

BUSINESS AFFAIRS AND HUMAN RESOURCES
JANUARY 22, 2015

UNIVERSITY OF IDAHO

SUBJECT

Capital Project Additional Construction Phase Authorization, Integrated Research and Innovation Center (IRIC).

REFERENCE

June 16, 2005	Initial pre-planning work authorized
April 18, 2012	Capital project update
December 13, 2012	Capital project planning and design authorization
April 17, 2014	Capital project construction authorization
June 19, 2014	General revenue bond issuance authorization

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Sections V.K.1 and V.K.3.c.

BACKGROUND/ DISCUSSION

The University of Idaho (UI) is currently in the first phase of construction for the Integrated Research and Innovation Center (previously Science and New Technologies Laboratory) on the Moscow campus. This new building is sited at a central location in the heart of the campus and will establish modern and capable science spaces supporting interdisciplinary research and provide core visualization and computing labs. The project has been cited as a key priority in our multi-year capital plans and state funding requests since 1999.

In December of 2012, the university achieved Board of Regents Authorization for the planning and design phases of the project. The architectural firm NBBJ was retained for the design process. As of this date, the final construction documents envision a three story structure of 70,800 gsf.

During the design phase, the design and project administration team determined that the project is best delivered in two major phases. The first phase consists of site clearing, site excavation, site utilities, footings and foundations, under floor utilities, first floor slab-on-grade, and the erection of steel framing. This first phase is funded by a \$5 million contribution to the overall project by the State of Idaho through the Permanent Building Fund (PBF).

Subsequent to the PBF funded, Division of Public Works (DPW) administered phase of the project, the university will take over and administer a second phase that will complete the build-out of the project. A coordinated milestone schedule for this transfer of project administrative responsibilities is in place in cooperation between DPW, the university and the design team. The UI administered phase

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of the project will be funded through available cash reserves and bond proceeds developed by the University of Idaho.

DPW received bids for the initial phase of the project during summer of 2014. The bids received were approximately 5 to 10% higher than expected depending upon line item, and they reflected an upward trend of higher bid pricing experienced both by DPW and the university on multiple projects bid over the course of 2014. Given that phase 1 of the project is a relatively small portion of the overall project scope (approximately 10%) and that the second phase of the project would not be bidding until winter 2014/15, the phase 1 bids were awarded. The design and construction team were asked to reevaluate the phase 2 portion of the scope.

Accordingly, the university and the design and construction team initiated a robust and extensive value engineering process in the fall of 2014 with the intent of reducing the phase 2 portion of the project significantly. Personnel from the university, DPW, the architect and their consultants, and the construction manager initially identified approximately \$4.5 million in possible scope reduction, and also identified a long list of possible bid alternates. The purpose of the alternates is to provide prudent scope reductions that will provide a greater chance of receiving a base bid for a functional facility within allowable funding. The architect was commissioned to incorporate these changes into the project documents and develop a revised bidding set for phase 2 of the overall effort.

The construction manager has now submitted a revised estimate of cost for the reworked phase 2 scope of work. This revised cost estimate was submitted to the university as a Guaranteed Maximum Price (GMP) in December, 2014. Unfortunately, only the GMP for the base bid scope of work currently fits within the current regents' construction and project authorization for the IRIC project. All of the additive alternates are estimated to exceed the current authorization level.

The university is extremely interested in pursuing two of the alternates at a minimum. These alternates cover the full build-out of lab and office spaces on the third floor of IRIC. Under the base bid, these spaces will be left as shell space. While the base bid will provide a useable and functional facility, leaving these third floor spaces as shelled space will reduce the initial overall lab and office count. Building out these spaces at a future, yet to be determined date will only be more expensive due to continued forecasted construction escalation – and will disrupt a then occupied facility.

Therefore, the university has identified an additional \$2.8 million in central strategic reserves for the purpose of funding the GMP estimate for alternates 1 and 2. This is the amount estimated to be necessary to accept these alternates and complete the associated third floor lab and office spaces with the initial construction build-out.

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The university has accepted the GMP for the base estimated amount only at this time and the project is currently in the bid phase. Bids are due to be received January 20, 2015. Lacking any additional authorization granted prior to that date, the university will only award scope that bids within the current authorization.

IMPACT

The impact of this additional authorization request is an additional \$2,800,000. The current design and construction project effort is authorized at \$49,000,000, thus the total cost of the revised design and construction project is \$51,800,000.

The overall project cost, to include the pre-planning expenditures, planning and design phase (and assuming the two add alternates are authorized) is \$52,738,600.

Prior Authorized Expenditures (Pre-Planning/Pre-Design)

Funding	\$938,600	Expenditures	\$936,427
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Anticipated Project (Planning, Design and Construction)

Funding		Estimate Budget	
State (FY14 & 15)	\$ 5,000,000	Construction	\$ 40,568,800
Federal (Grant)	\$ 0	A/E & Consultant Fees	\$ 3,736,500
Other (UI/Bond)	\$ 44,000,000	Fixtures, Furn., & Equip.	\$ 1,365,000
Add'l Reserves	\$ 2,800,000	Commissioning	\$ 125,000
Private	\$ 0	Testing and Surveys	\$ 280,000
Total	\$ 51,800,000	Plan Check & Fees	\$ 105,000
		Institutional Support	\$ 41,000
		Contingency	<u>\$ 5,578,700</u>
		Total	\$ 51,800,000

ATTACHMENTS

Attachment 1 – Capital Project Tracking

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STAFF COMMENTS AND RECOMMENDATIONS

In summary, UI is requesting approval for a \$2.8M increase in total project cost to accommodate two add alternates due to higher than anticipated construction costs.

Absent the requested authorization to increase the total project cost for this new facility, build-out of lab and office spaces on the third floor will not be possible. UI has identified central cash reserves to cover the cost of the add alternatives to make the third floor fully built-out and operational. Staff recommends approval.

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BOARD ACTION

I move to approve the request by the University of Idaho to implement additional authorization for the Construction Phase for the Integrated Research & Innovation Center, pursuant to the budget set forth in the materials submitted to the Board. Authorization includes the authority to execute all necessary and requisite consultant, vendor, and construction contracts to fully implement construction of the project.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

Office of the Idaho State Board of Education
 Capital Project Tracking Sheet
 Jan-15

History Narrative

- 1 **Institution/Agency:** University of Idaho **Project:** Integrated Research and Innovation Center (formerly referred to as the Science and New Technologies Lab in the cited Original Authorization)
- 2 **Project Description:** This proposed facility will establish modern and capable science spaces supporting interdisciplinary research and provide core visualization and computing labs. The project has been cited as a key priority in our multi-year capital plans and state funding requests since 1999.
- 3 **Project Use:** The facility will be designed to foster interdisciplinary research collaboration and interaction and will include flexible systems and support infrastructure, allowing reconfiguration of spaces supporting changes in programs and research needs over time.
- 4 **Project Size:** Approximately 70,800 gross square feet. The Design and Construction phase of the project revised estimate is \$51.8M. Overall project cost to include the pre-Planning/Pre-design Phase expenditures is currently estimated at \$52.739M.*

	Sources of Funds				Use of Funds			
	PBF	ISBA	Other	Total Sources	Planning	Use of Funds Const	Other **	Total Uses*
9 Initial Cost of Project			\$ 892,800	\$ 892,800	\$ 892,800			\$ 892,800
10								
11 History of Revisions:								
12 Report of Actual Preliminary Planning and Programming Expenditures, Apr 12			\$ 43,627	\$ 43,627	\$ 43,627			\$ 43,627
13 SUBTOTAL, PreDesign and Feasibility Phase:	\$ -	\$ -	\$ 936,427	\$ 936,427	\$ 936,427	\$ -	\$ -	\$ 936,427
14								
15 Project Design through Construction Documents, Dec 12			\$ 3,600,000	\$ 3,600,000	\$ 3,600,000			\$ 3,600,000
16 Revised Cost Estimate. Capital Project Budget and Finance Plan and Construction Phase Authorization, Apr 14	\$ 5,000,000		\$ 40,400,000	\$ 45,400,000	\$ 136,500	\$ 38,018,800	\$ 7,244,700	\$ 45,400,000
17 Revised Cost Estimate. Additional Construction Phase Authorization Request, Jan 15			\$ 2,800,000	\$ 2,800,000		\$ 2,550,000	\$ 250,000	\$ 2,800,000
18 SUBTOTAL, Planning, Design and Construction Phases:	\$ 5,000,000	\$ -	\$ 46,800,000	\$ 51,800,000	\$ 3,736,500	\$ 40,568,800	\$ 7,494,700	\$ 51,800,000
19								
20 Total Project Costs	\$ 5,000,000	\$ -	\$ 47,736,427	\$ 52,736,427	\$ 4,672,927	\$ 40,568,800	\$ 7,494,700	\$ 52,736,427

History of Funding:		----- Other Sources of Funds-----						Total Other	Total Funding
		PBF	ISBA	Institutional Funds (Gifts/Grants)	Student Revenue	Other			
24	Original Authorization, Jun 05					\$ 892,800	\$ 892,800	\$ 892,800	
25	Additional Auth within Delegated Limits, Jul 10					30,000	\$ 30,000	\$ 30,000	
26	Additional Auth within Delegated Limits, Dec 11					15,800	\$ 15,800	\$ 15,800	
27	SUBTOTAL, PreDesign and Feasibility Phase:	\$ -	\$ -	\$ -	\$ -	\$ 938,600	\$ 938,600	\$ 938,600	
28	Regents Authorization, Planning and Design, Dec 12					3,600,000	\$ 3,600,000	\$ 3,600,000	
30	Capital Project Budget and Finance Plan and Construction Phase Authorization, Apr 14	\$ 5,000,000				40,400,000	\$ 40,400,000	45,400,000	
31	Capital Project Additional Construction Phase Authorization Request, Jan 15					2,800,000	\$ 2,800,000	2,800,000	
32	SUBTOTAL, Planning, Design and Construction Phases:	\$ 5,000,000	\$ -	\$ -	\$ -	\$ 46,800,000	\$ 46,800,000	\$ 51,800,000	
33	Total	\$ 5,000,000	\$ -	\$ -	\$ -	\$ 47,738,600	\$ 47,738,600	\$ 52,738,600	

36 * Estimate based on planning and design phase cost estimates. UI will report back to the Board of Regents for the requisite indebtedness authorization.

37 ** Advertisement Costs, Plan Check Fees, Surveys, Commissioning, Material Testing During Construction, and Construction & Project Contingency

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