

North Dakota State University, November 21, 2013

*Authorize NDSU to increase the project authorization of the **Sanford Health Athletic Complex** (formerly Bison Sports Arena) from \$35,404,356 to \$41,000,000, an increase of \$5,595,643 funded from private funds; potentially incur a deficit fund balance related to a corporate donation to NDSU to be collected over a ten year period; further, to seek Budget Section approval to do the same per NDCC 15-10-12.1; and to proceed with the project when all approvals have been received.*

Background Information *(The following information was previously submitted to the SBHE in past requests; it is being included as historical information):*

Sanford Health, based in Fargo, N.D., and Sioux Falls, S.D., is the largest, rural, not-for-profit healthcare system in the nation with a presence in 110 communities in eight states. Sanford has more than 800 physicians and 18,000 employees.

Sanford Health has a long history of partnering with universities in the region including Augustana College (S.D.), Concordia College (Minn.), Minnesota State University Moorhead, the University of Sioux Falls, the University of South Dakota and South Dakota State University. Sanford also works closely with local universities as a teaching institution. Thousands of nursing, pharmacy, therapy and medical students have received hands on training at Sanford, allowing our best and brightest to get high quality education and training close to home.

On September 27, 2010, Sanford Health President and CEO, Kelby Krabbenhoft, announced a gift of \$10 million to the North Dakota State University Development Foundation and the NDSU Athletic Department. The gift is the largest one-time donation in the NDSU Development Foundation's history. "We are building something special together on a great tradition of top level academic and athletic performance at NDSU. We are creating opportunities for outstanding Division I competition while promoting fitness and wellness for our youth and their families," said Krabbenhoft.

Sanford's gift is the cornerstone for the *Building the Competitive Edge for Bison Athletics*. A 5,700-seat basketball and wrestling arena and an eight-lane indoor track highlight this initiative. This dramatic extension and renovation of the Bison Sports Arena will transform the facility and surrounding area, including a track and field venue, into a true Division I athletic complex reflecting the new NDSU. Additionally, it will serve as the "front door" venue welcoming student-athletes and campus guests with the Bison Athletic Hall of Fame, Hall of Champions, and various fan services and facilities.

A two-court basketball practice facility will be added to the southwest corner of the existing structure. The west- side addition will house human performance facilities, including strength training, sports medicine and rehabilitation areas. The renovated BSA also will have an athletic academic center for the student athletes.

Increase does not reflect a change in scope but is a result of actual bids received over the project estimates.

Consistency with Campus Facility Master Plan and Budget

The Bison Sports Arena project has been a priority in the NDSU Campus Master Plan since the 2003-05 biennium and remains the primary facility for the Athletics department on the campus. It was listed as Priority #1 – Non- State Funded projects in the NDSU 2012 Campus Master Plan revision for the 2013-15 biennium in the amount of \$35,404,356.

SBHE and/or Legislative History

PROJECT AUTHORIZATION		
Date	Resolution/Action	Amount
June 2002	BSA Addition and Renovation is priority #5 for 2003-05 biennium in the 2002 NDSU Campus Master Plan in the amount of \$15,000,000; included in the capital assets line item of NDSU's budget request in HB1003 for the 2003-05 biennium	\$15,000,000
October 2005	Part of \$75.0 million <i>Momentum</i> capital campaign announced by NDSU Development Foundation	
February 16, 2006	SBHE authorized NDSU to: 1) complete fundraising for the BSA addition and renovation in the amount of \$8,000,000; 2) proceed with project, once all required funds are available and subject to Budget Section approval; and 3) request required Budget Section approval	\$8,000,000
March 8, 2006	In written testimony, the project was described as a renovation and addition project. (Broc Lietz testified on behalf of NDSU.) Budget Section approved NDSU's request to accept and expend \$8.0 million in donated funds.	\$8,000,000
January 18, 2007	NDUS Chancellor ratified NDSU's request to seek an amendment to the NDUS appropriation bill re-authorizing it to carryover the BSA Addition and Renovation project in the amount of \$15,000,000 as per NDCC 54-44-1-11 for the 2007-2009 biennium	\$15,000,000
February 5/6, 2007	John Adams contacted Laura Glatt via email asking that the project authorization be increased to \$25,500,000 after NDSU has secured a more detailed project cost estimate. Chancellor authorized request. Laura asked John to submit a written request to the House Appropriations Education subcommittee to amend the NDUS bill to address the BSA project and to have the SBHE ratify the additional amount at the next SBHE meeting.	\$25,500,000
March 15, 2007	SBHE ratified Chancellor's action authorizing NDSU to seek an amendment to HB1003 to increase authorization of the BSA Addition and Renovation from \$15,000,000 to \$25,500,000 with the source of funds listed as private gifts and donations through the NDSU Development Foundation and its \$75 million <i>Momentum</i> capital campaign	\$25,500,000
April 2007	HB1003 (2007) included \$25.5 million in other fund authority, from private sources, for the Bison Sports Arena project.	\$25,500,000
April 2009	SB2003 (2009) included \$25.5 million in other fund authority, from private sources, for the BSA. NDSU testimony, provided to both the House and Senate, stated: "The independent study done by a consulting firm in 2003 recommended that the emphasis of work done by the BSA focus on improvements to the facilities and the existing infrastructure; the HVAC system, ADA compliance; locker room expansion and upgrades, athletic training areas, classroom technology enhancements, relocation of offices, conference, and meeting rooms, and replacement of the unsafe playing surfaces and bleacher systems in the building. The scope of the project has since been expanded to include: the replacement of the existing roof, new north and south entrances to the building, a new practice gym, improvements for wrestling, track and baseball programs, and an addition to the east side of the building to accommodate suites and premium seating facilities."	\$25,500,000
June 2009	Included as carryover project in the amount of \$25,500,000 from 2007-09 in the 2009-11 Major Capital Project Priority List approved by the SBHE for inclusion in SB2003	\$25,500,000
March 2010	Included as Priority #1 – Non-State Funded projects in the NDSU 2010 Campus Master Plan revision for the 2011-13 biennium in the amount of \$29,100,000.	\$29,100,000

May 2010	SBHE authorizes NDSU to proceed with the design and partial renovation of the Bison Sports Arena in the amount of \$3,895,200 to be funded from private sources.	
	Weight equipment	\$ 25,000
	Body cooling system	\$ 3,500
	Remaining design costs related to the \$29.1 million project	\$ 1,377,000
	Total estimated new expenditures	\$ 1,405,500
	Total current expenses to date	\$ 2,489,700
	TOTAL REQUESTED AUTHORIZATION	\$ 3,895,200*
June 2010	SBHE approves listed projects in the <i>Non-State Funded (Unranked) Projects for Inclusion in 2011-13 Budget Request</i> . Included in the list are the BSA (\$29.1 million) and Indoor Track Facility (\$5 million)	\$34,100,000
July 2010	SBHE authorizes NDSU to proceed with fundraising campaign through the NDSU Foundation for renovation and construction of facilities for the BSA and indoor track facility and to retire lease debt associated with improvements within the Fargodome.	approximately \$32,000,000
November 2010	SBHE authorizes NDSU to change the name of the Bison Sports Arena to Sanford Health Athletic Complex in honor of Sanford Health, the lead donor to the <i>Building the Competitive Edge for Bison Athletics</i> campaign	
August 2011	Interim authorization received from the Chancellor and SBHE President to proceed with the Indoor Track Facility with ratification by the SBHE at its September 15 meeting.	
September 2011	SBHE authorizes NDSU's request to: 1) increase the authorization of the Indoor Track Facility from \$5,000,000 to \$5,500,000 to be paid from private funds; 2) seek Budget Section approval for increase in authorization; and 3) proceed with the project once all approvals have been received.	\$5,500,000
September 2011	Budget Section approved NDSU's request to increase the project authorization request for the Indoor Track Facility by \$500,000 of private funds from \$5 million to \$5.5 million pursuant to Section 48-01.2-25.	\$5,500,000
September 2012	SBHE authorized NDSU's request to amend the 2013-15 SBHE capital project request to include \$35,404,356 for the Sanford Health Athletic Complex (formerly Bison Sports Arena), an increase of \$6,304,356 over the currently authorized amount of \$29,100,000, funded from private funds. Furthermore, authorized NDSU to proceed with a fundraising campaign of \$35,404,356 for the project.	\$35,404,356
May 2013	2013 Legislative Assembly authorizes \$35,404,356 in other funds spending authority for the BSA project	\$35,404,356

Estimated Total Purchased or Donated Costs

	Currently Authorized	Increase*	Requested Authorization
Planning, Permits and Insurance (design costs associated with current project, OMB preplanning revolving funds, architect and engineer fees, permits, insurance)	\$2,691,627	\$196,338	\$2,887,965
Land/Building Preparation and Purchase or Donated Costs (land acquisition and site preparation/development)			
Demolition and Disposal			
Construction (foundation and building construction or renovation, including fixed equipment, landscape, infrastructure and utilities, mechanical and electrical, parking and driveways or roadways)	\$28,570,966	\$6,348,027	\$34,918,993
Institutional work (value of work completed by institutional trade staff)	\$56,369	\$0	\$56,369
Contingency	\$3,582,129	(\$948,721)	\$2,663,408

Hazardous Material Abatement	\$453,259	\$0	453,259
Other, including 3 rd party costs (please describe) legal, moving, foundation expenses	\$50,006	\$0	50,006
SUBTOTAL (if total exceeds \$250,000, requires SBHE approval)	\$35,404,356	\$5,595,644	\$41,000,000
Furniture, Fixture and Equipment (FF&E)	\$2,725,645	\$185,598	\$2,911,243
TOTAL			

* Increase does not reflect a change in scope but is a result of actual bids received over the project estimates.

Future Operating/Improvement Costs and Funding Sources

According to the engineering evaluation, the additional utility cost will increase by \$85,000. The additional custodial staff to help maintain the facility will be equivalent to 2-3 FTE. The Athletics Department will be funding the operating costs.

Source and Availability of Funds

Private donations including those to cover the FFE. The Development Foundation has guaranteed financial funding for the BSA project. It is possible that at least one of the major corporate donations (approximately \$1 million) will need to be made to NDSU instead of the NDSU Foundation. Per a written agreement, the donation would be made in increments of \$100,000 over a 10 year period. If this were to occur, NDSU would have a deficit fund balance, until the full donation is collected over the ten year period.

Estimated Project Timeline and Completion Date

Twenty-four (24) to thirty-six (36) months construction period from time bids are approved