

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2007

Legislative Fiscal Note

BILL NUMBER: Senate Bill 1241 (Second Edition)

SHORT TITLE: UNC Non-Appropriated Capital Projects.

SPONSOR(S): Senator Kerr

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>
EXPENDITURES					
General Fund					
Operating		\$180,622	\$2,532,009	\$2,591,221	\$2,651,863
POSITIONS (cumulative):		3.15	27.67	27.67	27.67
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: University of North Carolina					
EFFECTIVE DATE: When the act becomes law.					

BILL SUMMARY:

March 21, 2007

S 1241. UNC NON-APPROPRIATED CAPITAL PROJECTS. Filed 3/21/07. TO AUTHORIZE THE CONSTRUCTION AND THE FINANCING, WITHOUT APPROPRIATIONS FROM THE GENERAL FUND, OF CERTAIN CAPITAL IMPROVEMENTS PROJECTS OF THE CONSTITUENT INSTITUTIONS OF THE UNIVERSITY OF NORTH CAROLINA.

Authorizes the construction or acquisition of the following capital improvement projects by certain constituent institutions of The University of North Carolina and authorizes their financing with funds available to the institutions from gifts, grants, receipts, self-liquidating indebtedness, Medicare reimbursements for education costs, or other funds or a combination of these funds, but not including funds received for tuition or appropriated from the General Fund:

Appalachian State University	
Frank Residence Hall Renovation	\$ 7,461,000
Steam Distribution Improvements – Phase IV	\$ 3,086,000
East Carolina University	
Family Medicine Center – Supplement	\$ 6,000,000
North Carolina State University	

Companion Animal Hospital	\$34,000,000
Residence Halls – Improvements and Infrastructure Expansion	\$13,000,000
The University of North Carolina at Chapel Hill College of Arts and Sciences – Digital Multimedia Center and Music Library	\$ 4,000,000
Rosenau Hall Laboratory Building – Comprehensive Renovation	\$ 1,124,000
Science Complex – Phase I	\$20,000,000
Hanes Hall	\$ 750,000
Genomic Sciences Building	\$12,500,000
Electrical Infrastructure Improvements	\$ 9,300,000
Information Technology Infrastructure Improvements	\$11,800,000
Translational Medicine Program Facility Renovation	\$ 4,000,000
Henry Stadium Renovation	\$ 2,000,000
Carmichael Auditorium – Supplement	\$ 2,000,000
Woollen Gymnasium – Supplement	\$ 2,000,000
McColl Building Expansion and Renovation	\$ 6,500,000
Bell Tower Development Parking	\$30,000,000
Chilled Water Infrastructure	\$39,600,000
The University of North Carolina at Wilmington Residence Halls – Improvements	\$ 5,000,000
Marine Biotechnology Research Facility	\$15,000,000
Western Carolina University Residence Halls – Construction/Acquisition	\$44,560,000

At the request of The University of North Carolina Board of Governors, the Director of the Budget may authorize specified changes. Pursuant to GS 116D-26, the Board of Governors may, subject to approval, issue special obligation bonds of the Board of Governors for some projects. The Aquaculture Hatchery Biotech Research Facility at the University of North Carolina at Wilmington and the Residence Halls at Western Carolina University projects may be accomplished through specified lease arrangements. The University of North Carolina at Chapel Hill may accomplish the financing and acquisition of certain components of its enterprise administrative systems, in an amount up to \$59 million, subject to limitations.

July 19, 2007

S 1241. UNC NON-APPROPRIATED CAPITAL PROJECTS. Filed 3/21/07. Senate committee substitute makes the following changes to 1st edition. Adds a new football/multipurpose tower at UNC-Pembroke to those capital improvement projects for which construction or acquisition is authorized. Provides that the Marine Biotechnology Research Facility (was, Aquaculture Hatchery Biotech Research Facility) project at UNC-Wilmington may accomplish construction and financing through lease arrangements to and from a special purpose entity created for that purpose and through working with state agencies (was, to and from the UNCW Foundation, Inc.). Requires UNC-Chapel Hill to report on its enterprise administrative systems project to various legislative committees and divisions semiannually on January 1 and July 1 until the project is fully funded

and operational. States the General Assembly’s finding that it is in the state’s best interest to respond to program requirements at Elizabeth City State University by changing the scope of the Mitchell-Lewis Residential Hall replacement and to reduce the scope of the land acquisition project and transferring unused funds to various renovations and improvements. Makes corresponding amendments to Section 2(a) of SL 2000-3. Also states the General Assembly’s findings that it is in the state’s best interest to respond to program requirements at NC Central University by reducing the scope of the Hoey Building renovation and transferring unused funds to various building expansions and renovations. Makes corresponding amendments to Section 2(a) of SL 2000-3.

Source: Bill Digest S.B. 1241 (03/21/0200)

ASSUMPTIONS AND METHODOLOGY:

Part I. Self-Liquidating Projects

Chart 1 on Page 3 lists each self-liquidating capital improvement project proposed by the Board of Governors of the University of North Carolina for FY 2007-08. There are 24 new capital improvement projects totaling \$324,681,000 in improvements. The Board also requests the authority to fund \$10,000,000 in supplements to 3 previously authorized self-liquidating capital projects. Five proposed projects will increase student fees to cover debt service payments. Six new projects would require General Fund support for increased operating costs. Financial data for these charts was provided by the Division of Finance, University of North Carolina General Administration.

Chart 1						
Campus	Project	Amount	Source of Funds	Effect of Debt on Students	Increase in Annual Operating Costs	Source of Operating Costs
Appalachian State University	Frank Residence Hall Renovation	7,461,000	Housing Receipts	\$100/year increase		
Appalachian State University	Steam Distribution System Improvements – Phase IV	3,086,000	Utility Receipts			
East Carolina University	Family Medicine Center – Supplement	6,000,000	Medicare Education Receipts			
North Carolina State University	Companion Animal Hospital	34,000,000	Private Gifts		1,954,406	General Fund

Campus	Project	Amount	Source of Funds	Effect of Debt on Students	Increase in Annual Operating Costs	Source of Operating Costs
North Carolina State University	Residence Halls – Improvements and Infrastructure Expansion	13,000,000	Housing Receipts	3% increase	239,025	General Fund
University of North Carolina at Chapel Hill	College of Arts and Sciences – Digital Multimedia Center and Music Library	4,000,000	Private Gifts			
University of North Carolina at Chapel Hill	Rosenau Hall Laboratory Building – Comprehensive Renovation	1,124,000	Private Gifts			
University of North Carolina at Chapel Hill	Science Complex – Phase 1	20,000,000	Private Gifts			
University of North Carolina at Chapel Hill	Hanes Hall	750,000	Private Gifts			
University of North Carolina at Chapel Hill	Genomic Sciences Building	12,500,000	Facilities and Administrative Receipts/ Dining Receipts			
University of North Carolina at Chapel Hill	Electrical Infrastructure Improvements	9,300,000	Utility Receipts			
University of North Carolina at Chapel Hill	Information Technology Infrastructure Improvements	11,800,000	Information Technology Services Receipts			
University of North Carolina at Chapel Hill	Translational Medicine Program Facility Renovation	4,000,000	Patient Receipts/ Facility and Administrative Receipts		105,338	General Fund

Campus	Project	Amount	Source of Funds	Effect of Debt on Students	Increase in Annual Operating Costs	Source of Operating Costs
University of North Carolina at Chapel Hill	Henry Stadium Renovation	2,000,000	Private Gifts			
University of North Carolina at Chapel Hill	Carmichael Auditorium – Supplement	2,000,000	Private Gifts			
University of North Carolina at Chapel Hill	Woollen Gymnasium – Supplement	2,000,000	Private Gifts			
University of North Carolina at Chapel Hill	McColl Building Expansion and Renovation	6,500,000	Private Gifts		43,759	General Fund
University of North Carolina at Chapel Hill	Bell Tower Development Parking	30,000,000	Parking Receipts		192,297	Parking Receipts
University of North Carolina at Chapel Hill	Chilled Water Infrastructure	39,600,000	Utility Receipts			
University of North Carolina at Pembroke	New Football Multipurpose Tower	2,000,000	Debt Service Fee	\$30/ year	63,505	Facility Receipts and \$31,525 from the General Fund
University of North Carolina at Wilmington	Residence Halls Improvements	5,000,000	Housing Receipts	\$176/ year increase		
University of North Carolina at Wilmington	Marine Biotechnology Research Facility	15,000,000	Grants/ Leases/ Facilities and Administrative (Overhead) Receipts		442,803	Grants/ Leases/ Facilities and Administrative (Overhead) Receipts and \$169,121 from the General Fund
Western Carolina University	New Residence Halls	44,560,000	Housing Receipts	3% increase	94,094	Housing Receipts

Campus	Project	Amount	Source of Funds	Effect of Debt on Students	Increase in Annual Operating Costs	Source of Operating Costs
University of North Carolina at Chapel Hill	Enterprise Administrative Systems	59,000,000	Cash Reserves, Internal Reallocations, Facilities and Administrative Receipts and a Debt Service Fee			

Cost of new capital improvement projects = \$324,681,000

Cost of supplements to previously authorized projects = \$10,000,000

Cost of capital improvements for all projects = \$334,681,000

Inflation - General Fund operating expenditures were inflated by calculating a straight line dollar increase measured from the first year of operation and escalated using the 20-year average operating expenditure estimate provided by the University of North Carolina General Administration.

Indebtedness Funding Methods:

Chart 2 summarizes the total debt authority proposed by Senate Bill 1241 and the source of funds identified to service the proposed debt.

Chart 2	
Sources of Funding	Principal
Utility Receipts	\$51,986,000
Debt Service Fees	\$2,000,000
Private Gifts	\$72,374,000
Housing Receipts	\$70,021,000
Parking Receipts	\$30,000,000
Information Tech. Services Receipts	\$11,800, 000
Medicare Education Receipts	\$6,000,000
Facilities and Administrative Receipts / Dining Receipts	\$12,500,000
Facilities and Administrative Receipts / Patent Receipts	\$4,000,000
Facilities and Administrative Receipts / Grants / Leases	\$15,000,000
Cash Reserves / Internal Reallocations / Facilities and Administrative Receipts / Previously approved \$50 Debt Service Fee	\$59,000,000

Part II. Revise University General Obligation Indebtedness

According to the Division of Finance for the University of North Carolina General Administration, **no General Fund operating impact** is anticipated from the proposed modifications to Session Law 2000-3.

SOURCES OF DATA: The University of North Carolina General Administration

TECHNICAL CONSIDERATIONS: None

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DATE: July 26, 2007



Signed Copy Located in the NCGA Principal Clerk's Offices