

Overview of Student Housing Enhancements Proposal

Overview Presentation
For
University Council
October 7, 2010

Summary of September 20th VPs Meeting

- Detailed presentation of challenges, alternatives, finances and proposals
- Discussion of which building enhancements to pursue
- Discussion of financial challenges and proposed actions
- Finalization of Enhancements Plan and Financial Commitments

Long Term Student Housing Study Committee

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Committee Charge

Develop a detailed, long-term business plan for sustaining, enhancing and replacing student housing facilities on the MSU-Bozeman campus.

Housing Report Highlights

- The programs, services and amenities of MSU's on-campus housing enhances our students' potential for success. Therefore, MSU should continue its freshman live-on requirement and manage the housing program so that all freshmen and other students who wish to live on campus can do so.
- MSU must regularly analyze, proactively manage, and swiftly modify rental rates, meal plan choices and meal plan prices to reflect market conditions and business plan requirements.

Highlights

- Housing complexes are structurally sound but fall noticeably short in offering a contemporary, aesthetically appealing environment which meets today's student expectations (e.g. semi-private suites).
- Because existing complexes are worn and outdated this condition may soon jeopardize our ability to continue to attract students.
- Annual levels of funding that RL/UFS currently earmarks for short & long term building maintenance/renovations are inadequate given the age and outdated feel of the facilities.

Highlights

- It is very difficult to take a large complex off line for extended renovations without having an alternate facility in which to place students to retain necessary revenue streams.
- Public/Private Student Housing Partnerships have been successfully implemented in cases where institutions are building significant new facilities to meet extensive enrollment growth. But there are no examples of institutions that renovated existing facilities.

Decision Point

- For MSU to convert existing facilities to the suite style arrangement each complex would lose at least 33% of their bed space to bathrooms – and would require the total gutting of a building to skeletal structure and rebuild (like Gaines).
- Such a transformation is beyond our financial capabilities for the foreseeable future.

Planning Guidelines for Immediate Enhancements

- Our primary objective must be to make our Housing System a better asset for student recruitment.
- To make a noticeable, positive impact in Residence Life immediately, next fall, we should concentrate on the low rise side of campus, as high rises remain to be in demand.
- Realize that new construction is at least two years away, maybe longer if a larger complex is desired.
- Continue with upgrades throughout the housing enterprise, over the next 10 years, and maintain that cycle into the future.

The Challenge We Must Confront

- Of the enhancement scenarios developed, which one best addresses MSU's current and future housing needs?
 - Low - Maintain current capacity, upgrade restrooms and rooms
 - Medium - Add minimal bed spaces, upgrade restrooms and rooms of existing inventory.
 - High - Add moderate number of bed spaces with restroom and room upgrades of existing inventory.
- And maybe more importantly, which one is financially feasible?

Alternative Scenarios and – Proposed Plan of Enhancements

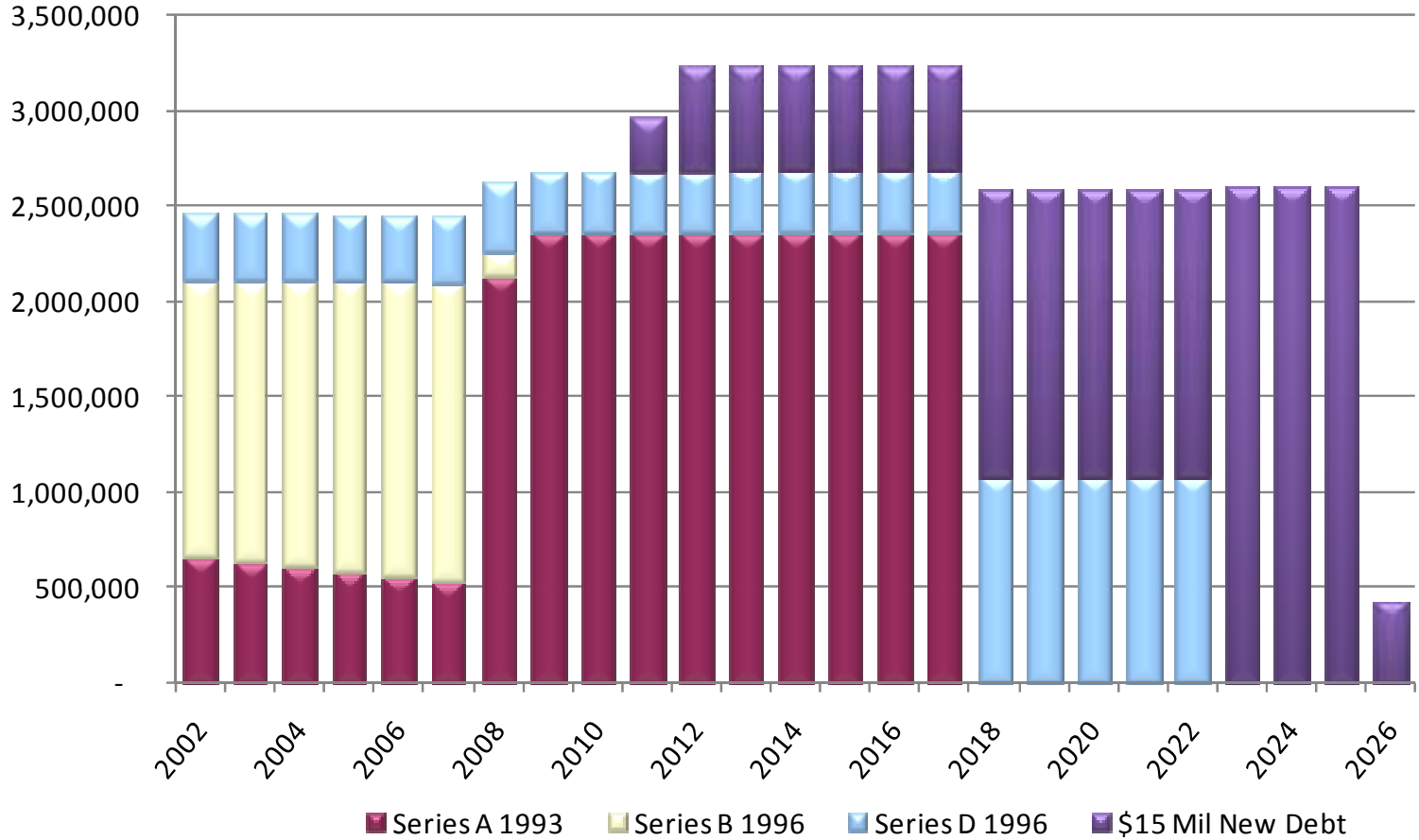
	Estimated Cost	\$8M Scenario	\$14M Scenario	\$15M Scenario	\$21M Scenario
New Suites - 68 Beds	\$7M			\$7M	
New Suites - 200 Beds	\$16M				\$16M
Hapner Hall - New Furnishings	\$1M	\$1M	\$1M	\$1M	\$1M
Langford Hall - New Furnishings	\$1M	\$1M	\$1M	\$1M	\$1M
Curb Appeal Projects					
▪ Hapner Hall	\$1M	\$1M	\$1M	\$1M	\$1M
▪ Langford Hall	\$1M	\$1M	\$1M	\$1M	\$1M
▪ Roskie Hall	\$1M		\$1M		\$1M
Toilet Room Renovations					
▪ Hapner Hall	\$2.5M	\$2.5M	\$2.5M	\$2.5M	
▪ Langford Hall	\$2M	\$1.5M	\$1.5M	\$1.5M	
▪ Roskie Hall	\$1M		\$1M		
N. Hedges Furnishings/Toilets					
▪ Toilet Renovation	\$2M		\$2M		
▪ Furnishings	\$2M		\$2M		
N. Hedges - Renovation/Suites	\$27M				
TOTAL		\$8M	\$14M	\$15M	\$21M
First Year Debt Service Requirement		\$330,000	\$512,000	\$548,000	\$768,000

\$15,000,000

Project Financing Requirements

- Must guarantee \$548,000 per year for six years, for interest-only payments, until existing debt obligations decline in 2018
- Also must pay new \$210,000 Inter-cap debt for wireless & OCR renovations
- So, must guarantee a total of \$758,000 in new debt payments, each year, through 2017

\$15 Mil Borrowing Debt Service History & Projections



68 additional bed spaces and low rise upgrades for immediate effect
 \$750,000 additional debt service (primarily interest-only) through 2017
 Commitments to **2026**

\$15,000,000

Project Financing Proposal

Endorsed by VPs

- \$218,000
 - Raise all FY12 Room & Board rates by 1%, on top of what it would cost to cover all inflationary adjustments
- \$320,000
 - Eliminate annual support for University's Student Recruitment costs
 - and have General Operations budget (appropriately) assume that responsibility
- \$120,000
 - Net revenues from new Hedges Suite (\$1,800/bed for 68 beds)
- \$100,000
 - Reduced Residence Hall room telephone service charges
 - Reallocate \$20-30,000 of Annual Major Maintenance Funds
- Total identified funding = \$758,000

Questions And Discussion