

BUSINESS AFFAIRS AND HUMAN RESOURCES
SEPTEMBER 28, 2018

BOISE STATE UNIVERSITY

SUBJECT

Fine Arts Building Construction Authorization Increase and Reallocation of Bond Proceeds

REFERENCE

June 2012	Six-year Capital Improvement Plan Amendment
April 2013	Idaho State Board of Education (Board) approved planning and design for new Fine Arts Building at a cost not to exceed \$2,885,000
October 2016	Board approved construction for new Fine Arts Building at a cost not to exceed \$42,000,000
December 2016	Board approved issuance of general revenue bonds for construction of the Fine Arts Building
December 2017	Board approved the issuance of general revenue project bonds for construction of the Micron Center for Materials Research

APPLICABLE STATUTE, RULE, OR POLICY

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

ALIGNMENT WITH STRATEGIC PLAN

Goal 2: Educational Attainment, Objective A: Higher Level of Educational Attainment and Objective C: Access

BACKGROUND/DISCUSSION

In October 2016, the Board approved Boise State University's (BSU's) request to construct a new Fine Arts building on campus along the Capitol Boulevard corridor. Due to the volatility in the construction market, the project was bid with portions of the building (the fourth floor, office suites adjacent to and above the galleries, and the World Museum space) constructed as shelled, or unfinished, space. Additive alternates to finish out these spaces were included in the original construction bids, however sufficient funding did not exist at the time of the award to allow for the build out of the alternates. Construction of the Fine Arts building began in early 2017.

In December 2017, BSU issued general revenue bonds (Series 2017A bonds) to construct the Micron Center for Materials Research, a Board approved project. A contingency was included in the bond issuance for market volatility and bids for that project came in below estimates. BSU now has approximately \$4 million in excess bond proceeds. BSU requests permission to reallocate the bond proceeds and spend up to an additional \$2.5 million in institutional funds to build

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out the shelled spaces in the Fine Arts building and purchase furniture, fixtures and equipment (FF&E) for the building.

IMPACT

Completion of the shelled spaces and purchase of FF&E will result in the completion of the entire building before opening. If the shelled spaces are not constructed as a part of the current project, the costs to complete the spaces at a later date will be substantially greater due to separate mobilization/demobilization costs and the inability to leverage project cost efficiencies. In addition, the unfinished spaces are located directly above and adjacent to several academic and gallery spaces, which will be fully occupied and used throughout the day. Future construction would need to be completed after hours and on weekends, further driving up the construction costs.

The revised funding package is as follows:

PBFAC funds (FY2016 and FY2017)	\$ 5,000,000
Private and Institutional funds	\$ 7,500,000
Strategic Facilities Bonds	<u>\$36,000,000</u>
 Total	 \$48,500,000

ATTACHMENTS

- Attachment 1 – Project Budget
- Attachment 2 – Capital Project Tracking Sheet
- Attachment 3 – Project Drawings

STAFF COMMENTS AND RECOMMENDATIONS

Board Policy V.F.3. allows excess bond funds to be spent on other projects with the same tax status as the original issuance. The approval for that expenditure requires Board approval.

The Special Board Meeting was called when staff were informed that authorization needed to be provided for the additional expenses prior to the regular Board meeting or it would delay the occupancy of the new building. Staff spoke with the Idaho Division of Public Works (DPW) regarding the project and it was confirmed that Board action for authorization was required immediately or the lack of authorization would delay the occupancy of the building by a semester. Staff was informed that this would delay occupancy of the building and that this concern had been known for a period of two months. The cost of finishing the project has escalated from the time that the original project was approved in October 2016.

At the time the project was approved, the following language was part of the original agenda item. “Portions of the work, including the build-out of the fourth floor of the building and the second floor office areas adjacent to and above the

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gallery will be bid as additive alternates in an effort to assure a successful award within the budget. Even with the margin which additive alternates may provide, continuing volatility and inflation create risk for BSU."

The project was designed with shelled space included for a total cost of \$42 million. Without additional funding, full occupancy of the building would not be possible. The plans approved by the Board in October 2016 call for shelled space on the fourth floor. The plans for the building show that the shelled space includes the painting and drawing studios, a computer lab, illustration studio, a library, office space, and the foundations studio (where introductory classes in both 2D and 3D methods will be taught).

Staff recommends approval.

BOARD ACTION

I move to approve the request by Boise State University to increase the construction budget for the Fine Arts building to \$48,500,000 and to reallocate up to \$4 million of Series 2017A bond proceeds, plus related interest earnings, originally allocated to the Micron Materials Science Building, to the Fine Arts project.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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ATTACHMENT 1

PROJECT BUDGET

Project Number:	DPW13-206
Project Title:	Fine Arts Building
Date:	Oct-18

Category	Budget
Architectural Fees	\$4,300,000
Construction Cost	\$37,600,000
Testing, Inspections and Misc.	\$500,000
Construction Contingency	\$1,600,000
Subtotal	\$44,000,000

University Costs	\$500,000
Furniture, Fixtures and Equipment (FFE)/World Museum	\$3,500,000
Project Contingency	\$500,000

Total Budget	\$48,500,000
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Office of the Idaho State Board of Education
 Capital Project Tracking Sheet
 October 2018

History Narrative

1 **Institution/Agency:** Boise State University **Project:** Fine Arts Building
 2 **Project Description:** Construction of New Fine Arts Building
 3 **Project Use:** New Building to house Art Department
 4 **Project Size:** 97,000 GSF

	Sources of Funds				Use of Funds			
	PBF	ISBA	Other *	Total Sources	Planning	Use of Funds Const	Other	Total Uses
9 Initial Planning Approval	\$ -	\$ -	\$ 2,885,000	\$ 2,885,000	\$ 2,662,000		\$ 223,000	\$ 2,885,000
10 Construction Approval	\$ 5,000,000	\$ -	\$ 34,115,000	\$ 39,115,000	\$ 1,310,600	\$ 34,806,780	\$ 2,997,620	\$ 39,115,000
11 Const. Increase Approval			\$ 6,500,000	\$ 6,500,000	\$ 327,400	\$ 2,793,220	\$ 3,379,380	\$ 6,500,000
22 Total Project Costs	\$ 5,000,000	\$ -	\$ 43,500,000	\$ 48,500,000	\$ 4,300,000	\$ 37,600,000	\$ 6,600,000	\$ 48,500,000

History of Funding:	PBF	ISBA	* Other Sources of Funds			Total Other	Total Funding
			Institutional Funds	Student Revenue	Other (Gifts)		
26 Apr-13			\$ 2,885,000			\$ 2,885,000	\$ 2,885,000
27 Jul-15	\$ 2,500,000					\$ -	\$ 2,500,000
28 Jul-16	\$ 2,500,000						\$ 2,500,000
29 Oct-16			29,115,000		5,000,000	34,115,000	34,115,000
Oct-18			6,500,000			6,500,000	6,500,000
30 Total	\$ 5,000,000	\$ -	\$ 38,500,000	\$ -	\$ 5,000,000	\$ 43,500,000	\$ 48,500,000

