

COMMISSION FOR HIGHER EDUCATION

Thursday August 8th, 2012

BUSINESS ITEM C-1: Indiana University Bloomington – Hodge Hall Kelley School of Business Renovation and Expansion, Phase II

Staff Recommendation That the Commission for Higher Education discuss the following project: *Hodge Hall Kelley School of Business Renovation and Expansion, Phase II at Indiana University Bloomington.*

Background By statute, the Commission for Higher Education must review all projects to construct buildings or facilities costing more than \$500,000, regardless of the source of funding. Each repair and rehabilitation project must be reviewed by the Commission for Higher Education and approved by the Governor, on recommendation of the Budget Agency, if the cost of the project exceeds seven hundred fifty thousand dollars (\$750,000) and if any part of the cost of the project is paid by state appropriated funds or by mandatory student fees assessed all students. Such review is required if no part of the project is paid by state appropriated funds or by mandatory student fees and the project cost exceeds one million five hundred thousand dollars (\$1,500,000). A project that has been approved or authorized by the General Assembly is subject to review by the Commission for Higher Education. The Commission for Higher Education shall review a project approved or authorized by the General Assembly for which a state appropriation will be used. All other non-state funded projects must be reviewed within ninety (90) days after the project is submitted to the Commission.

The Trustees of Indiana University respectfully request authorization to proceed with the second phase of a two-phase improvement program for the Kelley School of Business on the Bloomington campus. This project is estimated to cost \$29,000,000 and will be funded by gifts and grants. Originally constructed in 1966, the existing undergraduate building named Hodge Hall is beginning to show its age. This project focuses on replacing the aging mechanical and electrical systems of the existing building and renovating restrooms, corridors, administrative and academic spaces, offices, and classrooms many, of which, contain original seating and infrastructure.

Supporting Document Indiana University Bloomington – Hodge Hall Kelley School of Business Renovation and Expansion, Phase II

Indiana University Bloomington – Hodge Hall Kelley School of Business Renovation and Expansion, Phase II

DESCRIPTION OF THE PROJECT

This is the second phase of a two-phase improvement program for the Kelley School of Business on the Bloomington campus. Phase II will renovate administrative and academic space in the existing undergraduate building known as Hodge Hall. Renovation of Hodge Hall will replace aging mechanical systems and update existing classrooms, many of which contain original seating and infrastructure. Phase II will also renovate space for academic administration and student services, improve life-safety infrastructure and modernize infrastructure for efficiency and economy of operation.

Relationship to Other Capital Improvement Projects: This project does not affect any other capital improvement projects.

Historical Significance: Indiana University does not consider any of the buildings or structures affected by this project to be historically significant.

Alternatives Considered: Due to the nature of this project, no other alternatives were considered.

Relationship to Long-Term capital plan for Indiana University: This project is consistent with the mission of the IUB campus and the Kelley School of Business.

IMPACT ON EDUCATIONAL ATTAINMENT OF STUDENTS

Hodge Hall Kelley School of Business is one of the most heavily used buildings on campus. This project, along with Phase I, which is currently under construction, will greatly improve the learning environment for the students. In Phase I, more modern classrooms are being built with more collaboration space, allowing modernization of the existing classrooms to mesh with the latest teaching pedagogies.

NEED AND PURPOSE OF THE PROJECT

The undergraduate building of the Kelley School of Business was built in 1966 and, as the program became more and more successful, has been heavily used. The building has served the school well, but needs serious renovations in order to make it more effective in the current environment. The mechanical systems are over 45 years old and need to be replaced.

SPACE UTILIZATION

This project renovates existing classroom and office space, but does not change the usage classification of any space.

COMPARABLE PROJECTS

This is a significant renovation. All renovations are different, so comparisons are difficult. This project is estimated to cost approximately \$166/gsf. The renovation of the IUB Student Building cost approximately \$120/gsf (in 2012 dollars). The School of Nursing - Third Floor Renovation cost approximately \$170/gsf.

STAFF ANALYSIS

This second phase of a two-phase improvement program for the Kelly School of Business on the Bloomington campus will be funded by gifts and grants received; Phase I was approved by the Commission during the March 2012 meeting and is currently under construction. Phase II focuses on replacing electrical and mechanical systems, restrooms, corridors, academic spaces and administrative offices constructed in the 1960's. Hodge Hall is one of the most heavily utilized buildings on the Bloomington campus. This project will allow for the latest in teaching pedagogy to be employed. Phase II of the project will add no gsf/asf to the Bloomington campus. The cost per gsf (\$166) falls between previous IU capital projects e.g., the Student Building (\$120) and the IU Nursing renovation project (\$170) and is 43% less per gsf than Phase I (\$292). The per gsf cost is also comparable to the currently staff expedited Franklin Hall project (\$152 per gsf).

IU expects to realize operational savings as a result of Phase II of this project; the savings are not easily quantifiable and thus are not listed on the Capital Project Summary and Description. Phase I is a large addition to the Kelley School building. The expected Phase II savings will help to offset the additional operational costs resulting from the increase in square footage. IU will be able to better quantify the impact of renovated systems in conjunction with the newer addition in the coming years.

Based on the analysis conducted by staff, staff recommends the Commission provide a favorable review of the project.



June 28, 2013

OFFICE OF THE
PRESIDENT

The Honorable Michael R. Pence
Governor, State of Indiana
206 State House
Indianapolis, Indiana 46204

RE: Hodge Hall Kelley School of Business Renovation and Expansion, Phase II
Indiana University Bloomington
A-1-13-2-13

Dear Governor Pence:

The Trustees of Indiana University and I respectfully request authorization to proceed with the second phase of a two-phase improvement program for the Kelley School of Business on the Bloomington campus. This project is estimated to cost \$29,000,000 and will be funded by gifts and grants.

Originally constructed in 1966, the existing undergraduate building named Hodge Hall is beginning to show its age. This project focuses on replacing the aging mechanical and electrical systems of the existing building and renovating restrooms, corridors, administrative and academic spaces, offices, and classrooms many, of which, contain original seating and infrastructure.

Your early approval of this request will allow us to proceed on schedule with this project.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Michael A. McRobbie", with a long horizontal line extending to the right.

Michael A. McRobbie
President

Submitted though the Indiana Commission for Higher Education and the State Budget Agency.

cc: Indiana Commission for Higher Education
State Budget Agency

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20128531

The Honorable Michael R. Pence
June 28, 2013
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RE: Hodge Hall Kelley School of Business Renovation and Expansion, Phase II
Indiana University Bloomington
A-1-13-2-13

cc: Senator Luke Kenley
Representative Tim Brown
Senator Karen Tallian
Representative Terry Goodin
Mr. Chris Atkins
Representative Eric Turner
Senator Brandt Hershman
Senator Tim Skinner
Representative Sheila Klinker
Ms. Teresa Lubbers
Mr. Chad Timmerman
Mr. Jason Dudich

bc: L. K. Robel
T. A. Morrison
S. T. Cobine
J. R. Grew
J. M. Hagen
J. M. Lewis
J. M. Linder
M. F. McCourt
J. A. Simmons
P. J. Sullivan

xc: M. C. Bartlett
M. R. Bucklin
T. H. Ellis
S. A. Fleener
T. J. Griffith
J. H. Hewetson
B. I. Hoffman
S. Kapperman
R. H. Richardson
R. A. StanCombe
J. A. Stephens
J. A. Stines
T. A. Thompson
B. S. Wells
N. K. Wilson

CAPITAL PROJECT SUMMARY AND DESCRIPTION

For: **Hodge Hall Kelley School of Business Renovation - Phase II**

<u>Institution:</u> <input style="width: 90%;" type="text" value="Indiana University"/>	<u>Budget Agency Project No:</u> <input style="width: 90%;" type="text" value="A-1-13-2-13"/>
<u>Campus:</u> <input style="width: 90%;" type="text" value="Bloomington"/>	<u>Institutional Priority:</u> <input style="width: 90%;" type="text"/>
<u>Previously Approved by General Assembly:</u> <input style="width: 90%;" type="text" value="No"/>	<u>Previously Recommended by CHE:</u> <input style="width: 90%;" type="text" value="No"/>
<u>Part of the Long-Term Capital Plan:</u> <input style="width: 90%;" type="text" value="Yes"/>	

20128531

Project Summary Description

This is the second phase of a two-phase improvement program for the Kelley School of Business on the Bloomington campus. Phase II renovates administrative and academic space in the existing undergraduate building known as Hodge Hall. Renovation of Hodge Hall will replace aging mechanical systems and update existing classrooms, many of which contain original seating and infrastructure. Phase II will also renovate space for academic administration and student services, improve life-safety infrastructure, and modernize infrastructure for efficiency and economy of operation.

Summary of the Impact on the Educational Attainment of Students at the Institution

Hodge Hall Kelley School of Business is one of the most heavily used buildings on campus. This project, along with Phase I, which is currently under construction, will greatly improve the learning environment for the students. In Phase I, more modern classrooms are being built with more collaboration space, allowing modernization of the existing classrooms to mesh with the latest teaching pedagogies.

<u>Project Size:</u> <input style="width: 90%;" type="text" value="175,000"/> GSF	<input style="width: 90%;" type="text" value="103,250"/> ASF	<input style="width: 90%;" type="text" value="59%"/> ASF/GSF
<u>Net Change in Overall Campus Space:</u> <input style="width: 90%;" type="text" value="0"/> GSF	<input style="width: 90%;" type="text" value="0"/> ASF	

<u>Total Project Cost:</u> <input style="width: 90%;" type="text" value="\$29,000,000"/>	<u>Cost per ASF/GSF:</u> <input style="width: 90%;" type="text" value="\$166"/> GSF
	<input style="width: 90%;" type="text" value="\$281"/> ASF
<u>Funding Source(s):</u> <input style="width: 90%;" type="text" value="\$29,000,000"/> Gifts and Grants	
<input style="width: 90%;" type="text"/>	
<input style="width: 90%;" type="text"/>	
<input style="width: 90%;" type="text"/>	
<u>Estimated Annual Debt Payment:</u> <input style="width: 90%;" type="text" value="\$0"/>	
<u>Are All Funds for the Project Secured?</u> <input style="width: 90%;" type="text" value="Yes"/>	
<u>Estimated Annual Change Cost of Building Operations Based on the Project:</u>	<input style="width: 90%;" type="text"/>
<u>Estimated Annual Repair and Rehabilitation Investment:</u>	<input style="width: 90%;" type="text"/>

CAPITAL PROJECT DETAILED DESCRIPTION - ADDITIONAL INFORMATION

For: **Hodge Hall Kelley School of Business Renovation - Phase II**

Institution: Indiana University

Budget Agency Project No: A-1-13-2-13

Campus: Bloomington

Institutional Priority:

20128531

Description of Project

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Historical Significance: Indiana University does not consider any of the buildings or structures affected by this project to be historically significant.

Alternatives Considered: Due to the nature of this project, no other alternatives were considered.

Relationship to Long-Term capital plan for Indiana University: This project is consistent with the mission of the IUB campus and the Kelley School of Business.

Need and Purpose of the Project

The undergraduate building of the Kelley School of Business was built in 1966 and, as the program became more and more successful, has been heavily used. The building has served the school well, but needs serious renovations in order to make it more effective in the current environment. The mechanical systems are over 45 years old and need to be replaced.

Space Utilization

This project renovates existing classroom and office space, but does not change the usage classification of any space.

Comparable Projects

This is a significant renovation. All renovations are different, so comparisons are difficult. This project is estimated to cost approximately \$166/gsf. The renovation of the IUB Student Building cost approximately \$120/gsf (in 2012 dollars). The School of Nursing - Third Floor Renovation cost approximately \$170/gsf.

Background Materials

CAPITAL PROJECT CAMPUS SPACE DETAILS

For: **Hodge Hall Kelley School of Business Renovation - Phase II**

Bloomington (20128531) Budget Agency Project No: A-1-13-2-13 Institutional Priority:	Current Space in Use (a)	Space Under Construction (b)	Space Planned & Funded (c)	Subtotal Current and Future Space	Space to be Terminated	New Space in Capital Request	Net Future Space
A. Overall Space in ASF							
Classroom (110 & 115)	38,073	0	0	38,073	0	0	38,073
Class Lab (210, 215, 220, 225, 230, 235)	4,482	0	0	4,482	0	0	4,482
Non-class Lab (250 & 255)	1,071	0	0	1,071	0	0	1,071
Office Facilities (300)	82,457	0	0	82,457	0	0	82,457
Study Facilities (400)	2,760	0	0	2,760	0	0	2,760
Special Use Facilities (500)	494	0	0	494	0	0	494
General Use Facilities (600)	1,754	0	0	1,754	0	0	1,754
Support Facilities (700)	780	0	0	780	0	0	780
Health Care Facilities (800)	0	0	0	0	0	0	0
Resident Facilities (900)	0	0	0	0	0	0	0
Unclassified (000)	7,442	0	0	7,442	0	0	7,442
B. Other Facilities (List major categories)							
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
TOTAL SPACE	139,313	0	0	139,313	0	0	139,313

Notes: Represents asf for BL451 - Hodge Hall (Business School)

CAPITAL PROJECT COST DETAILS

For: **Hodge Hall Kelley School of Business Renovation - Phase II**

Institution:	Indiana University	Budget Agency Project No:	A-1-13-2-13
Campus:	Bloomington	Institutional Priority:	
20128531			

Anticipated Construction Schedule

	Month	Year
Bid Date:	December	2013
Start Construction	April	2014
Occupancy (End Date)	July	2015

Estimated Construction Cost for Project

	Cost Basis ⁽¹⁾	Escalation Factors ⁽²⁾	Estimated Project
Planning Costs			
a. Engineering	\$0	\$0	\$0
b. Architectural	\$1,450,000	\$0	\$1,450,000
c. Consulting	\$0	\$0	\$0
Construction			
a. Structure	\$14,210,000	\$0	\$14,210,000
b. Mechanical (HVAC, plumbing, etc.)	\$5,800,000	\$0	\$5,800,000
c. Electrical	\$4,350,000	\$0	\$4,350,000
Movable Equipment	\$0	\$0	\$0
Fixed Equipment	\$0	\$0	\$0
Site Development/Land Acquisition	\$0	\$0	\$0
Other Please List - Contingency, Admin & Legal Fees	\$3,190,000	\$0	\$3,190,000
Total Estimated Project Cost	\$29,000,000	\$0	\$29,000,000

⁽¹⁾ Based on current cost prevailing as of (month/year).

Jul-2012

⁽²⁾ Explanation for estimate escalation factors (below).

CAPITAL PROJECT OPERATING COST DETAILS

For: **Hodge Hall Kelley School of Business Renovation - Phase II**

<u>Institution:</u>	Indiana University	<u>Budget Agency Project No:</u>	A-1-13-2-13
<u>Campus:</u> 20128531	Bloomington	<u>Institutional Priority:</u>	

Annual Operating Cost/Savings⁽¹⁾

GROSS SQUARE FOOTAGE OF AREA AFFECTED BY PROJECT: N/A

	Cost per GSF	Total Operating Cost	Personnel Services	Supplies and Expenses
1. <u>Operations</u>	\$0.000	\$0	\$0	\$0
2. <u>Maintenance</u>	\$0.000	\$0	\$0	\$0
3. <u>Fuel</u>	\$0.000	\$0	\$0	\$0
4. <u>Utilities</u>	\$0.000	\$0	\$0	\$0
5. <u>Other</u>	\$0.000	\$0	\$0	\$0
<u>Total Estimated Operational</u>	\$0.000	\$0	\$0	\$0

Description of any unusual factors affecting operating and maintenance cost/savings.

⁽¹⁾ Based on figures from "Individual Capital Project Description" schedule.