

COMMISSION FOR HIGHER EDUCATION

Friday, June 8, 2012

DISCUSSION ITEM B-1: Johnson A Residence Hall Renovation – Ball State University

Staff Recommendation

That the Commission for Higher Education recommend approval to the State Budget Agency and the State Budget Committee the following project: *Johnson A Residence Hall Renovation – Ball State University*. Staff recommendations are noted in the staff analysis.

Background

By statute, the Commission for Higher Education must review all projects to construct buildings or facilities costing more than \$500,000, regardless of the source of funding. Each repair and rehabilitation project must be reviewed by the Commission for Higher Education and approved by the Governor, on recommendation of the Budget Agency, if the cost of the project exceeds seven hundred fifty thousand dollars (\$750,000) and if any part of the cost of the project is paid by state appropriated funds or by mandatory student fees assessed all students. Such review is required if no part of the project is paid by state appropriated funds or by mandatory student fees and the project cost exceeds one million five hundred thousand dollars (\$1,500,000). A project that has been approved or authorized by the General Assembly is subject to review by the Commission for Higher Education. The Commission for Higher Education shall review a project approved or authorized by the General Assembly for which a state appropriation will be used. All other non-state funded projects must be reviewed within ninety (90) days after the project is submitted to the Commission.

The Trustees of Ball State University seeks authorization to proceed with the renovation of Johnson A Residence Hall at the Muncie campus. The planned renovation will include upgrades to the exterior and interior of the building including: masonry work, roof and window replacement, lighting and electrical replacement, improved residential room layouts and a new multi-story structure to add additional housing space. The expected cost of the project is \$35,700,000. BSU is exploring the option of issuing revenue bonds or using cash reserves to fund the project depending upon market conditions.

Supporting Document

Johnson A Residence Hall Renovation – Ball State University, June 8, 2012.

JOHNSON A RESIDENCE HALL RENOVATION BALL STATE UNIVERSITY

Project Description

DESCRIPTION OF THE PROJECT

During 2001 and 2002, a comprehensive study of residential and dining units was undertaken as part of a process that led to the creation of the overall residence hall and dining renovation plan. As part of this plan, major renewal of many of the halls as well as the construction of new residence halls has been recommended. The first new residence hall, Park Hall, opened for occupancy for the fall semester 2007, followed by the Thomas J. Kinghorn Residence Hall in the fall of 2010. The DeHority Complex also underwent a complete renovation and reopened in fall 2009. A complete renovation of Studebaker East Complex is now underway, with completion anticipated this summer.

The University recently completed a master plan study of the residential area on the north side of campus to determine the best approach towards improving existing residence halls in that area. Through this study, and subsequent discussions, it was determined that the Johnson A building should be renovated and expanded as the next step in the phased implementation of the University's comprehensive housing and dining replacement and renewal plan.

The four-story Johnson A building first opened to students in 1967 as a part of the Johnson Complex, which also includes the Johnson B and Carmichael buildings. Johnson A currently houses approximately 459 students in Botsford and Swinford Halls, situated in two residential towers. A one-story section of the building contains public spaces, residence hall director apartments and dual front desks.

Johnson A will require a complete renovation similar to the improvements made at Studebaker East. The existing building exterior at the two residential towers will be replaced with a more energy-efficient masonry wall assembly, roof and windows. Lighting, plumbing, mechanical and electrical systems will be replaced throughout the building which will add air conditioning, energy efficient equipment and lighting as well as compatibility with the University's geothermal system. The interior renovations will include improved residential layouts such as bathrooms with more privacy, social and study lounges, kitchenettes, meeting rooms, and other student amenities.

The existing one-story portion of the building will be replaced with a multi-story structure which will add approximately 130 beds to the facility and connect the upper floors. This addition will allow for the reorganization of first floor amenities such as a single, secure entry point, central front desk and administrative offices, wheelchair accessible lounges, meeting rooms, mechanical spaces and a loading dock. New passenger elevators and a freight elevator will be installed to improve vertical circulation through the building.

The project cost of \$35,700,000 will be funded by Housing and Dining Renewal and Replacement funds which are generated by residence hall and dining student charges. The University would also like to keep open the option to fund this project through the issue of Housing and Dining Student Revenue Bonds, the debt service for which would come from the Housing and Dining Renewal and Replacement funds. This decision will be driven by the interest rate environment at the time the funds are needed. It is anticipated that renovation of the complex will begin in December 2012 and be completed by June 2014.

NEED AND EXPECTED CONTRIBUTION TO EDUCATIONAL SERVICES

The University's residence hall system has the capacity to house approximately 7,300 students when all halls are open. Currently, Studebaker East Complex is offline for renovation, leaving approximately 6,900 beds available for the current academic year. In addition, 533 university apartment units are also available for upper division students and students with families. One of the strong distinguishing characteristics of Ball State University is the strong residential experience that is offered. Roughly one-third of the student population resides in campus housing.

Most of the University's housing and dining facilities were constructed in the 1960's, when the student population was nearly tripling in size. After more than forty years of continuous use, major upgrading is necessary in spite of normal ongoing maintenance that has been a high priority for all these years. Most basic systems, finishes, furnishings, kitchen equipment, etc. have exceeded, reached, or are reaching the end of their expected life cycles, and must be upgraded. In the intervening years, building codes and student expectations have changed, thus requiring different approaches and requirements. Students and their parents have high expectations for both the housing and dining experience. With more than 2.6 million square feet of residence and dining facilities available on the campus, this renewal effort continues to be critical to the university.

In 2001, the University engaged the services of Anderson/Strickler, a firm that specializes in helping higher education institutions develop research-based and actionable plans for campus housing. This research involved student surveys about their expectations for housing/dining, a comprehensive review of the University's current housing/dining options, and an analysis of the off-campus rental market. From this research, a plan was developed which recommended the major renewal of many of the halls as well as the construction of new residence halls to provide the types of facilities desired by students attending college today. It was concluded that in some instances the level of remodeling necessary to meet all of the requirements is cost prohibitive, and funds would be better used by investing in new facilities that enhance the campus environment by creating more human-scale living conditions, and by improving the living/learning environment for students. In the last five years, the University has opened two new residence halls, Park Hall and Thomas J. Kinghorn Residence Hall, and renovated the Woodworth Commons dining facility, DeHority Complex and Studebaker East Complex (projected for completion summer 2012). The plan includes the eventual demolition of LaFollette Complex.

Each of these projects was funded by housing and dining renewal and replacement reserves that were set aside over time for these specific purposes. The renovation of Johnson A building will also be funded by housing and dining renewal and replacement reserves, either directly or by the issue of housing revenue bonds, the debt service for which will come from these reserves.

EXPLANATION OF ANY UNIQUE FUNDING FEATURES

At the current time, the University's long-range plan calls for using cash from the Housing and Dining Renewal and Replacement Account to pay for this project. However, based on the then current interest rate environment, it may be more attractive to issue Housing and Dining Facility Student Revenue Bonds in an amount not to exceed \$36 million (the slight increase covers the transaction costs). In this case, the Housing and Dining Renewal and Replacement Account would serve as the source of funds for repaying the debt.

STAFF ANALYSIS

As part of Ball State University's long-term student housing plan, the renovation and expansion of Johnson A Residence Hall facility will provide updated on-campus housing to students and allow for current residence hall facilities to be renovated and upgraded over several years. Overall, Ball State will increase on-campus housing from the current capacity of 6,900 beds to 7,500 beds (estimated) by 2014. Ball State is currently reviewing the future use of LaFollette Residence Hall facility, which consists of 1,900 beds. A renovation or demolition of LaFollette will bring the overall bed count down for Ball State over the next 5 years. The bed count figures are based on current growth trends for on-campus housing, overall enrollment trends and upgrades/renovations to on-campus housing facilities. The last time a new on-campus housing facility was built at Ball State was in the 1960's.

The overall renovation of space is 178,400 square feet (105,840 assignable square feet) and will house 590 beds for students living on campus (460 current beds and 130 new beds). Current occupancy rates for Ball State University on-campus housing is approximately 98% as of the fall of 2011. Roughly one-third of the overall student body resides in on-campus housing. Currently, the average room and board rate for students living on campus is \$8,800 as of academic year 2011-12. Students who choose to reside in the renovated Johnson A residence hall may see an increase in rates once the project is complete.

Funding for the new residence hall may be funded from either debt issued by Housing and Dining Services or through reserve funds held by Housing and Dining Services. Ball State is currently analyzing both financing options and will make a decision sometime in the summer or fall of 2012 based on economic conditions. Currently, Housing and Dining Services has a reserve balance of \$38.7 million. The cost per square foot for Johnson A renovation is \$200 per gross square foot. Operational costs of the new facility will be funded through revenues associated with housing services and will not impact the general fund operating budget of the university.

Other on-campus housing projects approved by the Commission:

- Ball State North Hall – Approved in October 2006. \$40M building with 600 beds at a size of 187,500 gross square feet. (\$67K per bed, \$213 per gross square foot)
- Ball State DeHority Residence Hall – Approved in October 2007. \$30M renovation with 549 beds at a size of 155,000 gross square feet. (\$55K per bed, \$193 per gross square foot)
- Ball State Studebaker East Residence Hall – Approved in May 2010. \$24M renovation with 440 beds at a size of 97,000 gross square feet. (\$55K per bed, \$247 per gross square foot)
- Indiana State University – North Campus Residence Hall – Approved in March 2012. \$24M building with 352 beds at a size of 139,000 gross square feet. (\$68K per bed, \$172 per gross square foot)
- Indiana University Bloomington Ashton Complex – Approved in August of 2008. \$80M building (7 buildings) with 837 beds at a size of 411,000 gross square feet. (\$96K per bed, \$195 per gross square foot)
- Indiana University Bloomington Third Street Residence Hall – Approved May 2011. \$38M building with 450 beds at a size of 155,000 gross square feet. (\$84K per bed, \$245 per gross square foot)
- Vawter Field Housing – Approved in October 2011. \$40M building with 300 beds at a size of 128,400 gross square feet. (\$133K per bed, \$310 per gross square foot)

Staff recommends the Commission provide a favorable review of this proposed project.

PROJECT SUMMARY

REPAIR & REHABILITATION

Johnson A Residence Hall Renovation

INSTITUTION: Ball State University CAMPUS: Muncie

PROJECT TITLE: Johnson A Residence Hall Renovation BUDGET AGENCY NO.: D-1-12-2-01
INSTITUTION'S PRIORITY: _____

PROJECT SUMMARY DESCRIPTION (ATTACHMENT A)

SUMMARY OF NEED AND NET CHANGE IN CONTRIBUTION TO EDUCATIONAL SERVICES PROVIDED BY INSTITUTION (ATTACHMENT B)

SPACE DATA (ATTACHMENT C)

PROJECT SIZE: 178,401 GSF 105,840 ASF 59% ASF/GSF

NET CHANGE IN CAMPUS ACADEMIC/ADMINISTRATIVE SPACE: -0- ASF

TOTAL PROJECT BUDGET (ATTACHMENT D)

TOTAL ESTIMATED COST: \$ 35,700,000 \$/GSF \$200

ANTICIPATED DATE OF PROJECT COMPLETION: June 2014

ANTICIPATED SOURCES OF FUNDING (ATTACHMENT E)

<u>Housing and Dining Renewal & Replacement Funds</u>	\$ <u>35,700,000</u>
TOTAL BUDGET	\$ <u>35,700,000</u>

ESTIMATED CHANGE IN ANNUAL OPERATING BUDGET AS A RESULT OF THIS PROJECT (ATTACHMENT F)

\$ N/A () INCREASE () DECREASE _____

NOTE: SEE ATTACHMENTS FOR SUPPORTING INFORMATION REQUEST TO BE SUBMITTED WITH PROJECT SUMMARY FORM.