



THE UNIVERSITY of TEXAS SYSTEM

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UT System Building FAQ

Why is the UT System building a new facility for System Administration?

In an effort to be better stewards of state funds, the UT System has been studying potential operational efficiencies and cost savings. After careful internal review, outside studies and feedback from System staff, we found that consolidating operations from five antiquated buildings into one modern, highly efficient building has significant and long-lasting benefits and cost savings that can be redirected to directly benefit UT students.

What are the projected cost savings and efficiencies?

A new office building will significantly reduce capital expenses, maintenance and operating expenses compared to the current antiquated building complex. The ages of our five current buildings range from 40 to 131 years old and they are significantly more expensive to operate and maintain compared to modern construction. Studies indicate that over the next 30 years the move will yield a net savings of between \$60 million and \$240 million. Regents have directed that the UT System will apply annual savings to programs for students across the System's 15 institutions that will boost graduation rates and help students achieve success. Revenue generated from the proposed retail and other commercial space in the replacement building, as well as from the lease of O. Henry Hall and the ground lease of the full block south of 7th Street and between Colorado and Lavaca Streets, will offset a portion of the new facility's operating and debt service costs. Moreover, the lease of O. Henry Hall and the redevelopment of this block will yield an increase in tax revenue for the City of Austin since the UT System is exempt from paying property taxes.

The replacement building will be designed with ideal office configurations and functional needs in mind. Having all UT System employees working together in proximity will allow for greater functionality, collaboration and synergy. This goal is one of the major focus areas of the “Framework for Advancing Excellence.”

What is the projected total project cost of the replacement building?

The estimated total project cost for the new building will be \$102 million and will result in projected net savings averaging between \$2 million to \$8 million annually.

How will the construction of the replacement building be financed?

The project will be funded with Revenue Financing System Bonds, paid for out of the UT System’s share of the Available University Fund. No tuition dollars or State General Revenue will be used to fund construction of the building.

Where will the replacement UT System Administration building be located?

The replacement office building will be located on the north side of 7th Street between Colorado and Lavaca Streets, the current site of the Lavaca and Colorado Buildings.

Why was this location chosen?

Several locations in the Austin area were considered, as were several different construction scenarios and potential lease opportunities. The construction of a single building to house all of the UT System business units on the same site ultimately made the most sense financially and organizationally. The portion of UT System’s property north of 7th Street is the right size and leaves the remaining UT System property available for other uses.

What will the replacement building be like?

The planned building will be nine stories with an additional six levels of parking and will provide more than 250,000 square feet of office space, with about 200,000 square feet for immediate use by UT System and the remaining square footage available for lease. The System space will be designed to more efficient space standards than are feasible

in the existing structures. The building will include a 650- to 700-car above and below ground parking garage.

When is construction expected to begin and end?

Construction is scheduled to begin in early 2014 with the demolition of the Colorado and Lavaca Buildings and the two-floor parking garage located between these buildings. Construction is scheduled to be complete by spring of 2016.

What will happen to the buildings currently occupied by UT System Administration?

O.Henry Hall will remain owned by the UT System and leased to new tenants. The property housing the Claudia Taylor Johnson Building and Ashbel Smith Hall will be ground leased, and therefore available for improvement or redevelopment. The Colorado and Lavaca Buildings will be demolished to make way for the replacement office building.