

A PRESENTATION OF THE SCHEMATIC DESIGN FOR THE MEMORIAL UNION RENOVATION PROJECT WILL BE MADE AT THE APRIL MEETING

G.D. 13b

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Register of Iowa State University Capital Improvement Business Transactions for Period of March 11, 2004 Through April 21, 2004
Date: April 12, 2004

Recommended Actions:

1. Take the following actions for the **Memorial Union Renovation** project, a major capital project as defined by Board policy adopted in June 2003 (see pages 2 through 13).
 - a. Acknowledge receipt of the University's final submission of information to address the Board's capital project evaluation criteria (pages 11 through 13);
 - b. Accept the Board Office recommendation that the project meets the necessary criteria for Board consideration; and
 - c. Approve the schematic design and project description and budget (\$17,000,000) with the understanding that this approval will constitute final Board approval and authorization to proceed with construction.
 2. Approve the remainder of the Register of Capital Improvement Business Transactions for Iowa State University.
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Executive Summary:

Requested Approvals

Schematic design and project description and budget (\$17,000,000) for the **Memorial Union Renovation** project which would provide circulation, accessibility and life safety improvements, upgrade meeting rooms and building systems, construct an addition and renovate existing space for the University Book Store, and provide roof repairs (see page 2).

- The schematic design booklet is included with the Board's docket materials.
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Board ratification of the revised budget for the **Engineering Teaching and Research Complex—Howe Hall Wind Tunnel** project (\$1,027,900) which was approved by the Executive Director to allow award of the construction contract to equip the wind tunnel (see page 14).

Background and Analysis:

Memorial Union Renovation

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

* Approved by University in accordance with Board procedures.

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

Background

The Iowa State Memorial Union was established in 1922 as a non-profit corporation separate from the University; the corporate structure was necessary at that time because Iowa State University, through the Board of Regents, lacked authority to borrow funds to construct a facility.

The Memorial Union corporation constructed the original student union facility under agreements originally approved in 1925 by the Board of Education (predecessor to the Board of Regents); the intent of the agreements was to transfer the Memorial Union facility to the University once the debt was retired.

Since the original facility was completed in 1928, the Union borrowed funds to construct additions to the building and to make renovations; the debt was never paid off.

- In 2000, the Board approved the issuance of the \$4,890,000 First Mortgage Note, Series 2000, by the Memorial Union, to refund the outstanding principal of a 1995 promissory note; the outstanding principal amount on the 2000 Note is approximately \$4.3 million.

Board Action –
November 2002

In November 2002, the Board approved a Memorandum of Agreement between the Iowa State Memorial Union, the Government of the Student Body at Iowa State University, and the Board of Regents, State of Iowa, for the transfer of the Memorial Union facility to Iowa State University.

- Student leaders initiated the proposal to transfer the Memorial Union facility to the University because the corporate structure did not permit enough fund raising or bonding ability to finance an extensive renovation of the facility, which was a high priority of the students.
- The University administration, students and the Memorial Union Board agreed that the Union needed to be brought up to current standards, including various building and accessibility codes.
- Board action in November 2002 also established a self-liquidating Memorial Union Facility; the Union is now being operated as a self-supporting entity of the Board, in accordance with Iowa Code Chapter 262, which authorizes the Board to construct, equip, maintain and operate self-liquidating and revenue producing facilities at the universities, and borrow money to construct or improve the facilities.
- In November 2002, as part of the approval of tuition and mandatory fees, the Board approved a new \$30 per student per academic year mandatory building fee, beginning with the 2003-2004 academic year, to fund improvements to the Union.
 - This fee supplemented the existing student Union building fees for future improvements and debt service. The total building fee for the Memorial Union for the 2003-2004 academic year is \$49.10, with a fee of \$12.28 for the summer. These fees are estimated to generate \$1.5 million annually.
 - There was no change to the University's mandatory building fees when tuition and fees were approved by the Board in November 2003 for the 2004-2005 academic year. The Board will be asked to allocate the University's mandatory building fee, which totals \$106 for the 2005-2006 academic year, at its May 2004 meeting.

University Book
Store

The University Book Store currently occupies a total of 20,000 net square feet of space, consisting primarily of retail and office space, on the basement and ground levels of the Memorial Union; the Book Store leases this space at the rate of \$168,000 per year. In addition, the Book Store currently leases 11,289 net square feet of off-site storage space at the rate of \$42,333.75 per year.

Phase 1 Project
Scope

As outlined with the program statement in July 2003, the proposed Memorial Union Renovation Phase 1 project would include the following:

- Circulation, accessibility and life safety improvements consisting of construction of a new pedestrian access link between the parking garage and the Union, renovation of Level 1 corridor space, and the upgrade of two elevators.
- University Book Store addition and renovation which would construct an addition to the Book Store to expand the existing retail space, reconfigure and remodel existing Book Store space, and temporarily relocate the Book Store offices and storage functions into space to be vacated by the Alumni Association.
 - The proposed expansion is expected to increase Book Store revenues and reduce expenses by approximately \$300,000 per year by eliminating current lease costs for approximately 10,000 net square feet of off-site storage space and reducing inventory handling costs.
- Meeting room upgrades to address mechanical and electrical systems, lighting, communications, technological systems and interior finishes in meeting areas on Levels 1 and 2.
- Mechanical system upgrades, asbestos removal, and roof repairs throughout the facility.

Addition to
Phase 1 Project
Scope

The proposed schematic design incorporates into the project the development of 7,720 net square feet of retail tenant shell space; the University has identified this space as an essential revenue generating component for the project.

The limited retail tenant spaces are intended to provide services of convenience to students and other building constituents; potential tenants include a bank, cell phone store, dry cleaner, optician, or specialty retail stores that do not duplicate Book Store merchandise. University services such as copy service and coffee shops may also be located in the space.

Rental payments by the tenants would be used to finance further renovations to other areas of the Union in subsequent phases of the renovation project.

- Because the rental space may be occupied by for-profit entities, tax-exempt bonds cannot be used to finance the construction of this space; therefore, approximately \$1.4 million from mandatory building fees accumulated prior to the start of the project would be used to finance construction of the retail tenant space.

Since the retail tenant space has been incorporated into the new south

addition (as outlined in the description of the interior design), the addition has expanded from one to two levels.

- Since the south addition would also house the Book Store operations, the expansion of the addition provides an additional 6,493 net square feet of space for the Book Store retail and storage functions.

Schematic
Design

The following are highlights of the **interior** design.

Basement Level

New construction at this level includes the south addition which would provide storage space for the University Book Store, an accessible south entryway and corridors, and retail tenant shell space.

The existing Book Store retail space would be converted to office space and would be located directly north of the storage area in the new addition.

Additional new construction includes the lower level of the four-level parking garage link which would provide a corridor connection between the parking garage and the Union with elevator and stairway access to the three floors above.

Additional renovation work would develop new restroom areas at the western end of the new south addition corridor; this work would be bid as an alternate to the construction contract and would be undertaken if favorable bids are received.

Ground Level

The construction of the south addition at this level, along with the renovation of the existing Book Store space, would expand the University Book Store's retail space on this level to approximately 23,300 net square feet (approximately twice its existing size of 11,750 net square feet).

The western area of both the existing Book Store space and the south addition would provide additional retail tenant space, as well as new corridor areas that would provide access to the new addition and Book Store from the west, and to the existing Commons area from the south.

The parking garage link to be constructed at this level would provide the corridor connection between the parking garage and the Union and elevator and stairway access, as well as north entry areas to the Union and the Book Store.

The existing north/south corridor addition at this level would be removed.

Level 1

Renovation work on this level would upgrade the South Ballroom, Oak Room and kitchen, and convert space along the west wall of the existing Alumni Association Offices into kitchen office and storage space.

The corridor improvements on this level would renovate the main east-west corridor which includes relocation of the Information Desk to expanded space at the east end of the corridor for greater visibility. Additional corridor improvements would renovate and provide new corridor space east of the Oak Room, kitchen and South Ballroom to improve access to these areas, and renovate corridor space west of the South Ballroom to improve access to the Great Hall, South Ballroom, and Sun Room.

The parking garage link to be constructed at this level would provide the corridor connection between the parking garage and the Union and elevator and stairway access.

The existing north/south corridor addition at this level would be removed.

Level 2

Renovation work on this level would upgrade the Gallery, Pioneer Room, and a total of nine meeting rooms.

The parking garage link to be constructed at this level would provide the corridor connection between the parking garage and the Union and elevator and stairway access to the three floors below.

The following are highlights of the **exterior** and **site** design.

The new construction would consist of limestone, granite and glass to complement the original building construction.

The roofs for the areas of new construction would correspond with the existing building structure and would consist of rubber membrane roofing materials. Existing roof areas with materials which have reached the end of their useful lives would be replaced with materials with a life expectancy of up to 20 years.

Significant site improvements at the new south addition would include a stairway access to the existing building terraces, a new exterior roof plaza with decorative pavers and planters to enhance the view from the Sun Room and provide an outdoor meeting space, and concrete paving and plantings. The existing south loading docks would be better screened from public view.

- The south addition would be constructed to allow for vertical expansion in future phases of the renovation project.

The removal of the existing north/south corridor addition at the Ground Level and Level 1 would restore the building's original east elevation at that location; the existing loading dock along the east wall of the ground level would be removed.

Minor site improvements near the parking garage link would include the installation of sod, tree plantings, and sidewalk construction; other existing site elements would be maintained or improved.

Square Footage
Table – Phase 1

The following table compares the detailed square footages for the Phase 1 schematic design with the square footages in the approved Phase 1 building program.

<u>Detailed Building Program</u>		<u>Building Program</u>	<u>Schematic Design</u>	
<u>Circulation/Accessibility/Life Safety Improvements</u>				
<u>New Construction</u>				
Link to Parking Garage	6,000		2,822	
<u>Renovation</u>				
Level 1 Corridor West	2,200		1,100	
Level 1 Corridor East	2,100		1,196	
Level 1 Main Corridor and Information Desk	<u>1,630</u>		<u>3,000</u>	
	11,930		8,118	nsf
<u>University Book Store</u>				
<u>Renovation</u>				
Existing Book Store Space	19,802		15,385	
Level 1 Temporary Expansion Space				
Book Store Offices and Temporary Storage (current Alumni Association Offices)	6,909		0 (Use space as is)	
<u>New Construction</u>				
South Addition	<u>10,000</u>		<u>16,493</u>	
	36,711		31,878	nsf
<u>Meeting Room Renovations</u>				
Great Hall, including foyer and corridor (to be bid as alternate)	6,362		0	
Level 2 Meeting Rooms (9)	4,500		3,849	
South Ballroom	3,179		3,179	
Gallery	2,000		2,063	
Pioneer Room	2,000		2,115	
Oak Room	<u>1,803</u>		<u>1,764</u>	
	19,844		12,970	nsf
<u>Retail Tenant Shell Space</u>				
New Construction	0		5,395	
Renovation	<u>0</u>		<u>2,325</u>	
	<u>0</u>		<u>7,720</u>	
Total Net Assignable Space	<u>68,485</u>		<u>60,686</u>	nsf
<u>To Be Bid As Alternate</u>				
Basement Level Restrooms	<u>0</u>		<u>350</u>	
Total Net Assignable Space with Alternate	<u>68,485</u>		<u>61,036</u>	nsf

Program/
Schematic
Comparison

The schematic design (with the restroom alternate) reflects a total decrease of 7,449 net square feet from the approved building program; the following is a summary of the major changes from the building program to the schematic design:

- Total circulation improvements have been reduced from 11,930 net square feet to 8,118 net square feet.
 - The scope of work for some of the corridor extensions for the new parking link and existing Level 1 corridors was reduced due to budget constraints.
 - The increase in the square footage for the Level 1 Main Corridor and Information Desk category is due to the inclusion of the Information Desk in this reporting category (previously included in the Level 1 Corridor East category).
- The total Book Store space was reduced from 36,711 net square feet to 31,878 net square feet.
 - The Book Store offices will be located in renovated space on the Basement Level (rather than on the Ground Level as originally programmed); as a result, less space is available for renovation for this function.
 - The renovation of the vacated Alumni Association offices to provide temporary office and storage space for the Book Store has been removed from the project scope; this space will still be utilized as temporary space, but without renovation.
 - The south addition has been expanded to two levels which provides an additional 6,493 net square feet of space for the Book Store retail and storage functions.
- The total meeting room space to be renovated was reduced from 19,844 net square feet to 12,970 net square feet.
 - The decrease results primarily from the removal from the project scope of the renovation of the Great Hall, the largest meeting room, due to budget constraints.
- The construction and renovation of a total of 7,720 net square feet of retail tenant shell space has been incorporated into the project.
- The development of basement level restroom areas has been incorporated into the project (to be bid as an alternate to the construction contract).

Schedule The University plans to begin construction in February 2005, with an anticipated completion date of March 2007.

Project Budget

Construction Cost	\$ 13,341,190
Professional Fees	2,720,470
Movable Equipment	538,000
Relocation	60,340
Contingency	<u>340,000</u>

TOTAL	<u>\$ 17,000,000</u>
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Source of Funds:

Memorial Union Revenue Bonds	\$ 14,600,000
Accumulated Memorial Union Student Fee Revenue	1,400,000
University Book Store Improvement Funds	<u>1,000,000</u>

TOTAL	<u>\$ 17,000,000</u>
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Financing The project has been sized so that the debt service would support the project costs and retire the existing Union debt of approximately \$4.3 million that was assumed with the transfer of the Union to the University.

The debt service on the bonds would be repaid by existing student fees for the Memorial Union and rent by the Book Store to the Memorial Union that will cover both the capital cost and the operating costs of the new and renovated Book Store space; the Memorial Union's net operating revenues and system fund balances will be required to meet bond coverage requirements.

The University's current lease rate for the Book Store's off-site storage space is \$42,333.75 per year; the University estimates a savings of approximately \$300,000 per year by eliminating this lease cost and reducing the associated Book Store inventory handling costs.

The calendar year 2004 bond issuance schedule, approved by the Board in November 2003, includes the sale of the bonds for the Phase 1 project in September 2004.

Future Phases The University anticipates that future phases of the project would include the following:

- Phase 2—Upgrade of additional meeting room space, expansion of student office and commons seating areas, and renovation of the Level 2 corridor and oval stair.
- Phase 3—Renovation of lounge areas, upgrade of additional meeting room space, and improvements to recreation areas.

Phases 2 and 3 would be undertaken as funding is identified; the University plans to explore the use of private funds as a potential fund source for some of the work.

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 Iowa State University Memorial Union functions as a "University Community Center." It exists primarily to serve students. It also serves faculty/staff, alumni and guests. The Memorial Union provides opportunities, conveniences, services and amenities to facilitate personal, cultural, leisure and group needs as well as to enhance the day-to-day educational and social activities of the University Community. The Memorial Union supports the mission of Iowa State University. It offers a wide range of social, recreational and developmental programs. These programs foster leadership, personal and skill development, citizenship and social responsibility aimed at complementing the student's living and learning experiences while at the University.

The project will include space reallocation, remodeling and expansion of the Memorial Union to meet a number of goals. Those goals may be summarized in the following categories:

- Update existing and/or expanded facilities to meet the current and anticipated programmatic needs of the building occupants and guests.
- Improve access to the building as well as circulation systems within the building to provide barrier-free access to all spaces, and to improve wayfinding throughout the building improving the appearance to provide an updated and more user-friendly environment.
- Provide mechanical, electrical, communication and security system updates throughout the building.

Other Alternatives Explored The Planning Committee developed a Space Analysis that identified the program needs of the building occupants and assesses the building's capacity to meet those needs. Consideration was given to existing uses for all areas of the building. The space assessment determined that current available space in the building was not adequate to meet the identified needs. New and expanding program needs will be met through reallocation of space and a building addition. Based on the information collected, a phasing plan is proposed as follows:

Phase I

- Address ADA accessibility, way finding, and life safety issues
- University Bookstore improvements and construct south addition to the building
- Upgrade select meeting rooms to modern standards
- Upgrade existing elevators and the mechanical and electrical systems
- Build out commercial shell space for lease in the south addition
- Develop entry to building from the south

Phase II

- Provide additional meeting room improvements
- Expand Commons seating
- Expand student office areas
- Provide level 2 corridor and oval stair renovations

Phase III

- Renovate Study Lounge
- Provide additional meeting room improvements
- Provide recreation area improvements

Impact on Other Facilities and Square Footage The building is a large complex of approximately 270,000 gross square feet constructed over the last 80 years with a number of additions. The Parking Ramp has an additional 272,000 gross square feet. Large amounts of space within the building will be remodeled for current occupants and functions. Some reallocation of space will result in remodeled space for new or expanding program activities.

Two additions will be part of the first phase of the project. The south addition of 30,577 gross square feet includes: the Bookstore addition of 16,493 net square feet, new tenant space of 5,395 net square feet, and new common spaces of 5,297 net square feet.

A 3,264 gross square feet addition to the north of the building is an important part of the solution to improve access and interior circulation to the building from the parking ramp.

Financial Resources for Construction Project	Funds will be provided from a Memorial Union enterprise bond issue. The source of debt service payment will be provided by existing Memorial Union revenue, Book Store rental fees, revenue generated by commercial shell space, and previously approved student fees.
Financial Resources for Operations and Maintenance	Operation and Maintenance funding at the Memorial Union is funded by the general fund and user charges. Some of the users of the building are self-supporting programs leasing space in the building so the rental rates include operations and maintenance costs for the space they occupy. The additional space to be constructed for the Bookstore will result in an estimated operations and maintenance cost increase of \$61,000 annually to be funded by the Bookstore. It is projected that the improved operating efficiencies and expanded selling area will provide a positive cash flow to assist in further Memorial Union renovations. Operating and maintenance costs associated with the commercial space will be funded by the lease revenues.
External Forces	A large part of the work in the first phase of the project is intended to address life safety and accessibility requirements to meet federal and state mandates. As was outlined when the Board approved the transfer of ownership of the Memorial Union, Phases II and III are dependent upon the development of a financial plan over the next several years including completing a fund raising feasibility study by the ISU Foundation.

Engineering Teaching and Research Complex—Howe Hall Wind Tunnel

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Project Description and Total Budget	\$ 544,000	Jan. 2003	Approved
Architectural/Engineering Agreement— Construction Documents through Construction Phase (InVision Architecture, West Des Moines, IA)	63,500	May 2003	Not Required
Construction Contract Award—General Construction (Welker Construction Company)	190,590	Sept. 2003	Ratified
Revised Project Budget	944,000	Nov. 2003	Not Required
Revised Project Budget	1,027,900	April 2004	Ratification*
Construction Contract Award—Equipment Installation (PCM Midwest)	562,700	April 2004	Ratification*

* Approved by Executive Director in accordance with Board procedures.

Background

The initial planning for construction of the Engineering Teaching and Research Complex included the installation of an aerodynamic/atmospheric boundary layer wind tunnel in Howe Hall for use by the Aerospace Engineering Department.

The Zone D addition to Howe Hall was constructed to house the wind tunnel. At the time of construction, the tunnel was not installed due to funding constraints, but this work was later reinstated following the receipt of private funds for the project.

The project is now renovating the existing Zone D addition to Howe Hall (approximately 3,774 net square feet) to meet the specific equipment requirements to house the wind tunnel.

- The state-of-the-art wind tunnel would be one of the largest and fastest wind tunnels in the United States; the tunnel would provide a unique gust-generating capability which represents a significant advance in engineering testing of the effects of wind on structures.

Revised Project Budget

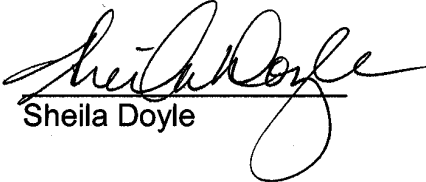
The revised project budget of \$1,027,900, an increase of \$83,900, was approved by the Executive Director to allow award of the equipment installation construction contract.

Funding Private Giving, Building Repair and/or General University Funds, and
Income from Treasurer's Temporary Investments.

Project Budget

	Revised Budget (Nov. 2003)	Revised Budget (April 2004)
Construction Costs	\$ 581,980	\$ 832,540
Professional Fees	185,360	185,360
Project Contingency	<u>176,660</u>	<u>10,000</u>
TOTAL	<u>\$ 944,000</u>	<u>\$ 1,027,900</u>

Also presented for Board ratification are five project descriptions and budgets under \$250,000, three construction contract awards, and the acceptance of six completed construction contracts. The register prepared by the University is included in the Regent Exhibit Book.


Sheila Doyle

Approved: 
Gregory S. Nichols