EXECUTIVE SUMMARY

Item Name: **Annual Capital Plan, Including Waiver of ABOR Policy Requiring ACP Projects to Appear on a Previous Capital Improvement Plan, for Arizona State University**

☒ Action Item

Requested Action: Arizona State University (ASU) asks the board to approve its Annual Capital Plan (ACP), including a waiver of ABOR Policy requiring ACP projects to appear in the previous Capital Improvement Plan (CIP). The ACP includes four new projects, which total $110.2 million, as described in this executive summary.

Background/History of Previous Board Action

- Capital Improvement Plan FY 2025 – 2028 September 2023
  - Building and Infrastructure Enhancements and Modifications
  - Classroom and Academic Renovations
  - Research Laboratory Renovations

- Poly Chilled Water Expansion (Polytechnic Campus) – no prior ap@

- Fifteen projects totaling $608,775,000 began or continued construction activity in the last 12 months, excluding one third-party project.

- Details on completed and ongoing projects are listed in Exhibit 1.

Overview and Alignment with Enterprise and University Goals and Objectives

- The ASU ACP includes four projects totaling $110.2 million.

- ASU has developed the ACP to align with university's Campus Master Plan and university strategic goals and objectives.

- The primary institutional priorities supported by the ACP include:

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Annual Capital Plan Projects

- The following four projects are proposed for ACP approval, including notations where board policy waivers are requested:

  - Building and Infrastructure Enhancements and Modifications
  - Classroom and Academic Renovations
  - Research Laboratory Renovations
  - Poly Chilled Water Expansion (Polytechnic Campus) – waiver requested

- Additional detail on project costs, financing and scope can be found in the tables in Exhibits 2 and 3 and the individual Project Justification Reports attached at the end.

Fiscal Impact and Management

- The ASU ACP, if fully implemented, will cost a total of $110.2 million.

- The total amount of $110.2 million will be financed using debt.

- **Debt Ratio Impact:** The debt service associated with the non-SPEED projects in the ACP will increase the debt ratio by 0.18 percent. The current debt ratio prior to these projects is 4.8 percent excluding SPEED projects and 5.0 percent including SPEED projects.

- The tables in Exhibits 2 and 3 provide detailed project financing, funding sources and debt ratio impact.

Other Projects

- ASU does not anticipate any third-party projects, component unit projects, and commercial long-term leases that require board approval to be entered into in the next year.

Committee Review and Recommendation

The University Governance and Operations Committee reviewed this item at its September 12, 2024, meeting and recommended forwarding the item to the board for s

Statutory/Policy Requirements

- Pursuant to ABOR Policy 7-102.B.2, each university shall submit an ACP for the upcoming twelve-month period in accordance with the calendar and form approved by the executive director of the board.

- ACPs are reviewed by the University Governance and Operations Committee and approved by the board.

- Approval of the ACP authorizes the university to seek legislative review for debt-funded or third-party projects, if applicable. A university cannot proceed with financing or execute construction contracts for a project until the committee has reviewed and the board has approved the Individual Project and Financing phase.

- Pursuant to ABOR Policy 7-102.B.2.a.(1), if a project has not appeared in the prior CIP, a waiver of this board policy can be requested in order for a project to appear on an ACP. ASU seeks an exception to the policy for the Polytechnic Chilled Water Expansion project to expand the infrastructure of the hydronic loop and distribution network for chilled and heated water at the Chilled Water Plant (CWP) on the Polytechnic campus to accommodate the planned Student Union (UNION) expansion and renovation, as well as future developments.

EXECUTIVE SUMMARY

EXHIBIT 1

Project Name	Est. Gross Square Footage	Total Budget	Direct Construction Budget	Percent Work Completed	Percent to Gift Target	Date Last Board Approval	Original/ Revised Occupancy Date
Building and Infrastructure Enhancements/Modifications	N/A	$20,000,000	$14,000,000	96	N/A	2/13/2020	12/1/2024
Building and Infrastructure Enhancements/Modifications	N/A	$20,000,000	$16,000,000	57	N/A	9/30/2021	12/1/2026
Building and Infrastructure Enhancements and Modifications	N/A	$35,000,000	$35,000,000	38	N/A	11/17/2022	2/1/2027
Classroom/Academic Renovations	44,643	$15,000,000	$10,500,000	91	N/A	9/30/2021	12/31/2024
Classroom/Academic Renovations	39,170	$15,000,000	$10,500,000	39	N/A	11/17/2022	2/1/2027
ISTB12	180,000	$187,000,000	$148,840,140	54	N/A	6/15/2023	7/18/2025
IT Infrastructure Improvements	N/A	$36,810,000	$36,810,000	90	N/A	9/30/2021	12/31/2024
IT Infrastructure Improvements	N/A	$63,000,000	$63,000,000	10	N/A	4/4/2024	12/1/2027
Mill Avenue Student Housing Academic and Office Space	28,247	$27,000,000	$25,000,000	58	N/A	6/15/2023	6/13/2025
Polytechnic Utilities Expansion	3,000	$17,300,000	$13,800,000	21	N/A	11/16/2023	5/30/2025
Research Laboratory Renovations	32,000	$20,000,000	$14,000,000	93	N/A	9/30/2021	12/1/2024
Research Laboratory Renovations	28,400	$30,000,000	$30,000,000	39	N/A	11/17/2022	2/1/2027
Tempe Campus West Quadrant Utility Expansion	4,000	$22,000,000	$16,322,900	8	N/A	4/4/2024	12/31/2025
Tempe District Utility Plant	27,200	$67,165,000	$56,134,810	42	N/A	6/20/2024	11/30/2025
West Campus Student Housing Academic and Office Space	52,315	$33,500,000	$25,717,200	77	N/A	12/13/2022	2/6/2025
		$608,775,000					
Mill Avenue Student Housing	175,000	$1117,200	77iousing				

West Campus 432 (ous) Housing -43.3 (t)-47.7 16.304 0 Td [(175,),481.614.4-4388.8 (77)nice S4e

EXHIBIT 4
Arizona State University
Polytechnic Campus Site Location Map

CREDIT RATINGS

Positive rating factors cited by the credit rating agencies include ASU's strong brand and strategic position that has translated into rising net revenues, enrollment growth, growing tuition and fee revenues, growth in sponsored research, and solid donor support; excellent financial policy; strong risk profile, solid operating performance; and disciplined capital investment.

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support, exposure to the competitive online education market, and limited revenue diversity with high student dependence.

	Moody's		Standard & Poor's (S&P)	
Fiscal Year	Rating	Outlook	Rating	Outlook
2017	Aa3	Positive	AA	Stable
2018	Aa2	Stable	AA	Stable
2019	Aa2	Stable	AA	Stable
2020	Aa2	Stable		

Occupancy Plan

- This project will not affect occupancy or existing programs but will provide increased infrastructure to support the advancement of the university's academic and research initiatives.

Statutory/Policy Requirements

- ABOR Policy 7-102 requires all Major Capital Projects with an estimated project cost of $10 million or more to be included in the ACP, including new construction, renovation, infrastructure, information technology and third-party projects.

Capital Project Information Summary

University: Arizona State University **Project Name:** Building and Infrastructure Enhancements and Modifications

Project Description and Location: These projects encompass enhancements and modifications to ASU buildings and infrastructure that will address the university's primary areas of concern at all ASU campuses. These concerns include, but are not limited to, life safety deficiencies; the replacement of aging mechanical, critical building and utility distribution systems; and the repair and replacement of timeworn and unreliable elevators and roofs.

Project Schedule:

Planning	November	2022
Design Start	April	2023
Construction Start	November	2024
Construction Completion	December	2027

Project Budget:

Total Project Cost	$	45,000,000
Total Project Construction Cost	$	34,500,000
Total Project Cost per GSF	$	n/a
Construction Cost per GSF	$	n/a

Estimated Annual O&M Cost:

Utilities	$	0
Personnel		0
All Other Operations		0
Subtotal	$	0

Funding Sources:

A. System Revenue Bonds	$	45,000,000
Debt Service Funding Source:		Tuition
Operation/Maintenance	$	0
Funding Source:		Not Applicable

Annual Capital Plan – Project Justification Report
Classroom and Academic Renovations

Background/History of Previous Board Action

- FY 2025 – 2028 Capital Improvement Plan September 2023

Project Justification/Description/Scope

- ASU plans to renovate existing classrooms, create new classrooms of various sizes and add smaller instructional spaces at all campuses. This project bundle will be comprised of approximately 65,274 gross square feet of renovations consisting of university classroom and academic spaces. The renovations may include heating; ventilation and air conditioning (HVAC); plumbing and electrical; flooring; ceiling; roof; elevator; window; door; internal wall; and partition components; as well as upgrades to address life safety and Americans with Disabilities Act deficiencies. This project will be comprised of multiple components at each ASU campus.

- The ASU Enterprise Strategic Framework identifies several goals that will be supported by this project bundle, including improved retention and graduation performance, curricular reform, and improved student outcomes. The resources needed to achieve these goals include a continued investment in faculty and in space renovations that will support teaching innovations and improved student and faculty interactions. This project will renovate worn areas that distract from teaching and learning effectiveness and create updated and growth spaces for academic programs to enable student learning and success.

- The components included in this project bundle will enhance the quality of the built environment, comply with code requirements for safety, and reduce deferred maintenance. Project components essential for life safety and code compliance and those that support university strategic initiatives will be given top priority.

Project Delivery Method and Process

- Depending on the nature of the work, components of this project bundle may be delivered through either the CMAR or the JOC method.

- ASU has not yet selected a CMAR, JOC contractor or DP firm for any components of this project bundle. Contractors and DPs will be selected according to ABOR policy and Arizona law.

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Capital Project Information Summary

University: Arizona State University **Project Name:** Classroom and Academic Renova2.004 Tcproject IrHu /TT1 1 Tf -0.001 T

EXECUTIVE SUMMARY

Capital Project Information Summary

University: Arizona State University **Project Name:** Research Laboratory Renovations

Project Description and Location: This project bundle will encompass the renovation of approximately 35,885 GSF of laboratories and associated spaces across all ASU campuses to meet growing demand based on increased student enrollment, new programs as well as updated research requirements. Multiple wet and dry lab spaces, as well as infrastructure and building systems, will be upgraded to maximize adaptable and flexible technologies.

Project Schedule:

Planning	April	2023
Design Start	April	2023
Construction Start	November	2024
Construction Completion	December	2027

Project Budget:

Total Project Cost	$	3ent225	$

ASU
Annual Capital Plan – Project Justification Report
Poly Chilled Water Expansion

Background/History of Previous Board Action

- No previous action
- Requesting waiver

Project Justification/Description/Scope

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Capital Project Information Summary