

APPROVED
MARCH 5, 2019

Item #E-1
March 5, 2019

**PUBLIC UNIVERSITY
NON-INSTRUCTIONAL CAPITAL PROJECT APPROVAL**

Submitted for: Action.

Summary: This item recommends approval of the following public university non-instructional capital project:

<u>Northern Illinois University</u>	
Holmes Student Center	\$20,900,000
Renovation and Redevelopment Project	

Action Requested: That the Illinois Board of Higher Education approve the non-instructional capital project at Northern Illinois University to renovate student dining, entertainment options, increase and improve student lounge spaces, improve building accessibility and meet current Americans with Disabilities Act requirements, in addition to replacing outdated building systems, and making building envelope improvements.

STATE OF ILLINOIS
ILLINOIS BOARD OF HIGHER EDUCATION

**PUBLIC UNIVERSITY
NON-INSTRUCTIONAL CAPITAL PROJECT APPROVAL**

Northern Illinois University is seeking Illinois Board of Higher Education (IBHE) approval of the project presented in this item in order to proceed. This item provides details regarding the project's scope, cost and funding source, campus input, and schedule.

<u>Institution/Project</u>	<u>Total Estimated Cost</u>
Northern Illinois University: Redevelopment of the Holmes Student Center, including renovations to student dining, improvements to student lounge spaces and upgrades to meet current Americans with Disabilities Act (ADA) requirements.	\$20,900,000

Statutory Citation and Requirement:

110 ILCS 205/8 of the Board of Higher Education Act outlines procedures for annual budget and capital development and approvals among IBHE, the Illinois Community College Board and the public universities. Guidelines for university non-instructional capital items are referenced as follows:

“Each State university must submit its plan for capital improvements of non-instructional facilities to the Board for approval before final recommendations are made if the total cost of the project as approved by the institution’s board is in excess of \$2 million. Non-instructional uses shall include but not be limited to dormitories, union buildings, field houses, stadium, other recreational facilities and parking lots. The Board shall determine whether or not any project submitted for approval is consistent with the master plan for higher education and with instructional buildings that are provided for therein. If the project is found by a majority of the Board not to be consistent, such capital improvement shall not be constructed.”

Project Background and Scope

Northern Illinois University (NIU) is seeking approval from IBHE to proceed with an amended non-instructional capital improvement to the Holmes Student Center located on the main campus in Dekalb, Illinois. The goal of the project is to complete Phase I of a planned four phase overall redevelopment of the Holmes Student Center. Approximately 25 percent of the overall 320,000 square foot facility will be impacted. The scope will include restructuring of dining and retail operations to meet student needs, necessary Americans with Disabilities Act requirements and code updates, building envelope and mechanical system repairs, along with creating a welcoming, easy to navigate configuration with increased lounge areas. The plan includes a key component that reintroduces student service groups back into the Holmes Student Center from the nearby Campus Life facility.

Subsequent to the 2016 IBHE approval, construction documents were prepared and construction bids were received. Bids received were higher than expected and subsequent value engineering efforts were employed to capture cost savings, which allowed the construction contracts to proceed and the work to begin. Major components of the cost savings were the elimination of one of the planned food retail operations and cutting back on budgeted contingency reserves. After further consideration, NIU would like to reinstate the planned food retail operation and reduce the risk of managing unforeseen conditions with additional contingency reserves.

Project Rationale

The Holmes Student Center was constructed in 1962 with additions constructed in 1968. The facility has had some minor targeted remodeling over the years in various areas, general building envelope maintenance and roof replacements. However, the building infrastructure, mechanical systems, lighting and finishes are in many cases dated, worn, and beyond their expected useful life. The facility is in need of a major renovation, as well as updates consistent with current best practices, and will provide increased energy efficiency, reducing facility operational costs.

Project Cost and Financing – (Institutional Funds and Debt Issuance)

Resources required for this project:

MEP Upgrades & Interior Renovations	\$12,500,000
Furniture Fixtures & Equipment	2,100,000
General requirements, contingencies	2,100,000
Professional Services	1,800,000
Site work	1,200,000
Building Envelope Improvement	700,000
Abatement	<u>500,000</u>
Total Project Cost	\$20,900,000

NIU previously requested and received IBHE approval in 2016 to increase the project budget from \$12 million to \$20 million, using the proceeds of the ‘Series 2010’ Build America Bonds. The IBHE approved the Northern Illinois University Living & Learning ‘Series 2010 Projects’ totaling \$94.3 million at its December 7, 2010 meeting. The project list at that time included \$12 million for the Holmes Student Center renovation. Subsequently, the NIU Board of Trustees approved proceeding with this updated renovation project on June 16, 2016 and received IBHE approval to proceed with a project budget not to exceed \$20 million on September 27, 2016. The additional \$900,000 for which is now being requested for approval, is intended to be funded using Institutional Auxiliary Reserve funds. The estimated project cost approved by the NIU Board of Trustees at their February 7, 2019, meeting is \$20.9 million.

There will be no increase of student fees to secure the bonding or issuing of new debt to fund this project.

Constituency Input/Decision-Making

The Board of Trustees of Northern Illinois University approved the plan to finance the redevelopment of the Holmes Student Center in open session at its February 7, 2019, meeting.

Recommendation

Staff has reviewed the project presented in this item and found it to be in accordance with the Board's *Non-Instructional Capital Project Guidelines*, approved by the Illinois Board of Higher Education in August 2002, and administrative rules. The project is consistent with the mission and scope of the institution; provide needed additional, replacement, or more efficiently utilized space; and are economically feasible, as required by administrative rules.

The staff recommends adoption of the following resolution:

The Illinois Board of Higher Education hereby approves the non-instructional capital project for Northern Illinois University to redevelop the Holmes Student Center, as included in the item.

