

Contact: Joan Racki

REGISTER OF UNIVERSITY OF NORTHERN IOWA
CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS

Actions Requested: Considering recommending to the Board approval of:

1. The following actions for the **Lawther Hall Renovation** project, a major capital project as defined by Board policy:
 - a. Acknowledge receipt of the University's final submission of information to address the Board's capital project evaluation criteria (see Attachment A);
 - b. Accept the Board Office recommendation that the project meets the necessary criteria for Board consideration;
 - c. Approve the schematic design, and project description and budget (\$22,000,000), with the understanding that approval will constitute final Board approval and authorization to proceed with construction; and
 - d. Approve the financing plan and adoption of A Resolution Declaring an Official Intent Under Treasury Regulation 1.150-2 to Issue Debt to Reimburse the University of Northern Iowa for Certain Original Expenditures Paid in Connection with the Lawther Hall Renovation project.
2. Project description and budget (\$2,500,000) and selection of Snyder Associates as the design professional for the **Southwest Campus Storm Water Management** project.
3. Revised project description and budget (\$38,555,000) for the **Schindler Education Center Renovation** project.

Executive Summary:

The University requests approval of the schematic design, project description and budget (\$22,000,000), and financing plan for the **Lawther Hall Renovation** project. The project would renovate the building, constructed in 1938 with an addition in 1950. Following the renovation, the building will continue to serve as a residence hall with student rooms, gathering spaces and support spaces. The location of the residence hall is shown in the schematic design booklet, which is included with the Board's agenda materials.

The project would be financed by proceeds from the sale of Dormitory Revenue Bonds and/or Residence System Funds. The University made the following assumptions in developing the financing plan (through FY 2026), which are reflected in the attached proforma (Attachment B), which is based upon the project being financed by the sale of revenue bonds.

- Occupancy in residence halls and apartments is projected to increase approximately one percent per year through FY 2020, with no increases thereafter.

- Rate increase assumptions: From FY 2017 through FY 2025, traditional room rates would increase by 4.5% per year, with the rates for the renovated Lawther being 117% of traditional housing rates. Dining rates would increase by 2.5%. For students residing in a double room with the purple meal plan, the blended rate increase would be 3.5%.
- Total revenue is based upon a 91% occupancy rate, with adjustments for contracts that are ended early due to graduation. Dining revenue has been adjusted to account for the lower cost meal plans available to upper class students.
- Cost increases: Assumed annual salary increase of 2.5% for professional & scientific staff and 3.0% for merit and hourly AFSCME staff, with a 1.0% annual increase for maintenance and repair expenses, 3.0% annual increase for electricity and other utility expenses, 2.0% for food expenses, 6.0% for fringe benefits, with all other expense categories anticipated to increase by 1.0% annually.
- The University has based its proforma on the sale of Dormitory Revenue Bonds for the project, netting \$22 million in project proceeds. The projected bond issuance size of slightly more than \$24 million is based upon the amounts needed for reserve funds and issuance costs. A bond interest rate of 3.8% was used. Using these assumptions, an additional annual debt service payment of \$2 million is projected beginning in FY 2018, with the amounts declining thereafter.

To issue new bonds, the parity provisions of the bond covenants must be met. These require a coverage ratio of at least 135%. Using FY 2015 net revenues divided by projected annual debt service for the new bonds results in a coverage ratio of approximately 142% in the early years, with the coverage percentage increasing in the later years as the outstanding bonds mature.

The University's residence system currently has \$54.4 million in outstanding debt; annual debt service payments on the existing debt are approximately \$6.7 million in FY 2016 through FY 2018, before beginning a gradual decline to \$2.5 million in FY 2024. The last maturity of the outstanding bonds is FY 2033.

The University requests approval of the project description and budget (\$2,500,000) and the selection of Snyder and Associates, Inc. of Ankeny as the design professional for the **Southwest Campus Storm Water Management** project, which would construct approximately 1,700 lineal feet of buried, reinforced concrete pipe storm sewer as shown on the attached map (Attachment C). The work would provide adequate drainage to the southwest portion of campus, including benefiting the residence system. The project would be funded by Dormitory Improvement Funds and/or General Funds.

The request to utilize Snyder and Associates as the design professional is based upon the firm's completion of a storm water study in 2013, which identified improvements that could be made to the existing storm water infrastructure to provide adequate drainage. The University has been very satisfied with the work of the firm and believes that Snyder and Associates, Inc. is uniquely qualified to serve as the design professional for the project.

The University requests approval of a revised project description and budget (\$38,555,000, an increase of \$3,655,000) for the **Schindler Education Center Renovation** project. The budget

revision reflects an additional funding commitment for the project that was made by the Gerdin family through the UNI Foundation. This revised budget will permit the addition of a clerestory over the second floor commons area, a green roof, and new exterior and interior windows.

Details of Projects:

Lawther Hall Renovation

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Feasibility Study (Rohrbach Assoc; Iowa City)	\$ 85,000	Dec. 2014	Not Required*
Permission to Proceed with Project Planning		Apr. 2015	Approved
Initial Review and Consideration of Capital Project Evaluation Criteria		Apr. 2015	Received Report
Design Professional Agreement (Rohrbach Associates; Iowa City)	1,707,000	Aug. 2015	Not Required*
Program Statement		Aug. 2015	Not Required*
Schematic Design		Oct. 2015	Requested
Project Description and Budget	22,000,000	Oct. 2015	Requested
Final Review and Consideration of Capital Project Evaluation Criteria		Oct. 2015	Received Report

*Approved by Executive Director, consistent with Board policy

The key planning concept for the Lawther Renovation is to provide semi-suites and private rooms attractive to sophomore and junior level students, as well as gathering spaces for interaction among students. The building is orientated along 23rd Street with 'wings' that extend south, creating two exterior courtyard spaces. The eastern most wing will contain a new ramp to provide an accessible entry into the building. Also housed in the east wing will be the hall office, Resident Life Coordinator office and apartment, fitness room and other support spaces. These spaces are located near the main entrance of the building to provide easy student access to these resources. Each wing of the building will be comprised of semi-suites in a variety of configurations.

Single and double rooms with shared restrooms, as well as lounges and study spaces, comprise the portion of the building running along 23rd Street. At the corner of 23rd Street and Campus Street, the building diagonals and rises an additional two stories. The ground and first floors in this area will contain a new elevator and stairs to provide accessibility and egress. The ground floor includes a multipurpose room and kitchen located, for convenience, close to the hall office. The first floor will retain its historic lounge, which will serve as a large gathering room for students. Single and double rooms will be located on the remaining three floors. The third and fourth floors will have a limited number of beds creating small, family-like communities.

The exterior of the building is predominately brick and will remain mainly unchanged. A ramp will be added at the east entrance to provide Americans with Disabilities Act (ADA) accessibility. Consideration will be given to providing ADA access to other doors as well.

The following compares the square footages included in the building program and schematic design. Changes include a decrease of three beds, an increase of two house lounges and two house bathrooms, with minor adjustments due to space layouts.

<u>Function</u>	<u>Program Net Sq. Ft</u>	<u>Schematic Design Sq. Ft.</u>
Residential		
<u>Student Rooms</u>		
Triple Suite w/semi-private bath	8,085	7,700
Two Double Suites w/semi-private bath	11,310	11,745
Double Suite w/semi-private bath	4,355	5,695
Single Suite w/semi-private bath	1,820	1,820
Double Room	9,900	11,220
Single Room	12,375	10,000
Resident Life Coordinator Apartment	<u>850</u>	<u>850</u>
Subtotal	48,695	49,030
<u>Common and Support</u>		
Study Room	200	200
House Lounge	2,160	2,880
House Baths	2,750	3,250
Kitchen	220	220
Trash & Recycling	480	720
Data Room	240	240
Laundry Room	450	450
Electrical	275	275
Janitor	300	330
Storage	<u>480</u>	<u>320</u>
Subtotal	7,555	8,885
Residential Total	56,250	57,915
Commons and Building Support		
Entry Vestibule	480	480
Front Desk	100	100
Mail Room and Package Storage	380	380
Historic Lounge	1,000	1,000
RLC Hall Coordinator Office	120	120
RHA Work Space / File Storage	250	250
Vending	100	100
Multi-purpose Room	1,300	1,300
Fitness Room	360	360
Computer Lab / Printer Station	170	170
Public Bathroom (gender neutral)	110	110
Conditioned Attic Space	3,129	3,129
Custodial Break Room and Office	200	200
Elevator Equip, Central Trash, Fire Protection Mechanical, Storage	<u>2,176</u>	<u>1,901</u>
Commons and Building Support Total	9,875	9,600
GRAND TOTAL	66,125	67,515

Project Budget

Construction	\$16,825,000
Planning, Design, and Management	2,234,000
Furniture & Equipment	1,200,000
Contingency	<u>1,631,000</u>
TOTAL	<u>\$22,000,000</u>

Source of Funds: Dormitory Revenue Bonds and/or Dormitory Improvement Funds

The University envisions bidding the demolition package in late Fall 2015, with the remainder of the work being bid in March 2016. Substantial completion is anticipated in May 2017.

Southwest Campus Storm Water Management

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Project Description and Budget	\$2,500,000	Oct. 2015	Requested
Design Professional Selection (Snyder Associates, Ankeny)		Oct. 2015	Requested

The new storm sewer will be connected to the existing storm sewer infrastructure near Hudson Road, with an outlet into the southwest branch of Dry Run Creek in the city of Cedar Falls. Specific work to be accomplished includes trench excavation, installation of reinforced concrete pipe storm sewer and utility structures, trench backfilling, existing roadway removal and replacement with construction of a roadway underground crossing, and turf restoration.

Project Budget

Construction	\$1,885,000
Planning, Design, and Management	365,000
Contingency	<u>250,000</u>
TOTAL	<u>\$2,500,000</u>

Source of Funds: Dormitory Improvement Funds and/or General Funds

Schindler Education Renovation

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Board of Regents FY 2015 Capital Request		Sept. 2013	Approved
Permission to Proceed with Project Planning		Aug. 2014	Approved
Initial Review and Consideration of Capital Project Evaluation Criteria		Aug. 2014	Received Report
Consideration of Use of an Alternative Delivery Method		Aug. 2014	Approved
Authorization to Use Construction Manager at Risk		Nov. 2014	Not Required*
Design Professional Agreement (DLR Group, Inc.; Des Moines)	\$ 2,403,035	Jan. 2015	Not Required*
Program Statement		Mar. 2015	Not Required*
Construction Manager at Risk Agreement (M.A. Mortenson; Minneapolis)		Apr. 2015	Not Required*
Schematic Design		June 2015	Approved
Project Description and Budget	34,900,000	June 2015	Approved
Final Review and Consideration of Capital Project Evaluation Criteria		June 2015	Received Report
Hazardous Material Abatement Contract (AAA Budget Environmental Inc., Cedar Falls)	127,814	July 2015	Not Required*
Design Professional Agreement Amendments	192,750	multiple	Not Required*
Revised Project Description and Budget	38,555,000	Oct. 2015	Requested

*Approved by University or Executive Director, as delegated by Board and/or consistent with Board policy

The **Schindler Education Center Renovation** project is renovating the building, consisting of two separate structures connected by a Commons link. Following the renovation, the facility will continue to house the College of Education with state-of-the-art technology-rich classrooms, as well as offices for faculty, staff, departments and centers. The project will reorganize major components of the facility to provide appropriate relationships and to promote collaboration, while addressing the significant way-finding issues of the existing facility. With the generous gift from the Gerdin family for the project, the University will be able to add components to the project including a clerestory over the second floor commons area, a green roof, and new exterior and interior windows.

Project Budget

	Initial Budget <u>June 2015</u>	Revised Budget <u>Oct. 2015</u>
Construction	\$24,983,000	\$28,321,725
Planning, Design and Management	3,700,000	3,998,000
Furniture & Equipment	3,900,000	3,900,000
Artwork	174,500	192,775
Contingency	<u>2,142,500</u>	<u>2,142,500</u>
TOTAL	<u>\$34,900,000</u>	<u>\$38,555,000</u>
Source of Funds:		
State Appropriations	\$30,900,000	\$30,900,000
Institutional Funds, Gifts and/or Grants	<u>4,000,000</u>	<u>7,655,000</u>
TOTAL	<u>\$34,900,000</u>	<u>\$38,555,000</u>

Lawther Hall Renovation
Evaluation Criteria

Since the project meets the Board's definition of a major capital project, the University has provided the following information in response to the Board's evaluation criteria.

Institutional Mission / Strategic Plan: This project supports UNI's mission and strategic plan by providing a safe and supportive living environment for students.

The current housing inventory of the Department of Residence is traditional residence hall rooms, which provide an excellent place for freshmen to live, and apartments for housing upperclassmen. The housing inventory does not contain semi-suites which are attractive to sophomores and juniors. To retain students through their entire academic career (on average students living on campus have a higher GPA and graduation rate), this renovation will focus on providing the semi-suite option as well as single rooms.

In addition, this renovation would offer air-conditioned space for students who remain on campus through the summer and for summer camp and conference attendees who wish to be housed on the UNI campus. The income received from these guests will keep room rates lower for students during the academic year.

Lawther Hall is the oldest residence hall on campus and has the largest amount of deferred maintenance. This renovation would reduce the Department of Residence's deferred maintenance and improve the aesthetics. This supports UNI's Value, "Sustainability – an attractive, well maintained campus environment that enhances the living and learning experience with an emphasis on environmental stewardship."

Other Alternatives Explored: The Department of Residence explored three alternatives:

One alternative involved demolishing Lawther Hall and building a new residence hall. This alternative would be done at a cost of \$25,000,000 to \$30,000,000 and would remove a historic building from campus. It was not supported.

A second alternative was considered which would have provided the updates to Lawther Hall in phases over the course of several summers. This option would take several years to complete and be more costly. The quality of craftsmanship with this type of renovation would be in question due to the short construction time frame each summer. The layout of the space would not be impacted and typical residence hall rooms would be the result. To create the desired semi-suite housing, Lawther will need to be closed for an extended time to complete the renovation. At this time the Department of Residence is able to provide ample housing for students currently housed in Lawther. As the university increases its enrollment, Lawther will be ready to house students both during the academic year and into the summer as well.

The final alternate considered leaving Lawther as is. This option was not supported as the building would continue to deteriorate and would not be a suitable living environment for students.

Impact on Other Facilities and Square Footage: The project will not result in the abandonment, transfer or demolition of existing facilities.

Financial Resources for Construction Project: Funding for this project will come from Residence System Bonds and/or Residence System Funds.

Financial Resources for Operations and Maintenance: The source of funds used to support the operations and maintenance of this residential facility will be the Residence Systems revenues, which currently support Lawther Hall.

External Forces Justifying Approval: None

UNIVERSITY OF NORTHERN IOWA
Department of Residence and Dining
Proforma for FY16-FY26

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
	Actual	Estimate										
Income:												
Contract Income	\$ 33,061,860	\$ 34,600,585	\$ 36,028,486	\$ 37,958,685	\$ 39,485,606	\$ 41,037,311	\$ 42,428,958	\$ 43,872,218	\$ 45,370,332	\$ 46,923,682	\$ 48,532,948	\$ 50,202,044
Interest	219,525	200,000	200,000	220,000	242,000	266,200	292,820	322,102	354,312	389,743	428,718	471,590
Other Income	5,772,625	5,230,827	5,269,422	5,339,375	5,398,474	5,449,130	5,449,130	5,449,130	5,449,130	5,449,130	5,449,130	5,449,130
Adjusted Gross Income	\$ 39,054,011	\$ 40,031,412	\$ 41,497,908	\$ 43,518,061	\$ 45,126,080	\$ 46,752,641	\$ 48,170,907	\$ 49,643,450	\$ 51,173,774	\$ 52,762,555	\$ 54,410,795	\$ 56,122,764
Expenses:												
Salaries and Benefits	\$ 15,030,634	\$ 15,092,075	\$ 15,577,267	\$ 16,082,905	\$ 16,610,003	\$ 17,159,628	\$ 17,732,910	\$ 18,331,036	\$ 18,955,260	\$ 19,606,905	\$ 20,287,367	\$ 20,998,117
Maintenance & Repair	1,598,932	1,456,540	1,456,540	1,800,000	1,818,000	1,836,180	1,854,542	1,873,087	1,891,818	1,910,736	1,929,844	1,949,142
Utilities	2,609,445	2,909,445	2,996,729	3,086,631	3,179,230	3,274,606	3,372,845	3,474,030	3,578,251	3,685,598	3,796,166	3,910,051
Cost of Food	4,582,379	4,785,462	4,917,186	5,082,113	5,241,131	5,396,117	5,504,039	5,614,120	5,726,403	5,840,931	5,957,749	6,076,904
Other Operating Expenses	2,779,356	2,474,456	2,499,201	2,524,193	2,549,435	2,574,929	2,600,679	2,626,685	2,652,952	2,679,482	2,706,277	2,733,339
Total Operating Expense	\$ 26,600,746	\$ 26,717,979	\$ 27,446,924	\$ 28,575,842	\$ 29,397,799	\$ 30,241,461	\$ 31,065,014	\$ 31,918,959	\$ 32,804,684	\$ 33,723,652	\$ 34,677,403	\$ 35,667,555
Net Revenues	\$ 12,453,265	\$ 13,313,434	\$ 14,050,985	\$ 14,942,219	\$ 15,728,281	\$ 16,511,180	\$ 17,105,893	\$ 17,724,491	\$ 18,369,090	\$ 19,038,903	\$ 19,733,393	\$ 20,455,209
Debt Service	\$ 6,749,590	\$ 6,881,900	\$ 7,541,393	\$ 8,767,873	\$ 8,267,053	\$ 8,250,166	\$ 7,727,428	\$ 6,438,950	\$ 6,399,485	\$ 4,310,336	\$ 4,275,666	\$ 4,241,254
Mandatory Transfers	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000
	\$ 7,079,590	\$ 7,211,900	\$ 7,871,393	\$ 9,097,873	\$ 8,597,053	\$ 8,580,166	\$ 8,057,428	\$ 6,768,950	\$ 6,729,485	\$ 4,640,336	\$ 4,605,666	\$ 4,571,254
Net After Debt Service & Transfers	\$ 5,373,675	\$ 6,101,534	\$ 6,179,592	\$ 5,844,346	\$ 7,131,228	\$ 7,931,014	\$ 9,048,465	\$ 10,955,541	\$ 11,639,605	\$ 14,398,567	\$ 15,127,727	\$ 15,883,955
Annual Debt Coverage Ratio	185%	193%	186%	170%	190%	200%	221%	275%	287%	442%	462%	482%
System Fund Balance-Beginning	\$ 8,187,934	\$ 11,776,379	\$ 14,659,963	\$ 18,603,382	\$ 22,683,332	\$ 27,529,615	\$ 33,154,593	\$ 39,876,432	\$ 48,484,000	\$ 56,053,488	\$ 66,358,963	\$ 77,369,765
Administrative Overhead	(713,949)	(717,949)	(736,173)	(764,396)	(784,945)	(806,037)	(826,625)	(847,974)	(870,117)	(893,091)	(916,935)	(941,689)
Spent from Surplus	(119,009)											
Transfer to Improvement Fund	(1,170,000)	(2,500,000)	(1,500,000)	(1,000,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(3,200,000)	(3,200,000)	(3,200,000)	(3,200,000)
Transfer from Operating Fund	5,591,402	6,101,534	6,179,592	5,844,346	7,131,228	7,931,014	9,048,465	10,955,541	11,639,605	14,398,567	15,127,727	15,883,955
System Fund Balance-Ending	\$ 11,776,379	\$ 14,659,963	\$ 18,603,382	\$ 22,683,332	\$ 27,529,615	\$ 33,154,593	\$ 39,876,432	\$ 48,484,000	\$ 56,053,488	\$ 66,358,963	\$ 77,369,765	\$ 89,112,021

Southwest Campus Storm Water Management

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