

FLORIDA AGRICULTURAL & MECHANICAL UNIVERSITY

Progress Report – Housing System Maintenance Backlog

October 24, 2022

Background

In late 2018, the Board of Governors (Board) approved a \$125M debt issuance for FAMU (University) to refinance its existing housing system debt (3 bond series; \$55M) and provide funding for construction (\$70M) of FAMU Towers phase 1, a 700-bed student housing facility. The Board's approval was conditioned on, among other things, the following:

- the University must report its progress in addressing its Housing System Deferred Maintenance needs, as shown in the *Facility Condition Assessment Executive Summary* prepared by ISES Corporation in February 2018, to the Board of Governors on an annual basis.
- the University not request approval for additional housing system debt or related P3 arrangements until a *Facility Condition Assessment* (FCA) is performed which indicates that the University is making substantial progress in addressing housing deferred maintenance.

As part of a long-term plan to revitalize its housing system, FAMU has been systematically removing old, end-of-life housing stock and replacing it with new modern facilities. For example, the completion of *FAMU Village* in 2014 provided 800 new beds and facilitated the closures of four old dormitories; McGuinn, Diamond, Wheatley and Cropper, which were subsequently razed in 2020. Also, the completion of *FAMU Towers* in 2020 provided 700 new beds while ushering in the closures of Paddyfote (c. 1967), Truth (c. 1958) and Palmetto North (c. 1975).

Prior to construction of *FAMU Towers (ph 1)*, the University contracted with an independent third-party firm to perform a comprehensive Facility Condition Assessment (FCA) of its housing system. The report concluded that all residence halls needed to be renovated (to varying degrees) or replaced due to age and maintenance issues. The report's findings applied less to *FAMU Village* (built in 2012) and halls Sampson and Young (significantly renovated in 2011). The assessment did not include McGuinn, Diamond, Wheatley and Cropper, which, at that juncture, had already been closed, and noted that Paddyfote, Truth and Palmetto North were in need of extensive renovations, so much so that it prompted the decision to ultimately close all three. In fact, Palmetto North had already been closed, but was temporarily re-opened to accommodate increased demand.

At the time, the assessment report indicated a \$49M backlog of maintenance needs; nonrecurring and recurring, of which \$25M was eliminated through the closures of Paddyfote, Truth and Palmetto North. Note, Paddyfote was subsequently razed in 2021, while Truth and Palmetto North will be demolished by year-end. This left approximately \$24M in maintenance needs to address.

Progress Update

The remaining \$24M in maintenance needs was subsequently adjusted to \$21.3M and is mostly represented in residency halls Gibbs, Palmetto Phase III and Palmetto South - see attached chart "*Critical Repairs and Deferred Capital Renewal/Replacement Needs*". Compiled in 2018,

the University's 10-year plan to address the backlog and ongoing maintenance is funded from the housing system's net cash flow, originally projected to be \$2M-\$3.25M annually. In late 2020, the housing system's debt was forgiven, in full, by the federal government, thus eliminating \$3M/yr in debt service and further bolstering housing system operations.

As previously stated, most of the maintenance needs are concentrated in Gibbs, Palmetto South and Palmetto Phase III. The status of each is as follows:

- **Gibbs Hall** (built 1955, renovated 1989)
 - o Maintenance Total: \$7,996,678
 - o Completed: \$3,273,678
 - o Remaining: \$4,722,991
 - o Does not include latent structural defects discovered in 2020 during renovations.

- **Palmetto South Apartments** (built 1993):
 - o Maintenance Total: \$7,720,591
 - o Completed: \$1,964,906
 - o Remaining: \$5,755,685

- **Palmetto Phase III Apartments** (built 1996):
 - o Maintenance Total: \$5,636,882
 - o Completed: \$532,741
 - o Remaining: \$5,104,141

It is the University's intent to address the remaining deferred maintenance by the end of FY25/26. However, since these buildings are outdated and have additional defects and design flaws, we minimized the deferred maintenance efforts when JRA Architects conducted a condition and cost assessment in 2021, which was originally presented to the Board of Trustees (BOT) in August 2021. The findings from the condition and cost assessment indicate that these facilities do not warrant any additional monetary investment, but should be replaced as soon as feasible.

FAMU staff are in the process of making a recommendation to the BOT, in the scheduled December 2022 meeting, to consider the demolition and replacement of Gibbs Hall, Palmetto South, and Palmetto Phase III with new modernized efficient operating student housing facilities. Replacing these facilities will be a better use of resources by eliminating associated maintenance needs, ensuring timely execution and compliance with the deferred maintenance plan, as well as providing a new, cost-efficient, modern housing option for FAMU students.

Justification for Demolition and Replacement

The University contracted with JRA Architects in 2021 to compile an estimation of probable cost for the design, bidding and construction services to complete a renovation of Gibbs Hall, Palmetto South and Palmetto Phase III (attached). These renovations, if pursued, would address all remaining deferred maintenance needs for these resident halls. JRA Architects also provided a demolition and replacement cost, for comparison.

Given the additional latent structural defects that were identified within Gibbs Hall, it is best to replace than to renovate/rehabilitate.

As for Palmetto South and Palmetto Phase III, the renovations only address currently needed repairs; it is not a complete renovation and/or remodel of the facilities. Based on the evaluation of these two facilities conducted by JRA Architect, two of the main drawbacks of these resident halls is the unconditioned open corridors/stairwells on all floors, and the lack of any secure access control into the buildings. To address these deficiencies, several existing resident rooms would need to be converted into mechanical space to condition the corridors and have an access control system added. Alternatively, additional mechanical space would need to be constructed. Either of these two options would not help with the deferred maintenance plan, but would yield and increase in the inefficiencies of the existing building (ASF/GSF) configuration. Conversely, if these resident halls are demolished and replaced, the efficiency factor would exponentially increase as noted within the report from JRA Architects.

The below bullet points were provided by JRA Architects.

Gibbs Hall

- Originally built in 1953 with approximately 63,000 net square feet with 293 beds
- Building is 68 years old; i.e. exceeds 50-year life of most modern buildings.
- Currently unoccupied. No plans to return to use due to current condition of building's structural system.
- Previous experience with repairs has shown that during selective demolition, more issues have been discovered. For example:
 - o Original scope- partial replacement of 3rd floor
 - o During demolition of slab, additional deficiencies found in adjacent stair well. This work was added to project.
 - o During demolition of ceiling system, additional deficiencies found in 4th floor slab above. This work was added to project.
 - o During demolition of ceiling system on 4th floor, additional deficiencies found in 5th floor slab above.
- Existing floor to floor heights and mechanical spaces are limited. Installation of new modern systems will result in beds lost (approximately 20 beds).
- Building dimensional proportions not conducive to modern student housing layout. Estimated that a new structure at 63,000 sf would be 15%- 20% more efficient. (Additional 25-30 beds)
- The renovation/remodeling and structural repair costs are approximately 80-85% of the replacement cost. This comparison does not factor in the increased efficiency of a new structure.

Palmetto Phase III Apartments

- Originally built in 1997 with approximately 108,000 net square feet with 360 beds.
- Building is 25 years old, i.e. below the 50-year life of most modern buildings.
- Existing floor to floor heights and mechanical spaces are limited. Renovations to install new modern systems will result in beds lost.
- Building dimensional proportions not conducive to modern student housing layout. Estimated that a new structure at 108,000 sf would be 15%- 20% more efficient. (Additional 40-50 beds)
- The renovation/remodeling cost is **approximately 75% of the replacement cost**. This comparison does not factor in the increased efficiency of a new structure.

Palmetto South Apartments

- Originally built in 1993 with approximately 86,000 net square feet with 360 beds.

- Building is 28 years old, i.e. below the 50-year life of most modern buildings.
- Existing floor to floor heights and mechanical spaces are limited. Renovations to install new modern systems will result in beds lost.
- Building dimensional proportions not conducive to modern student housing layout. Estimated that a new structure at 86,000 sf would be 15%- 20% more efficient. (Additional 30-40 beds)
- The renovation/remodeling cost is **approximately 75% of the replacement cost.** This comparison does not factor in the increased efficiency of a new structure.

Next Steps

Board Regulation 9.004 (Razing of Buildings) permits the BOT to raze non-E&G buildings. However, razing the three aforementioned housing facilities would effectively remove over 1,000 beds from the housing system, leaving the University even more deficient than it already is in trying to address student demand for on-campus housing. Accordingly, the University is in the preliminary planning stage for the construction of new housing facilities that will ultimately replace the beds lost from the demolition of Gibbs, Palmetto Phase III and Palmetto South, as well as provide additional beds to the system to help address current and future demand.

FAMU will be seeking BOT approval during the December board meeting to demolish Gibbs Hall. Furthermore, the BOT will be addressing the critical deferred maintenance for Palmetto Phase III and Palmetto South, with the intent being to keep them operational while the University constructs new replacement resident halls. Once the new resident halls/apartments are constructed, the University will move to demolish Palmetto Phase III and Palmetto South (i.e. in approximately 5-7 years).

FAMU Housing System

Critical Repairs and Deferred Capital Renewal/Replacement Needs

Progress update, September 9, 2022

		Items Completed						
Year	Category	Projects/Tasks	2020	2021	2022	Total to Date		
Year 1	Gibbs Hall Gibbs Hall Gibbs Hall Gibbs Hall Phase 3 - 163	Accessibility	\$ 537,669	\$ 171,523	\$ -	\$ -		
		HVAC	\$ 500,000	\$ -	\$ -	\$ -		
		Fire/Life Safety	\$ 200,000	\$ -	\$ -	\$ -		
		Exterior	\$ 918,773	\$ 45,720	\$ -	\$ -		
		Accessibility	\$ 101,389	\$ -	\$ -	\$ -		
			Year 1 Total:	\$ 2,257,831	\$ 217,243	\$ -	\$ -	
Year 2	Gibbs Hall Gibbs Hall Phase 3 - 162 Phase 3 - 162 Phase 3 - 162 Phase 3 - 163 Phase 3 - 163 Phase 3 - 162 Phase 3 - 163 Phase 3 - 162 Gibbs Hall	HVAC	\$ 1,030,281	\$ 114,934	\$ -	\$ -		
		Fire/Life Safety	\$ 756,354	\$ -	\$ -	\$ -		
		Accessibility	\$ 108,033	\$ -	\$ -	\$ -		
		HVAC	\$ 111,048	\$ -	\$ -	\$ -		
		Fire/Life Safety	\$ 150,000	\$ 31,051	\$ -	\$ -		
		Fire/Life Safety	\$ 150,000	\$ -	\$ -	\$ -		
		Exterior	\$ 270,401	\$ 138,391	\$ 17,500	\$ -		
		Plumbing	\$ 153,198	\$ -	\$ -	\$ -		
		Plumbing	\$ 153,198	\$ -	\$ -	\$ -		
		Electrical	\$ 180,000	\$ -	\$ -	\$ -		
	Year 2 Total:	\$ 3,062,513	\$ 284,376	\$ 17,500	\$ -			
Year 3	Gibbs Hall Phase 3 - 162 Phase 3 - 163 Phase 3 - 163	Electrical	\$ 1,026,134	\$ -	\$ -	\$ -		
		Fire/Life Safety	\$ 858,538	\$ -	\$ -	\$ -		
		Exterior	\$ 276,518	\$ 188,299	\$ 17,500	\$ -		
		Fire/Life Safety	\$ 809,365	\$ -	\$ -	\$ -		
	Year 3 Total:	\$ 2,970,555	\$ 188,299	\$ 17,500	\$ -			
Year 4	Gibbs Hall Gibbs Hall Phase 3 - 162 Phase 3 - 163 Phase 3 - 163 Palmetto South A Palmetto South A	Interior	\$ 1,684,161	\$ 2,808,210	\$ -	\$ -		
		Plumbing	\$ 175,000	\$ -	\$ -	\$ -		
		Electrical	\$ 150,000	\$ -	\$ -	\$ -		
		Electrical	\$ 150,000	\$ -	\$ -	\$ -		
		HVAC	\$ 110,207	\$ -	\$ -	\$ -		
		HVAC	\$ 42,000	\$ -	\$ -	\$ -		
		Fire/Life Safety	\$ 38,000	\$ -	\$ -	\$ -		
	Year 4 Total:	\$ 2,349,368	\$ 2,808,210	\$ -	\$ -			
Year 5	Gibbs Hall Phase 3 - 162 Phase 3 - 163 Phase 3 - 162 Palmetto South A Palmetto South A Palmetto South B Palmetto South B Palmetto South B	Plumbing	\$ 974,609	\$ 63,300	\$ -	\$ -		
		Electrical	\$ 332,207	\$ -	\$ -	\$ -		
		Electrical	\$ 311,707	\$ -	\$ -	\$ -		
		Vert. Trans	\$ 200,985	\$ -	\$ 70,000	\$ -		
		HVAC	\$ 243,730	\$ -	\$ -	\$ 176,624		
		Fire/Life Safety	\$ 215,462	\$ -	\$ -	\$ -		
		HVAC	\$ 67,000	\$ -	\$ -	\$ 18,000		
		Fire/Life Safety	\$ 66,000	\$ -	\$ -	\$ -		
		Accessibility	\$ 353,395	\$ -	\$ -	\$ -		
			Year 5 Total:	\$ 2,765,095	\$ 63,300	\$ 70,000	\$ 194,624	
Year 6	Phase 3 - 163 Palmetto South A Palmetto South B Palmetto South C Palmetto South D Palmetto South B Palmetto South C Palmetto South C Palmetto South C Palmetto South A Palmetto South D Palmetto South A Palmetto South B Palmetto South C Palmetto South D Palmetto South A	Vert. Trans	\$ 200,985	\$ -	\$ 70,000	\$ -		
		Electrical	\$ 24,000	\$ -	\$ -	\$ -		
		Electrical	\$ 35,000	\$ -	\$ -	\$ -		
		Electrical	\$ 50,000	\$ -	\$ -	\$ -		
		Electrical	\$ 34,000	\$ -	\$ -	\$ -		
		HVAC	\$ 379,486	\$ -	\$ -	\$ -		
		HVAC	\$ 75,743	\$ -	\$ -	\$ 24,000		
		Fire/Life Safety	\$ 373,115	\$ -	\$ -	\$ -		
		Plumbing	\$ 16,000	\$ -	\$ 16,250	\$ 11,000		
		Plumbing	\$ 9,000	\$ -	\$ 16,250	\$ 11,000		
		Fire/Life Safety	\$ 84,970	\$ -	\$ -	\$ -		
		Fire/Life Safety	\$ 65,867	\$ -	\$ -	\$ -		
		Exterior	\$ 103,521	\$ 114,553	\$ -	\$ -		
		Exterior	\$ 219,714	\$ 115,491	\$ -	\$ -		
		Exterior	\$ 259,153	\$ 114,553	\$ -	\$ -		
		Exterior	\$ 122,452	\$ -	\$ -	\$ -		
		Accessibility	\$ 343,710	\$ -	\$ -	\$ 119,024		
	Year 6 Total:	\$ 2,396,716	\$ 344,597	\$ 102,500	\$ 165,024			
Year 7	Palmetto South A Palmetto South B Palmetto South C Palmetto South D Palmetto South B Palmetto South C Palmetto South D Palmetto South D	Electrical	\$ 131,447	\$ -	\$ -	\$ -		
		Electrical	\$ 195,483	\$ -	\$ -	\$ -		
		Electrical	\$ 226,949	\$ -	\$ -	\$ -		
		Electrical	\$ 188,970	\$ -	\$ -	\$ -		
		Plumbing	\$ 90,588	\$ -	\$ -	\$ -		
		Plumbing	\$ 50,216	\$ -	\$ -	\$ 53,000		
		Fire/Life Safety	\$ 481,497	\$ -	\$ -	\$ -		
		Fire/Life Safety	\$ 373,248	\$ -	\$ -	\$ -		
		Accessibility	\$ 347,134	\$ -	\$ -	\$ -		
	Year 7 Total:	\$ 2,085,532	\$ -	\$ -	\$ 53,000			
Year 8	Palmetto South A Palmetto South B Palmetto South C Palmetto South D Palmetto South C Palmetto South D	Interior	\$ 228,846	\$ -	\$ -	\$ 213,716		
		Interior	\$ 431,465	\$ -	\$ -	\$ 183,171		
		Interior	\$ 599,864	\$ -	\$ -	\$ 507,603		
		Interior	\$ 513,060	\$ -	\$ -	\$ 183,171		
		Plumbing	\$ 21,318	\$ -	\$ 16,250	\$ 11,000		
		Plumbing	\$ 15,988	\$ -	\$ 16,250	\$ 11,000		
			Year 8 Total:	\$ 1,810,541	\$ -	\$ 32,500	\$ 1,109,661	
		Year 9	Palmetto South C Palmetto South D Gibbs Hall Palmetto South C Phase 3 - 162 Palmetto South D	Plumbing	\$ 120,800	\$ -	\$ -	\$ -
Plumbing	\$ 90,600			\$ -	\$ -	\$ -		
Site	\$ 13,697			\$ -	\$ -	\$ -		
Accessibility	\$ 366,805			\$ -	\$ -	\$ 15,000		
Interior	\$ 526,878			\$ -	\$ -	\$ -		
HVAC	\$ 24,995			\$ -	\$ -	\$ 18,000		
	Year 9 Total:	\$ 1,143,775	\$ -	\$ -	\$ 33,000			
Year 10	Phase 3 - 163	Interior	\$ 512,225	\$ -	\$ -	\$ -		
			Year 10 Total:	\$ 512,225	\$ -	\$ -	\$ -	
Total			10-Year Plan Total:	\$ 21,354,151	\$ 3,906,025	\$ 240,000	\$ 1,555,309	\$ 5,701,334

Other Items (expenditures not included above):

Demolition of Pentaplex	McGuinn, Diamond, Wheatley & Crooper Halls	\$ 1,690,774	\$ -	\$ -	\$ 1,690,774
Demolition	Paddyfote Hall	\$ -	\$ 897,284	\$ -	\$ 897,284
Demolition	Truth Hall & Palmetto North	\$ -	\$ -	\$ 1,259,513	\$ 1,259,513
IT Upgrades	Sampson, Young, Phase III, Palmetto South and FAMU Villages	\$ -	\$ -	\$ 1,788,490	\$ 1,788,490
10-Yr Plan Total plus Other Items:		\$ 21,354,151	\$ 5,996,799	\$ 1,137,284	\$ 4,603,312

Average annual cost for 3 years: \$ 3,779,132

FLORIDA AGRICULTURAL & MECHANICAL UNIVERSITY

Housing System Operating Performance - Historical and Projected

Includes preliminary estimates for planned new 1000-bed residency hall

Prepared 10/21/2022

	Historical						Projected				
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Unaudited FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Operating Revenues											
Existing Housing ¹	14,524,115	16,219,284	16,046,566	14,953,068	9,307,669	15,463,855	15,463,855	15,463,855	10,824,699	10,824,699	10,824,699
FAMU Towers, 700 beds (opened 2020) ²	-	-	-	-	5,264,654	5,285,322	5,496,735	5,496,735	5,496,735	5,496,735	5,496,735
Off-campus Apts, 118 beds (acquired Oct 2022) ³	-	-	-	-	-	-	620,840	931,260	931,260	931,260	931,260
Newly Planned 1000-bed Facility (projected 2025) ⁴	-	-	-	-	-	-	-	-	9,850,500	9,850,500	9,850,500
Total Operating Revenues	14,524,115	16,219,284	16,046,566	14,953,068	14,572,323	20,749,177	20,960,590	20,960,590	26,171,934	26,171,934	26,171,934
Operating Expenses											
Existing Housing ⁵	6,608,100	8,031,347	9,839,150	10,488,880	11,971,549	13,315,169	13,674,598	14,087,779	10,916,840	11,135,177	11,357,881
Newly Planned 1000-bed Facility (projected 2025)	-	-	-	-	-	-	-	-	2,423,724	2,472,198	2,521,642
Total Operating Expenses	6,608,100	8,031,347	9,839,150	10,488,880	11,971,549	13,315,169	13,674,598	14,087,779	13,340,564	13,607,375	13,879,523
Net Operating (Pledged) Revenues	7,916,015	8,187,937	6,207,416	4,464,188	2,600,774	7,434,008	7,285,992	6,872,811	12,831,369	12,564,558	12,292,411
Annual Debt Service											
Outstanding Parity Bonds (before 2018 restructure) ⁶	5,921,140	5,923,786	-	-	-	-	-	-	-	-	-
2018A, \$125M, Refinance & New Construction ⁶	-	-	1,674,737	3,607,119	-	-	-	-	-	-	-
(New Money) Planned 1000-bed Facility (FY2025) ⁷	-	-	-	-	-	-	-	-	6,618,868	6,618,868	6,618,868
Total Annual Debt Service	5,921,140	5,923,786	1,674,737	3,607,119	-	-	-	-	6,618,868	6,618,868	6,618,868
Revenues Available after Debt Service	1,994,875	2,264,151	4,532,679	857,069	2,600,774	7,434,008	7,285,992	6,872,811	6,212,501	5,945,690	5,673,543
Debt Service Coverage	1.34x	1.38x	3.71x	1.24x	n/a	n/a	n/a	n/a	1.94x	1.90x	1.86x

¹ Existing Housing includes six housing facilities. Gibbs Hall closed in 2020, and Palmetto South and Palmetto Ph III will be closed and demolished following opening of planned 1000-bed facility; hence the revenue decrease in FY25. Projected revenues assume 0% rental rate increases and 96% avg occupancy.

² FAMU Towers, 700 beds, opened 2020. Projected revenue in FY23 reflects an increase due to increase in demand; 100% occupancy. Future periods assume no rental rate increases and 100% occupancy.

³ Existing off-campus apartments, newly acquired. Revenues based on current rent and occupancy; no change in future periods. FY23 revenues reflect a partial year (8 mos.).

⁴ Planned 1000-bed facility, projected to open in FY25. For the purpose of the projections, at this early stage, rent revenues assumed to be 10% higher than current revenue for FAMU Towers (700 beds, opened 2020).

⁵ Operating expenses are net of depreciation. Increased expenses in FY20 through FY22 reflect the addition of FAMU Towers (700 beds) and general inflation. Projected expenses include the newly acquired (Oct. 2022) off-campus apts; 118 beds, as well as 2% annual escalation.

⁶ In 2018, Federal HBCU Financing Program loan refinanced \$55M in existing debt (3 bond series) and provided \$75M construction funding for 700-bed FAMU Towers. In light of covid pandemic, federal govt forgave the entire debt in December 2020.