

## COMMISSION FOR HIGHER EDUCATION

Friday, May 14, 2010

**DECISION ITEM B-2:**                    **Renovation of the former Terre Haute Post Office and Federal Building at Indiana State University**

**Staff Recommendation**

That the Commission for Higher Education recommend approval to the State Budget Agency and the State Budget Committee of the project *Renovation of the former Terre Haute Post Office and Federal Building at Indiana State University*, and recommends that the state of Indiana pay debt service through fee replacement only in the amount of \$9,000,000 and not the \$10,000,000 as authorized by the General Assembly as described in the project description and staff analysis April 30, 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 authorized by the General Assembly and the Budget Committee has requested review.

The project involves the renovation of the former Terre Haute Post Office and Federal Building located at 7th and Cherry Streets to accommodate the Donald W. Scott College of Business. The total project cost for renovation is \$20,000,000, of which \$10,000,000 is fee-replaced bonding authority and \$10,000,000 in private donor support.

**Supporting Document**

*Renovation of the former Terre Haute Post Office and Federal Building at Indiana State University, April 30, 2010.*

# **RENOVATION OF THE FORMER TERRE HAUTE POST OFFICE AND FEDERAL BUILDING**

## **Project Description and Staff Analysis**

### SUMMARY

The project involves the renovation of the former Terre Haute Post Office and Federal Building located at 7th and Cherry Streets to accommodate the Donald W. Scott College of Business. The total project cost for renovation is \$20,000,000, of which \$10,000,000 is fee-replaced bonding authority and \$10,000,000 in private donor support.

### DESCRIPTION OF THE PROJECT

The project involves the renovation of the former Terre Haute Post Office and Federal Building located at 7th and Cherry Streets to accommodate the Donald W. Scott College of Business. Upon completion of the renovation of this facility and the subsequent relocation of the Donald W. Scott College of Business, Statesman Towers will be demolished. The total project cost for renovation is \$20,000,000.

The facility is a fine example of Art Deco style, particularly as a representation of the 1930's Federal Architecture. Originally constructed to house the U.S. Post Office, Federal Courts, and other federal offices located in Terre Haute, the General Services Administration (GSA) indicated in 2003 their plans to abandon the structure. Through the efforts of Sen. Evan Bayh, GSA agreed to transfer the facility to Indiana State for use as a new home of the College once a new federal courthouse was constructed and the Federal Courts relocated. In November of 2009, a new federal courthouse was dedicated in Terre Haute allowing for final transfer of the former Terre Haute Post Office and Federal Building to the University.

Prior to transfer of ownership, GSA has invested approximately \$6.3 million of federal funds to upgrade the facility including a new south facade and entry for the structure to recognize the connection of the College with downtown Terre Haute, window reglazing, tuckpointing and cleaning of the exterior of the facility, interior painting, and installation of a fire alarm system.

Indiana State has a respected history in educating men and women to enter and excel in the field of business. Many of these graduates remain in the State of Indiana and pursue professionally fulfilling careers that contribute to a strengthened Indiana economy. The Donald W. Scott College of Business is accredited by the Association to Advance Collegiate Schools of Business (AACSB). This is a very prestigious international accreditation that is achieved by less than 30 percent of all colleges worldwide. It requires attention to high standards of excellence and commitment to continuous improvement. The improved facility will have a direct, positive impact on the programs offered by the Donald W. Scott College of Business and the programs of the University as a whole. Furthermore, this project will support Indiana State University's commitment to the economic development of the City of Terre Haute and the State of Indiana. It will also move ISU significantly closer to providing an educational facility that complies with ADA and OSHA guidelines.

With the completion of the renovation and occupancy of this facility, ISU will demolish Statesman Towers, a former dormitory renovated to house the School of Business. Demolition of Statesman Towers will reduce Indiana State's total gross square footage by approximately 150,539 assignable square feet and would remove funding from the biennial Repair and Rehabilitation formula.

**Project Summary:**

Space in Project (approximate):

Renovated Space 96,643 GSF

Project Cost:

Blended (New Const and Renov) \$20,000,000 \$207 GSF

Sources of Funds:

Fee Replaced General Assembly Bonding Authority \$10,000,000

Private donor support \$10,000,000

Total \$20,000,000

Construction calendar: bid May 2010, begin construction June 2010, completion January 2012

RELATIONSHIP TO MISSION AND LONG-RANGE PLANNING

This project will provide an educational facility that will allow academic programs in the Donald W. Scott College of Business to function more effectively by relocation to a newly renovated structure.

NEED AND EXPECTED CONTRIBUTION TO EDUCATIONAL SERVICES

The programmatic functions of the project are intended to address the following primary goals:

- (1) to reconfigure interior spaces to enable academic programs to function effectively;
- (2) to upgrade the building's infrastructure systems, thereby improving temperature control, enhancing air quality, and improving access to technologies;
- (3) to meet ADA and OSHA standards.

**1. Reconfiguring interior spaces:** The former Terre Haute Post Office and Federal Building - constructed in 1932 - was designed to serve as a U.S. Post Office and provide space for the Federal Courts. The interior of the current physical structure is in need of an upgrade suitable to college level students and faculty. As currently structured available space is inadequate to provide for small or large classrooms, conference rooms that will be utilized by students and faculty, and office space for faculty and graduate assistants. Furthermore, the interior spaces do not support 21st century technology. Interior spaces in the facility need to be reconfigured to a more efficient design and to support a modern learning environment.

**2. Upgrading infrastructure systems:** The heating, cooling, ventilation, and electrical systems in the former Terre Haute Post Office and Federal Building are all in need of an immediate upgrade to meet the needs of a 21st century learning environment. Specifically, the electrical system cannot effectively handle the demands that will be placed on it. Lighting will also need to be improved. Moreover, the building's wiring will need to be revamped in order to facilitate new information technologies that are essential learning tools in the Donald W. Scott College of Business.

**3. Meeting ADA and OSHA standards:** Like most buildings constructed during the Depression era, the facility was built without consideration of needs of individuals who have disabilities. Physically challenged students contribute to the diverse student bodies in the Donald W. Scott College of Business, and ISU will utilize funding to insure the building is within full compliance of the ADA law and OSHA regulations.

These renovations and improvements to the former Terre Haute Post Office and Federal Building will have a positive impact on the programs of the Donald W. Scott College of Business and the University as a whole. This project will preserve a historically significant structure while creating an education facility that meets the University's commitment to providing appropriate learning and working environments for all students, faculty, and staff, including those who are physically challenged. Furthermore, the relocation of the Donald W. Scott College of Business will result in a more appropriate use of space needed by the College and significantly improve and update the learning environment for students of business.

The current location of the Donald W. Scott College of Business, Statesman Towers, does not provide for an appropriate learning environment. The layout of the floor plan in the towers made it necessary for classrooms to be placed in the existing configurations of dormitory rooms. Divider walls were removed between the rooms with the end result being narrow, long classroom and seminar spaces that are not conducive to teaching. This has resulted in a low ratio of assignable square footage for the facility.

In addition, the Statesman Towers are extremely energy inefficient and have significant deficiencies in HVAC equipment. The facility is not centrally air conditioned and uses 600 individual window air conditioners to provide cooling. The HVAC system is original, nearing 40 years of age. Industry standards for similar HVAC systems have a useful life of 25 years. The floor to ceiling heights are extremely low, which virtually makes it impossible to upgrade the facilities mechanical systems to today's standards. The restrooms throughout the facility were designed for dormitory use in the 1960's and are non-compliant with ADA guidelines.

#### ALTERNATIVES CONSIDERED

There are no other viable alternatives available on the campus for satisfying the programmatic needs of the Donald W. Scott College of Business. The former Terre Haute Post Office and Federal Building is structurally sound and with renovation can meet the educational needs of students in the College as well as enhance efforts to revitalize downtown Terre Haute.

#### RELATIONSHIP TO LONG-RANGE FACILITY PLANS

This project fits in with the University's desire to provide well maintained up to date accessible educational facilities to enhance the student learning environment.

#### PRIORITY RANKING

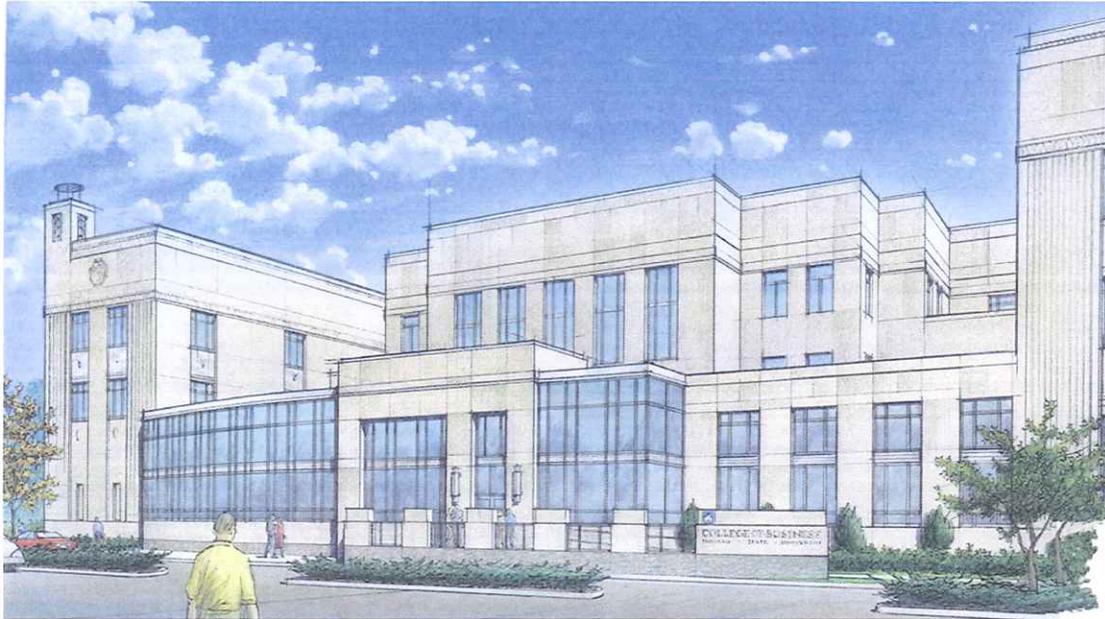
The project is a priority for the University in order to relocate the Donald W. Scott College of Business and reduce the amount of assignable square footage on campus.

## HISTORICAL SIGNIFICANCE

The former Terre Haute Post Office and Federal Building is on the list of historic sites and structures prepared by the Indiana Division of Historic Preservation and Archaeology and the National Register of Historic Places.

## STAFF ANALYSIS

1. Originally constructed to house the U.S. Post Office, Federal Courts, and other federal offices located in Terre Haute, the General Services Administration (GSA) indicated in 2003 their plans to abandon the structure. GSA agreed to transfer the facility to Indiana State for use as a new home of the College once a new federal courthouse was constructed and the Federal Courts relocated. In November of 2009, a new federal courthouse was dedicated in Terre Haute allowing for final transfer of the former Terre Haute Post Office and Federal Building to the University.
2. The federal government has already spent \$6.3M renovating the building in preparation of transferring the building to ISU. ISU has pledged to raise \$10,000,000 to pay for the remaining renovation costs and has already raised roughly \$6,000,000.
3. Indiana State requested and was granted state fee-replaced bonding authority in the amount of \$10,000,000 for this project. However, preliminary estimates suggest that the renovation may be completed for slightly less than the \$20,000,000 of authority. ISU, in their recent request to proceed with this project has requested only \$9,000,000 of fee replaced bonding, which the staff hereby recommends.
4. The facility is solidly constructed and the envelope and foundation are very good shape and should serve the University well for many years to come. When completed, ISU will own a 100,000 square building, renovated to modern standards and use for the state cost of \$9,000,000.
5. The \$20,000,000 project cost estimate for this renovation does not include the cost of demolition for Statesman Towers, estimated at approximately \$3,000,000.
6. Statesman Towers, which currently houses the School of Business, will be demolished following the occupancy of the new facility. At approximately 150,000 GSF, Statesman Towers would generate approximately \$300,000 per year in the R&R formula for ISU, if fully funded. Once the Towers are demolished, the square footage is removed from the R&R formula. It should be noted that the R&R formula has not been fully funded for several years and the R&R formula generated no state appropriation on the 2009-11 biennium.



Southeast Perspective



Northeast Perspective-Night View

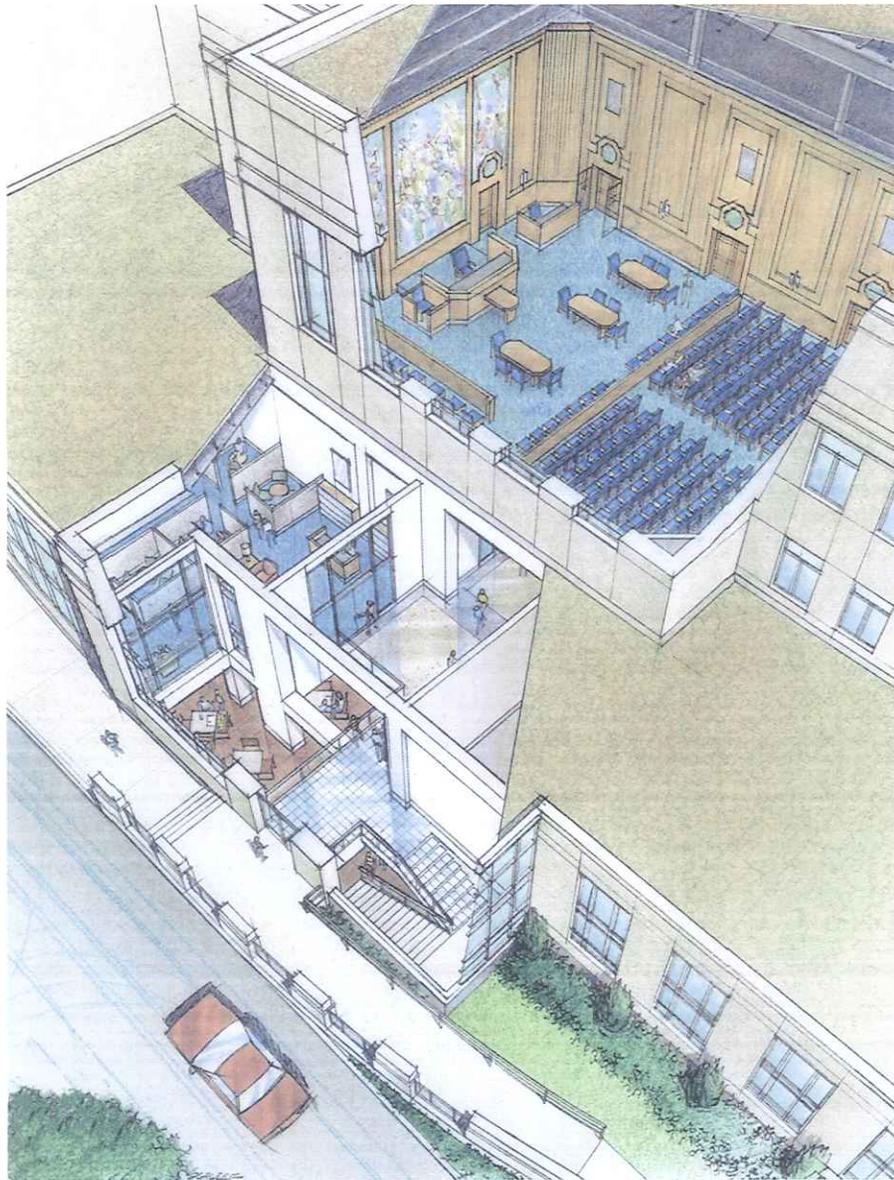


South Elevation

Indiana State University  
**COLLEGE OF BUSINESS**  
 Exterior Renderings



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Section Isometric- New Lobby



Courtroom Perspective



ARCHITECTURE  
 INTERIOR DESIGN  
 LANDSCAPE ARCHITECTURE

# Indiana State University COLLEGE OF BUSINESS

Interior Renderings



Indiana State University  
**COLLEGE OF BUSINESS - FEDERAL BUILDING PROJECT**

FIRST FLOOR PLAN



**SCHMIDT** Architecture  
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34 PROJECT NO. 2006076



- Presentation Groups**
- Commons
  - Classrooms/Labs/Breakout
  - Student Services & Centers
  - Dean, Department, & Faculty Offices
  - Conference Rooms
  - Support Spaces
  - Circulation

Indiana State University  
**COLLEGE OF BUSINESS - FEDERAL BUILDING PROJECT**

SECOND FLOOR PLAN



34 PROJECT NO. 2006016



- Presentation Groups**
- Commons
  - Classrooms/Labs/Breakout
  - Student Services & Centers
  - Dean, Department, & Faculty Offices
  - Conference Rooms
  - Support Spaces
  - Circulation

Indiana State University  
**COLLEGE OF BUSINESS - FEDERAL BUILDING PROJECT**

**THIRD FLOOR PLAN**



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Indiana State University  
**COLLEGE OF BUSINESS - FEDERAL BUILDING PROJECT**

**BASEMENT PLAN**

