

BUSINESS AFFAIRS AND HUMAN RESOURCES
MAY 2, 2024

TAB	DESCRIPTION	ACTION
1	UI – PLANNING AND DESIGN FOR NEW RESIDENTIAL FACILITY	Action Item

BUSINESS AFFAIRS AND HUMAN RESOURCES
MAY 2, 2024

UNIVERSITY OF IDAHO

SUBJECT

Request for design and development of on-campus housing improvements through Master Developer partnership.

REFERENCE

January 2023 Executive Director approval for Master Developer project management

August 2023 University of Idaho Regents approved the FY25-30 University of Idaho Six-year Plan. Lines 33 through 36 are included in this request

April 2024 University of Idaho Regents approve amendment to University of Idaho Six-year Plan

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedure, Section V.K.1, and V.K.4.

BACKGROUND/DISCUSSION

The University of Idaho (UI) seeks Idaho State Board of Education (Board) approval for initial design and development work for on-campus housing improvements. The university completed an RFP for a master developer partner to do research, analysis, evaluation, recommendation, design, development and construction activities in support of having safe and secure housing for students on the destination residential campus.

The average age of the housing inventory on campus is over 50 years old with significant deferred maintenance. The university is currently leasing an off-campus motel to house up to 200 students. The university desires to improve housing assets to meet demand, discontinue leasing off campus apartments, and be competitive in housing quality for prospective students. The work will include enhancement of the existing Wallace Complex, Theopolis Tower and Elmwood Apartments. Reconfiguration and improvements to the existing graduate student and married student family housing area, and an addition of undergraduate housing beds with dining support. Resulting in an overall increase of approximately 150 beds on campus.

The project is consistent with the strategic goals and objectives of the University of Idaho and is key to the success of the University's enrollment recruitment and retention. It is also a key component to reaching, and then sustaining, the Carnegie R1 Classification very high research activity status. In addition, the project is fully

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consistent with the principles, goals, and objectives of UI's Long Range Campus Development Plan (LRCDP).

IMPACT

Based on pre-planning and feasibility work to date, the estimated cost of general construction for the full package of housing projects is \$142 million. Combined development partner and owner costs for architectural service, developer fees, reasonable and rational construction and project contingencies, insurance, permits, and debt issuance costs bring the total estimated project costs to \$194 million.

The source of funds for this project will either be University debt financing or development partner financing, or some combination of these, to be finalized prior to final project approval by the Board in October 2024. Until then, the University plans to utilize its reserves to pay invoices with the expectation that all expended reserve funds will be replenished by the eventual, approved financing for the overall project.

This request is for authorization to proceed with the design and development phase for the proposed on-campus housing improvement project. The University seeks authority to expend \$12,000,000 during this phase, based upon estimated costs for A/E fees, site survey, geotechnical investigation, utilities infrastructure, plan review fees, and design phase contingency allowances.

<u>Overall Project Funding</u>		<u>Estimated Budget</u>	
State	\$ 0	Design & Feasibility	\$ 6,000,000
Federal	\$ 0	Early Development	\$ 1,500,000
Other – UI	<u>\$12,000,000</u>	Utilities	\$ 4,250,000
		Project Cont.	<u>\$ 250,000</u>
Total	\$12,000,000	Total	\$12,000,000

ATTACHMENTS

Attachment 1 – UI Housing Improvements Outline 5-2-2024

BOARD STAFF COMMENTS AND RECOMMENDATIONS

UI's leadership team met with Board President Linda Clark, Vice President William Gilbert, Jr., immediate Past President Kurt Liebich and Board staff on April 17, 2024 to share UI's planned housing improvements and request timely consideration in moving forward with initial design and development of the overall project.

UI shared that the need for the project to move forward was crucial as most all of the existing student campus residence halls were over 50 years old, had significant

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deferred maintenance and are in need of significant upgrade and modernization. In addition, the capacity of the existing residence halls were inadequate for current student demand, which has led UI to lease an off-campus hotel to augment the UI's ability to meet existing student housing needs.

In order to effectively move forward, it was noted that time of was of the essence to begin this 36-month project, taking into consideration the limited construction season in Moscow and significant impact on material/labor costs of other major planned construction projects in the state by Meta and Micron.

The meeting concluded with the UI requesting the Board consider holding a special meeting to expedite this request.

This project will result in attractive, contemporary housing for students on the UI campus, which will support freshman housing needs, student enrollment, and retention efforts.

The request to allow UI to move forward with the planning and design phases will enable the University to immediately begin and move forward with the project.

Staff recommends approval.

BOARD ACTION

I move to approve the University of Idaho request to proceed with the initial design and development phase of the on-campus housing improvements, for a total cost of up to \$12,000,000 as described in the materials presented. Approval includes the authority for the Vice President for Finance and Administration to execute all necessary and requisite consulting and vendor contracts to implement the design and pre-development phase of this project.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

UI HOUSING IMPROVEMENTS



University
of Idaho

REQUEST FOR INITIAL DESIGN & DEVELOPMENT

MAY 2, 2024

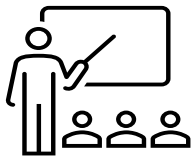


PROJECT OVERVIEW

RESIDENTIAL DESTINATION CAMPUS HOUSING

73%

*Students Report
“Living On Campus Has
Positively Impacted My
Overall Experience”*



1,452

*First-Time Freshman
Enrollment in 2023*

- I** As of Fall 2023, UI enrollment was 11,849 students, with **freshmen required to live-on the Moscow campus**
- I** Current **Moscow residence hall capacity is ~2,275 beds** (2,075 on campus + 200 beds via a motel master lease)
- I** Want to **increase bed capacity by ~150 beds**, (6.6% increase)
- I** Plans include a **refresh of existing residence halls** and addressing deferred maintenance
- I** **Repurpose of existing South Hill married student housing area to a new configuration to serve both graduate students and married/family housing**
- I** Adding **new undergraduate apartments** on campus so we can own instead of continuing to master lease an off-campus motel
- I** Additional **dining expansion** to accommodate the increased students living on campus

CAMPUS MAP



UNDERGRADUATE CORRIDOR



GRADUATE CORRIDOR





TIMING IS CRITICAL

DECISION FACTORS

- I** Project timeline is ~36 months
- I** Requesting \$12 million for design and development before coming to the State Board in October 2024 for full project approval
- I** Winters in Moscow are key factor in construction schedules (Almost 6 months of limited activities)
- I** If we lose a month now, we will not be able to meet the schedule necessary to complete work before ground freezes
- I** Which will delay move in by 1 year resulting in lost revenues
- I** The delay will also leave the university exposed to escalating construction costs, ranging from 5-25%
- I** In addition to lost revenues and increased costs, also concerned about labor availability by not 'locking in' the contractors and construction schedules in 2024



TIMING IS CRITICAL

INDUSTRY ANALYSIS – IDAHO & PNW

- I Working with Rocky Mountain Companies, CEO Mike Fery – Based in Boise, Idaho
- I Analysis on how the Micron \$15 Billion chip plant construction project plus the Meta data center project in Kuna are going to affect the construction contracting labor pools, supply chains and costs



Labor for Micron and Meta

governing.com/workforce/new-projects-may-strain-idahos-already-tight-cons... Paused

Construction Sees Labor, Wage Increases

Despite labor concerns, Idaho's construction industry is growing.

"We're almost double what the national average is (in construction labor growth)," said Hammon. "Since (the) 2020 recession, the low point, our employment in Idaho has increased over 27 percent."

There were over 70,000 Idahoans working in construction in January 2024 — a 4.6 percent increase from the previous January, Hammon said. The number employed in construction has gone up every year since the pandemic.

Wages have surged 15 percent to 20 percent in the last year, with a 20 percent to 25 percent increase anticipated in 2024, Hammon said.

In Idaho, \$6.5 billion was spent in construction in 2023, Hammon said, making up almost 6 percent of the state's gross domestic product. Nationally, construction made up 4 percent.

Employment numbers, salaries and the percentage of GDP will all likely increase in the coming years, Hammon said. The main reason, according to Hammon, is the mega-projects.

If we get the design and development activities started now, we can have some critical path items completed before Micron or Meta create an issue.

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APRIL 17, 2024

SCHEDULE PHASING



GRADUATE & MARRIED/PARENTING RECONFIGURATION

- I Immediately – Design and Utilities
- I Summer/Fall 2024 – Concrete & Site Prep
- I 2025 – Construction
- I August 2026 - Completion

NEW UNDERGRADUATE

- I Immediately – Design
- I 2025 – Development
- I 2026 – Construction
- BAHR I December 2027 - Completion

RENOVATIONS

- I Immediately – Design
- I Summer 2025–1st Wing of Wallace & 1/3 of Tower
- I January 2026 –2nd Wing of Wallace
- I Summer 2026– 3rd Wing of Wallace & 1/3 of Tower
- I January 2027 – 4th Wing of Wallace
- I Summer 2027 – 1/3 of Tower & Elmwood
- I August 2027 - Completion

Annual update on progress and schedule will be provided to the board



QUESTIONS?



DEMAND ANALYSIS FINDINGS

DEMAND SUPPORTS PROPOSED RENOVATIONS + NEW CONSTRUCTION BUNDLE

- I** Demand exists for ~200 new graduate beds, and ~100 units of married/ parenting housing in fall 2026.
- I** Fall 2026 undergraduate demand exceeds current capacity by 513 beds assuming flat enrollment and renovation/new construction premiums. ^[1]
- I** South Hill is ~450 beds with a large undergraduate population, pushing grad students, with and without families, off campus
- I** Building 400 new undergraduate apartment beds will allow all the undergraduates to be together in the undergrad corridor, plus we can stop master leasing the NCC (~180 beds)
- I** Building 400 new beds at South Hill with ~250 for graduate and ~150 for family/parenting housing
- I** If enrollment dropped by a staggering 15%, the university would only need to reclaim 10% of the off campus market share to be at full capacity

7.4

Average Residence Hall Satisfaction Rating (out of ten)

58%

Off-campus renters willing to pay renovation premium ^[2]

Percentage of On-Campus Undergraduate Students

Institution	Undergrad. Capture
University of Montana	41%
Northern Arizona University	37%
University of Idaho - Potential	33%
Northern Colorado University	32%
Montana State University	28%
University of Idaho	26%
Washington State University	20%
Eastern Washington University	14%
Idaho State University	14%
Portland State University	9%

BAHR

[1] Excess demand falls to 254 beds assuming a 10% enrollment decline.

[2] 58% of full-time undergraduate students paying over \$700/month off-campus expressed that they would be willing to pay a 20% premium to live in a renovated on-campus residence hall