

Contact: Joan Racki/Sheila Doyle

**UNIVERSITY OF IOWA CAMPUS RECREATION AND WELLNESS CENTER –
FINANCING PLAN, SCHEMATIC DESIGN, AND PROJECT BUDGET**

Actions Requested: Consider recommending to the Board approval of the following for the **Campus Recreation and Wellness Center**, a major capital project as defined by Board policy:

1. The University's recommended financing plan which includes graduated annual debt service and utilization of capitalized interest;
2. The schematic design and project description and budget (\$69,125,000), subject to approval of the financing plan, with the understanding that this approval will constitute final Board approval and authorization to proceed with construction.
 - a. Acknowledge receipt of the University's final submission of information to address the Board's capital project evaluation criteria (see Attachment A); and
 - b. Accept the Board Office recommendation that the project meets the necessary criteria for Board consideration.

Executive Summary: The University requests approval of the financing plan, schematic design, and project description and budget (\$69,125,000) for the **Campus Recreation and Wellness Center** project which would construct an indoor recreation facility at the southwest corner of Burlington and Madison Streets (directly south of the Library) to improve the University's recreational offerings for students, faculty and staff. The project would support three primary University programs: Student Fitness and Recreation, Aquatics, and Wellness; the primary function of the facility would be to provide "drop-in" individual fitness activities in these three areas. The facility would be staffed and managed by the Department of Recreational Services. The schematic design booklet is included with the Board's materials.

In addition to adding new space to the system, Recreational Services plans to implement a single point of control in all recreational buildings, including the Field House. This control will restrict building access to enrolled students and those individuals who have paid the access fee. After the control system is in place, Recreational Services will only assess fees for sports/activity lessons and similar special programs or services (e.g.: locker rental, towel rental). The access control feature will also improve personal security throughout the University's recreation system.

Financing Plan

The project would be funded by the proceeds from sale of 25 year revenue bonds to be supported by student building fees and non-student user fees, with additional funding from Athletic Department Earnings and Gifts and Income from Treasurer's Temporary Investments, as follows:

Bond Proceeds	\$ 65,375,000	(general rec. & aquatics space)
Athletic Department	3,000,000	(intercollegiate swimming/diving)*
University Contribution	<u>750,000</u>	(wellness program space)*
TOTAL	\$ 69,125,000	

*Contributions from Athletics and the general University (faculty/staff Wellness program) are based upon the square footage dedicated to these functions and estimated time of usage.

The University recommends issuing debt with the following key provisions:

1. Issue 25 year bonds netting project proceeds of \$65.375 million, plus amounts required to fund fully a debt service reserve and all other issuance costs.
2. Capitalize interest expense on the bonds during the project construction period. By capitalizing interest payments during the construction period, the new student fee dedicated toward debt service payments will coincide with the availability of the new facility for student use.
3. Issue debt with an increasing repayment schedule over the bond term. This approach will serve to lower the debt service and therefore the related student fee needed in the early years.

Based upon schedules prepared by the Board's financial advisor, Springsted, Inc., total annual debt service payments would range from a low of \$2.2 million in FY 2010 to a high of \$6.3 million in 2033. Springsted's projections are based upon double tax-exempt bond sales with true interest cost averaging 5.6%. This is a conservative interest rate assumption and is about 0.6% higher than current interest rates.

The University would pledge student fees and gross revenues of the Recreational Services system to meet the debt service payments on the bonds. The University's recommended financing proposal (graduated annual debt service and utilization of capitalized interest) includes a new student building fee for this project of approximately \$177 per year in FY 2011 with a smaller fee of \$87 being required in the first partial year of use – FY 2010. This fee will escalate an average of ~2.5% per year for the next 15 years, and remain essentially unchanged for the balance of the bond term. (see Table 2.)

The University also proposed reallocating three existing building fees for the project. Once the bonds on the existing Recreation Center are retired, the Building Fee for the project (~\$5) would be reallocated to cover the anticipated cost of the Campus Recreation and Wellness Center with the opening of the building in FY 2010. Beginning in FY 2010, a portion of the Iowa Memorial Union fee (~\$26) will no longer be needed as the bonds issued for a 1980s renovation of the Union will have been retired. Beginning in FY 2013, the University proposes to reallocate the West Campus Recreation Facilities Fee (~\$28) from a loan used to finance a number of west campus recreation facilities to the Center.

An operations and maintenance (O&M) fee of ~\$83 would be assessed in FY 2011, the first full year of use (with a smaller fee of \$52 being required in FY 2010). O&M costs would be assessed to other users of the facility – Athletics, the general University wellness program, and non-student users. A fee of \$32 to replace current charges to students who use fitness facilities would be instituted beginning in 2010. Faculty, staff and the public would be assessed differentially for use of the facility, either on an annual fee basis or "walk-in" fee basis.

While student fees are the primary source for debt retirement, the University expects the facility to generate additional revenue from access fees charged to faculty and staff as well as to the general public. It is the University's intent to utilize revenues from all sources to achieve the lowest possible direct fee assessment to students.

University recreational facilities have historically been made available to members of the general public. The University intends to continue this tradition. However, it is the University's intent to charge a participation fee to the public that is in line with like facilities in the community. Special fee arrangements may be developed for high school or college age students not attending the University of Iowa. These concepts will be refined over the next year, but it is expected that any adjustments would have a relatively small impact on the overall financial assessment of the project.

The University is estimating that revenue generated from new non-student participants will total approximately \$658,000 in FY 2011; “fee for service” revenues (including locker rentals, camps, aerobic classes, personal fitness trainers and other similar services where there is a defined out of pocket cost) are estimated to total approximately \$1.3 million.

In summary, under the revenue proforma developed by the University (see Table 1), the following are the estimated new fees which would be in effect for FY 2011, the first full year of operation:

<u>New Fees</u>	<u>Approximate Amount per Academic Year</u>
New Building Fee	\$177
New Operation & Maintenance Fee	83
Student Fee to Offset Elimination of Student Charges	<u>32</u>
TOTAL – New Fees	\$292

The following table summarizes the existing building fees which would be reallocated to the project and the year in which they would become available:

<u>Reallocated Building Fees</u>	<u>Amount per Academic Year</u>
Recreation Building (in FY2008)	\$ 5
Iowa Memorial Union Building Fee (in 2009)	26
West Campus Building Fee (in 2013)	<u>28</u>
TOTAL – Reallocated Fees	\$59

The current UI Student Government, as well as recent student administrations, is in full agreement with the approach of matching the new student fees with the opening of the new building. The result of these choices is to charge students only when the facility is available for use, and to lessen the impact on student fees in the near term by issuing the debt with an increasing annual debt service payment during the first 15 years of the term.

The University provided information on four financing alternatives; the University’s recommended approach is Option A (see Table 3) which provides for graduate annual debt service and utilization of capitalized interest. Other options explored and shown on Table 3 are graduated debt service and no utilization of capitalized interest (Option B); Level annual debt service and utilization of capitalized interest (Option C) and Level annual debt service and no utilization of capitalized interest (Option D).

Details of Project:

Campus Recreation and Wellness Center (formerly East Campus Recreation Center/Field House Renovation)

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
<u>East Campus Recreation Center/Field House Renovation</u>			
Initial Review and Consideration of Capital Project Evaluation Criteria		Sept. 2004	Received Report
Permission to Proceed		Sept. 2004	Approved
Architectural Selection (RDG, Inc., Des Moines, IA)		Dec. 2004	Approved
Architectural Agreement – Programming and Schematic Design Services (RDG, Inc., Des Moines, IA)	\$ 811,200	Dec. 2005	Not Required
<u>Campus Recreation and Wellness Center</u>			
Program Statement		May 2006	Approved
Financing Plan		Aug. 2006	Requested
Schematic Design		Aug. 2006	Requested
Project Description and Total Budget	69,125,000	Aug. 2006	Requested
Final Review and Consideration of Capital Project Evaluation Criteria		Aug. 2006	Requested

The main entrance to the facility would be located near the northeast corner of the first level. A café, climbing tower, and strength training room would be located in the northern portion of this level. The swimming and diving pools would be located near the west wall, with locker rooms adjacent to the east and west, and a leisure pool immediately to the east. The wellness suite would be located near the east wall.

The second level would house cardiovascular/fitness activity space along the north wall, with multi-activity space in the central portion of this level. The Department of Recreational Services administrative offices would be located along the east wall, and the western portion of this level would provide spectator seating to the pool areas below.

The third level would provide cardiovascular/fitness activity space along the north wall. Two group exercise rooms, and a walking/jogging track open to the second level multi-activity space below, would be centrally located. The space to the west would be open to the pool areas below with a large skylight above, and a roof terrace would be located along the east wall.

The building exterior would be constructed primarily of red brick, limestone, and transparent and translucent glass. The transparent glass feature along the north side of the building would face Burlington Street and the Main Library to the north.

The building would provide a total of 216,270 gross square feet and 147,445 net square feet, for a net-to-gross ratio of 68 percent. The schematic design square footages are generally consistent with the building program approved by the Board in May 2006.

The University anticipates receiving bids and beginning construction in the fall of 2007, with completion anticipated in September 2009.

The University proposes to seek professional project management services to supplement current staff resources in managing the design and construction of the Campus Recreation and Wellness Center. The professional project management services contract would include management services support for other major construction efforts, such as the Hygienic Laboratory and the College of Public Health building. Combined, these projects exceed \$140 million and move forward on approximately the same timeline.

The University foresees that the Professional Project Manager will undertake many of the same functions as undertaken by the construction management firm used on the Kinnick Stadium Renovation project; however, the University currently envisions that the Campus Recreation and Wellness Center project will be competitively bid and awarded as a single major general contract and not as multiple phase contracts. The Professional Project Manager will perform as a not-at-risk, non-self performing agent for the University. The fees for the Professional Project Manager are included as part of the budget for this project, and within each project budget for which their services are provided.

The following provides details of the project budget:

Design, Inspection, and Administration	
Consultants	\$ 3,480,000
Design & Construction Services	3,975,000
Construction Campus Recreation & Wellness Center	48,650,000
Renovation Field House	1,050,000
Site Development/Landscaping	500,000
Utility Extensions	750,000
Relocation Cost – Site Acquisition	4,000,000
Occupancy	1,750,000
Contingency	<u>4,970,000</u>
Total	69,125,000

Table 1
Campus Recreation & Wellness Center
Revenue Model

	# Budgeted Students	* FY2011 Student Fee	Estimated Revenue and Expense by Fiscal Year														
			2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021			
New Student Fees:																	
Debt Service	25,000	176.80	2,170,000	4,420,000	4,650,000	4,865,000	5,220,000	5,480,000	5,700,000	5,775,000	5,790,000	5,815,000	5,815,000	5,940,000			
O&M	25,000	82.50	1,297,033	2,062,283	2,186,020	2,317,181	2,456,212	2,603,585	2,759,800	2,925,388	3,100,911	3,286,966	3,484,184	3,693,235			
Offset for reduction in current student charges	25,000	32.00	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000			
			<u>4,267,033</u>	<u>7,282,283</u>	<u>7,636,020</u>	<u>7,982,181</u>	<u>8,476,212</u>	<u>8,883,585</u>	<u>9,259,800</u>	<u>9,500,388</u>	<u>9,690,911</u>	<u>9,901,966</u>	<u>10,099,184</u>	<u>10,433,235</u>			
Reallocate Existing Student Building Charges:																	
Rec Building Student Fee (in 2008)	25,000	5	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000			
IMU Student Fee (in 2009)	25,000	26	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000			
West Campus Fee (in 2013)	25,000	28				700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000			
			<u>775,000</u>	<u>775,000</u>	<u>775,000</u>	<u>1,475,000</u>											
	# New Memberships	Annual/Daily Fee	Estimated Revenue	Conservative Factor**	Budgeted Revenue												
New Non-Student Participants:																	
Faculty/Staff/Retiree	1,580	300	474,000	80%	252,800												
Spouse/Domestic Partner	138	300	41,400	80%	22,080												
Faculty/Staff Dependents (ages 5 - 18)	250	100	25,000	80%	13,333												
Alumni	100	400	40,000	80%	21,333												
Public	200	450	90,000	80%	48,000												
Walk-ins	18,200	5 to 10	136,500	80%	72,800												
			<u>806,900</u>			<u>430,347</u>	<u>658,430</u>	<u>671,599</u>	<u>685,031</u>	<u>698,732</u>	<u>712,707</u>	<u>726,961</u>	<u>741,500</u>	<u>756,330</u>	<u>771,457</u>	<u>786,886</u>	<u>802,624</u>
Estimated Income on Debt Service Reserve			256,000		264,000	264,000	264,000	264,000	264,000	264,000	264,000	264,000	264,000	264,000	264,000	264,000	264,000
Estimated Fee for Service Revenues			1,300,000		1,326,000	1,352,520	1,379,570	1,407,161	1,435,304	1,464,010	1,493,290	1,523,156	1,553,619	1,584,691	1,616,385		
Total Estimated Revenues			<u>7,028,380</u>	<u>10,305,713</u>	<u>10,699,139</u>	<u>11,785,782</u>	<u>12,321,105</u>	<u>12,770,596</u>	<u>13,189,771</u>	<u>13,474,178</u>	<u>13,709,397</u>	<u>13,966,042</u>	<u>14,209,761</u>	<u>14,591,244</u>			
Estimated Annual Debt Service			2,168,164	4,421,461	4,650,161	4,866,536	5,220,561	5,479,636	5,697,074	5,773,724	5,790,186	5,823,849	5,798,636	5,942,374			
Net Revenues after Debt Service			<u>4,860,216</u>	<u>5,884,252</u>	<u>6,048,978</u>	<u>6,919,246</u>	<u>7,100,544</u>	<u>7,290,960</u>	<u>7,492,697</u>	<u>7,700,454</u>	<u>7,919,211</u>	<u>8,142,193</u>	<u>8,411,125</u>	<u>8,648,870</u>			
Less Estimated Expense:																	
Operating Expenses			2,948,000	3,036,440	3,127,533	3,221,359	3,318,000	3,417,540	3,520,066	3,625,668	3,734,438	3,846,471	3,961,865	4,080,721			
O&M Expense			1,297,033	2,062,283	2,186,020	2,317,181	2,456,212	2,603,585	2,759,800	2,925,388	3,100,911	3,286,966	3,484,184	3,693,235			
			<u>4,245,033</u>	<u>5,098,723</u>	<u>5,313,553</u>	<u>5,538,540</u>	<u>5,774,212</u>	<u>6,021,125</u>	<u>6,279,866</u>	<u>6,551,056</u>	<u>6,835,349</u>	<u>7,133,437</u>	<u>7,446,049</u>	<u>7,773,956</u>			
Net Operating Margin			<u>615,183</u>	<u>785,529</u>	<u>735,425</u>	<u>1,380,706</u>	<u>1,326,332</u>	<u>1,269,835</u>	<u>1,212,831</u>	<u>1,149,398</u>	<u>1,083,862</u>	<u>1,008,756</u>	<u>965,076</u>	<u>874,914</u>			
Debt Service Coverage Ratio (must be > 1.25)			3.24	2.33	2.30	2.42	2.36	2.33	2.32	2.33	2.37	2.40	2.45	2.46			

* Debt Service student fee to escalate at 4.2%/year; O&M student fee escalation estimated at 6%/year.

** Conservative Factor is 80%/year. In 2010, the budgeted revenue amount reflects revenues for 8 months since the building opens November 1, 2009.

Table 1 (con't.)
Campus Recreation & Wellness Center
Revenue Model

Estimated Revenue and Expense by Fiscal Year													
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Total
New Student Fees:													
Debt Service	6,045,000	6,135,000	6,210,000	6,210,000	6,210,000	6,280,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	136,530,000
O&M	3,914,829	4,149,719	4,398,702	4,662,624	4,942,381	5,238,924	5,553,259	5,886,455	6,239,642	6,614,021	7,010,862	7,431,514	98,215,730
Offset for reduction in current student charges	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	19,200,000
	10,759,829	11,084,719	11,408,702	11,672,624	11,952,381	12,318,924	12,653,259	12,986,455	13,339,642	13,714,021	14,110,862	14,531,514	253,945,730
Reallocate Existing Student Building Charges:													
Rec Building Student Fee (in 2008)	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	3,000,000
IMU Student Fee (in 2009)	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	15,600,000
West Campus Fee (in 2013)	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	14,700,000
	1,475,000	1,475,000	1,475,000	1,475,000	1,475,000	1,475,000	1,475,000	1,475,000	1,475,000	1,475,000	1,475,000	1,475,000	33,300,000
New Non-Student Participants:													
Faculty/Staff/Retiree													
Spouse/Domestic Partner													
Faculty/Staff Dependents (ages 5 - 18)													
Alumni													
Public													
Walk-ins													
	818,676	835,050	851,751	868,786	886,162	903,885	921,963	940,402	959,210	978,394	997,962	1,017,921	19,422,766
Estimated Income on Debt Service Reserve	264,000	264,000	264,000	264,000	264,000	264,000	264,000	264,000	264,000	264,000	264,000	264,000	6,328,000
Estimated Fee for Service Revenues	1,648,713	1,681,687	1,715,321	1,749,627	1,784,620	1,820,312	1,856,718	1,893,852	1,931,729	1,970,364	2,009,771	2,049,966	39,548,386
Total Estimated Revenues	14,966,218	15,340,456	15,714,774	16,030,037	16,362,163	16,782,121	17,170,940	17,559,709	17,969,581	18,401,779	18,857,595	19,338,401	352,544,882
Estimated Annual Debt Service	6,045,674	6,134,649	6,209,199	6,194,349	6,218,874	6,279,709	6,298,424	6,276,186	6,289,474	6,285,724	6,315,724	6,325,586	136,505,934
Net Revenues after Debt Service	8,920,544	9,205,807	9,505,575	9,835,688	10,143,289	10,502,412	10,872,516	11,283,523	11,680,107	12,116,055	12,541,871	13,012,815	216,038,948
Less Estimated Expense:													
Operating Expenses	4,203,143	4,329,237	4,459,114	4,592,887	4,730,674	4,872,594	5,018,772	5,169,335	5,324,415	5,484,147	5,648,671	5,818,131	101,489,221
O&M Expense	3,914,829	4,149,719	4,398,702	4,662,624	4,942,381	5,238,924	5,553,259	5,886,455	6,239,642	6,614,021	7,010,862	7,431,514	98,215,730
	8,117,972	8,478,956	8,857,816	9,255,511	9,673,055	10,111,518	10,572,031	11,055,790	11,564,057	12,098,168	12,659,533	13,249,645	199,704,951
Net Operating Margin	802,572	726,851	647,759	580,177	470,234	390,894	300,485	227,733	116,050	17,887	(117,662)	(236,830)	16,333,997
Debt Service Coverage Ratio (must be > 1.25)	2.48	2.50	2.53	2.59	2.63	2.67	2.73	2.80	2.86	2.93	2.99	3.06	2.58

* Debt Service student fee to escalate at 4.2%/year; O&M student fee escalation estimated at 6%/year.

** Conservative Factor is 80%/year. In 2010, the budgeted revenue amount reflects revenues for 8 months since the building opens November 1, 2009.

Table 2 Campus Recreation & Wellness Center Estimated Student Fee on Recommended Project (Option A)								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(2)+(4)+(6)	(9)
Fiscal Year	Projected Debt Service	Projected Debt Service Student Fee (Note 1)	Projected O&M Cost	Projected O&M Student Fee (Note 2)	Reduction in Student Charges	Fee to Displace Reduction in Charges	Total Debt Service, O&M, and Fee to Displace Reduction in Student	Total Student Fee
2007	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-
2010	2,170,000	86.80	1,297,033	51.88	800,000	32.00	4,267,033	170.68
2011	4,420,000	176.80	2,062,283	82.49	800,000	32.00	7,282,283	291.29
2012	4,650,000	186.00	2,186,020	87.44	800,000	32.00	7,636,020	305.44
2013	4,865,000	194.60	2,317,181	92.69	800,000	32.00	7,982,181	319.29
2014	5,220,000	208.80	2,456,212	98.25	800,000	32.00	8,476,212	339.05
2015	5,480,000	219.20	2,603,585	104.14	800,000	32.00	8,883,585	355.34
2016	5,700,000	228.00	2,759,800	110.39	800,000	32.00	9,259,800	370.39
2017	5,775,000	231.00	2,925,388	117.02	800,000	32.00	9,500,388	380.02
2018	5,790,000	231.60	3,100,911	124.04	800,000	32.00	9,690,911	387.64
2019	5,815,000	232.60	3,286,966	131.48	800,000	32.00	9,901,966	396.08
2020	5,815,000	232.60	3,484,184	139.37	800,000	32.00	10,099,184	403.97
2021	5,940,000	237.60	3,693,235	147.73	800,000	32.00	10,433,235	417.33
2022	6,045,000	241.80	3,914,829	156.59	800,000	32.00	10,759,829	430.39
2023	6,135,000	245.40	4,149,719	165.99	800,000	32.00	11,084,719	443.39
2024	6,210,000	248.40	4,398,702	175.95	800,000	32.00	11,408,702	456.35
2025	6,210,000	248.40	4,662,624	186.50	800,000	32.00	11,672,624	466.90
2026	6,210,000	248.40	4,942,381	197.70	800,000	32.00	11,952,381	478.10
2027	6,280,000	251.20	5,238,924	209.56	800,000	32.00	12,318,924	492.76
2028	6,300,000	252.00	5,553,259	222.13	800,000	32.00	12,653,259	506.13
2029	6,300,000	252.00	5,886,455	235.46	800,000	32.00	12,986,455	519.46
2030	6,300,000	252.00	6,239,642	249.59	800,000	32.00	13,339,642	533.59
2031	6,300,000	252.00	6,614,021	264.56	800,000	32.00	13,714,021	548.56
2032	6,300,000	252.00	7,010,862	280.43	800,000	32.00	14,110,862	564.43
2033	6,300,000	252.00	7,431,514	297.26	800,000	32.00	14,531,514	581.26

Notes:

1) fee escalation at 4.74% per year over full term.
 if term 2011-2025 2.46%
 2011-2033 1.62%

2) escalation modeled at 6% per year.

TABLE SUBMITTED BY THE UNIVERSITY

Table 3 Campus Recreation & Wellness Center Building Student Fee Options						
Options:	A	B	C	D	E = A - B	F = C - D
Fiscal Year	Increasing Debt Service w/Cap Interest	Increasing Debt Service w/ No Cap Interest	Level Debt Service w/Cap Interest	Level Debt Service w/ No Cap Interest	Increasing Debt Service: Cost of Cap Interest	Level Debt Service: Cost of Cap Interest
2007	0.00	0.00	0.00	0.00	n/a	n/a
2008	0.00	43.17	0.00	42.34	n/a	n/a
2009	0.00	94.81	0.00	93.17	n/a	n/a
2010	86.80	158.18	138.01	202.65	n/a	n/a
2011	176.80	163.34	220.80	202.64	13.46	18.16
2012	186.00	168.48	220.63	202.70	17.52	17.93
2013	194.60	173.34	220.28	202.59	21.26	17.69
2014	208.80	177.89	220.76	202.30	30.91	18.46
2015	219.20	186.13	222.00	201.83	33.07	20.17
2016	228.00	193.85	220.96	202.17	34.15	18.79
2017	231.00	203.05	220.72	202.28	27.95	18.44
2018	231.60	215.61	221.23	201.14	15.99	20.09
2019	232.60	219.29	221.42	202.78	13.31	18.64
2020	232.60	222.53	221.31	201.07	10.07	20.24
2021	237.60	223.32	220.90	201.18	14.28	19.72
2022	241.80	225.77	220.20	201.99	16.03	18.21
2023	245.40	229.74	220.18	202.43	15.66	17.75
2024	248.40	229.13	219.80	201.52	19.27	18.28
2025	248.40	231.16	221.06	201.30	17.24	19.76
2026	248.40	232.66	220.84	201.73	15.74	19.11
2027	251.20	232.62	221.19	201.72	18.58	19.47
2028	252.00	234.07	221.04	200.26	17.93	20.78
2029	252.00	235.88	221.36	201.40	16.12	19.96
2030	252.00	234.07	221.11	200.98	17.93	20.13
2031	252.00	235.70	220.31	201.06	16.30	19.25
2032	252.00	235.62	220.96	201.60	16.38	19.36
2033	252.00	234.86	221.94	201.52	17.14	20.42
2034	0.00	0.00	0.00	0.00	0.00	0.00
Annualized Fee Increase from 2011 - 2025	2.46%	2.51%				

Assumptions:

Earnings on DSR is 4% and is applied toward debt service payments
Project Proceeds = \$65,375,000 (= 69,125,000 - 3,750,000)

TABLE SUBMITTED BY THE UNIVERSITY

University Campus Recreation and Wellness Center
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: The new Campus Recreation and Wellness Center and improvements to the Field House will play an important role in the recruitment, retention and success of students. A study completed by the National Intramural Recreational Sport Association (NIRSA) found that intramural and recreational sport is one of the primary factors in a student's choice of a university. The NIRSA study also found that participation in recreational sports programs and activities is correlated with overall college satisfaction and success. Utilization of recreational facilities has repeatedly been found as one of the biggest factors in college persistence. Establishing membership and a sense of belonging in a community is a critical component of retention.

This project will permit the University to provide programs, services, and facilities that encourage personal development, community interaction, and educational experiences through enjoyable sport and recreational opportunities while serving a very diverse population. The NIRSA study also found that the national average for indoor recreation space is 11.8 feet per student, the regional average is somewhat greater at 18.4 square feet per student. The University of Iowa has 8.7 square feet per student. This project will bring the University of Iowa recreation facilities closer to the national and regional averages of peer institutions.

In addition to simply providing more square footage, the new facility and renovation of the Field House will improve the quality of recreational space available to students, faculty and staff. The vast majority of recreation space on the UI campus is located in the 74 year old Field House. Although the Field House was renovated in conjunction with the construction of Carver-Hawkeye Arena, significant changes to recreation and the ways students use recreation facilities have occurred over the past several decades. This project will provide recreational services that are appropriate, modern, and are demanded by today's students.

This project is also in keeping with the University's overall recreation plan. The new Campus Recreation and Wellness Center will emphasize "drop-in" fitness activities - aquatics and individual fitness/wellness programs. The Field House will continue to focus on court sports, team sports and intramural activities. The Hawkeye Tennis and Recreation Complex will focus upon "destination" activities such as soccer, rugby and tennis; activities which require a large expanse of land not available on the central campus.

Other Alternatives Explored: A study completed by Brailsford & Dunlavey in 2000 found that the University had a severe shortage of recreation space per student, particularly on the east side of campus. Prior to the conversion of a very limited amount of space in Halsey Hall (located directly east of the IMU), there was no generally accessible recreation space on the east campus. The University considered constructing a new recreation facility on the site of the city of Iowa City water plant (located directly north of the IMU) which was recently acquired by the University. It was concluded however that a facility at this location would bring too much traffic into an already overly congested area of campus. Further, this site was determined to be too small to accommodate future expansion. Several other sites were investigated with the assistance of Sasaki and Associates. The site selected for the new facility will better serve students living on both the east and west sides of campus and will accommodate future expansion. Construction of a comprehensive facility replacing all functions currently located in the Field House was considered. It was concluded that areas of the Field House could yet be effectively programmed and should remain in service. This project will renovate existing space in the Field House (the deteriorating pool area) to complement the activities

provided in the new facility. The Field House renovation will also provide improved security and access control (single point of entry).

Impact on Other Facilities and Square Footage: The Brailsford & Dunlavey study indicated that a single, new comprehensive recreation facility would require more than 300,000 gross square feet of space to address current student recreation needs. Based upon top priorities identified by UI students in surveys and through focus groups, it is the University's intent to construct a complementary recreation facility of approximately 216,000 gsf that will contain new aquatics and fitness components, a jogging track, multi-purpose rooms, and space for students to interact, while maintaining the primary components of the Field House except for aquatics. With the exception of the pool area, which will be decommissioned upon completion of the new facility, the Field House courts (basketball, racquet ball, badminton etc), activity and club rooms, and locker room areas will be maintained for their current functions. The pool area will be converted into more accessible fitness space. Existing space in the Field House assigned to academic functions will be maintained for those uses.

Financial Resources for Construction Project: The budget for the Campus Recreation and Wellness Center and the renovation of the Field House is \$69.125 million. Included in the project is an allowance for relocation costs of units on the selected site – University Public Safety offices (temporary trailers) and University shops. The project will be funded through revenue bonds supported by an increase in the current student building fee and user fees paid by non-students. Students have repeatedly provided a strong message to the University that they are willing to support an increase in student fees to secure modern recreation facilities that are in high demand. Most recently during project development, student representatives were adamant in their advocacy for expansion of certain recreation elements at the new facility that were not within the original scope of the project. The program presented to the Board at the May 2006 meeting represents the expressed needs of students for a new recreation facility.

Financial Resources for Operations and Maintenance: The operation of the new campus facility will be designed to be self-supporting through additional student services fees and user fees assessed to non-students, as well as support provided by Athletics and other central resources based upon utilization. With the construction of the new recreation center, the University will change fundamentally the way in which Recreational Services is funded. Currently, all users, including students, "pay for play." Under the proposed method, students would incur no additional charges to access most recreational programs and services by virtue of an off-setting mandatory student services fee. Discussions have been held with student leaders on this subject, and it is critical to the success of this project. It is also a method commonly used at other universities. A business/financial plan has been developed taking into consideration all sources of revenue anticipated and all expenses for the facility – operating, capital and programmatic. This plan specifies fees needed for student users as well as projections of utilization critical to financial and program assumptions.

External Forces: See response to question #1 above. In recent years peer institutions with which we compete for students have expended millions of dollars to improve campus recreation facilities. Both UNI and ISU have considerably newer and more expansive recreation space than exist on the UI campus. The Campus Recreation and Wellness Center will feature a new aquatics facility that will replace the deteriorating Field House pool. The Field House pool is 74 years old and is the only pool remaining on campus. Its continued maintenance has become extremely difficult. It is simply a matter of time before the filter system, pipes, and bulkhead fail and the pool has to be taken off line.