

COMMISSION FOR HIGHER EDUCATION

Friday, October 8, 2010

DECISION ITEM B-1: Anderson New Construction at the Ivy Tech Anderson Campus

Staff Recommendation

That the Commission for Higher Education recommend approval to the State Budget Agency and the State Budget Committee of the project *Anderson New Construction at the Ivy Tech Anderson Campus*, as described in the project description and staff analysis October 8, 2010.

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 dollars (\$1,000,000). A project that has been approved or authorized by the General Assembly is not subject to review by the Commission for Higher Education. However, the Commission for Higher Education shall review a project approved or authorized by the General Assembly if the review is requested by the Budget Agency or the Budget Committee. This project was not authorized by the General Assembly.

The Trustees of Ivy Tech Community College of Indiana request authority to proceed with a new construction project in Anderson. This project will be financed through the issuance of one or more series of bonds equal to the sum of \$20,000,000 authorized by the 2009 General Assembly.

Supporting Document

Anderson New Construction at the Ivy Tech Anderson Campus, October 8, 2010.

ANDERSON NEW CONSTRUCTION AT THE IVY TECH ANDERSON CAMPUS

Project Description and Staff Analysis

SUMMARY

The 2007 General Assembly authorized the College to plan for new construction in Muncie and Anderson and the 2009 General Assembly authorized the College to construct a new building for Ivy Tech Community College in Anderson by issuing bonds not to exceed \$20,000,000. The College proposes using all of the 2009 bonding authority for a new building in Anderson on land provided by the community.

The proposed new Anderson building would be approximately 76,360 gross square feet (GSF) or 49,400 assignable square feet (ASF). The new construction will occur on land provided by the City of Anderson along Interstate 69. The City of Anderson purchased approximately 38 acres of land in the 400 - 800 blocks of East 60th Street (between Columbus Avenue and Main Street) on the south side of 60th street in Anderson. The property is bounded on its south side by Interstate 69 right of way. The City of Anderson, through its Redevelopment Commission has donated the land to the College. The donated land has an appraised value of approximately \$855,000.

DESCRIPTION OF THE PROJECT

The Anderson Campus of Ivy Tech's East Central Region currently resides on approximately 30 acres of land at the corner of Main and 53rd Streets. The 43,520 GSF facilities were opened in 1990 and were built to accommodate 1,200 students, student support services, faculty offices, a bookstore, business office operation, a library and a student lounge. Current enrollment is well over 2,600 students and another 105,000 GSF is being leased on a short term, temporary basis to accommodate enrollment growth. All leased space will be terminated at the completion of construction. This project will allow for the expansion of programs and services in line with the College's mission, community workforce training and economic development. Expansion of the College's programs and space to accommodate the expansion is an integral part of the Anderson community's efforts to redefine its economic base.

The new building will house programs from four of the College's academic schools (Business, Technology, Public and Social Services, and Liberal Arts and Sciences) with the addition of classroom lab space. Support spaces will include faculty offices, student lounge, and a library. The construction of the new building will permit the existing facility on 53rd Street to be dedicated to the School of Health Sciences and allow for expansion of their programs.

The new building is expected to be free standing, steel framed, two-story facility with brick exterior and a combination of block and steel stud and drywall interior construction. Sufficient parking will be constructed to accommodate the anticipated enrollments. The environmental system will include self-supporting, zoned WAC units.

Planning indicates that the assignable area needed for the new building will include the following:

- Multi-use classrooms that will provide state-of-the-art technology and be flexible for use by multiple academic programs.
- Multi-use computer labs that can serve as classroom space for such programs as Computer Information Services as well as the Business School, and also provide "open" computer areas to assist students in their coursework.
- Student Services area that will provide easy access to admissions, financial aid, registration, advising, student development, bursar, testing, and bookstore. These areas will be located along the main spine of the building making access convenient and efficient.
- Office space for administration and Workforce and Economic Development.
- Faculty offices will be provided to accommodate the growing number of faculty and adjunct professors as enrollments continue to increase. Unassigned adjunct workspace will allow for use by more teaching staff.
- A library and group study areas and access to computer resources.
- Student commons area to provide access to vending, food service vendor(s), and group/individual study areas.

Schmidt Associates has been identified to provide consulting services for this project.

RELATIONSHIP TO MISSION AND LONG-RANGE PLANNING

As a statewide, open-access, community college, Ivy Tech Community College of Indiana provides residents of Indiana with professional, technical, transfer, and lifelong education for successful careers, personal development, and citizenship. Through its affordable, quality educational programs and services, the College strengthens Indiana's economy and enhances its cultural development. Ivy Tech Community College strives to accomplish its mission placing strategic emphasis on professional and technical education, general education, transfer education, developmental education, student development and services, continuing education, workforce education and training, community service, diversity and continuous improvement of all instruction and services.

The project supports the mission of the College and it is aligned with the Strategic Plan to bring new and expanded educational programs to the East Central region and marketplace driven workforce education and economic development to Muncie, Anderson, and Marion, and surrounding communities.

NEED AND EXPECTED CONTRIBUTION TO EDUCATIONAL SERVICES

According to a study completed in February 2006 by Energize ECI, the Partnership for East Central Indiana, the East Central Region encompasses eight contiguous counties and occupies approximately 3,842 square miles, was home to 550,000 people with almost 221,000 workers on covered payrolls in more than 11,000 business establishments. Today, there are fewer people in every one of those eight counties. Of the 25 Indiana counties that have consistently lost population since 2000, all seven counties served by Ivy Tech's East Central Region are included. During the past 15 years, when nearly 25 million jobs were added nationally, East Central Indiana moved the other direction. The number of workers on payrolls region-wide is lower today than in 1990. The 196,700 workers on covered payrolls in the first quarter of 2005 are 14,700 less than the same quarter in 1990. Over the same period, the rest of Indiana enjoyed an increase of nearly 400,000 jobs.

Much of the loss in residents and jobs is attributed to the closures and downsizing of major manufacturing facilities - Thomson in Marion, General Motors' Remy International, Guide Lamp in Anderson, and Borg-Warner Automotive in Muncie to name a few. But there is an opportunity for Ivy Tech to be a part of and have a major impact on the revitalization of East Central Indiana.

According to a report prepared by the Eastern Indiana Economic Growth Region 6 Strategic Skills Initiative, the region's dominant industries, in addition to manufacturing, are Education, Health Services and Public Administration. As a result, the Initiative identified six occupations as critical to the area's growth: health diagnosing and treating occupations; health technologists and technicians; life scientists; business operations specialists; metal and plastic workers, and truck drivers - heavy tractor trailers. Those working on the Initiative also uncovered several cross-cutting skills shortages, which include communications, reading comprehension, computer literacy, mathematics and science, problem solving, leadership and ethics. With much of programming already in place, Ivy Tech East Central can meet these challenges with additional space and upgraded facilities.

In the past 10 years (1999 to 2009), Ivy Tech East Central Region has experienced continual growth. At Muncie, the enrollment has increased 138.4 percent in the past ten years. In 1996, the Region offered 240 courses on its three campuses. By 2005, course offerings totaled 318. The number of faculty has grown from 39 full-time and 186 adjuncts in 1969 to 88 full-time and 375 adjuncts in 2008. This growth in faculty has been critical for the growth and to meet the student and workforce demands.

Enrollment is at a level that the College leased modular classrooms and space in other buildings in Muncie on a temporary basis. Without this leased space the College would have been faced with turning away students in need of education and training when they need it the most; to pursue additional education at a reasonable cost or to get training that would expand their employment opportunities.

New and improved services to the community, within the mission of the College and Strategic Plan, will be attained by an increase in accessible, quality space for general classrooms, labs, student lounge/study areas, offices and flexible space for future programming.

The College seeks to combine programs in related disciplines all at two locations and further seeks to add space to accommodate new program and enrollment growth as was done for the recently approved Dental Hygiene program at the main campus using College funds.

ALTERNATIVES CONSIDERED

Three options were considered to bridge the gap between the current overcrowding and this request for a capital construction project.

1. Construct temporary modular units at the main 53rd Street location. This option offers the benefit of combining all activities at one site in Anderson. However, this option carried high lease costs (\$585,000 annual lease plus operating costs), adds high costs for temporary utility extension, and provides the lease net gain of additional classrooms.
2. Purchase and renovation of the Meadowbrook elementary school on 39th Street in Anderson. This option had a high initial cost (purchase and renovation over \$1.0 million) for a small amount of space (30,000 square feet) on a small amount of land in a residential neighborhood.
3. Secure additional leased space elsewhere in Anderson: several vacant properties are immediately available throughout the community to accommodate enrollment growth. Currently the College is leasing the Ebbert Education Center under a three year lease.

Minimal work was done to make this a viable short-term option. For long-term use significant remodeling expenditures would be needed and since it is leased space, at some time in the future, its use would be terminated. Additional options have been considered, but each would require significant remodeling expenditures and lack of very long term use. No leased options offer the permanent space needed by the College at one of its main campuses.

None of the options provide sufficient, permanent space needed to accommodate current and future enrollments.

RELATIONSHIP TO LONG-RANGE FACILITY PLANS

Regional administration anticipates vacating the Anderson Ebbertt building upon completion of the proposed project. The proposed project will address the immediate critical need. Long-term planning will involve additional facilities and significant renovation to the existing main campus facilities.

HISTORICAL SIGNIFICANCE

There are no buildings of historical significance involved in this project and the site is not a historical site.

STAFF ANALYSIS

The Anderson new construction project was one of the few capital projects recommended in the Commissions' 2009-2011 Biennial Budget Recommendation. The project, funded entirely through state support, will cost approximately \$20 million and would add \$1.7 million per year to Ivy Tech's fee replacement support from the state starting in 2012. For 2010-11, Ivy Tech's debt ratio is approximately 15% while the overall public institution's debt ratio is approximately 13.6%. The Commission projects Ivy Tech's debt ratio to be approximately 15.4% by 2013. No outside funding, gifts or donations will be used to support the cost of constructing this building.

Currently, the Anderson Campus is split between two buildings. The first is owned by Ivy Tech and houses Dental Hygiene programs and some administrative offices (43K GSF). The second is a leased building from the Anderson School System (105K GSF) which houses general education programs and services. The leased facility is in poor condition, lacks ADA requirements and due to the setup of the facility is inefficient for classroom space. Upon completion of the new Anderson Campus Building, Ivy Tech would vacate the current leased space, using savings from lease costs to cover the operational costs of the new building (76K GSF).

Ivy Tech notes they have looked at other space to lease/occupy rather than building the new facility and cannot identify any space in Anderson that would meet their requirements for providing academic services and programs. Anderson's FTE enrollment has increased from 2009 to 2010 by approximately 19%; however, the average 5 and 10 year percentage growth in FTE has been 4.7% and 10% respectively. Ivy Tech notes that a new building will result in an increase in enrollment as they have experienced on other campuses. Staff will note that growth for Ivy Tech has increased when new buildings are completed; however, long term growth in enrollment is not at the same level historically.

Staff recommends that additional analysis should be conducted by Ivy Tech and the Commission regarding a long term strategy pertaining to new permanent buildings for Ivy Tech versus leases that would allow for flexibility in enrollment changes, demands by the community and overall economic conditions in the state. In some cases, permanent buildings in various locations could be warranted while other locations might require continuation of leased space before moving forward with permanent structures.