

**COMMISSION FOR HIGHER EDUCATION**

Friday, February 11, 2011

**DECISION ITEM B-1: Indianapolis Fall Creek Expansion Project at the Indianapolis Ivy Tech Campus**

**Staff Recommendation**

That the Commission for Higher Education recommend approval to the State Budget Agency and the State Budget Committee the following project: *Indianapolis Fall Creek Expansion Project at the Indianapolis Ivy Tech Campus*. 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 dollars (\$1,000,000). 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 within ninety (90) days after the project is submitted to the Commission. This project was authorized by the General Assembly.

The Trustees of Ivy Tech Community College of Indiana request authority to proceed with the construction of a connector over Illinois Street between Fall Creek Expansion Project and the Sample Building at the North Meridian Center campus and build out of the fourth and fifth floor of the Fall Creek Expansion Project in Indianapolis and the financing through the issuance of one or more series of bonds equal to the sum of (1) \$6,771,900 for costs of planning, construction, and equipping (2) any amounts required to fund a reserve fund for such bonds (3) costs of issuance of the bonds and such other expenses as may be necessary or incidental to such financing, and (4) underwriter's or original issue discount within the limits prescribed by law. Most likely, the College will enter into interim financing and include the \$6,771,900 in a bond issue at the time the balance of \$69,370,000 is released subsequent to a request to do so in late 2011.

**Supporting Document**

*Indianapolis Fall Creek Expansion Project at the Indianapolis Ivy Tech Campus*, February 11, 2011.

# INDIANAPOLIS FALL CREEK EXPANSION PROJECT AT THE INDIANAPOLIS IVY TECH CAMPUS

## Project Description

### SUMMARY

This additional authority will construct a connector, over Illinois Street, between the Fall Creek Expansion project and the Sample building and build out floors four and five of the project providing additional classrooms, labs, offices, and study areas.

### DESCRIPTION OF THE PROJECT

The 2007 General Assembly authorized the College to plan and construct its Fall Creek Expansion project by issuing bonds not to exceed \$69,370,000. Ivy Tech Community College requested that \$39,500,000 of that bonding authority be released to pay for planning, selected demolition of the existing Fall Creek Expansion property (formerly the St. Vincent Hospital property) located on the Main Campus at 2534 North Illinois, and construction of a new building at its site.

The College has proceeded with planning and demolition and has bid construction in six different phases to fast track the construction and, to the extent possible, take advantage of the current bidding climate. The desired project scope included:

- Demolition of the former St. Vincent Hospital out buildings and part of the 1912 main building,
- Site work,
- Rehabilitate the five floors and attic of the retained main building,
- Construction of five floors and attic of additions to the five-floors and attic of the retained 1912 main building; five new floors and attic need to be constructed to match the retained five floors and attic,
- Construction of a connector, over Illinois Street, between the new construction and the existing North Meridian Center Building to provide safe passage for students, faculty, staff, and visitors.

With the bids received, the College will be able to construct and rehabilitate a five-story plus attic, 211,650 gross square foot (GSF) building. Five floors plus attic, 140,480 GSF, of new construction will be attached to five floors plus attic, 71,170 GSF, of the former St. Vincent Hospital. However, with the \$39.5 million of funding released, the College will be able to construct the 211,650 GSF but will not be able to construct the connector over Illinois Street and not be able to build out the fourth and fifth floors. Build out of the fourth and fifth floors will add 14 classrooms, six teaching labs, faculty office space, student study space, and a small amount of support space.

The College therefore requests additional bonding authority of \$6,771,900 be released to:

- Construct the connector over Illinois Street for \$2,530,600, and
- Build out of the fourth and fifth floor for \$4,241,300.

Doing the work at this time will save the College and State approximately \$1.1 million of increased costs (inflation, bidding, additional construction manager fees and reimbursables, additional architecture and engineering fees and reimbursables, contractor restaging, etc.) over doing the work approximately two years later.

## RELATIONSHIP TO MISSION AND LONG-RANGE PLANNING

As a statewide, open-access, community college, Ivy Tech Community College of Indiana provides residents of Indiana with professional, technical, transfer, and lifelong education for successful careers, personal development, and citizenship. Through its affordable, quality educational programs and services, the College strengthens Indiana's economy and enhances its cultural development. Ivy Tech Community College of Indiana strives to accomplish its mission placing strategic emphasis on professional and technical education, general education, transfer education, developmental education, student development and services, continuing education, workforce education and training, community service, diversity and continuous improvement of all instruction and services.

This project is consistent with the College's mission and directly supports the college's vision and each of the college's goals and primary objectives of the Region. Based on the Region's 2005 Master Plan, current and projected enrollment growth as well as the need for improved academic/instructional space is driving this project. In addition, this expansion and renovation is critical to serve the local community's needs and the needs of the local workforce.

This project also supports Ivy Tech's mission in Indianapolis and throughout the Central Indiana Region by providing increased space to accommodate:

- A rapidly growing enrollment, including anticipated growth in African-American and Hispanic enrollment to approximate the percentage of these groups in the general population of the area near the North Meridian Center Campus
- New programs and courses to meet emerging community needs for career/technical training, transfer education, developmental education and workforce development, and the approved Associate of Arts and Associate of General Studies programs
- Increased community demand for the use of Ivy Tech's facilities for public gatherings without disruption to students and faculty
- Accreditation for offered and anticipated programs and curriculum
- Student Life and the overall well being of the students, faculty and staff, including work spaces for faculty and staff, while promoting the enhancement of both instruction and services

As long-range plans call for continuing expansion of the community college mission through an increasing number of transferable programs and courses while maintaining and expanding career technical/programming, this project relates to long-range planning by providing the additional classroom, faculty and staff, and student life spaces necessary to support this expansion.

NEED AND EXPECTED CONTRIBUTION TO EDUCATIONAL SERVICES

Ivy Tech's Indianapolis Central Campus has experienced a great deal of success and growth recently. However, this growth has resulted in the need to evaluate the current facilities' ability to meet the demands of the students, faculty and the community. In the summer of 2004, the leadership of Ivy Tech Community College of Indiana - Region 8 determined that a site and Facility Master Plan was needed to address current and anticipated future growth.

Fall	Actual and Projected FTE 2005 Master Plan	Actual FTE	
2005	Actual 7,063	7,063	
2006	Projected 7,416	7,672	
2007	7,787	8,262	
2008	8,176	8,960	
2009	8,585	11,205	
2010	9,014	11,766	Estimated
2011	9,465		
2012	9,938		
2013	10,435		
2014	10,957		
2015	11,505		

Note: Enrollment growth was projected at 5 percent per year.

Clearly, enrollment has outpaced the 2004 projections creating an even greater need for additional space at the North Meridian Center main campus.

When the Fall Creek Expansion property is constructed, 211,650 GSF will be added which will significantly reduce the current space deficiency.

The project can be expected to contribute to educational services by:

- Providing additional shared classroom and laboratory spaces to meet instructional demands
- Accommodating Associate of Arts in Liberal Arts degree requirements and enrollment growth in transfer programs
- Enhancing student life and the overall well-being of students, staff and faculty
- Providing greater support to faculty in their instructional mission
- Providing the infrastructure necessary to maintain and expand accreditations, ensuring quality education for the citizens of our region
- Providing more spaces to respond to community needs for additional academic programs and training opportunities

## ALTERNATIVES CONSIDERED

During the course of the Master Plan Process, the following alternatives were considered:

- Expand facilities on the Lawrence Campus. However, this option was inconsistent with the Region's goal of strengthening the Central Campus. In addition, the Lawrence Campus expansion opportunities are limited and would require purchase of additional land.
- Expand facilities at an alternative location on the Central Campus. While feasible, this alternative would result in a significant reduction in onsite parking and necessitate the immediate implementation of multiple parking structures for which funding is not available.
- Consider an alternative location off the Central and Lawrence Campuses for facility expansion. Once again, this alternative was very inconsistent with the Region's goal of strengthening the Central Campus.

The Master Plan team also explored the cost effectiveness of renovating the former St. Vincent facility versus new construction and discovered that the cost of new construction was significantly less than renovation and rehabilitation of the facility. Ultimately, the availability and proximity of the Fall Creek Expansion property, new construction being able to provide significant additional space configured to College standards and needs, alignment with the overall Master Plan goals as well as the Region's goal to strengthen the central campus prevailed. The conclusion was to acquire, renovate the south facing facade, and construct new space at the former St. Vincent hospital site as the best solution.

## RELATIONSHIP TO LONG-RANGE FACILITY PLANS

The redevelopment of the Fall Creek Expansion property is the first in a series of facility Master Plan projects. Future Projects include selected renovation of the North Meridian Center and Technology Building using the remaining portion of the \$69,370,000 bonding authority approved by the 2007 General Assembly and a new Multi Model Facility funded by Federal and gift funds.

The College is currently conducting a planning process that will compare continued construction at the North Meridian Center campus versus a hub and spoke configuration that would create instructional centers around the Central Indiana Region. Therefore, at some time in the future, additional projects may be requested in the surrounding counties with high need and demand for the College's degree programs and services so that those locations could be better served.

## HISTORICAL SIGNIFICANCE

While not officially registered or designated as historic buildings, both the Fall Creek Expansion and the North Meridian Center are historically significant. The Fall Creek Expansion facility was the original St. Vincent Hospital facility, while the North Meridian Center previously served as the former AUL Headquarters. Both were and continue to be significant institutions in Central Indiana.

Previous renovations at the North Meridian Center have been respectful of the historic significance of the building and it is intended that future modifications will be coordinated in a like manner.

With regard to the Fall Creek Expansion property, extensive discussions and negotiations were coordinated with the City of Indianapolis, Indiana Historic Landmarks Foundation, and the - numerous neighborhood groups. The selective demolition strategy and rehabilitation/expansion strategy is in keeping with these discussions and negotiations and has the full support of the City of Indianapolis, the Indiana Historic Landmarks Foundation, and the numerous neighborhood groups and is included in the modified agreement between the City of Indianapolis and Ivy Tech Community College.

### STAFF ANALYSIS

Ivy Tech is requesting funding and the ability to proceed forward with a portion of its Phase II Fall Creek Expansion Project located in Indianapolis, approximately \$6.8 million. The total anticipated cost of the entire Fall Creek Expansion Project is \$69.4 million and was authorized by the 2007 General Assembly. In September 2009, Ivy Tech was approved by the Commission to move forward with a portion of the Fall Creek Expansion Project, Phase I, at a total cost of \$39.5 million. It was agreed during the September 2009 meeting that Ivy Tech would request the second half of the project, Phase II, at a later date.

Phase I of the Fall Creek Expansion Project covered the construction of a 211,650 gross square foot facility where the former St. Vincent Hospital was located. The \$39.5 million covered the demolition of the St. Vincent Hospital, except for the façade, and allowed Ivy Tech to construct a 5 story building attached to the façade, which will add 211,650 gross square feet to the Indianapolis campus. Of the 211,650, only 3 floors (approximately 147,000 gross square feet) will be built out, leaving floors 4 and 5 vacant and in need of building built out.

Phase II of the Fall Creek Expansion includes the building out of floors 4 and 5 (64,000 gross square feet) at a cost of \$4.2 million. This will allow Ivy Tech to finish out the remaining floors in the new facility and have the facility open entirely versus a partial opening, with construction continuing while students, faculty and staff are in the new facility. The original Phase I plan only called for 147,000 gross square feet in the new facility; however, after further study and demolition, Ivy Tech was able to build an additional 64,000 square feet in the new structure that would have been built in another structure as part of Phase II. Taking this course of action allowed Ivy Tech to build the new structure at a low per square foot cost.

In addition to floors 4 and 5 being built out, Ivy Tech is asking for \$2.5 million to construct a connector between the Ivy Tech North Meridian building located and the new facility located along Illinois Street. The timeframe to open the new structure is scheduled for December 2011, and the connector would be scheduled for the same time period to allow for a smooth transition between the two structures. There will be heavy foot traffic since various services, classes, programs, and other offerings will be split between the two buildings. Safety concerns for students, faculty and staff having to cross Illinois street have warranted this connector. In addition, students, faculty and staff who park near the Illinois Street parking area will use this connector to gain access to the North Meridian building.

Ivy Tech estimates that by allowing them to proceed with this portion of Phase II, they will save approximately \$1.1 million in cost, reducing the overall construction cost to the state to \$68.3 million. By delaying the project, or a portion of the project, those savings might not be realized. Ivy Tech has offered an option of only proceeding forward with the connector at this time, but would not be able to secure savings of \$1.1 million to the state.

The remaining portion of Phase II most likely would be submitted in the fall of 2011, and would include construction of a 60,000 gross square foot wing at the new facility, which was left out of Phase I. The space would include classrooms, labs, offices and an auditorium. Various infrastructure renovations to the North Meridian and Technology building would be included. Total cost is approximately \$23.1 million.

Estimated fee replacement for the portion of Phase II, including the build out of floors 4 and 5 and the connector is \$590,000. If the project is focused only on the connector at this time, the estimated fee replacement would be \$220,000. No outside funds, gifts or grants have been utilized for this project; total cost is borne by the state.

Staff recommends that the Commission provide a favorable review of the Phase II portion of the Fall Creek Expansion Project, at a cost of \$6.8 million and include both the build out of floors 4 and 5 and the connector. Due to the anticipated savings that could be realized by moving this portion of the project forward and the public safety issues regarding movement of students, faculty and staff, a favorable review is requested by staff.

Note, at this time funding for this project was not included in the Commission's 2011-2013 budget recommendation or in Ivy Tech's annual fee replacement appropriation. Commission staff will notify both House and Senate fiscal staff, the State Budget Agency and the State Budget Committee of the fiscal impact to the state if the project is approved by the Commission.