
EXECUTIVE SUMMARY

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In the spring of 2015, Montana Tech contracted Brailsford & Dunlavey to complete a Living Learning Center Analysis on the programming and viability of a new residential and learning facility on campus. Montana Tech is interested in assessing demand for on-campus housing and potential education and support spaces that would enhance residence life and the student experience. Input from the campus community, off-campus market factors, and the financial impact of improvements were of critical importance to the University. This Plan was completed to provide Montana Tech with qualitative and quantitative research to determine how best to address this potential development.

CURRENT SITUATION

Montana Tech currently enrolls approximately 2,800 students and maintains some of the highest job placement rates in the state drawing students from across Montana and the US. The campus currently houses almost 290 students and occupancy peaked in fall 2012 and 2014 at 100% occupancy. Spring occupancy has increased from 76% to 93% in the past five years noting an increased desire to live and stay in on-campus housing. Waiting lists have continued to increase given the demand for housing and returning students have little or no options to remain in campus housing given the primary focus of serving the freshman population. As the campus seeks to improve the campus experience, recruit and retain students, and support a larger residential population, the University viewed a need for additional space on campus to support learning, co-curricular, and extracurricular activities. For example, the largest flat floor space on-campus for activities is the Kelvin Sampson Court which is not only used for men's and women's athletics, but intramurals, campus events, and conferences which presents significant scheduling challenges which impact the University's athletic program or conferencing capabilities.

WORK PLAN

B&D's approach required an active working relationship with Montana Tech students and staff to develop an understanding of the institution's mission, relevant stakeholders, customer groups, and strategic project objectives which best serve that mission. The work plan included:

- ◆ A strategic visioning session to identify how potential development would improve Montana Tech's educational outcomes, campus community, enrollment management, and financial performance;
- ◆ A series of focus groups to qualitatively assess impressions of housing and living-learning program components;
- ◆ An off-campus market analysis to understand the local housing and conference center markets;
- ◆ A student survey to quantify preferences and priorities for housing and support spaces;
- ◆ A demand analysis to quantify bed demand for the a potential Living Learning Facility; and,
- ◆ A financial analysis of the Living Learning Facility to identify project and operating costs.

FINDINGS AND RECOMMENDATIONS

B&D's outreach efforts included over 50 focus group and stakeholder participants and over 540 survey responses. Overall, the campus community showed strong interest in the development of new student housing within a Living Learning Facility on campus. Based on the analyses conducted, Montana Tech has the potential to support 1,015 beds of student housing, 729 more than the current capacity. Interest for housing was across all class levels but particularly high for the sophomore class. The demand analysis corroborates the housing waitlist and interest of returning students to remain in on-campus housing facilities.

Enrollment Classification (2015)	Enrollment	Capture Rate	Maximum Potential Demand
Freshman	976	33%	317
Sophomore	534	49%	262
Junior	361	38%	136
Senior	614	44%	269
Graduate/Professional	269	11%	30
TOTAL	2,754	37%	1,015
EXISTING BED COUNT			286
NET DEMAND (SURPLUS/(DEFICIT))			(729)

FIGURE 1.1: HOUSING DEMAND

Additionally, strong demand for an on-campus event space and a lacking contemporary comparable in the Butte market would support a 500-banquet seat ballroom for campus and off-campus use. Limited options in the local market would support a new event space which has the necessary support spaces to host large events. High levels of interest and demand were present for other program elements such as study spaces, lounge spaces, and recreational activities. Based on the analysis and national planning experience, B&D recommends that Montana Tech build a 159,000 gross square feet Living Learning Facility.

RESIDENTIAL COMPONENT

The residential portion of the Living Learning Facility includes 349 student beds as well as a professional live-in apartment. Double-occupancy semi-suites (two two-person bedrooms with an adjoining bathroom) are the main unit type totaling 220 beds. Single-occupancy full-suites (four single-person bedrooms with two bathrooms and a living room) are included with 120 beds which have more privacy and are geared towards upper division students. In addition to the living spaces, residential support spaces are included in the program to support resident needs and community generation. Spaces include administrative office for housing staff, laundry room, mail room and front desk, study lounges, social lounges, computer and print stations, and an instructional kitchen. The residential component occupies approximately 66,000 net square feet, and 96,000 gross square feet assuming a 68% efficiency factor.

LEARNING CENTER

The Learning Center portion of the facility contains the broader educational and support spaces found within these facilities. The core educational program elements include a study/computer lounge, staff office space with workstations for tutoring or advising, resource room, small group study rooms, classrooms, and multipurpose rooms. Foodservice is a key element of this facility to support the residential population and overall campus. This dining component should be designed to complement the existing campus foodservice offering new food concepts, grab-and-go options, and flexible space to accommodate rentals and programming. Conference spaces occupy a large portion of the outline program and primarily centers on a divisible ballroom (accommodating up to 500 seats in a banquet configuration) and associated server and warming kitchen support spaces. Campus recreation will be expanded with the addition of one-court gymnasium space, elevated jogging track, rock climbing wall, and group fitness studios. The location of the new facility adjacent to Alumni Field will enable athletics to provide new grandstand seating and luxury boxes to support their programs. These program elements will also have the flexibility to be utilized by conference services. The Learning Center component occupies 51,000 net square feet, and 63,000 gross square feet assuming a 68% efficiency factor.

PROJECT COST AND IMPLEMENTATION

The total project cost is budgeted at \$38.1 million for the Living Learning Facility. The Residential portion totals \$23.1 million, approximately \$66,000 per bed, with the Learning Center totaling \$15 million. While the facility generates revenue through semester housing rates and conference / event rentals, the net operating income is insufficient to support debt financing. In order to implement this project, the University will need to fully fundraise the \$15 million cost of the Learning Center, or receive an equivalent \$1M in gifts on an annual basis for 20 years. Additionally, Montana Tech will need to source additional funds to support debt service on the student housing component. Revenues for housing result in a net operating income of \$730,000 in year 1. Given the depressed housing rental market in Butte, there is limited availability to increase housing rental rates to cover the remaining \$823,000 needed to service debt. Cross-pledging existing auxiliary revenue of \$520,000 for the first years of operation would further reduce the funding deficit to \$303,000. This approach is similar to how most universities fund new housing construction with older facilities and other revenue streams subsidizing the cost of newer construction. Three options are available to Montana Tech to fully fund the remaining \$303,000 including:

- ◆ Receive \$300,000 annually in gifts to support the debt service payment,
- ◆ Receive a one-time gift of \$5 million to reduce the amount financed, or
- ◆ Reduce the project size to 200 beds.

	Residential/ Housing	Learning Center	Total
Gross Square Feet	96,000	63,000	159,000
Project Cost	\$23,100,000	\$15,000,000	\$38,100,000
Debt Service (20-Years @ 3%)	\$1,553,000	\$0	\$1,553,000
Net Operating Income	\$730,000	\$24,000	\$754,000
Difference	-\$823,000	\$24,000	-\$799,000
Auxiliary Fund Pledge	\$520,000	N/A	
Remaining	-\$303,000	\$24,000	

Options:	1) Annual \$300K Pledges (Totaling \$6M Over 20 Years) OR	1) Annual \$1M Pledges (Totaling \$20M Over 20 Years) OR
	2) One-Time Initial Gift of \$5M OR	2) One-Time Initial Gift of \$15M OR
	3) Reduce Project Size to 200 Beds	

FIGURE 1.2: PROJECT COST AND IMPLEMENTATION OPTIONS

Given the high demand for housing and desire to create a critical mass of residents in this building and on campus overall, B&D does not recommend reducing the size of the project. B&D recommends that Montana Tech focus on a total fundraising goal of \$20 million (\$15 million for the Learning Center and \$5 million for student housing) in order to develop a project best suited to the needs of the campus community. It is important to note that these philanthropic funds would need to be secured prior to the issuance of debt for the project.

NEXT STEPS

As Montana Tech continues with the development of Living Learning Facility, the following next steps should be considered:

- ◆ The University should develop a detailed fundraising plan to support the goal of collecting \$20 million for the Living Learning Center.
- ◆ Detailed design work should begin on the project in order to maintain the targeting fall 2018 opening. The design phase should focus on developing a concept that meets all of the individual program element needs but addresses different entrances or communities within the building – the residents living there and the external users of the facility.
- ◆ Montana Tech should investigate what other campus facilities and programming could be developed to further enhance the student experience and potentially be housed within the educational portion of the Learning Center.
- ◆ The University should develop a detailed operational and business plan related to the ballroom and conference services in order to market the ballroom up to a year prior to opening.