



CONNECT NC BOND PROGRAM

BOG Committee on Budget and Finance

September 7, 2017

Presentation Outline

- **Background and Context**
- **UNC-GA's Involvement**
- **Cost Observations**

Background and Context

Background and Context

- The General Assembly passed the *Connect NC Bond Act of 2015*. The \$2 billion bond referendum, subject to a vote by the qualified voters of NC, will provide for economic development and infrastructure projects in 76 counties.
- On March 15, 2016, NC voters overwhelmingly approved the bond referendum by a 2-to-1 margin. The UNC system received about half of the \$2 billion.
- Funds are largely focused on buildings for science, technology, engineering, and mathematics, as well as facilities to train nurses and other health-care professionals.

Background and Context

- **UNC has 21 bond projects: 11 new STEM buildings, one new campus (western NCSSM), two new business school buildings, and seven comprehensive targeted building renovations.**
- **Each constituent institution has at least one bond project.**
- **Design teams have been selected for all 21 bond projects; 20 of the 21 architectural firms are from NC.**
- **One bond project is already under construction (ASU).**
- **Total UNC bond funding = \$1,065,000,000; other funds provided by the institutions are over \$200 million (i.e., skin in the game).**

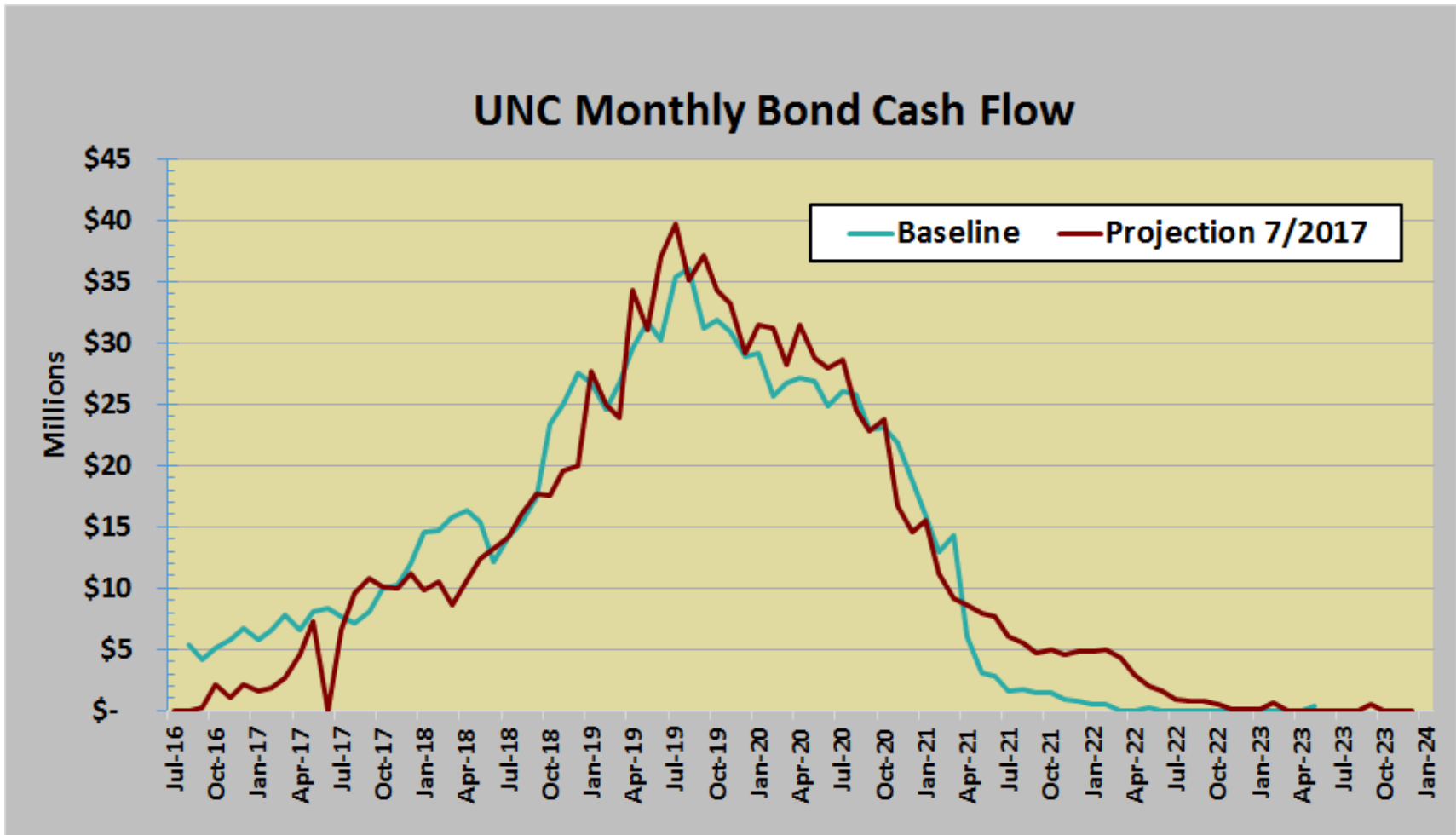
Estimated GSF and Project Cost

Campus	Bond Project	GSF	Project Cost
ASU	Health Sciences Building	203,000	\$ 80,000,000
ECU	Life Sciences/Biotechnology Building	141,500	95,050,000
ECSU	Moore Hall/GR Little Library Renovation *	TBD	13,000,000
FSU	Lyons Science Building Renovation	TBD	10,000,000
NCA&T	Engineering Building	130,000	90,000,000
NCCU	Business School	86,200	30,000,000
NCSU	Engineering Building - Oval	220,540	134,902,386
NCSU	Plant Sciences Building	187,126	159,662,846
UNCA	Owen/Carmichael Halls Renovation *	78,807	21,100,000
UNC-CH	Replace Medical Education Building	145,000	87,440,000
UNCC	Sciences Building	127,640	101,000,000
UNCG	Nursing and Instructional Building	183,414	105,000,000
UNCP	Business School	60,000	36,000,000
UNCSA	Old Library Renovation	29,633	8,000,000
UNCSA	Performance Place Renovation	60,180	7,900,000
UNCW	Allied Health/Human Services/Nursing Building	145,040	66,000,000
WCU	Science/STEM Building	182,200	110,000,000
WSSU	Sciences Building	102,095	53,312,000
NCSSM	Western School of Math and Science	150,000	58,000,000
	Total	2,232,375	\$1,266,367,232

**ECSU and UNCA each combined the budgets for two separate projects into single projects.*



UNC Monthly Bond Cash Flow



Annual funding for maintenance and operation of new buildings in the bond program is estimated at \$42 to \$45 million when all buildings are occupied by 2022.

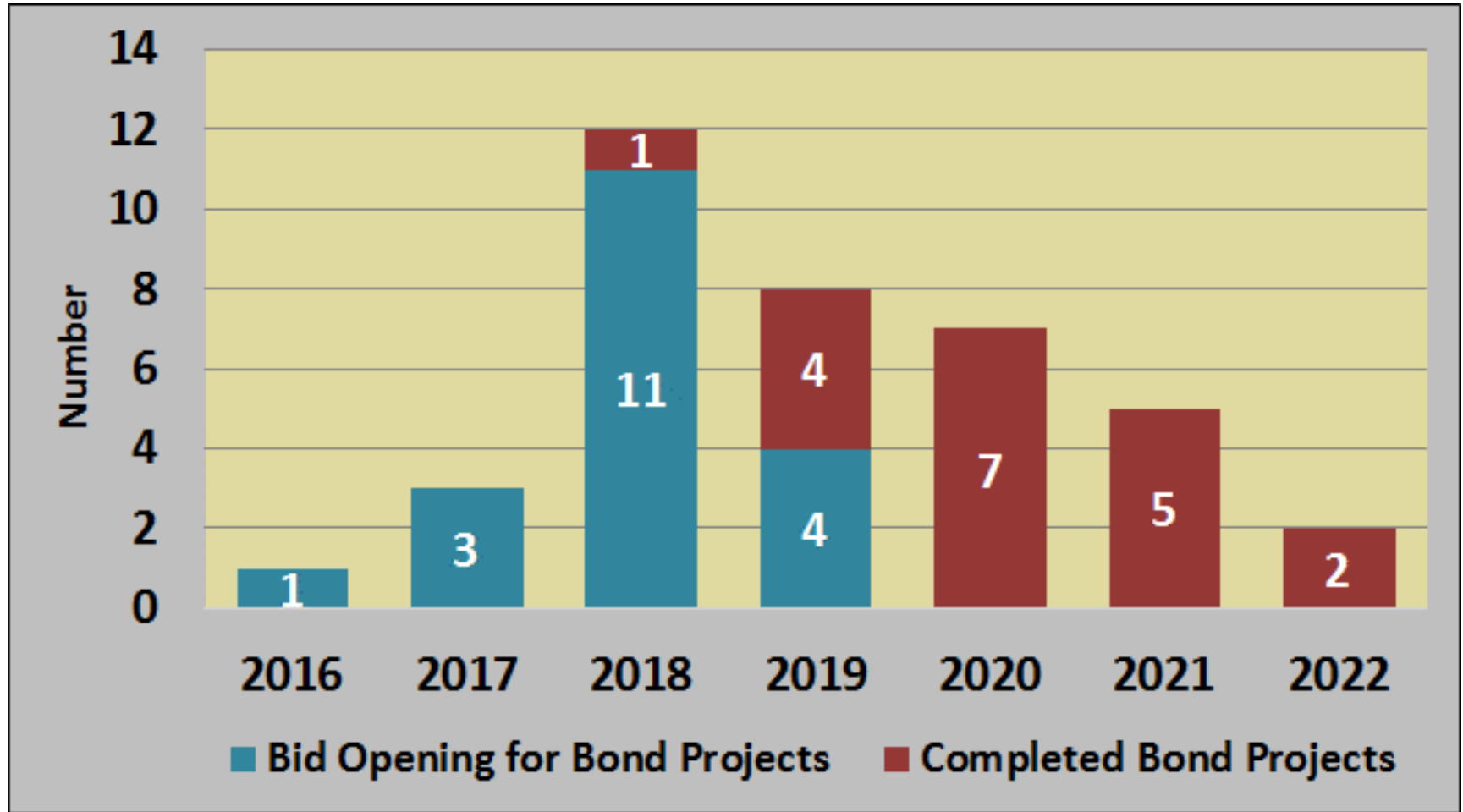


UNC-GA's Involvement

UNC-GA's Involvement

1. • OC-25s
2. • Planning Questions
3. • Designer Solicitations
4. • Advance Planning
5. • Schematic Designs
6. • New Baseline Schedule
7. • Project Status

Monitor Project Status



Bond Project Design

- **Bond project average total design fee calculated as a percentage of construction cost = 8.7% (excludes WSSU).**
- **The 8.7% includes an average Advance Planning design fee of .69%.**

Construction Manager at Risk

Historical Averages

- **Preconstruction Services Fee = 1.54%**
- **Construction Management Fee = 10.01%**
- **Construction Manager at Risk
Contingency = 2.46%**
- **Bonds and Insurance = 2.48%**

Cost Observations

Construction Cost Inflation

Second Quarter 2017 Building Cost Index

Q3 2016: 1.22%

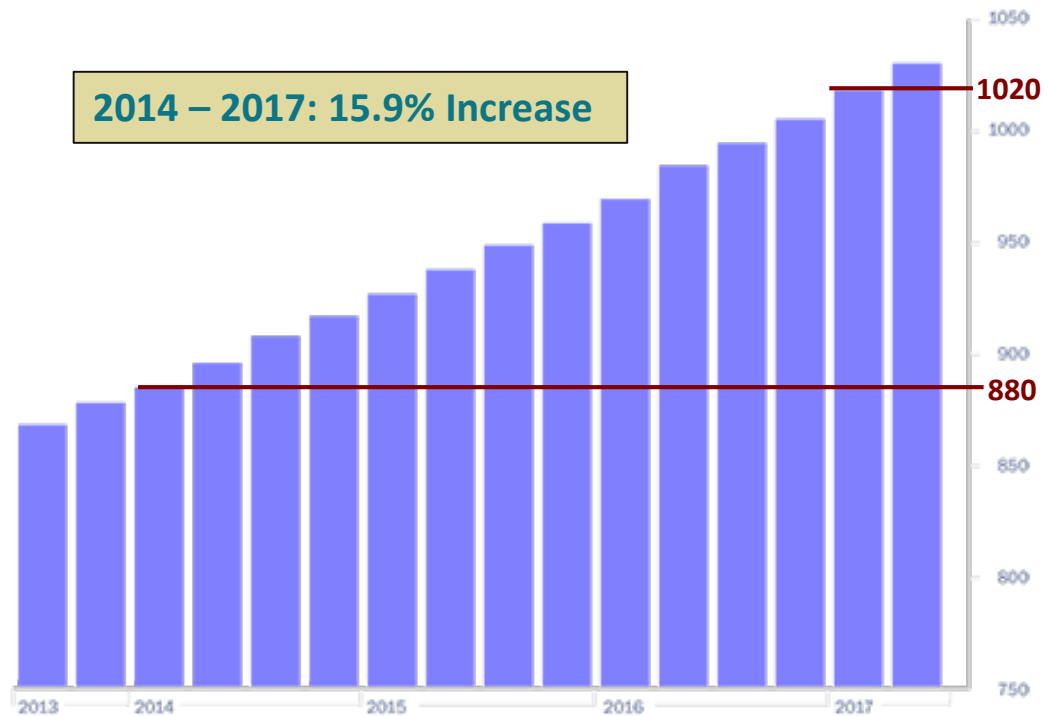
Q4 2016: 1.11%

Q1 2017: 1.29%

Q2 2017: 1.18%

“The steady pace of construction starts across the country is continuing to have an impact on the skilled labor workforce. As a result, we are seeing subcontractors exercise greater caution in their pursuits. Their selective approach to bidding also contributes to increased prices.”

Attilio Rivetti
Vice President



Base Year: 1967, Index 100

Source: Turner Construction Company



Early Evidence of Cost Pressures

- Advance Planning reduced eight projects by 134,590 gross square feet (9.27%)
- NCSU – Mr. Doug Morton, Associate Vice Chancellor for Facilities

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