciences Innovation Building, the estimated interest rate is higher.
- The total operating and maintenance (O&M) cost associated with the projects in the CDP is estimated to be \$4.5 million. The O&M cost on the Health Sciences Innovation Building is approximately \$1.8 million and the South Stadium Parking Structure is approximately \$739,000.
- UAHS funds, local funds and Parking and Transportations new parking review will provide the capacity to pay for the project's debt service and O&M cost.

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**Debt Ratio Impact:**

- Based on the anticipated interest rates, the annual debt service is estimated to be approximately \$10.2 million. The estimated annual debt service on the SRBs to finance the Health Sciences Innovation Building and the South Stadium Parking Structure will increase the UA debt ratio by .45 percent excluding SPEED bonds and .44 percent if SPEED Bonds are included. The projected highest debt ratio is 4.99 percent excluding SPEED Bonds and 6.19 percent including SPEED Bonds.

**Requested Action**

The University of Arizona asks the committee to recommend and forward to the full board approval of the University of Arizona FY 2017 Capital Development Plan as presented in this Executive Summary.

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**THE UNIVERSITY OF ARIZONA  
 FY 2017 CAPITAL DEVELOPMENT PLAN**

EXHIBIT 1

	Board Approval Status	Gross Square Footage	Project Cost	Amount Financed	Funding Method	Annual Debt Service	Debt Ratio
<b>New Capital Project</b>							
No New Capital Projects							
<b>Previously Approved Projects</b>							
Health Sciences Innovation Building (formerly SIPHER)	CDP 11/15	212,000	\$ 165,000,000	\$ 165,000,000	SRB	\$ 9,634,000	.44%
North Campus Infrastructure Phase 2 (on hold)	CDP 6/12	N/A	\$ 16,000,000		SRB		
Engineering Innovation Building (on hold)	CDP 6/12	107,000	\$ 63,000,000		Public Private Partnership		
South Stadium Parking Structure	CDP 12/12	282,000	\$ 18,500,000	\$ 8,500,000	AUX/SRB	\$ 521,000	.01%
Interdisciplinary Chemical Sciences Renovation & Expansion (on hold)	CDP 12/12	116,000	\$ 79,200,000		SRB		
<b>Previously Approved Projects Total</b>			<b>\$ 341,700,000</b>	<b>\$ 173,500,000</b>		<b>\$ 10,155,000</b>	
<b>Total</b>			<b>\$ 341,700,000</b>	<b>\$ 173,500,000</b>		<b>\$ 10,155,000</b>	

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EXHIBIT 2

THE UNIVERSITY OF ARIZONA  
 FY 2017 CAPITAL DEVELOPMENT PLAN

CAPITAL DEVELOPMENT PLAN - ANNUAL DEBT SERVICE BY FUNDING SOURCE									
Project	Amount Financed	TUI	AUX	ICR	OLF	SLP	FGT	DFG	TOTAL ANNUAL DEBT SERVICE
<b>New Capital Project</b>									
No New Capital Projects									
<b>Previously Approved Projects</b>									
Health Sciences Innovation Building (formerly SIPHER)	\$165,000,000				\$9,634,000				\$ 9,634,000
North Campus Infrastructure Phase 2 (on hold)									
Engineering Innovation Building (on hold)									
South Stadium Parking Structure	\$ 8,500,000		\$521,000						\$ 521,000
Interdisciplinary Chemical Sciences Renovation & Expansion (on hold)									
<b>Previously Approved Projects Total</b>	<b>\$173,500,000</b>		<b>\$521,000</b>		<b>\$9,634,000</b>				<b>\$ 10,155,000</b>
<b>Total</b>	<b>\$173,500,000</b>		<b>\$ 521,000</b>		<b>\$9,634,000</b>				<b>\$ 10,155,000</b>

**Debt Service Funding Source Codes:**

(TUI) Tuition  
 (AUX) Auxiliary  
 (SLP) State Lottery Allocation Proceeds

(ICR) Indirect Cost Recovery  
 (OLF) Other Local Funds

(FGT) Federal Grant  
 (DFG) Debt Financed by Gifts

## EXECUTIVE SUMMARY

## EXHIBIT 3

**THE UNIVERSITY OF ARIZONA  
FY 2017 CAPITAL DEVELOPMENT PLAN**

CAPITAL DEVELOPMENT PLAN - OPERATION AND MAINTENANCE BY FUNDING SOURCE									
Project	TOTAL ANNUAL O&M	TUI	AUX	ICR	OLF	GFA	FGT	DFG	OTH
<b>New Capital Project</b>									
No New Capital Projects									
<b>Previously Approved Projects</b>									
Health Sciences Innovation Building (formerly SIPHER)	\$ 1,778,500				\$1,778,500				
North Campus Infrastructure Phase 2 (on hold)	N/A								
Engineering Innovation Building (on hold)	\$ 1,124,000								
South Stadium Parking Structure	\$ 738,900		\$738,900						
Interdisciplinary Chemical Sciences Renovation & Expansion (on hold)	\$ 879,200								
<b>Previously Approved Projects Total</b>	<b>\$4,520,600</b>		<b>\$738,900</b>		<b>\$1,178,500</b>				
<b>Total</b>	<b>\$4,520,600</b>		<b>\$738,900</b>		<b>\$1,178,500</b>				

**Operation and Maintenance Funding Source Codes:**

(TUI) Tuition  
(AUX) Auxiliary  
(OTH) Other

(ICR) Indirect Cost Recovery  
(OLF) Other Local Funds  
(DFG) Debt Financed by Gifts

(GFA) General Fund Appropriation  
(FGT) Federal Grant