AGENDA ITEM SUMMARY

1. **NAME OF ITEM:** Request to Seek Qualified Developers for Residential Facility, UMA

2. **INITIATED BY:** Norman L. Fournier, Chair

3. **BOARD INFORMATION:**

4. **BACKGROUND & JUSTIFICATION:**

   The University of Maine at Augusta requests approval to proceed with a Request for Qualifications (RFQ) with the goal of selecting a developer or a developer team to join with UMA in a public-private partnership to construct privately-owned and operated student housing for up to approximately 70 students on property currently owned by the University in Augusta.

   The University previously advised Trustees of this effort and of its intention to seek out interested parties. The prior agenda sheet is attached. The University did in fact subsequently seek out interested parties and earlier this year received multiple responses to that publicly-advertised request for letters of interest in developing either off-campus or on-campus housing. The University intends now to proceed with a request for qualifications among those interested parties. This step could lead to the selection of a partner and an actual agreement for the development and management of the proposed housing.

   To help make the ultimate cost of this housing advantageous to students, UMA does intend to provide land for the project. UMA anticipates that all financing, operating costs, and appropriate liability insurance coverage will be the developer’s responsibility.

   Analysis has shown there is an unmet need for affordable, convenient and safe housing in Augusta. This project will help drive enrollment by attracting students outside the range of commuting distance who would make use of such housing. UMA anticipates that a residential component to Augusta’s campus will increase student engagement with the university community as well as favorably impact retention. Programs such as Architecture and Aviation have the potential to draw students from out of state as well as internationally, and other programs such as the UMA/UMFK Nursing program, international exchange programs, art and music programs will also benefit from student housing.

   Independent consultant Frank O'Hara of Planning Decisions in 2011 estimated demand at 200+ beds for the Augusta campus. UMA is taking a measured approach by mitigating most financial risk through a public private partnership and starting with a modest size facility of approximately 70 beds with the potential to scale to a larger size in a later phase. Ultimately, the project likely will require more specific Trustee approval either because of the sale of land or a long-term lease of land. While the thresholds set by Board policy are not triggered at this time, consideration by the Trustees is being requested now to ensure
appropriate approval is in place for this innovative public-private approach and in preparation for future consideration of a final proposal.

UMA is aware of the financial and facility challenges facing the University of Maine System. Based on its research to this point, UMA is pursuing a model in which 1. the housing is on land now owned by the University; and, 2. the facility would be owned and operated by an external entity. UMA intends to select the developer based on a competitive, qualifications-based solicitation open to all those who responded to the previous publicly-advertised solicitation. UMA will include provisions allowing those participants to update their respective teams.

To help make the ultimate cost of this housing project advantageous to students, UMA does intend to provide the land for the project. UMA has approximately 160 acres of land on its Augusta campus and thus has sufficient land to dedicate an estimated 2-3 acres needed for this project. Again, all financing, operating costs, and appropriate liability insurance coverage would be the developer’s responsibility. The University will expect full transparency from the selected developer regarding the financials of the project with the goal of providing the lowest possible rent to students.

UMA acknowledges the construction and operation of this housing would create residual reputational risks and potentially some incremental operating costs (such as enhanced campus-wide security). Student housing on campus or on land currently owned by UMA is the preferred solution both because it will place the housing proximate to the programming, but also because it is likely to produce the lowest-cost solution for students due to the University’s ability to contribute land to the project.

Successful completion of the RFQ process will result in the selection of a developer and thereafter the beginning of the design phase for the project. UMA anticipates a 6 month design phase. UMA anticipates the facility will be a two or three story building with approximately 18,000 to 22,000 gross square feet and an investment cost for the developer of $4 to $5 million. The duration of the construction phase of the project is estimated at 10-12 months.

Upon selection of the developer, the total timeline of the project is estimated at 18 months, so the earliest opening date for building is estimated to be the fall semester of 2016.

5. **TEXT OF PROPOSED RESOLUTION:**

That the Finance, Facilities and Technology Committee forward this item to the Consent Agenda at the November 16-17, 2014, Board of Trustees meeting for approval of the following resolution:

That the Board of Trustees authorizes the University of Maine System acting through the University of Maine at Augusta to solicit qualifications from developers for the purpose of potentially constructing a student residential facility in Augusta and to include the potential contribution of University property to the project through lease, sale or other transfer.