

University of North Dakota November 21, 2013

Authorize UND to seek Budget Section approval of the Aerospace building project per NDCC 15-10-12.1, in the event that Challenge Funds become available for the project.

Background: In March 2013 the State Board of Higher Education authorized UND to enter into a ground lease between UND and UND Aerospace Foundation to enable construction of a new aerospace building; approve site of new building (Center for Aerospace Research and Innovation) to be constructed and owned by UND Aerospace Foundation; and, authorize exception to SBHE policy 902.3, section (11) permitting construction and project accounting to be managed by the Aerospace Foundation.

Approval of the project by the Budget Section in December 2013 clears the way for the possibility of funding from the challenge grant program to match new donor funding. The project has received approval from the Challenge Fund Review Committee; however, challenge dollars aren't secured until the application is reviewed and approved by the committee. UND intends to proceed with the project with or without challenge funds. It is anticipated that availability of challenge funds may impact some donor interest. In either case, efforts would continue to raise new private/other funds to complete the project.

Project Description: The existing Odegard School campus facilities were built before 1992 when there were three undergraduate disciplines and one master's degree program offered. The Odegard School now offers five disciplines with master's and doctoral programs in each. Growth is seen in every aspect of the college – technology, equipment, student enrollment, employees, research programs and funds generated. In recent years, opportunities for research and academic program growth have frequently been turned down due to lack of facilities to accommodate the new projects or programs.

UND Aerospace Foundation proposes the construction of an academic classroom and research facility (approximately 65,000 sq. ft.) on a site previously designated as West Campus property. The proposed facility would be west of and connected to Ryan Hall (see attached map). The land is currently green space with limited landscape development. It is part of the West Campus Planned Unit Development (PUD) whereby all improvements are considered a part of a large, single zoning enterprise that allows a number of university-related functions including research, education, and other support facilities.

The West Campus property is approximately forty acres of land located adjacent to the campus and bordered by University Avenue, 42nd Street North, the Burlington Northern – Sante Fe Railroad, and Interstate 29. It is currently zoned for a variety of uses as stipulated in the PUD for this property including commercial and University uses.

Ryan Hall, Skalicky Tech Incubator, Ina Mae Rude Entrepreneur Center, Hilton Garden Inn, REAC 1, and the NDSU/UND IT facility are located on this site. Prior to construction of the Hilton Garden Inn and for the purposes of the land lease with the same, a property appraisal indicated that land values for this area are \$2 per sq. ft. Construction of the Hilton Garden Inn has raised the value of this land, and will be considered in any future negotiations for developing this area. Utility infrastructure (water, sewer and storm water management) is sufficient for additional growth.

UND Aerospace Foundation, a separate 501(c)(3) corporation organized in support of the Odegard School, has begun fund-raising efforts to provide for a new campus facility to expand, enhance and improve the capacity and capabilities of the Odegard School, and to meet market demands in the areas of aerospace education, government and industry (see SBHE and/or Legislative History).

Consistent with past reports and approvals in 2003 (see SBHE and/or Legislative History), it is the intent that West Campus property will be developed for both private sector interests and University expansion.

The proposed Aerospace facility will be used by UND for its educational and research mission and therefore does not alter or oppose the function of West Campus.

The proposed multi-purpose facility would provide secure space for the UAS program and needed classrooms, reconfigurable research areas and offices for all Odegard School disciplines.

This project will provide a secure facility necessary to pursue UAS and other protected projects, while increasing revenue generated by UAS and other research projects. The building will provide more classroom space for UAS and other disciplines. It will provide space necessary to expand research projects in all disciplines and provide office space for the faculty in UAS. All existing Aerospace facilities will continue to be utilized by Aerospace.

Relationship to the Campus Master Plan: This project coincides with the goals of the UND Campus Facility Master Plan update provided in 2012 and fund-raising efforts of the University.

Consistent with past reports and approvals, West Campus property has been developed for both private sector interests and University expansion. Proximity to the Skalicky Tech Incubator, Ina Mae Rude Entrepreneur Center and Ryan Hall is one of the most valuable considerations for developing this property.

SBHE and/or Legislative History: Approval to solicit proposals to lease state land for the purpose of creating a commercial, residential and/or recreational development on the Bronson Property and on West Campus was given during the January 30, 2003 SBHE meeting.

Approval to solicit funds for this particular project was included under the umbrella to solicit funds for possible capital projects in the context of a campus-wide fund-raising campaign approved during the September 16, 2010 SBHE meeting. This building was identified as a priority in the Spirit Campaign as the Center for Aviation Studies.

In March 2013, the SBHE authorized UND to enter into a ground lease between UND and UND Aerospace Foundation to enable construction of a new aerospace building; approve site of new building (Center for Aerospace Research and Innovation) to be constructed and owned by UND Aerospace Foundation; and, authorize exception to SBHE policy 902.3, section (11) permitting construction and project accounting to be managed by the Aerospace Foundation.

Estimated Total Purchased or Donated Costs: \$24,950,000

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Planning, Permits and Insurance (design costs associated with current project, OMB preplanning revolving funds, architect and engineer fees, permits, insurance)	\$2,340,100
Land/Building Preparation and Purchase or Donated Costs (land acquisition and site preparation/development)	\$0
Demolition and Disposal	\$0
Construction (foundation and building construction or renovation, including fixed equipment, landscape, infrastructure and utilities, mechanical and electrical, parking and driveways or roadways)	\$18,525,000
Institutional work (value of work completed by institutional trade staff)	\$75,000
Contingency	\$499,900
Hazardous Material Abatement	\$10,000
Other, including third party costs (please describe)	\$0
SUBTOTAL	\$21,450,000
Furniture, Fixture and Equipment (FF&E)	\$3,500,000
TOTAL	\$24,950,000

No other work, other than that specified within this request, is required for the completion of the project nor is other work planned to supplement this project using funding or authority not included within this request.

Future Operating/Improvement Costs and Funding Sources: UND Aerospace Foundation proposes to retain ownership of the new building, leasing it to the Odegard School for a nominal amount (\$1). Operating costs of the new facility would be borne by the University, offset by additional funds collected in new research projects generated through its new capacity and capabilities and/or increased revenue from instructional and training activities.

Source and Availability of Funds (including FF&E): UND Aerospace Foundation currently has \$8,000,000 available for this project. Before construction begins, UND Aerospace Foundation will secure the funds for the total project costs.

While the development and construction of the project will be managed by UND Aerospace Foundation, the Foundation does not utilize the ConnectND accounting system. In turn, the Aerospace Foundation will report progress and expenditures quarterly to UND for monitoring. Additionally, UND representatives will be involved in project meetings and on the construction committee.

Estimated Project Timeline and Completion Date: Project will begin when full funding is secured. Estimated completion time is 24 months.