

COMMISSION FOR HIGHER EDUCATION

Friday, March 9, 2012

DECISION ITEM B-2: **Kelley School of Business Expansion and Renovation – Phase I at the Indiana University Bloomington Campus**

Staff Recommendation

That the Commission for Higher Education recommend approval to the State Budget Agency and the State Budget Committee the following project: *Kelley School of Business Expansion and Renovation – Phase I at Indiana University Bloomington*. Staff recommendations are noted in the staff analysis.

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 requests authority to proceed with the expansion and renovation of the Kelley School of Business at the Bloomington campus. The first phase of the project will provide for new classroom, student, office and auxiliary space for students and staff associated with the Kelley School of Business. Renovations will include work required to expand the current structure. The first phase of the project would be funded through gift and grant funds totaling \$37 million.

Supporting Document

Kelley School of Business Expansion and Renovation – Phase I at the Indiana University Bloomington Campus, March 9, 2012

KELLEY SCHOOL OF BUSINESS EXPANSION AND RENOVATION – PHASE I AT THE INDIANA UNIVERSITY BLOOMINGTON CAMPUS

Project Description and Staff Analysis

DESCRIPTION OF THE PROJECT

This project renovates and expands the Kelley School of Business Undergraduate Building (Hodge Hall) located at the northeast corner of Tenth Street and Fee Lane on the Bloomington campus. The building is bordered to the east by the School of Public and Environmental Affairs (SPEA), to the west by the Kelley Graduate School of Business, and to the south and west by the new addition.

In the existing building, interior corridor upgrades, new lighting, new fireproofing on the existing steel structure, and a new fire suppression system, where required, will be implemented along with new finishes within renovated areas. The connection to SPEA on the northeast and southeast ends of the first level will be maintained, but not renovated with the exception of adding automatic door closers to the existing doors separating the two buildings. New restroom facilities, designed to support both the existing building and the new addition, will be constructed within the existing building as well as a new information technology (IT) infrastructure backbone.

The four-level addition will be located at the southwest corner of the undergraduate school. The first level will accommodate the student commons, a 48-seat flat-floored classroom, 60-person classrooms, and two 180-person tiered classrooms. The second level will house the trading room, undergraduate program offices, presentation space, new workstations, and 60-person classrooms. The third level will accommodate a 60-seat horseshoe classroom, 48- and 60-person classrooms, and office/conference space. The fourth level will have a 60-seat horseshoe classroom, a multi-purpose room and 60-person classrooms. A new accessible entrance to the east end and a new connection between the existing building and the expansion, which will create continuous circulation, will be included.

RELATIONSHIP TO MISSION AND LONG-RANGE PLANNING

The Kelley School of Business has been an area of strength and a source of national recognition for Indiana University's Bloomington campus. Its highly regarded and technologically innovative teaching program, along with the research excellence of its faculty, are directly in support of the mission of Indiana University.

NEED AND EXPECTED CONTRIBUTION TO EDUCATIONAL SERVICES

The Kelley School of Business Building opened in the fall of 1966, and many of the original finishes remain in place and are showing expected wear and tear. Various classrooms have received updates over the years. This renovation and addition will work together in attracting and retaining the best and brightest students, faculty, staff, and corporate partners by providing additional new classrooms, greatly enhancing a more appropriate environment for undergraduate business students at the Kelley School of Business, and allowing the school to admit more students who have been turned away every year because the existing facility is at 100 percent capacity.

ALTERNATIVES CONSIDERED

Due to the nature of this project no other alternatives were considered.

RELATIONSHIP TO LONG-RANGE FACILITY PLANS

In line with Purdue's Campus Master Plan, constructing this facility adjacent to the Center for Student Excellence and Leadership at the proposed location will establish Third Street as the Student Success Corridor. The combined projects will be built to preserve the maximum amount of open, recreational space on the balance of the field. The dining and retail function of this project will support the Center for Student Excellence and Leadership and maximize the opportunities that food service provides to this new community.

RELATIONSHIP TO MISSION AND LONG-RANGE PLANNING

This project is consistent with the mission of the IUB campus and the Kelley School of Business.

HISTORICAL SIGNIFICANCE

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

STAFF ANALYSIS

Indiana University Bloomington's Kelley School of Business (KSOB) wishes to renovate and expand the current undergraduate facilities to allow for growth in the number students seeking business and business related degrees. The project request is for the first of two phases to upgrade, renovate and expand the current undergraduate facilities at the Bloomington campus.

The first phase of the project will primarily focus on the expansion of space, increasing the overall facility footprint on campus by 92,005 gross square feet (GSF) or 51,554 assignable square feet (ASF). The expansion will allow for additional classrooms ranging in size from 48 person to 180 person classrooms to accommodate future growth in enrollment in the KSOB degree programs. Additionally, a trading room, program offices, presentation space and workstation space will be included in the new expansion. As KSOB students often times are required to work in groups, study space and meeting space is a premium on campus. Phase I will provide additional student meeting space in the new facility to allow students to complete coursework and projects.

The impact of the first phase expansion will allow for various KSOB operations and services that are located outside of the main undergraduate KSOB facility to be housed in the new expended space, creating space for other university operations and functions. Staff would note that at this time no academic or administrative space will be removed or demolished based on this project.

As part of the expansion of the undergraduate KSOB facility, some renovations will need to occur near and around the expansion. Major renovation to the current undergraduate KSOB facility will be part of the second phase of this project. IUB anticipates the second phase of the project to be submitted to CHE for review during 2013. The renovation of the current KSOB undergraduate facility will include upgrading classrooms, student meeting space, workstation space, offices, auxiliary space, etc.

The cost of Phase I is estimated at \$37 million or roughly \$292 per gross square foot. Estimated cost figures include both new construction for the expansion and renovations related to Phase I. Funding for Phase I will be provided through generous gift funds made directly to KSOB, as well as a grant provided through the Lilly Endowment Fund. The overall cost of both Phase I and II is expected to be around \$50 million and could result in reducing deferred repair and rehabilitation maintenance by approximately \$30 million once complete.

Staff recommends the Commission provide a favorable review of this proposed project.

PROJECT SUMMARY
NEW CONSTRUCTION

INSTITUTION: Indiana University CAMPUS: Bloomington
PROJECT TITLE: Kelley School of Business BUDGET AGENCY NO.: A-1-12-1-12
Renovation and Expansion - Phase I INSTITUTION'S PRIORITY: _____

PROJECT SUMMARY DESCRIPTION (ATTACHMENT A) – This project renovates and expands the Kelley School of Business Undergraduate Building (Hodge Hall) located at the northeast corner of Tenth Street and Fee Lane on the Indiana University Bloomington (IUB) campus. In the existing building, interior corridor upgrades, new lighting, new fireproofing on the existing steel structure, and a new fire suppression system, where required, will be implemented along with new finishes within renovated areas. New restroom facilities, designed to support both the existing building and the new addition, will be constructed within the existing building as well as a new information technology (IT) infrastructure backbone. The four-level addition will be located at the southwest corner of the undergraduate school. The first level will accommodate the student commons, a 48-seat flat-floored classroom, 60-person classrooms, and two 180-person tiered classrooms. The second level will house the trading room, undergraduate program offices, presentation space, new workstations, and 60-person classrooms. The third level will accommodate a 60-seat horseshoe classroom, 48- and 60-person classrooms, and office/conference space. The fourth level will have a 60-seat horseshoe classroom, a multi-purpose room and 60-person classrooms. A new accessible entrance to the east end and a new connection between the existing building and the expansion, which will create continuous circulation, will be included.

SUMMARY OF NEED AND NET CHANGE IN CONTRIBUTION TO EDUCATIONAL SERVICES PROVIDED BY INSTITUTION (ATTACHMENT B) – The Kelley School of Business has received minimal upgrades since its completion in 1966. Many of the original finishes remain in place and are showing expected wear and tear. It will provide a greatly enhanced and more appropriate classroom environment for undergraduate business students at the Kelley School of Business, and will allow the school to admit more students who have been turned away every year because the existing facility is at 100 percent capacity.

SPACE DATA (ATTACHMENT C)

PROJECT SIZE: 126,613 * GSF 57,338 **ASF 45% ASF/GSF

NET CHANGE IN CAMPUS ACADEMIC/ADMINISTRATIVE SPACE: 51,554 ASF

* 92,005 gsf new plus 34,608 gsf renovation ** 51,554 asf new plus 5,784 asf renovation

TOTAL PROJECT BUDGET (ATTACHMENT D)

TOTAL ESTIMATED COST: \$37,000,000 \$/GSF \$292.23

ANTICIPATED DATE OF PROJECT COMPLETION: August 2014

ANTICIPATED SOURCES OF FUNDING (ATTACHMENT E)

Gifts through the Indiana University Foundation \$22,500,000

Lilly Endowment Grant \$14,500,000

TOTAL BUDGET \$37,000,000

ESTIMATED CHANGE IN ANNUAL OPERATING BUDGET AS A RESULT OF THIS PROJECT (ATTACHMENT F)

\$273,236 (X) INCREASE () DECREASE