

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** Residence System Master Plan Update  
**Date:** July 7, 2000

**Recommended Actions:**

1. Receive the Department of Residence Master Plan Progress Report: July 2000.
2. Receive the program and schematic design concept reports for the Union Drive Neighborhood projects.
3. Authorize proceeding with further design of the Union Drive utilities infrastructure, Union Drive Suite Building 1, and Union Drive Community Center.
4. Request that at the September 2000 Board meeting, the University:
  - a) Report on the consolidation of University food service operations including: 1) the impact that this consolidation may have on the size, program elements, and services to be provided by the proposed Community Center Building, and 2) the means for allocating revenues and costs of the new food service operation to the Residence System;
  - b) Provide detailed assumptions used for developing proforma financial statements for the Union Drive Neighborhood including room rates for the various types of accommodations (traditional, suite, apartment), proposed annual residence system rate increases, and the financial impact on the Residence System of the planned demolition of any residence facilities; and
  - c) Report on discussions with the bond rating agencies regarding the proposed projects and the required bonded indebtedness.
5. Request that the University present for Board approval the design development drawings for the Union Drive Suite Building 1, and the Union Drive Community Center Building.

**Executive Summary:**

In July 1998, the Board approved the conceptual framework of Iowa State University's Residence System Master Plan with the understanding that specific projects or phases would be brought forward for Board approval in accordance with the Board's capital planning procedures. The University has completed a progress report on the various components of the Plan. This update provides a synopsis of projects completed or currently underway, adjustments to the Master Plan, and descriptions of future projects, including the Union Drive Neighborhood. A copy of the Department of Residence Master Plan Progress Report: July 2000 is included with the Board's docket materials.

In July 1999, the Board granted the University permission to proceed with planning for the Union Drive Neighborhood. Initial planning has been completed, culminating with finalization of the program and the schematic design concept, which will be presented to the Board. A copy of the schematic design booklet is included with the Board's docket materials; the larger building program document is on file in the Board Office.

The University requests approval, at this time, to proceed with further development of the design of the Union Drive Association Neighborhood, including specifically Union Drive Suite Building 1, Union Drive Community Center Building and associated infrastructure. Continued planning at this time will help coordinate the construction work with academic year occupancy. The University has indicated that delays in the proposed schedule would delay occupancy of the first suite style facility by one year, and increase the risks and costs of maintaining the current facilities.

On June 30, 2000, the University announced that it would have, within the next year, a single, self-operated campus dining operation, with multiple locations. According to the University's news release, the operation will involve a merger of the residence department's dining center, catering and convenience store operations; the Memorial Union's catering service and food court (contracts with franchises will be honored); catering at Scheman (which the Memorial Union currently does); and campus vending services and cafes. The Memorial Union is a separate, non-profit corporation.

The Iowa Code defines Dormitory System projects as "buildings for use as student residence halls and dormitories, including dining and other incidental facilities therefor." (§262.55) The bond covenants include dining and other incidental facilities as a component of the "System." Net rents, profits and income of the System are the source of repayment for Dormitory bonds.

The Board Office and the Board's financial advisor and bond counsel believe that the University needs to determine the means for allocating revenues and costs of the new food service operation to the Residence (Dormitory) System

before proceeding with any new bond issues for the System. It is also unclear whether the consolidation of operations will have any impact on the size and functions of the proposed Community Center Building. The Board Office recommends that the University be requested to provide a report on these items related to the food service consolidation at the September Board meeting.

It is anticipated that completion of the Union Drive Neighborhood, including the Community Center, three Suite Buildings and associated utilities would require more than \$70 million in new bonding between now and March 2004, with the amount needed for the Community Center, Suite Building 1, and associated infrastructure at more than \$36 million. Since 1998, bonds totaling more than \$73 million have been issued for the Maple Hall Renovation and construction of the Hawthorn Court Apartments. Bond covenants require that certain financial tests (parity provisions) be met before new bonds can be issued. It is important that the Board's financial advisor and bond counsel and the Board Office receive further information on the University assumptions regarding the room rates and the residence system rate increases used to develop the proforma financial statements to ensure that the parity provisions will be met.

The July 1998 docket memorandum noted that the University had and would continue to work with the Board Office and the Board's financial advisor and bond counsel to ensure that financing plans would retain existing bond ratings. Financing of the proposed Union Drive Neighborhood would increase the amount of new bonds sold above the amount previously discussed with Moody's and Standard & Poor's rating agencies. Meetings with the rating agencies are being planned for later this summer and it is recommended that the University provide a report on these visits at the September Board meeting.

While additional information is needed on many issues related to the Union Drive Neighborhood, the University has convinced the Board Office that a delay in proceeding with further design until after the September Board meeting would make it impossible to meet the fall 2002 occupancy of the Union Drive Suite Building 1. Therefore, the Board Office recommends that the University be authorized to proceed with further design development for the utilities infrastructure, Suite Building 1, and the Community Center projects at this time, with the design development drawings for the facilities to be presented for Board approval at a future date.

The University and the Residence System have indicated that they realize there is some dollar risk in proceeding, at this time, with further design since the project could be stopped or the design modified. They also believe that there is a greater risk in waiting a year before completing the first phases of the Union Drive Neighborhood.

The Residence System Master Plan Progress Report and the schematic design for the Union Drive Neighborhood will be presented at the July meeting.

**Background and Analysis:**

**Residence System Master Plan (1998)**

<u>Residence System Master Plan – Key Components</u>			
	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Master Plan Report		June 1998	Received
Master Plan Conceptual Framework		July 1998	Approved
Maple Hall Remodeling, Flood Mitigation			
Permission to Proceed		Nov. 1997	Approved
Program Statement		Feb. 1998	Approved
Project Description and Total Budget	\$ 13,900,000	Nov. 1997	Approved
Hawthorn Court Development			
Permission to Proceed—Phase 1		June 1998	Approved
Permission to Proceed—Phase 2		Oct. 1998	Approved
Program Statement—Phases 1 & 2		Oct. 1998	Approved
Schematic Design—Phases 1 & 2		Dec. 1998	Approved
Project Description, Total Budget—Phase 1	25,913,000	Sept. 1998	Approved
Project Description, Total Budget—Phase 2	25,430,500	Dec. 1998	Approved
Project Description and Total Budget— Phases 1 and 2	54,834,029	March 2000	Approved
Union Drive Neighborhood			
Permission to Proceed		Feb. 1999	Approved
Architectural Agreement—Validation of Master Plan, Development of Building Program, Schematic Design (Baldwin White Architects)	1,142,000	July 1999	Approved

In July 1998, the Board approved the conceptual framework of the University's Residence System Master Plan, which outlined plans to update the residence system facilities to provide features to match better the student demand. All projects or phases were to be brought forward for specific Board approval in accordance with the Board's capital planning procedures. At that time, it was noted that the University intended for the Master Plan to guide future residence system development and thus could require modification.

The 1998 Master Plan included the construction of new dormitory and dining space, and renovation and demolition of some existing facilities. The master plan, as presented in 1998, included the addition of 2,960 apartment beds and 960 suite-style beds, renovation of approximately 630,000 square feet of existing traditional dormitory and suite-style space (2,131 beds), and demolition of approximately 700,000 square feet of deteriorating dormitory facilities with more

than 3,000 beds. In addition, the master plan included the updating of residential dining facilities with construction of two new dining centers and a retail food service facility, and closure of three food service facilities.

The master plan reflects a "neighborhood" concept of five housing zones to accommodate students of similar academic levels in the same housing area and to provide shared indoor and outdoor spaces. One objective of the neighborhoods is to provide living/learning communities for students.

### **Residence System Master Plan Progress Report (2000)**

Presented for the Board's information is a progress report on the Master Plan projects which have been completed or are currently underway. The University reports the following highlights from the progress report:

Maple Hall was renovated and occupied in Fall 1999 on schedule and within budget. As part of the renovation, community bathrooms were replaced with several individual bathrooms on each floor. The University reports that the facility, which now features 16 suites and 220 double-occupancy rooms, is a popular housing option among its target student group of younger students.

The Hawthorn Court Development project will construct 23 apartment units with 1,992 beds and a multi-purpose community center on the north side of campus. The original schedule called for a portion of the Phase 1 project (720 beds) to be occupied this fall, with the remainder (288 beds) to be completed by December 2000 for occupancy in the spring 2001 semester. Construction has been ahead of schedule and the University expects all buildings to be open for the upcoming fall semester. Construction of the Phase 2 project began this summer. The Community Center and seven apartment buildings (600 beds) are slated to open in July 2001. The remaining four buildings (384 beds) are scheduled to be complete in December 2001 and ready for occupancy for the 2002 spring semester.

The original Master Plan included two Union Drive Neighborhood improvements: a new Community Center and one suite-style residence hall, known as UDA Suite 1. Two additional suite-style residence halls, designated as UDA Suite 2 and UDA Suite 3, were listed as "future projects." These projects were included in a recently completed study. The program document and schematic design for the Union Drive Neighborhood are to be presented at the July Board meeting.

The master plan progress report includes the demolition of Knapp and Storms Halls. These demolitions were included as future projects in the 1998 plan.

The University has included in the Progress Report the following table which compares the original and current projections for new construction, renovation and demolition.

	<u>New Construction</u>		<u>Renovation</u>		<u>Demolition</u>	
	<u>Beds</u>	<u>Sq. Ft.</u>	<u>Beds</u>	<u>Sq. Ft.</u>	<u>Beds</u>	<u>Sq. Ft.</u>
Original Projections*	2,320	751,375	1,557	444,320	-894	-226,520
Current Projections**	2,312	642,428	500	104,459	-1,828	-373,398

\* Includes all projects listed in FY 1999 – FY 2001 in July 1998 Master Plan.

\*\* Reflects revisions to original plan as described in “Project Updates” section of July 2000 Progress Report.

The projects included in the 1998 Master Plan are compared with those included in the 2000 progress report on page 11.

### **Union Drive Development**

The University presents the program and schematic design concept reports for the Union Drive Neighborhood. The Union Drive Neighborhood development on the west campus will focus on the needs of new undergraduate students who are making a transition to the university. Projects in the Union Drive Neighborhood include the construction of a Community Center and three suite-style residence halls and schematic design for the future renovation of Friley Hall. The demolition of Helser Hall (in 2 phases) and 1927 Friley are also included in the overall plan for the Neighborhood. The existing and proposed site plans for the Union Drive Neighborhood are included on pages 12 and 13 of this docket memorandum.

### Program Statement

The Union Drive Neighborhood total project would construct 960 new suite-style beds to replace 1,010 traditional dormitory beds in Helser Hall and 80 out-dated suite beds in Westgate Hall. The Community Center will provide improved and expanded dining options, which will replace traditional serving lines with an exhibition “Marché” style servery. New dining areas are programmed in a variety of sizes that will provide for the needs of large groups as well as small meetings. The Community Center will also include other unique services for the students living in this neighborhood. Each new facility will enhance students’ living/learning opportunities by providing multi-purpose teaching and common space, as well as varied small-scale study space. The strength of the neighborhood community will be enhanced through connectivity of buildings and resources, and through community building space that provides recreation and social gathering areas.

The site will be developed as a “central park” that is surrounded by the new suite buildings, Community Center, and Friley Hall. The “central park” will be

dedicated to pedestrian circulation and informal game and recreation activities in a variety of landscape settings. Infrastructure improvements will include development of new efficient utility corridors, updating and extension of campus utilities to the new and existing buildings, increased parking, roads, and pedestrian ways.

### Suite-Style Buildings

The new residence hall program is based upon suite units, each of which will have two double bedroom units (each unit of approximately 210 square feet) with a shared bathroom. Student living groups called “houses” form the basis for common space distribution. Approximately 40-50 students form a “house.” Common space for each “house” includes a den, kitchenette, and three study spaces. Each building floor will have a laundry room, trash room, and recycling areas.

Each of the three residence halls will include a multipurpose room, game room, reading room, and music practice space. A hall director apartment, hall desk, and staff offices, as well as storage areas, are included in the program. Each building will house 320 students.

The following is a summary of the square footage programmed for each suite building:

#### **Each Suite Building**

Student and Staff Living Units	42,994 net square feet
House Common Space	6,580 net square feet
Floor Service Space	1,104 net square feet
Residence Hall Common Space	<u>8,122</u> net square feet
Total	58,800 net square feet
Net/Gross @70%	84,000 gross square feet

### Community Center

The Community Center program includes a multiple service points dining facility that will feature a “Marché” dining program, as well as support services and functions, such as a game room, post office, and computer classroom. The building is programmed to contain 876 dining seats in various areas ranging in size from 300 to 16 seats. A central bakery for the campus with a campus, retail outlet and a convenience store are also included in the program.

With the consolidation of the University’s food service, it is important that the Community Center be sized appropriately. The Board Office has asked that the size and proposed components of this facility be reviewed and a report presented to the Board in September.

The following is a summary of the square footage programmed for the Community Center:

Community Center

Dining (including kitchen)	34,340 net square feet
Community Program	<u>4,460</u> net square feet
Total	38,800 net square feet
Net/Gross @ 80%	48,500 gross square feet

Upon completion of the new Community Center, the existing Friley Hall dining and kitchen will be closed. It is not economically feasible to renovate this space as a food service area.

Schematic Design

To maintain consistency, the schematic design was developed for all components of the Union Drive project (utilities infrastructure, Community Center, and Suite Buildings 1, 2, and 3) concurrently with the program statement. The schematic design consists of site planning for the neighborhood, as well as the design of all new building construction planned for the neighborhood.

Placement of the new buildings on the site, in relation to Friley Hall, State Gym, and the campus edge form an interior park setting similar to the central campus lawn east of Beardshear Hall. It reflects the landscape feel of the campus at large.

The architectural image of the proposed new buildings is generated by both a response to Friley Hall and State Gym, which are familiar campus landmarks, and the use of the buildings to help create a singularly strong central park within the complex. The building scale will match that of the existing structures, while the use of similar red brick, stone materials, and gable roofs will continue the established neighborhood fabric.

The eastern edge of the three suite buildings is formed into a gentle arc that simultaneously creates the enclosure for the center park as well as unites the three buildings into one over-arching image. The buildings will be tied together by a ground-floor arcade. This path, while public, is a transition space that will encourage pedestrians to enter the suite buildings. All of the interior spaces directly off the arcade are those areas that the suite buildings will share with the larger University community.



### Project Costs and Financing

The total capital costs for the Union Drive Association Neighborhood Community Center, Suite Building 1, and utility infrastructure, together with the cost for the demolition of Helser-North Hall, are currently estimated at approximately \$38,634,600. The proposed funding for this project is comprised of \$36,445,600 in bond issues, \$189,000 in departmental funds, and a \$2,000,000 gift or non-residence department funds.

The original Master Plan projected costs of \$25,325,153 for construction of the Union Drive Community Center and UDA Suite 1, or approximately \$13.3 million less than the revised costs. The University attributes the increase in projected costs to:

- Inflation due to later construction dates;
- Providing additional parking earlier in the plan;
- Improving the building quality for Suite Building 1;
- Increasing the scope of the Community Center; and
- Changing the method of providing utility service.

Further explanations of these cost increases are included on pages 14-16 of the Residence System Progress Report.

The Progress Report included two financial proformas: one for Phase 1 for which further planning authorization is being requested and a second pro forma supporting completion of the UDA project. The first financial proforma incorporates all projects cited in the Master Plan Progress Report July 2000, and the demolition of Knapp and Storms Hall. The University maintains that the proformas use conservative projections and that they show that the necessary debt service coverage requirements can be met. It is important that the Board understand the room rates and rate increase assumptions used to develop the proformas. It is recommended that the University be asked to provide this information at the September meeting.

The entire Union Drive project would substantially increase the Residence System's outstanding debt, which includes \$15.3 million sold in 1998 for the Maple Hall renovation and \$57.8 million sold for Hawthorne Court. The outstanding principal on Residence System bonds, including the principal from the 1964-67 issues, is approximately \$81.8 million. The projected bonding for

the entire Union Drive Neighborhood is \$71 million. When completed in 2005, this would result in Residence System total indebtedness of \$142.6 million (new debt less principal payments from 2001-2004).

The rating agencies continually review the amount of institutional debt in comparison to resources. Moody's has previously noted that the University has a large amount of debt outstanding (\$197.3 million as of July 1, 2000) compared to similarly-rated institutions. It is possible that a significant increase in debt could adversely affect the institution's bond rating. The Board's financial advisor and bond counsel are working with the University and the Board Office to schedule a visit with the rating agencies to review the revised master plan and the debt needed to implement the plan. It is envisioned that a report will be provided to the Board in September regarding these visits.

#### Proposed Project Schedule

The University wishes to begin utility construction for the Union Drive development in the Fall of 2000 (with a six month construction period) to permit construction of the first residence hall (Suite Building 1) to commence in the Spring of 2001 for a projected occupancy by the Fall of 2002. Construction of the Community Center would begin in late spring 2001, with a scheduled completion in late 2002. The University reports that a delay in this schedule would delay the availability of Suite Building 1 by one academic year, which will increase the risks associated with the Friley Hall food service facility and Towers dormitories, which are at the end of their useful lives. The University reports that further delays could require substantial investments in temporary repairs for these facilities.

Therefore, the University wishes to proceed with further design development for the Union Drive project. The Board Office recommends that the University be authorized to proceed with further design development of the Union Drive utilities infrastructure, Union Drive Suite Building 1, and Union Drive Community Center at this time, with the design development drawings for Suite Building 1 and the Community Center to be presented for Board approval at a future date.

Although included as future projects, the University envisions construction of Suite Building 2 beginning in May 2002 and Suite Building 3 beginning in May 2004.

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Joan Racki  
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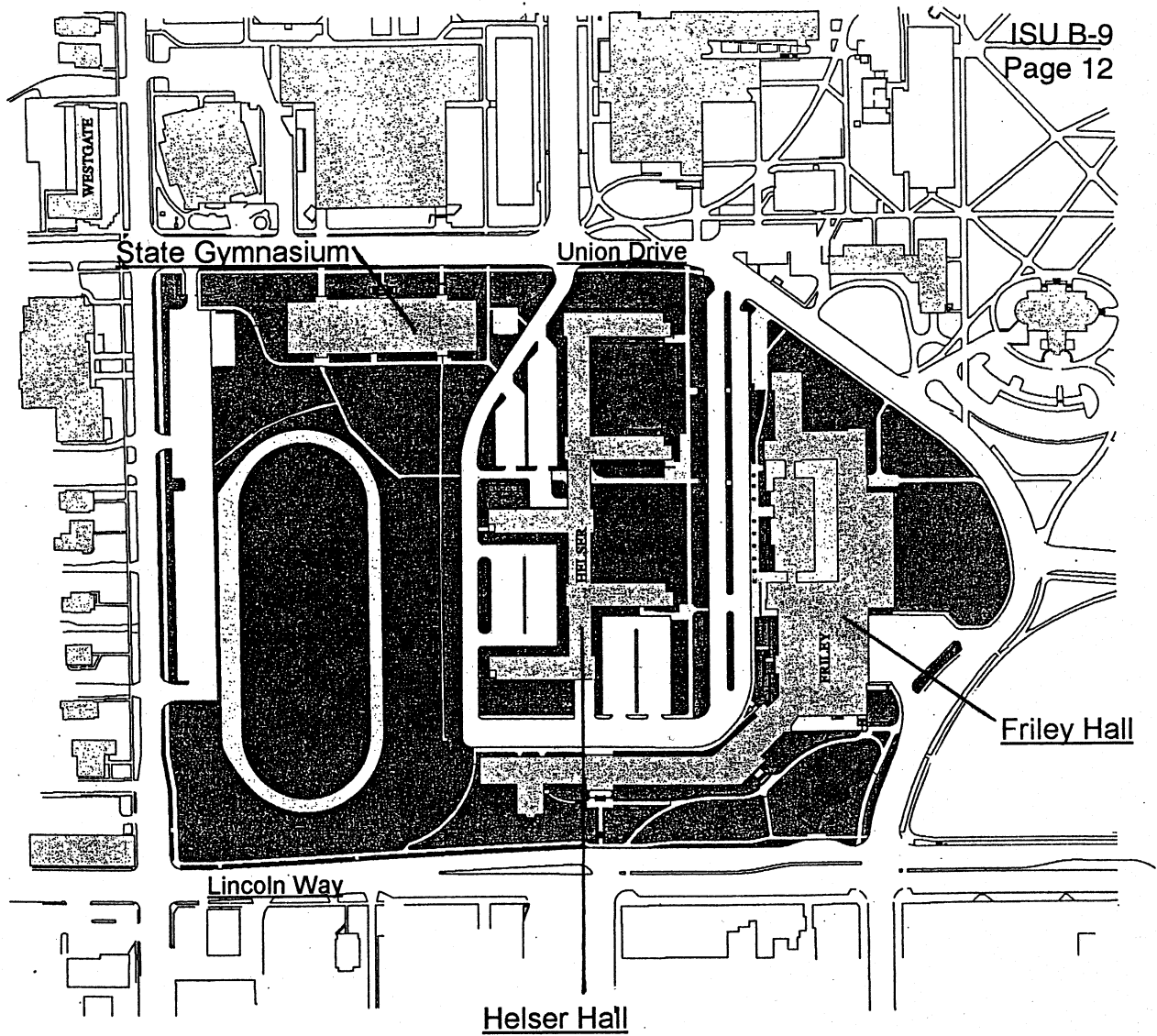
Approved: \_\_\_\_\_  
Frank J. Stork

IOWA STATE UNIVERSITY  
DEPARTMENT OF RESIDENCE MASTER PLAN - PHASING STRATEGY

		<u>Original Plan - July 1998</u>		<u>Now Planned for:</u>	
<u>Year</u>		<u>Status</u>	<u>Accomplished</u>		
FY 1999	Renovate	Maple Hall Elm Hall	Completed New Roof and Stairs	Completed Fall 1999 New roof and stars - more renovations planned	FY 2001 - bathroom showers After FY 2004
	Construct	Buchanan Hall New Apartments - Hawthorn Court 1a Hawthorn Community Center	Not started Fall 2000 completion FY 2001	FY 2001 Feasibility Study FY 2001 Completion Contract Awarded	FY 2001
FY 2000	Demolish	North Heiser Hall	Not started		FY 2001
	Renovate	North and West Friley Oak Hall	Not started New Roof and Stairs	New roof and stars - more renovations planned FY 2001 Feasibility Study FY 2001 Completion	Cancelled FY 2001 - bathroom showers after FY 2004
FY 2001	Construct	Buchanan Hall New Apartments - Hawthorn Court 1b Union Drive Community Center	Not started Fall 2000 Completion Not started	FY 2001 Feasibility Study FY 2001 Completion	FY 2001
	Demolish	Hawthorn Court Westgate Hall	Completed Not started	Completed	FY 2004
FY 2002	Renovate	Oak-Elm Addition Buchanan Hall	Not started	FY 2001 Feasibility Study Contract Awarded	No new date after FY 2004
	Construct	Hawthorn Court 2 Union Drive, Suite 1	Not started FY 2001 Not started		FY 2001 FY 2001
Future	Demolish	Knapp Hall South Friley Hall			
	Construct	Freeman Hall Storms Hall K-S Commons Dining South Heiser Hall Buchanan Hall Towers 1 Apartments Union Drive, Suite 2 RC Community Center Towers 2 Apartments Union Drive, Suite 3			
<b>Revised Plan - July 2000</b>					
FY 2001	Construct	Union Drive Utility Extensions Union Drive, Suite 1 Union Drive Community Center Hawthorn Court 2 Hawthorn Community Center			
		New Roof Replacement New Feasibility Studies			
		New Repairs			
FY 2002	Demolish	Knapp Hall			
	New Renovate	University Village - Phase 1 Hawthorn Phase 2 Security Union Drive, Suite 2 Hawthorn Court 2, Furniture			
FY 2003	Demolish	Storms Hall, South Friley University Village - Phase 2			
	New Construct	Academic Facilities in Residence Halls			
FY 2004	Demolish	Westgate, South Heiser Union Drive, Suite 3			
	New Construct	Academic Facilities in Residence Halls			
Future	Renovate	Buchanan Hall			
	New Construct	Friley Hall, Schiller Village, University Village Academic Facilities in Residence Halls			

Existing Site Plan

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UNION DRIVE



Residence Department  
Existing Site Plan

Brailsford & Dunlavey / RDG Bussard Dikis / Thomas Ricca Associates



Proposed Site Plan

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