

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Capital Improvement Budget Requests for FY 2005
Date: September 8, 2003

Recommended Action:

Approve the FY 2005 capital improvement requests from the state's non-general fund sources for projects totaling \$67.54 million that focus on stewardship of existing resources needed to meet the Board's priorities.

Executive Summary:**FY 2005 Board
Office
Recommendation**

The Board Office recommendation for the FY 2005 capital requests total \$67.5 million in state requested funds; these funds and subsequent state requests for multi-year funded projects (see G.D. 5e) would be matched by \$17.3 million in private giving.

The Board Office recommendations are consistent with the preliminary recommendations previously provided to the Board and the institutions.

Approval of the FY 2005 capital budget requests does not constitute specific project approval; all projects are subject to Board approval processes, including specific provisions regarding fundraising for capital projects.

Focus

The recommendation focuses on stewardship of existing resources through renovations and infrastructure improvements needed to meet the priorities of the Board's 2004 – 2009 Strategic Plan, as outlined further in this memorandum.

In some cases, construction of new, specialized facilities is a component of a major renovation project.

Evaluation Criteria For each of the major capital requests, the universities have submitted information to address the Board's capital project evaluation criteria.

The Board Office believes that each of the projects recommended for FY 2005 funding meets the necessary criteria.

Correction of fire safety deficiencies and deferred maintenance items are incorporated within the individual university renovation projects. Based upon the information submitted last fall in governance reports, fire safety and deferred maintenance items totaling more than \$20 million would be corrected as part of these projects (when they would be completed in their entirety).

The Board Office recommendation in priority order, is as follows:

**Board Office Recommendation
FY 2005 Capital Budget Request
(in priority order)**

<u>Inst</u>	<u>Project</u>	<u>\$ (000's)</u>	
ISU	Veterinary Teaching Hospital / Diagnostic Lab	\$14,450	*
UNI	Electrical Distribution Loop System / Load Break	3,600	*
SUI	Chemistry Building Renovation	20,400	*
ISU	Coover Hall, Information Science	5,950	*
UNI	Science Buildings Renovation, Phase 1	11,100	
ISD, IBSSS, Lakeside	Deferred Maintenance, Renovations, Repairs	1,040	
SUI, ISU, UNI	Fire Safety and Deferred Maintenance	<u>11,000</u>	
	Total	\$67,540	

*Additional funds for these projects are recommended in the out-years of the Five Year Plan (FY 2005 – FY 2009).

The Board's capital request for state appropriations for a given fiscal year is the first year of the five-year capital program, which is required by Iowa Code. This memorandum includes information on the Board Office recommendations for FY 2005 capital funding; the five-year capital plan (FY 2005 – FY 2009) is discussed in G.D. 5e.

Strategic Plan:

The Board's 2004 – 2009 Strategic Plan "Transforming the Lives of Iowans through Education, Discovery and Service" includes four priorities; the Board Office recommendation for FY 2005 capital funding addresses all four priorities:

- Ensuring high-quality educational opportunities for all our students;
- Discovering new knowledge through research, scholarship, and creative activities;
- Providing needed service and promoting economic growth; and
- Demonstrating public accountability and effective stewardship of resources.

Background:

Change in Process At its July meeting, the Board normally considers the capital requests of the Regent institutions and the Board Office recommendations for the upcoming fiscal year.

Due to the importance of the new evaluation criteria adopted by the Board at its June 2003 meeting and the brief period of time between that adoption and the institutional submission date for the July 2003 docket, the FY 2005 capital project request process was revised from the process of prior years.

Accordingly, at the July 2003 meeting, the Board was asked only to receive a report on the FY 2005 capital improvement requests.

The Board Office preliminary recommendations for FY 2005 capital requests were previously sent to the Board and institutions for comment.

Board action at its September meeting is required to meet the statutory deadline of October 1, 2003 for transmittal of the appropriations requests.

Board FY 2004 Capital Request

Board FY 2004 Capital Request In September 2002, the Board approved an FY 2004 capital budget request of \$65.7 million as detailed in the following table; the institutions had requested funding of \$118.4 million.

FY 2004 Board of Regents Capital Requests
(in priority order)

<u>Inst</u>	<u>Project</u>	<u>Dollars</u> <u>(000's)</u>
All	Fire, Environmental Safety, Deferred Maintenance	\$14,937
ISU	Coover Hall, Information Science	15,600
UNI	Electrical Distribution Loop System	7,000
SUI	Chemistry Building Renovation, Phase Ia	19,900 *
ISU	Veterinary Teaching / Diagnostic Lab - planning	2,600 *
UNI	Science Building Renovation, Phase Ia	<u>5,700</u> *
Total		\$65,737

* Additional funds for the projects included in other years of the Board's Five Year Capital Plan (FY 2004 - FY2008).

FY 2004 Appropriations Funding in the amount of \$550,000 was provided, including \$100,000 for each of the special schools for correction of deferred maintenance and \$350,000 for restoration of the Old Capitol.

State Funding of Regent Capital Projects

Funding from the State of Iowa for improvements to academic facilities at the Regent institutions changed in 1995.

Academic Building Revenue Bonds Prior to that time, the General Assembly authorized and the Governor specifically approved, for a number of years, the issuance of Academic Building Revenue bonds for Regent university projects. Tuition and fee revenues are used for debt service payments on these bonds. The tuition replacement appropriation from the State replaces that revenue. This funding mechanism used by the Regent universities is unique among state entities and is authorized under Iowa Code §262A.

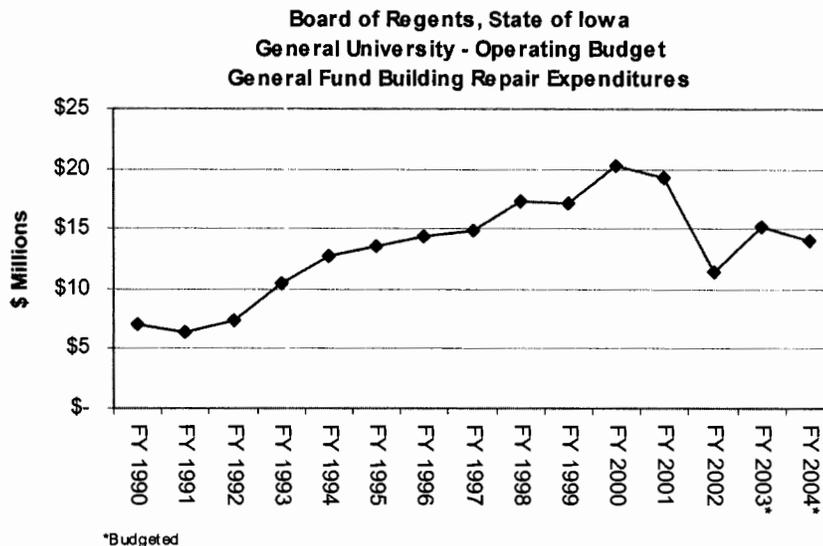
Rebuild Iowa Infrastructure Fund The Rebuild Iowa Infrastructure Fund was established in 1995. The fund consists of appropriations made to the fund and transfers of interest, earnings, and moneys from other funds, as provided by law. The largest source of revenue to this fund is the wagering tax. Appropriations from the Fund have been made for public vertical infrastructure projects, including those at the Regent universities, special schools, and Lakeside Laboratory.

Tobacco Bond Securitization	<p>In 2001, the State securitized its future tobacco settlement payments due from the Master Settlement Agreement reached by 46 states with four major tobacco industry manufacturers. The Tobacco Settlement Authority issued \$40 million in taxable bonds and \$604.2 million in tax-exempt bonds.</p> <ul style="list-style-type: none">• The net taxable proceeds (\$39.6 million) were placed in the Endowment for Iowa's Health Account to create an endowment for future appropriations for health-related programs.• The net tax-exempt proceeds (\$540.0 million) were placed in the Tobacco Settlement Trust Fund Restricted Capital Funds Account. <u>These funds can only be used for litigation payments and qualified capital expenditures (debt service payments and capital projects).</u>
Appropriations Since 1995	<p>Since 1995, the Iowa General Assembly has appropriated more than \$280 million from the Rebuild Infrastructure Fund and the Restricted Capital Funds Account of the Tobacco Settlement Trust Fund to the Regent institutions for specific capital projects. A summary of appropriations by year is included in Appendix A (page 15).</p>
2003 Session Appropriations	<p>The FY 2004 appropriations for deferred maintenance for the special schools (\$100,000 each) were made from the Rebuild Iowa Infrastructure Fund, while the \$350,000 appropriation for non-fire-related restoration of the Old Capitol was from the tax-exempt bond proceeds of the Restricted Capital Funds Account.</p>

Building Repair Budgets

Impact of Appropriations Reductions	<p>In May 2003, during the discussion of FY 2004 budget issues, it was noted, that with the appropriations reductions in recent fiscal years, the Regent institutions have significantly reduced building repair budgets.</p> <p>These reductions increase deferred maintenance and hinder the institutions' abilities to correct fire and environmental safety deficiencies. The inability to make needed repairs/replacement of roofs, exterior building envelopes, windows, plumbing and electrical systems can cause further damage to the facilities, thus increasing the cost of future repairs.</p>
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The following graph illustrates the general fund budgets building repair expenditures since 1990.



Deferred Maintenance

As noted above, the deferral of building repair and maintenance projects adds to the backlog of deferred maintenance. In November 2002, as part of the governance report on deferred maintenance, the institutions reported a total of \$145.7 million in deferred maintenance including:

- \$93.2 million in individual projects in general fund buildings and utilities; and
- \$52.5 million in components of major renovations included on the Five-Year Plan approved by the Board in September 2002.

Analysis:

Institutional FY 2005 Capital Improvement Requests

Institutional FY 2005 Requests The institutions have requested capital funding from the state totaling \$122.59 million for FY 2005 as summarized in Table 1 (page 13).

Institutional FY 2005, FY 2004 Highest Priorities The University of Iowa's and the University of Northern Iowa's highest priority, major capital project requests for FY 2005 capital funding are the same as the highest priority, institutional FY 2004 requests. These projects are as follows:

<u>Institution</u>	<u>Highest Priority Major Capital Project</u>
SUI	Chemistry Building Renovation
UNI	Electrical Distribution Load System

The University of Northern Iowa has, however, indicated that it is exploring the feasibility of establishing a utility enterprise system and funding the Electrical Distribution Loop System / Load Break Switches project through that mechanism. If this is feasible, the Science Buildings Renovation – Phase 1 project would become the University's top priority.

Change for ISU

Iowa State University has replaced Coover Hall, Information Science (its highest priority for FY 2004 funding) with the Veterinary Teaching Hospital / Diagnostic Laboratory as its top priority for FY 2005 funding due, in part, to the College of Veterinary Medicine's accreditation process; the accreditation team will visit in October 2003 and will review the concerns raised by the 1995 accreditation review. (The 2003 General Assembly did not provide funding for the Coover Hall project.)

- Iowa State University was not initially granted full (10 year) accreditation from the American Veterinary Medical Association due to, among other things, the general physical deterioration of the Veterinary Medicine facilities, in particular, the Large Animal Hospital space.

The University reports that the College of Veterinary Medicine's critical role in addressing particular Homeland Security issues also was a factor in making this project the University number one major capital project for FY 2005 funding.

Board Office FY 2005 Capital Improvement Recommendations

Past Request
Evaluation Criteria

In the past, the criteria used in the review of capital requests and priority ranking of recommended projects were:

- Priority order of projects in the Five-Year Plan approved by the Board for the prior five-year period with funded projects deleted from the list;
- Priority ranking of projects as submitted by the institutions;
- Prior appropriations for planning and / or construction;
- Consistency of the project with the campus master plan;
- Measure of equity among institutions since they all have demonstrated capital needs greater than the available level of funding; and
- Impact of projects on the state's economic development.

Additional
Evaluation Criteria

New, additional criteria include those adopted by the Board in June 2003 for major capital projects. These are summarized below:

1. How does this project help fulfill the institution's mission and strategic plan in the following areas:
 - Faculty needs in areas strategic to the university?
 - Program accreditation?
 - Student demand?
 - Other strategic plan-related criteria?
 - Environmental health and safety?
2. What other alternatives were explored to meet the needs identified in number 1 above, why were they rejected, and why is the proposed project the best way to meet the identified need?
3. When this project is completed, what facilities and total square footage will be abandoned, transferred or demolished, and how does this compare to the new or renovated square footage?
4. What financial resources are available to build/remodel/renovate the proposed capital project including:
 - Source(s) of funding?
 - Availability of funds as it relates to cash flow requirements?
 - Income stream to provide debt service on bonds, if they are to be issued?
 - Calculation of financial return on investment, when applicable?
5. What resources are available to operate and maintain (O&M) the proposed capital project without compromising current programs and operations:
 - Source of O&M funds, e.g., general fund, self-supporting, endowment, etc.?
 - Effect on existing programs/operations if O&M support comes from general fund?
6. Identification of any compelling external forces that justify approval of this capital project:
 - Federal and/or state mandate?
 - Compliance with health/safety/welfare laws?
 - Federal/foundation grant or other external funding opportunities?
 - State policy direction consistent with institutional mission?

Board Office
Recommendations

In making recommendations, the Board Office has considered the importance that the Board places on its strategic plan and stewardship of resources, including existing facilities.

The recommendations focus on renovations, including the correction of fire safety deficiencies and deferred maintenance, specialized new construction, and infrastructure improvements.

The recommended projects address the four priorities of the Board's 2004 – 2009 Strategic Plan.

- All of the projects will help ensure high-quality educational opportunities for students, and demonstrate public accountability and effective stewardship of resources.
- The Veterinary Teaching Hospital / Diagnostic Lab and Chemistry Building Renovation will help in the discovery of new knowledge through research, and the Veterinary project will provide needed service and promote economic growth.

Project Priorities As illustrated in Table 1 (page 13), the Board Office recommendations for specific projects are generally consistent with institutional project priority rankings.

FY 2005 Recommendations Specific information on the FY 2005 recommendations is summarized below. Detailed descriptions, with University responses to the Board's evaluation criteria, are included in Appendix B (beginning on page 16).

**Priority #1;
\$14,450,000**

ISU - Veterinary Teaching Hospital / Diagnostic Laboratory

This project, which is Iowa State University's top priority for FY 2005 funding, is needed to address concerns raised by the 1995 accreditation review of the College of Veterinary Medicine; an accrediting team will visit campus in October 2003.

- The University was not initially granted full (10 year) accreditation from the American Veterinary Medical Association due to, among other things, the general physical deterioration of the Veterinary Medicine facilities, in particular, the Large Animal Hospital space.

The University reports that during the last dean search for the College, attracting a top candidate was made more difficult because of the condition of the facilities.

The University further notes that the College of Veterinary Medicine has a critical role in addressing particular Homeland Security issues.

The project would remodel 95,000 gross square feet of space currently occupied by the Veterinary Teaching Hospital and the Veterinary Diagnostic Laboratory and construct 70,500 gross square feet of new space for the Veterinary Teaching Hospital.

The University also reports that private gifts totaling \$7.15 million are included in the proposed project budget which totals more than \$48 million.

Additional funding for the project is included in FY 2006 (\$14.45 million) and FY 2007 (\$12 million) of the Five-Year Capital Improvement Plan (see G.D. 5e).

Priority # 2;
\$3,600,000

UNI - Electrical Distribution Loop System / Load Break Switches

In 1991, the University of Northern Iowa began upgrading the electrical distribution system from 4,160 volts to 12,470 volts; the work was undertaken to replace the aging components (26 to 40 years old) and to increase the efficiency of the system.

This project, which would continue the installation of the 12,470 volt system, is needed to reduce outage time, accommodate increasing electrical loads, and eliminate hazards.

Additional funding (\$3.6 million) for the project is included in FY 2006 of the Five-Year Capital Improvement Plan (see G.D. 5e).

Priority #3;
\$20,400,000

SUI - Chemistry Building Renovation

This is the first year of a proposed multi-phase funding program to upgrade the Chemistry Building, a large portion of which was constructed in the 1920s; the University of Iowa recently completed planning for implementation of the first phase of the Master Plan renovations.

The first phase of the project would include the renovation of the northeast and central portions of the building which includes space recently vacated by the Botany Program (which relocated to the Biological Sciences Complex), the two-story lecture room 300 and temporary relocation of the Chemistry Library outside of the building.

Approximately 42,000 net assignable square feet would be renovated to provide 45,600 net assignable square feet of modern chemistry teaching laboratories, research laboratories, support facilities, and offices; the University reports that the increase in net assignable square footage would be due primarily to improvements in space efficiency although current plans also include the construction of a small addition on the fifth floor.

Phase 1 would also include building wide upgrades to correct code deficiencies, new windows, renovation of the Chemical Stores area and a new elevator. Mechanical, electrical, plumbing and communications infrastructure upgrades would also be included.

Additional funding for the project is included in FY 2006 (\$4.2 million) and FY 2007 (\$8.1 million) of the Five-Year Capital Improvement Plan (see G.D. 5e).

Priority # 4;
\$5,950,000

ISU - Coover Hall, Information Science

This project would renovate Coover Hall, built in 1948, and construct an addition to upgrade space to provide modern instructional and research facilities for the Department of Electrical and Computer Engineering.

The University reports that significant space shortages for the Department and substantial growth in the computer engineering undergraduate and graduate programs and growth in research of the Department contribute to the need for this project.

The state funds requested would be matched by \$10.2 million in gifts for a total project budget of \$26.15 million.

Additional funding for the project (\$10 million) is included in FY 2006 of the Five-Year Capital Improvement Plan (see G.D. 5e).

Priority #5;
\$11,100,000

UNI - Science Buildings Renovation, Phase 1

This project would renovate the Physics Building and Central Campus Greenhouse with new mechanical and electrical systems, exterior repairs, and interior improvements.

The project would also renovate portions of the McCollum Science Hall.

Priority #6;
\$1,040,000

Deferred Maintenance, Renovations, Repairs – Special Schools and Iowa Lakeside Laboratory

This recommendation includes funding of the following:

<u>Inst</u>	<u>Type</u>	<u>Amount</u>
ISD	Deferred Maintenance – includes Utility System Replacement – Phase 3 (\$250,000) Tuckpointing / Waterproofing (\$185,000) Air Conditioning – Girls Residence & High School (\$250,000)	\$ 685,000
IBSSS	Deferred Maintenance – includes Exterior Repair / Renovation – Campus Buildings (\$110,000) Interior Renovation/Remodel (\$90,000)	200,000
Lakeside Lab	Deferred Maintenance – Lab Renovations	<u>155,000</u>
	Total	\$1,040,000

Priority #7;
\$11,000,000

Fire and Environmental Safety and Deferred Maintenance – Universities

Funding is also recommended to correct fire and environmental safety and deferred maintenance issues at the universities. These funds would address individual items as opposed to those items which would be addressed as components of major renovations.

This recommendation includes funding for correction of the following:

<u>Inst</u>	<u>Type</u>	<u>Amount</u>
SUI	Fire and Environmental Safety	\$ 1,000,000
SUI	Deferred Maintenance	3,000,000
ISU	Fire and Environmental Safety	1,000,000
ISU	Deferred Maintenance	3,000,000
UNI	Deferred Maintenance	<u>3,000,000</u>
Total		\$11,000,000

Recurring
Operating Costs

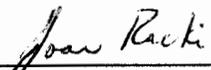
The Board has expressed interest in knowing the on-going operating costs associated with capital projects. Table 2 (page 14) provides a summary of the estimated, on-going operating costs associated with the recommended FY 2005 projects.

The on-going costs for the FY 2005 recommended projects are estimated at \$1.4 million annually and include operations and maintenance, and utility costs, as well as an allocation for building repair funds for future repairs and replacement of the new space based upon one percent of the construction cost of this space. The estimated costs would be further refined during the planning process.

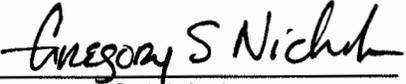
- The inclusion of funds for repair and replacement is consistent with Iowa Code §7E.5A, which directs that all departments of the executive branch in control of vertical infrastructure should identify funding needed to meet the projected maintenance, repair, and replacement needs of new vertical infrastructure projects.

Projects Deferred

Projects requested by the institutions, but not recommended for any funding in FY 2005, include two utility projects at the University of Iowa, which were the lowest ranked institutional priorities; it is recommended that these projects be funded through the University of Iowa's Utility Enterprise System.



Joan Racki

Approved: 

Gregory S. Nichols

TABLE 1
A COMPARISON OF BOARD OF REGENTS, STATE OF IOWA FY 2004 CAPITAL REQUEST
WITH INSTITUTIONAL FY 2005 REQUESTS AND BOARD OFFICE RECOMMENDATIONS (September 2003)
(All \$ Thousands)

Inst.	Project	Board FY 2004 Request (approved 9/02)		FY 2005 Institutional Requests and Board Office Recommendations												
		Pri- ority	Amount	SUI	Pri- ority	Amount	ISU	Pri- ority	Amount	UNI	Pri- ority	Amount	ISD, IBSSS Lakeside	Pri- ority	Amount	Board Office Recommendation
Regents	Fire and Environmental Safety, Deferred Maintenance	(1)	\$ 14,937													
ISD, IBSSS, Lakeside	Deferred Maintenance, Renovations, Repairs															
SUI, ISU, UNI	Fire and Environmental Safety, Deferred Maintenance															
	Fire and Environmental Safety	(1)	1,000												(6)	\$ 1,040
	Deferred Maintenance	(2)	4,000												(7)	11,000
ISU	Coover Hall, Information Science	(2)	15,600												(4)	5,950
UNI	Electrical Distribution Loop System / Load Break Switches	(3)	7,000												(2)	3,600
SUI	Chemistry Building Renovation	(4)	19,900												(3)	20,400
ISU	Veterinary Teaching Hospital / Diagnostic Lab	(5)	2,600 ¹												(1)	14,450
UNI	Science Buildings Renovation, Phase 1	(6)	5,700												(5)	11,100
SUI	Steam Distribution Infrastructure															
SUI	West Campus Chilled Water Plant Expansion															
	Total		\$ 65,737			\$ 50,600		\$ 49,400		\$ 21,300		\$ 1,290		\$ 67,540		

Total FY 2005 Institutional Requests = \$ 122,590

¹ Board's FY 2004 Request included only planning funds.
² Additional funds requested in FY 2007 as part of Five-Year (FY 2005 - FY 2009) Capital Plan.
³ Additional funds requested in FY 2006 as part of Five-Year (FY 2005 - FY 2009) Capital Plan.
⁴ Additional funds requested in FY 2006 as part of Five-Year (FY 2005 - FY 2009) Capital Plan; \$7.15 million private funds to be applied towards total project cost.
⁵ Total project cost includes an additional \$10.2 million in private funds.

Table 2
Additional, Projected Operations, Maintenance, Repair and Replacement Costs
Board Office Recommendations
FY 2005 Capital Budget Requests

Inst	Project Title	FY 2005 Project Amount Recommended (State Funds)	Opening Cost (non-recurring)	Recurring Costs (total project)					Estimated Total (on-going)	Proposed Source of Funds
				Operations & Maintenance	Utilities	Repairs / Replacement*	Other			
ISU	Veterinary Teaching / Diagnostic Lab	\$ 14,450,000	-	\$ 251,000	\$ 307,000	\$ 204,450	\$ 63,000	\$ 825,450	General Fund	
UNI	Electrical Distribution Load System / Load Break Switches	3,600,000	-	-	-	-	-	-		
SUI	Chemistry Building Renovation, Phase 1	20,400,000	-	-	-	-	-	-		
ISU	Coover Hall, Information Science	5,950,000	-	158,000	208,000	119,755	64,000	549,755	General Fund	
UNI	Science Buildings Renovation, Phase 1	11,100,000	\$ 17,100	some cost avoidance anticipated due to conversion of antiquated systems						
ISD, IBSSS, Lakeside	Deferred Maintenance, Renovations, Repairs	1,040,000	-	-	-	-	-	-		
SUI, ISU, UNI	Fire, Environmental Safety and Deferred Maintenance	11,000,000	-	\$ -	\$ -	\$ -	\$ -	\$ -		
Total		\$ 67,540,000	\$ 17,100	\$ 409,000	\$ 515,000	\$ 324,205	\$ 127,000	\$ 1,375,205		

* Based upon one percent of the construction cost for new space.

Appendix A
REGENT CAPITAL APPROPRIATIONS
1995 - 2003

<u>Year of Action</u>	<u>Dollar Amount</u>	<u>Fiscal Year of Appropriations</u>
1995	\$ 7.400 million	FY 1996
1996	66.100 million	FY 1997 - FY 1999
1997	70.400 million	FY 1998 - FY 2001
1998	0.335 million	FY 1999
1999	4.500 million	FY 2000
2000	43.200 million	FY 2001 - FY 2004
2001	40.500 million	FY 2002 - FY 2004
2002	51.100 million	FY 2003 - FY 2005
2003	<u>0.550</u> million	FY 2004
Total:	\$284.085 million	

Appendix B
Project Descriptions

Brief descriptions of projects recommended for funding in FY 2005 follow. Institutional submittals of the evaluation criteria are included.

ISU – Veterinary Teaching Hospital / Diagnostic Laboratory

FY 2005 Priority #1; \$14,450,000

This project is Iowa State University's top priority for FY 2005 funding (replacing Coover Hall, Information Sciences which was the top priority for FY 2004 funding) in part because of the College of Veterinary Medicine's accreditation process.

The University reports that it needs to demonstrate to the accrediting team that will visit campus in October 2003 that it is committed to addressing concerns with the 1970s facilities that were raised during the accreditation review in 1995.

The University further reports that the College of Veterinary Medicine's critical role in addressing particular Homeland Security issues also was a factor in making this project the number one major capital project for FY 2005 funding.

The project would remodel 95,000 gross square feet of space currently occupied by the Veterinary Teaching Hospital and the Veterinary Diagnostic Laboratory and construct 70,500 gross square feet of new space for the Veterinary Teaching Hospital.

Major program goals and objectives for the project include: fulfilling requirements for biosecurity and worksite safety, ensuring varied and large case loads required for academic teaching, satisfying the needs of referring practitioners for State of Iowa clients, establishing space and equipment for Veterinary Hospital accreditation, and remaining competitive for recruiting and retaining faculty and students.

The University also reports that private gifts totaling \$7.15 million are included in the proposed project budget which totals more than \$48 million. Additional state funds are recommended for the project in FY 2006 and FY 2007 of the Five-Year Capital Improvement Plan.

Evaluation Criteria	The University has provided the following information in response to the Board's evaluation criteria.
Institutional Mission/Strategic Plan	<p>The evolving mission of the College of Veterinary Medicine led to a feasibility study determining the facility needs of two of the College's units: Veterinary Teaching Hospital (VTH) and Veterinary Diagnostic Laboratory (VDL).</p> <p>For the VTH, three major changes have taken place:</p> <ul style="list-style-type: none">• A shift in large animal veterinary service demand from food animals to equine, to large population (herd) medicine, and to needs for rapid computer-based diagnostic reporting systems;• A demand for more extensive and invasive procedures for companion animals; and

- Continuing demand for new technologies including surgery, imaging, rapid diagnostic pathology and medicine, and isolation for infectious diseases.

Current VTH facilities are insufficient to meet the educational demands and to compete with modern, biosecure facilities at other universities.

For the VDL, the changing mission involves recognition of increasing infectious disease risks throughout the nation and the State of Iowa — especially for new emerging diseases, foreign animal disease recognition, and bioterrorism.

The study found that significant facility improvements are needed; additional space is needed to address both current needs and the evolving mission of the College. Current facilities are outdated and jeopardize accreditation, are inadequate for academic training, and are not biosecure.

Other Alternatives Explored

The University engaged Flad and Associates, specialists in veterinary medicine facilities, to undertake a feasibility study to review existing facilities and meet with college and university staff to develop a space program, estimate project budgets, and create conceptual implementation plans.

Findings include:

- The Veterinary Diagnostic Laboratory requires a higher level of bio security, primarily in the control of specimens reaching the necropsy. A bio secure isolation facility is recommended.
- A BL3 facility may be needed in the future.
- The Veterinary Teaching Hospital requires additional space for Large Animal Surgery, Large Animal Imaging, Theriogenology, and Equine specialties.
- The environmental conditioning of the large animal facilities in VTH is substandard.
- Additional space is required for most of the Small Animal areas including: Surgery, Examination, Imaging, Treatment and Holding.
- Renovations and new construction will impact many existing spaces, including offices. Implementation plans must provide for these relocations and reconfigurations to keep VTH in operation.

A variety of concepts were considered to allow the continued operation of the Hospital and Diagnostic Lab, even during extensive renovation. Functional adjacency requirements of the units, existing location within the facility, quantity of additional space needed, client access, and reasonable expansion zones on the available site were all considered. The only reasonable expansion for the Clinic is on the east, adjacent to parking.

Remotes sites were considered for the future BL3 and the Biosecurity unit. A site adjacent to the Diagnostic Lab was recommended to allow for effective security and the convenient routing of cases, efficient transport of samples to diagnostic laboratories, consolidated use of the existing incinerator, and possible joint use of future digester.

The proposed project minimizes the disruption of ongoing college activities by phasing remodeling of existing spaces and construction of an addition while also minimizing the project's total cost.

UNI – Electrical Distribution Loop System / Load Break Switches

FY 2005 Priority #2; \$3,600,000

In 1991, the University of Northern Iowa began upgrading the electrical distribution system from 4,160 volts to 12,470 volts; the work was undertaken to replace the aging components and to increase the efficiency of the system. The existing 4,160 volt system ranges in age from 26 to 40 years.

This project, which would continue the replacement of the 4,160 volt system with a new 12,470 volt system, is needed to reduce outage time, accommodate increasing electrical loads, and eliminate hazards.

Additional funding is recommended in FY 2006 of the Five-Year Capital Plan (FY 2005 – FY 2009).

Evaluation Criteria	The University has provided the following information in response to the Board's evaluation criteria.
Institutional Mission/Strategic Plan	<p>This project supports the institution's mission and strategic plan by supporting the majority of facilities on campus with efficient and reliable electricity. This electrical distribution loop will replace significant portions of the University's 4,160 volt system with a 12,470 volt system. This project will reduce outage time, accommodate increasing loads, and eliminate potential hazards to personnel.</p> <p>This project is also consistent with UNI's Strategic Plan Goal 7, "Continue to improve capital, physical and informational resources at the University."</p>
Other Alternatives Explored	A study of the University owned electrical distribution system was completed by University staff in 1993, and updated by a consultant in January 2003. This study recommended the phasing out of the 4,160 volt electrical system and replacement of many of the old cabling that is well in excess of its original life expectancy. Failure to upgrade the current electrical distribution system will result in more frequent power outages, increased exposure to hazards, and inefficiencies in the system.
Impact on Other Facilities and Square Footage	This project will not result in the abandonment, transfer, or demolition of existing facilities.

Financial Resources for Construction Project	<p>This project has been included in the University's 5-year Capital Plan in FY 2005 for state appropriation funds.</p> <p>The university is exploring funding this project through a utility enterprise. If this is feasible, the Science Buildings Renovation – Phase 1 would move to the number 1 priority.</p>
Financial Resources for Operations and Maintenance	<p>Completion of this project is not anticipated to negatively impact operation and maintenance costs. An upgraded system should reduce maintenance support.</p>
External Forces	<p>Many of the existing cables are well past their useful life expectancy and need to be replaced to ensure reliability and safety in the system. The new electrical ductbank and equipment will reduce outages in the system.</p>

SUI – Chemistry Building Renovation, Phase 1

FY 2005 Priority #3; \$20,400,000

A multi-phased funding program to upgrade the Chemistry Building, a large portion of which was constructed in the 1920s is proposed; the University of Iowa recently completed planning for implementation of the first phase of the Master Plan renovations.

The first phase of the project would include the renovation of the northeast and central portions of the building which includes space recently vacated by the Botany Program (which relocated to the Biological Sciences Complex), the two-story lecture room 300, and temporary relocation of the Chemistry Library outside of the building.

The renovation of the spaces would provide for 45,600 net assignable square feet of modern chemistry teaching laboratories, research laboratories, support facilities and offices.

Phase 1 would also include building wide upgrades to correct code deficiencies, new windows, renovation of the Chemical Stores area, and a new elevator. Mechanical, electrical, plumbing and communications infrastructure upgrades would also be included.

Additional funding is recommended in FY 2006 and FY 2007 of the Five-Year Capital Plan.

Evaluation Criteria	<p>The University has provided the following information in response to the Board's evaluation criteria.</p>
Institutional Mission/Strategic Plan	<p>Much of the Chemistry Building is obsolete functionally, and the core infrastructure of the building – plumbing, HVAC, electrical service – is in need of replacement.</p> <p>Renovation of the Chemistry Building will replace undergraduate instructional laboratories built three generations ago with modern laboratories that are designed with effective teaching in mind. Modern laboratories provide more effective line-of-sight for demonstrations and instructions, are safer due to less crowding and enhanced</p>

ingress/egress, and are constructed with utilization of technology – particularly computerized data acquisition and display – in mind.

The College of Liberal Arts and Sciences has long had the goal of increasing the size of the Chemistry faculty to 30–32 FTE (a goal based on recommendations from the 1994 and 2000 reviews of the Department.) At its present size, the tenured/tenure-track Chemistry faculty covers only 45% of the student credit hours taught in Chemistry. A much higher proportion of students need to be enrolled in tenure-track faculty-taught courses, particularly at the introductory and intermediate levels. By restoring the Department to a faculty size of 30-32 FTE, the proportion of faculty-taught student credit hours could increase to at least 80%.

There is not enough quality research space currently available to the Department of Chemistry to allow both faculty growth through new faculty hiring, and retention and growth of the current faculty research programs. The poor condition of the teaching and research space in the Chemistry Building has been a major factor in the Department's difficulty in recruiting new faculty as current faculty retire, and in convincing faculty to stay at Iowa in the face of an external opportunity.

As a core discipline, the Department of Chemistry is highly central to the University's teaching mission. It is among the top three departments in the College of Liberal Arts and Sciences in the number of course seats it offers (~7500/year). Undergraduate majors and programs that *require* Chemistry for their plans of study include:

- Biochemistry
- Biological Sciences
- Environmental Sciences
- Exercise Science
- Geoscience
- Microbiology
- B.S. in Geography
- Pre-medical
- Pre-dental
- Pre-pharmacy and pharmacy
- Clinical Medical Sciences Program
- Engineering
- College of Education teacher certification in the sciences
- Natural sciences component of the General Education Program of the College of Liberal Arts and Sciences.

In addition, the Department of Chemistry teaches courses that are taken by graduate students in the Colleges of Liberal Arts and Sciences, Pharmacy, Engineering, and Medicine.

Political, industry and civic leaders have emphasized the need to attract highly trained people to the state, and to keep those who we train here, for employment in technology-oriented industries. States that have been most successful in attracting high-technology industries have offered a

core of expertise and resources centered on high-quality university science programs.

The renovation will allow us to address systematically the safety issues surrounding the storage and transportation of chemicals for research and teaching.

Other Alternatives Explored	A master planning study authorized by the Board Office and completed in 2002 evaluated appropriate use of space that will be vacated in the Chemistry Building and determined that it was more cost-effective to reuse this space for modern research laboratories, as well as for teaching and office uses. New construction was considered, but ultimately the remodeling of Chemistry Building was considered the best alternative.
Impact on Other Facilities and Square Footage	<p>Space in the northeast wing and the building's center that would otherwise be vacant will be reused to meet the university's highest priority needs in support of chemistry research and teaching. Space in the Chemistry Building is being abandoned by the move of a portion of Biological Sciences to the renovated Biology Building, and by the replacement of lecture hall 300 with a new 400-seat lecture hall in the Pomerantz Center.</p> <p>A study is underway to project future space needs for all current building occupants, including Chemistry, Chemical & Biochemical Engineering and the Chemistry Library. Space will be assigned to meet needs for additional faculty and graduate student laboratories; for larger, safer instructional laboratories; for safer laboratory support areas; and for shared study and collaboration spaces.</p>
Financial Resources for Construction Project	The project will be funded from state appropriations. It is currently the highest priority construction project on the Regents capital request list for the University of Iowa.
Financial Resources for Operations and Maintenance	The University General Fund currently funds the operations and maintenance of the Chemistry Building. O&M costs are not expected to increase as a result of the renovation.
External Forces	The renovation of the Chemistry Building will substantially improve the building's compliance level with a number of requirements, including the areas of fire safety and accessibility for persons with disabilities. It will also facilitate the recruitment of Chemistry faculty who are expected to successfully compete for external grants and who are needed to meet core teaching responsibilities for the UI. (See also Institutional Mission/Strategic Plan information.)

ISU – Coover Hall, Information Science

FY 2005 Priority #4; \$5,950,000

This project would renovate Coover Hall, built in 1948, and construct an addition to upgrade space to provide modern instructional and research facilities for the Department of Electrical and Computer Engineering.

The University reports that significant space shortages for the Department and substantial growth in the computer engineering undergraduate and graduate programs and growth in research of the Department contribute to the need for this project.

Additional funding is recommended in FY 2006 of the Five-Year Capital Plan.

The state funds requested would be matched by \$10.2 million in gifts for a total project budget of \$26.15 million.

Evaluation Criteria	The University has provided the following information in response to the Board's evaluation criteria.
Institutional Mission/Strategic Plan	<p>This project represents a significant and important opportunity for the Department of Electrical and Computer Engineering and the College of Engineering to pursue their collective vision for excellence. The University initiative to become the best land grant university in the country is the appropriate foundation upon which the department is building. The University-wide tripartite mission establishes equal objectives in the areas of Learning, Discovery and Engagement. The department has articulated these values in its Strategic Objectives and Plans in concert with the College of Engineering's Blueprint for Excellence. The department vision is to be in the top quartile of the National Research Council (NRC) rankings.</p> <p>The university's Learning goal to <i>"enhance learning through exceptional learner-centered teaching, services and enrichment opportunities"</i> is very important to the department and will continue the success they already enjoy. The Active Learning Complex in the building works very well and needs to be expanded to meet the needs of all students.</p> <p>Currently, ECPE has a large number of undergraduate students, more than 1,500 that are cramped into a few rooms available for hands-on laboratory needs. Even after opening the labs 120 hours/week, ECPE has to accommodate laboratories relating to two courses in one room and schedule laboratory sections from 8 AM to 8 PM for most courses. This leaves very little time that is available for students for learning on their own time. Students are jammed shoulder to shoulder. This is obviously a hindrance to learning.</p> <p>Graduate education and research to meet the NRC ranking goal will require an increase in the number of doctoral candidates and additional sponsored research expenditures. The facilities support necessary to recruit and retain both graduate students and research faculty is not</p>

currently available. The additional space and renovation of existing space will meet this need. The university's Discovery goal to "*form a base for ubiquitous use of information technology and pursue world-class initiatives in information technology*" is especially important to the department as it is a large part of their curricula.

Outreach initiatives include establishment of industrial partnerships in research and education. Each faculty will be the liaison with a company to enhance relationships and to encourage technology transfer. Recruiting and retaining faculty requires adequate research laboratories. Crowded and inadequate facility conditions in Coover Hall will be corrected with this project.

Other Alternatives
Explored

A 2002 feasibility study is the basis for this project proposal. The planning team developed a building program of the spaces required to meet the department's goals. A comprehensive condition assessment of Coover Hall provided the team with an accurate picture of the resource available to apply to the list of needs. Two outcomes became the basis for the rest of the study: there is not enough space in the building to meet the department's needs and the condition of the existing space is significantly substandard.

Three general approaches evolved from the team's studies:

All-New Facility

This approach would entail the phased demolition of all of Coover Hall. It would offer the lowest budgetary risk while providing the highest consistent quality of space. While this approach clearly offers the greatest amount of new space, it has a significant impact on the program because the budget will allow only a modest increase in the total space available, well below identified needs.

New Addition with Full Renovation of Coover Hall

This approach would entail demolition of portions of Coover Hall (the single story wing and the 1959 addition) to make way for a new building addition. The remaining Coover Hall would be fully renovated with new roof, windows, doors, and mechanical/electrical systems. This approach falls well short of the Department program because more funds are needed to fully remodel, leaving less available for the needed additional space.

New Addition with Partial Renovation of Coover Hall

This approach is similar to the Full Renovation approach except the work in the remaining Coover Hall is limited to "minimal" improvements (life-safety, mechanical/electrical systems and selective interior remodeling), and maximizes the size of the addition to meet the program needs. This strategy fully uses the available site while leaving the possibility of more fully improving Coover Hall at a later date if additional funds can be raised later in the project. Of the three alternatives, this strategy will bring the project closest to meeting the program needs and is recommended by the project team.

Impact on Other Facilities and Square Footage	This project will consist of demolition of approximately 20,000 GSF in the south section of the existing building, construction of a 55,700 GSF addition to the south and west, and partial remodeling of 53,000 GSF in the existing building. This net expansion of 35,700 GSF will provide additional space for teaching and research that is located within the existing building in extremely crowded conditions.
Financial Resources for Construction Project	Estimated project cost is \$26,150,000, with \$15,950,000 from state appropriations and \$10,200,000 from private funds.
Financial Resources for Operations and Maintenance	<p>Estimated increases to the operating and maintenance costs of the remodeled and additional space is:</p> <p>Custodial and routine maintenance- \$158,000 Utilities- \$208,000 Other (Grounds/Mail/EHS/DPS)- \$64,000 Total- \$430,000</p> <p>The proposed source of funds for operations and maintenance is the university general fund.</p>
External Forces	Coover Hall has a number of life-safety and building code deficiencies that will be corrected with this project. The 1959 addition was originally developed to house the Cyclone computer so it is not well suited to programmatic needs, accessibility or compliant emergency egress. This section will be razed to provide room for the new addition. The existing building to be remodeled will meet current building and accessibility codes. Fire sprinklers will be installed in both new and remodeled space to meet required fire codes.

UNI – Science Buildings Renovation, Phase 1

FY 2005 Priority #5; \$11,100,000

This project would renovate the Physics Building (constructed in 1906) and Central Campus Greenhouse (constructed in 1938 and 1961). Extensive renovation of the Physics Building interior, including mechanical and electrical systems is necessary to provide a safe and functional environment, and the building envelope needs to be repaired.

The project would also renovate the mechanical and electrical systems in the central campus greenhouse and renovate portions of the McCollum Science Hall.

Evaluation Criteria	The University has provided the following information in response to the Board's evaluation criteria.
Institutional Mission/Strategic Plan	The University's science programs have experienced growth in enrollment and importance over the past decade. This project will renovate the Physics Building, update the Greenhouse, and provide shell space for future science classrooms and labs to coincide with

UNI's Strategic Plan Goal 1, "Provide intellectually stimulating and challenging experiences for students that broaden and deepen their perspective and awareness" and Goal 2, "support creative and intellectually rigorous teaching and scholarship." The Physics Building was built in 1906 and has not received a major renovation since that time. Likewise, the Greenhouse has received only minor renovations since construction and is in dire need of updates. Completion of this project will facilitate interactions between students and faculty, enhance interdisciplinary and team projects among faculty and students, and make better use of resources at the University.

The federal government's "No Child Left Behind" initiative requires school districts to ensure that all teachers hired to teach core academic subjects in Title I programs after the first day of the 2002-2003 school year be highly qualified. The University is a major contributor in preparing future Iowa science teachers. These programs help to fulfill the University's Strategic Plan Goal 3, "Expand the involvement of the University in addressing critical local, state, national, and global needs that also enrich the educational experiences offered by the University."

This project is also consistent with UNI's Strategic Plan Goal 7, "Continue to improve capital, physical and informational resources at the University." The Science Buildings Renovation Phase I project will help UNI continue to attract the finest Iowa science and science education students, as well as enhance student recruitment in general.

Other Alternatives
Explored

A study of the science departments was completed in 1999. This study indicated that the best long-term solution for space needs was a renovation of the Physics Building for the Physics Department, renovating the central campus greenhouse at its current location, and renovations and additions to McCollum Science Hall.

The buildings are structurally sound and located on central campus. Demolition and reconstruction would be more costly, time-consuming, and disruptive to the academic environment.

Impact on Other
Facilities and
Square Footage

The Science Buildings Renovation Phase I project provides for renovations to the Physics Building, Greenhouse and McCollum Science Hall. The current occupants will retain these spaces following renovation.

This project will not result in the abandonment, transfer, or demolition of existing facilities.

Financial
Resources for
Construction
Project

This project has been included in the University's 5-year Capital Plan in FY 2005 for state appropriation funds.

Financial
Resources for
Operations and
Maintenance

It has been the University's experience that when older buildings are renovated, there are additional energy costs that will impact the fuel budget. Recent experience indicates a 30-50% increase in electrical costs due to added technology. Additional custodial staff will likely be needed to support upgraded space in the Physics Building and

Greenhouse. The costs for the operation and maintenance of this facility will be from the general fund.

External Forces The University's science departments play a major role in the education of science teachers in the state, which has become more critical as the National Center for Education Statistics reports that approximately two-thirds of all high school physics students are being taught by teachers without certifications and undergraduate majors in physics.

Biotechnology is an important issue for the State, Cedar Valley, and the University. UNI has the only biotechnology undergraduate program in the state which will support the Cedar Valley initiative in biotechnology.

Partnerships are an important part of public education in tight budget times. The University has developed a partnership with Allen College to assist in nursing education. Skilled nurses are of paramount importance to the Cedar Valley and the State of Iowa. The University has increased the number and frequency of classes offered to nursing, nuclear medicine, and radiography students, which has allowed Allen College to admit a new class of nursing students twice, rather than once, per year.

**Special Schools and Lakeside Laboratory
Deferred Maintenance, Renovations and Repairs**

FY 2005 Priority #6, \$1,040,000

The FY 2005 recommendations include the following projects at the Iowa School for the Deaf, the Iowa Braille and Sight Saving School, and the Iowa Lakeside Laboratory:

	<u>Amount</u>
Iowa School for the Deaf	
Utility System Replacement, Phase 3	\$250,000
Tuckpointing / Waterproofing	185,000
Air Conditioning – Girls Residence & High School	<u>250,000</u>
Total	\$685,000
Iowa Braille and Sight Saving School	
Exterior Repair / Renovation – Campus Buildings	\$110,000
Interior Renovation / Remodeling	<u>90,000</u>
Total	\$200,000
Iowa Lakeside Laboratory	
Lab Renovations / Deferred Maintenance	<u>\$155,000</u>
GRAND TOTAL	\$1,040,000

ISD – Utility System Replacement, Phase 3 (\$250,000)

This phase of a multi-year project to upgrade the utility system would provide for the replacement of the steam distribution mains and returns for Giangreco Hall. New modulation controls and convection units would be installed at the same time.

ISD – Tuckpointing / Waterproofing (\$185,000)

To maintain the exterior façade of the campus brick buildings and to protect the interior finishes of Long Hall and the girls' dormitory, the School plans to embark on a comprehensive program of tuckpointing and waterproofing and window wall replacement.

ISD – Air Conditioning of Girls Residence & High School (\$250,000)

This project would begin the funding for installation of central air conditioning of the High School building and the Girls Residence. As the school year moves closer to year-round programming, central air conditioning becomes more important to enhance the learning environment.

IBSSS – Exterior Repair / Renovation – Campus Buildings (\$110,000)

This project would provide for various exterior deferred maintenance, restoration, remodeling and refurbishing projects. Examples of necessary exterior repairs include window and door repair / replacement, masonry repair, roof repair/replacement, painting, porch repair and waterproofing.

IBSSS – Interior Renovation / Remodeling (\$90,000)

This project would provide for interior maintenance needs for academic and dormitory buildings campus-wide. Examples of work which could be undertaken include floor coverings, window treatments, improved lighting, and new furnishings in the classrooms, offices and dormitories. The project could also include the renovation of the auditorium into a multi-purpose room to accommodate performances and meetings.

Lakeside Laboratory –Lab Renovations / Deferred Maintenance (\$155,000)

Funding is recommended for improvements to Calvin Lab, one of four main teaching laboratories / classrooms constructed in 1935 – 1936 by the Civilian Conservation Corps. The building has not been renovated or modernized since it was constructed almost 70 years ago; consequently, the teaching facilities are antiquated and substandard. The report of an external review of the Laboratory conducted in February 2001 recognized the urgent need to upgrade the facilities.

Work would include provision for heating and cooling; insulation of the roofs; repair / replacement of windows; upgrade of electrical, plumbing and lighting systems; installation of safety showers and eye washes, modern laboratory benches and storage cabinets, and a fume hood; and construction of an accessible restroom.

**Universities
Fire and Environmental Safety and Deferred Maintenance**

FY 2005 Priority #7, \$11,000,000

The correction of fire and environmental safety and deferred maintenance has been a priority of the Board of Regents for many years. While significant institutional funds have been committed (as noted in the November annual reports on these items), state capital funding is also needed.

This recommendation includes funding for correction of the following:

<u>Inst</u>	<u>Type</u>	<u>Amount</u>
SUI	Fire and Environmental Safety	\$ 1,000,000
SUI	Deferred Maintenance	3,000,000
ISU	Fire and Environmental Safety	1,000,000
ISU	Deferred Maintenance	3,000,000
UNI	Deferred Maintenance	<u>3,000,000</u>
Total		\$11,000,000

Fire and Environmental Safety

A number of fire and environmental safety deficiencies exist in Regent facilities. The State Fire Marshal and the institutions have documented these deficiencies. Each Regent institution cooperates with the State Fire Marshal in establishing fire safety priorities, and each institution has a systematic method for determining the priority of fire safety improvements to be undertaken. The institutions provide a report to the Board each November on fire and environmental safety deficiencies.

While significant institutional funds have been committed for fire and environmental safety over the last few years, state capital funding is also needed. The sum of \$1,000,000 is recommended for both the University of Iowa and Iowa State University. These funds would be used for improved building safety including new fire alarms, improved lighting and exiting requirements, and installation of sprinkler systems.

Deferred Maintenance

Deferred maintenance projects are repair items which should have been completed, but have not been, due to insufficient levels of funding for normal and preventive maintenance. Continued insufficient funding in institutional operating budgets will increase the backlog of deferred maintenance projects. The institutions submit their lists of deferred maintenance items to the Board each November as part of the governance report on deferred maintenance.

Projects to be funded at the universities include roof and window replacements; modernization of elevators and heating, ventilating and air conditioning systems; and preservation of building envelopes, including tuckpointing. The sum of \$3 million is recommended for each university.