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WKU authorized to borrow more for rising construction costs

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Citing post-pandemic surges in construction costs, Western Kentucky University obtained authorization to borrow up to \$43.4 million for cost overruns of the new College of Business, press box and Hilltopper Fieldhouse.

“In 15 years, we’ve not had any cost overruns in any project,” WKU President Timothy Caboni told WKU Public Radio after the Aug. 9 Board of Regents meeting. “This is really a once-in-a-lifetime kind of inflationary environment in which we find ourselves, and unfortunately, we have to navigate through it.”

Industry reports show that construction costs have increased by 5% to 15% annually, according to WKU’s supplemental Board documentation.

On Friday, the Board of Regents unanimously authorized WKU to take on up to \$25 million in debt, via agency bond money, for the under-construction Gordon Ford College of Business, which is now expected to cost \$99.4 million. Construction was slated to be funded solely via a \$74.4 million allotment from the state.

To save on costs, WKU has also decreased the business college's square footage by one-fifth, to "115,000 square feet across three stories," according to supplementary Board documents.

Caboni added that WKU has \$9 million pledged toward the business college.

Additionally, the Board authorized WKU to take on \$18.4 million in debt, also via agency bond money, for the under-construction press box and Hilltopper Fieldhouse. Previously, the Board had authorized WKU to borrow \$52 million for these two projects and the remaining debt for Diddle Arena's 2002 renovation.

WKU Chief Facilities Officer Bryan Russell said that the extent of the \$18.4 million debt authorization is for flexibility: Although the Board has now authorized WKU, in total, to borrow up to \$70.4 million for the two projects, Russell said that he expects them to cost \$57 million. (Susan Howarth, WKU's executive vice president for strategy, operations and finance noted that this includes \$3 million for contingency, so she expects the two projects to together cost under \$57 million.)

The Capital Projects and Bond Oversight Committee has approved \$50 million for these two projects; WKU plans to request an additional \$10 million at the upcoming legislative session to bring the state-approved bond authorization to \$60 million – enough for the \$57 million estimation.

Planned for the current football practice field, the 120,000-square-foot Hilltopper Fieldhouse will house the WKU Forensics and esports programs. It will also serve as a practice and training space for Hilltopper Athletics and the Big Red Marching Band; Russell noted that the latter – which is the largest band in Kentucky – has been without a home “for many years.”

In 2022, WKU intended to renovate its existing press box but took up a consultant’s recommendation to build a new one, Russell said. It will be a new floor level above the Harbaugh Club within the stadium.

“If you never have been to the old press box, I’d be happy to give you a tour, but you’ve got to be in good shape to get there because there’s no elevator access; there’s a very small bathroom that might be a little larger than that desk for access,” said Russell, pointing to a small desk in WKU’s Cornelius A. Martin Regents Room.

Added Caboni, “There are broadcast teams that decline to come to our facility because of how difficult it is to actually navigate all of that, if you think about all the equipment necessary to broadcast a game that those broadcast companies – CBS, ESPN – bring with them, that has to be hauled up through the stadium and has been since 1968.”

The press box is on track to open before WKU’s opening game against Eastern Kentucky on Sept. 7, according to Russell.

Other updates from the meeting:

- The Board unanimously authorized increasing funding to renovate, preserve and modernize Henry Hardin Cherry Hall from \$30 million to \$75 million. WKU requested the approval after a feasibility study concluded the previous budget was insufficient. Funding to renovate, preserve and modernize the 87-year-old, 105,268-square-foot facility will come from the Commonwealth's Asset Preservation Pool funds.
- Again with Asset Preservation Pool funds, WKU got Board approval to renovate, preserve, modernize and/or maintain 15 capital projects that cost \$1 million or more each for a total of \$27.4 million. Russells described them as "critical projects that we either had started on or are in process or got design work going or had studies completed." One standout, he said, is a set of projects at the Glasgow building, which has significant indoor air quality needs. Howarth pointed out the Jody Richards Hall renovation, which Caboni said will upgrade the roughly 30-year-old computer lab into a lounge-computer space that better suits the collaborative nature of today's students.
- Derrick Helm and Jennifer Hammonds took the oath of office as the Board's two newest regents. Helm, appointed by Gov. Andy Beshear is a WKU alumnus and an attorney of the Jamestown-based Helm Shearer Wilson law firm. Hammonds, the elected staff regent, is the WKU university registrar and director of Graduate Studies.
- Caboni teased an "athletics-oriented" gift of \$5 million to \$7 million that will be announced in the fall.

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