

# COMMISSION FOR HIGHER EDUCATION

Friday, November 9, 2012

## DECISION ITEM B-1:

### Mills Residence Hall Renovation – Indiana 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: *Mills Residence Hall Renovation – Indiana 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 Indiana State University requests authority to renovate Mills Residence Hall on the Terre Haute campus. The renovation will provide for updated mechanical systems including fire suppression and air conditioning. Additional items include updating restroom facilities, lighting, doors, and other upgrades. The project would be funded through housing and dining services borrowing and reserves totaling \$22 million.

#### Supporting Document

*Mills Residence Hall Renovation – Indiana State University*,  
November 9, 2012

## **MILLS HALL RENOVATION INDIANA STATE UNIVERSITY**

### DESCRIPTION OF THE PROJECT

The renovation of Sycamore Towers is a part of the long-term plan for residence hall facilities on the campus of Indiana State University. Phase I of this project is the renovation of Mills Hall within the Sycamore Tower complex and would include the installation of air conditioning to the facility and fire protection, replacement of the heating system, windows, power and data systems, fire alarm systems, individual temperature controls, and energy-wheel exhaust system. However, the shared double occupancy room configuration will generally remain in place as currently exists. Project will be financed using a combination of cash reserves within the Housing and Dining System and the issuance of long term debt. Funds of the Housing and Dining System would be used to support future R&R needs for the project. Total project cost is estimated by RATIO Architects to be \$22 million as of tentative bid date. No change in operating cost is anticipated. The operating cost is a part of the Housing and Dining System budget.

### NEED AND PURPOSE OF THE PROJECT

Many of Indiana State's housing options are antiquated and in need of major refurbishment. The Campus Master Plan, adopted in 2009, calls for the renovation of several existing residential facilities that have had no major renovation in over 40 years and do not meet existing building codes for new construction, including fire safety and ADA compliance. The renovation of Sycamore Towers with double occupancy rooms and appropriate lounge/study space creates an environment that is attractive to students and conducive to living and learning. Indiana State University believes campus housing provides students with many benefits including living in an academically supported environment with academic peer advisors and learning communities. It also allows students the ability to stay connected to campus through activities that foster educational, social, and leadership development as well as opportunities to engage with students from a variety of different cultures, backgrounds, and lifestyles.

### SPACE UTILIZATION

The renovation of existing student housing does not anticipate any additional square footage beyond what is currently in place and previously approved. Renovations of existing housing structures normally result in a reduction of the number of beds available to provide for improved facilities and meet current building codes and standards. It is the desire of the University to maintain the existing overall bed count currently in place.

### COMPARABLE PROJECTS

Comparable on campus housing projects approved by the Commission include:

- (1) Ball State Studebaker East Residence Hall approved May 2010, \$24 million renovation with 440 beds at a size of 97,000 gross square feet (\$55,000 per bed, \$247 per gross square foot);
- (2) Indiana State University North Campus Residence Hall approved March 2012, \$24 million new building with 352 beds at a size of 139,000 gross square feet (\$68,000 per bed, \$172 per gross square foot);
- (3) Indiana University Bloomington Third Street Residence Hall approved May 2011, \$38 million building with 450 beds at a size of 155,000 gross square feet (\$84,000 per bed, \$245 per gross square foot);

- (4) Vawter Field Housing approved October 2011, \$40 million new building with 300 beds at a size of 128,400 gross square feet (\$133,000 per bed, \$310 per gross square feet);
- (5) Indiana State University Erickson Hall approved December 2011 , \$10 million renovation with 260 beds at a size of 78,690 gross square feet (\$38,500 per bed, \$ 143 per gross square feet); and
- (6) Ball State Johnson A Residence Hall approved June 2012, \$35.7 million renovation with 590 beds at a size of 178,400 gross square feet (\$60,500 per bed, \$200 per gross square feet).

### STAFF ANALYSIS

ISU's ten year housing capital plan calls for on-going renovations and improvements to the 10 on-campus housing facilities, including the renovation of Mills Residence Hall (one of four towers in the Sycamore Towers facility). Previously, ISU has renovated several on-campus housing facilities in order to provide greater options to students living on campus comparable to other housing options in Terre Haute without increasing overall bed count.

As of the fall of 2012, 100% of on-campus housing was occupied with approximately 3,700 beds available to students. The Morris Hall renovation will renovate the facility which currently has 410 beds and create new space for students to study and gather while retaining 366 beds. Even though there is little change in the overall bed space in Mills Hall, as ISU renovates and upgrades several on-campus housing options over the next 10 years the overall number of beds will fluctuate. Overall ISU projects by 2019 the total number of beds will be approximately 3,800. Currently, 30% of students enrolled at ISU live on-campus.

In addition to renovating student studying and gathering space in Mills Hall, the renovation will provide for a fire suppression system and air conditioning for the residence hall. While the cost per square foot is slightly higher than other comparable projects, the addition of the fire suppression system and air condition is a main drive of the cost. In order to provide a safe and comfortable living environment and continue to offer updated on-campus housing to students, ISU continues to upgrade and renovate residence halls built in the early 1960's. Mills Hall has not had a major renovation or upgrade since being built in 1956.

Funding for the project will be provided through cash reserves (\$2M) held by the Housing and Dining Services Division of ISU along with the issuance of auxiliary revenue debt (\$20M) to be financed through housing and dining services revenue. The cost per square foot is approximately \$220 and will affect nearly 100,000 gross square feet of residence hall space. Current standard room and board rates at ISU are \$8,262, with premium rates reaching \$9,282 for double rooms with private bathrooms. ISU does not anticipate major changes in the room and board rates based on this project.

ISU is requesting the Commission review and approve the renovation of Mills Hall. This project is not required to have General Assembly approval or authorization; therefore the Commission did not review this project as part of previous biennial budget requests.

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

**PROJECT SUMMARY AND DESCRIPTION**  
**FOR: SYCAMORE TOWERS - PHASE I MILLS HALL**

<b>Institution:</b>	Indiana State University	<b>Budget Agency Project No.:</b>	C-1-13-2-01
<b>Campus:</b>		<b>Institutional Priority:</b>	
<b>Previously approved by General Assembly:</b>	N/A	<b>Previously recommended by CHE:</b>	No
<b>Part of the Institution's Long-term Capital Plan:</b>	Yes		

**Project Summary Description:**

Sycamore Towers consists of four 12 story residence halls built between 1962 and 1963 housing 1,600 students. Each similarly constructed residence hall, using a cast-in-place concrete frame with precast double tees floors, houses approximately 400 students. Over the past forty years only minor renovations or upgrades have occurred to these facilities. This project is the beginning of a multi-year effort to renovate each of the residence halls that are a part of the Sycamore Towers complex. Phase I consists of the renovation of Mills Hall beginning in the summer of 2013 with projected occupancy in fall 2014. Mills Hall, constructed in 1963, has had only minimal upgrades or renovation since its original construction.

**Summary of the impact on the educational attainment of students at the institution:**

Phase I of the Sycamore Towers project is integral to the University's long-term plan for the renovation of existing facilities to provide attractive housing for students and create an atmosphere conducive to living and learning. Renovation of this facility will provide approximately 366 beds within reconfigured floor space.

<b>Project Size:</b>	99,953 GSF	61,598 ASF	61.6% ASF/GSF
<b>Net change in overall campus space:</b>			

<b>Total cost of the project (1):</b>	\$ 22,000,000	<b>Cost per ASF/GSF:</b>	\$ 220.10 GSF
			\$ 357.15 ASF

<b>Funding Source(s) for project (2):</b>	\$ 20,000,000	- IC-21-35-3 as supplemented by IC 21-35-5
	\$ 2,000,000	- Housing and Dining Reserves
		- List amount and note the fund source/bonding authority here
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<b>Estimated annual debt payment (4):</b>	\$ 1,067,794
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<b>Are all funds for the project secured:</b>	Yes
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<b>Estimated annual change cost of building operations based on the project:</b>	0
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<b>Estimated annual repair and rehabilitation investment (3):</b>	\$ 330,000
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- (1) Projects should include all costs associated with the project (structure, A&E, infrastructure, consulting, FF&E, etc.)  
(2) Be consistent in the naming of funds to be used for projects. If bonding, note Bonding Authority Year (1965, 1929, 1927, etc.)  
(3) Estimate the amount of funding the institution would need to set aside annually to address R&R needs for the project. CHE suggests 1.5% of total construction cost.  
(4) If issuing debt, determine annual payment based on 20 years at 5.75% interest rate.  
- If project is a lease-purchase or lease, adjust accordingly. Note the total cost of the lease in the project cost, and annual payments in project description