

COMMITTEE MEMORANDUM

TO: Property and Facilities Committee Members
Board of Regents, State of Iowa

FROM: Sheila Doyle

DATE: June 1, 2005 *ASN*

SUBJ: Register of Iowa State University Capital Improvement Business Transactions

Recommended Action:

Recommend to the Board approval of the University's capital register.

Executive Summary:

Requested
Approvals

Revised project budget (\$19,900,000) for Phase 1 of the **Memorial Union Renovation** project (see page 2).

- The bid opening for the Phase 1 construction contract resulted in the receipt of one bid which exceeded the consultant's estimate by approximately 42 percent (\$5,248,535).
- The University's review of the project following the bid opening identified potential costs savings totaling \$5,600,000; however, these savings would require the deletion of several major program components of the project.
- Therefore, the University requests approval of a revised project budget in the amount of \$19,900,000, an increase of \$2,900,000, to allow completion of the highest priority program needs.
- The budget increase would be funded by additional student building fee revenue collected for the project, and Memorial Union system funds (construction fund interest earnings).
- The revised budget would also incorporate into the project the restoration of the Great Hall, which would be funded by private funds.

Selection of Alvine and Associates, Des Moines, Iowa, to provide engineering services for the **Telecommunications—Inside Plant Systems Upgrade—Phase 5** project which would continue telecommunications upgrades for 25 additional campus buildings (see page 6).

Background and Analysis:

Memorial Union Renovation

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Permission to Proceed		Jan. 2002	Approved
Architectural Agreement—Pre-Design Services (Herbert Lewis Kruse Blunck, Des Moines, IA)	\$ 116,400	April 2002	Approved
Architectural Amendment #1	18,200		Not Required*
Architectural Amendment #2 (Herbert Lewis Kruse Blunck, Des Moines, IA)	51,500	June 2003	Not Required**
Program Statement—Phase 1		July 2003	Approved
Architectural Agreement—Phase 1 Schematic Through Construction Phase Design Services (Herbert Lewis Kruse Blunck, Des Moines, IA)	1,276,585	July 2003	Approved
Architectural Amendment #1 (Herbert Lewis Kruse Blunck, Des Moines, IA)	81,800	Nov. 2003	Not Required**
Final Review and Consideration of Capital Project Evaluation Criteria		April 2004	Requested
Schematic Design		April 2004	Requested
Project Description and Total Budget	17,000,000	April 2004	Requested
Architectural Amendment #2 (Herbert Lewis Kruse Blunck, Des Moines, IA)	169,600	Dec. 2004	Not Required**
Construction Contract—Phase 1	Reject Bids	April 2005	Not Required**
Revised Project Budget	19,900,000	June 2005	Requested

* Approved by University in accordance with Board procedures.

** Approved by Executive Director in accordance with Board procedures.

Background

In April 2004, the Board approved the schematic design and project description and budget (\$17,000,000) for Phase 1 of the **Memorial Union Renovation** project.

The project scope included the following:

- Circulation, accessibility and life safety improvements consisting of construction of a new pedestrian access link between the parking garage and the Union, renovation of Level 1 corridor space, and the upgrade of two elevators.
- University Book Store addition and renovation which would construct an addition to the Book Store to expand the existing retail space and provide retail tenant space, reconfigure and remodel existing Book Store space, and temporarily relocate the Book Store offices and storage functions into space to be vacated by the Alumni Association.
- Meeting room upgrades to address mechanical and electrical systems, lighting, communications, technological systems and interior finishes in meeting areas on Levels 1 and 2.

- Mechanical system upgrades, asbestos removal, and roof repairs throughout the facility.

Bid Review

The March 24, 2005, bid opening for the construction contract resulted in the receipt of one bid which exceeded the consultant's estimate by approximately 42 percent (\$5,248,535).

Following the bid opening, the University and the project architects, Herbert Lewis Kruse Blunck, reviewed the project with the single bidder, Miron Construction of Neenah, Wisconsin, and Cedar Rapids, Iowa, to determine the reason for the high bid and to explore methods to reduce construction costs without impacting the programs to be housed in the building.

These discussions identified a number of reasons for the bid being higher than the estimated cost:

- Complexity, phasing and building occupancy requirements of the project;
- Recent unexpected inflation in material and fuel costs;
- Higher costs than estimated for masonry and stone, structural steel and roofing; and
- Additional costs not included in the estimate for plaster, gypsum board, casework, mechanical and building access controls, and security systems.

Review of Construction Cost Reductions

As a result of this review, the University identified potential costs savings totaling \$5,600,000; however, these savings would require the deletion of several program items, including all deduct alternates, resulting in a major reduction of the project scope.

The cost reductions would delete the:

- Majority of the northeast stair/elevator tower (which connects the parking facility with the main building), the demolition of the existing northeast skywalk, and the related restoration of the stone facade;
- Renovation of the Oak Room, South Ballroom, West Lobby/Lounge, and Gallery and Pioneer Rooms;
- Modernization of the two main elevators;
- Work related to the existing loading dock, the sub-basement mechanical room, and the replacement and upgrade of the existing heating, ventilating and air conditioning (HVAC) equipment; and
- Extension of the south side of the addition to replace square footage lost to accommodate the loading dock.

The cost reductions also include revisions to the interior finishes for the University Book Store, a reduction in the size of the south entrance lobby, and simplifying the lobby skylight.

Since reducing the project scope to this level would seriously compromise the programmatic goals and the overall success of the project, the University wishes to increase the project budget to allow completion of the highest priority program needs of the project.

Approval of the revised budget would allow the University to proceed with the necessary, architectural re-design to bring the project scope in alignment with the budget and to permit the project to be re-bid in the near future.

Revised Budget The University requests approval of a revised project budget in the amount of \$19,900,000, an increase of \$2,900,000, to maintain the following project components:

- Completion of the northeast stair/elevator tower;
- Renovation of the Oak Room, South Ballroom, and West Lobby/Lounge;
- Modernization of the two main elevators; and
- Extension of the south side of the addition.

The revised budget would also incorporate into the project the restoration of the Great Hall (to be funded by private funds).

- This work would be bid separately following commencement of the other work in the project.

The budget increase would be funded by the following:

- An additional \$900,000 in accumulated student building fee revenue (additional funds collected since approval of the project budget);
- The addition of \$1,000,000 in Memorial Union system funds (estimated interest earnings on the construction fund during the life of the project); and
- The addition of \$1,000,000 in private funds (for the Great Hall restoration).

Project Budget

	Initial Budget <u>(April 2004)</u>	Revised Budget <u>(June 2005)</u>
Construction Cost	\$ 13,341,190	\$ 16,323,130
Professional Fees	2,720,470	2,933,280
Movable Equipment	538,000	436,530
Relocation	60,340	20,000
Contingency	<u>340,000</u>	<u>187,060</u>
TOTAL	<u>\$ 17,000,000</u>	<u>\$ 19,900,000</u>
Source of Funds:		
Memorial Union Revenue Bonds	\$ 14,600,000	\$ 14,600,000
Accumulated Memorial Union Student Building Fee Revenue	1,400,000	2,300,000
University Book Store Improvement Funds	1,000,000	1,000,000
Memorial Union System Funds	0	1,000,000
Private Giving	<u>0</u>	<u>1,000,000</u>
TOTAL	<u>\$ 17,000,000</u>	<u>\$ 19,900,000</u>

Schedule

The University anticipates a re-bid of the Phase 1 construction contract in October / November 2005 with construction beginning shortly thereafter.

Telecommunications—Inside Plant Systems Upgrade—Phase 5

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Project Description and Total Budget	\$ 2,150,000	May 2005	Approved
Engineering Selection (Alvine and Associates, Des Moines, IA)		June 2005	Requested

Background The Phase 5 project will continue the upgrade of the campus communications infrastructure in 25 additional buildings.

The project will replace voice and data cables, renovate equipment rooms to comply with current industry standards, and provide environmental systems, security access controls, raceway systems, and outlets.

The University plans to begin construction in March 2006 with completion scheduled for March 2007.

Design Services The University requests approval to waive provisions of the Board's Policy Manual which require the selection of a design professional for projects of \$1 million or more by an institutional selection committee.

The University requests approval of the selection of Alvine and Associates to provide design services for the project.

- The firm has successfully provided engineering services for the previous four phases of the project and is very familiar with University's telecommunications system.
 - The firm is proposing to utilize the same design team for the Phase 5 project.
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