

BUSINESS AFFAIRS AND HUMAN RESOURCES
MARCH 14, 2019

UNIVERSITY OF IDAHO

SUBJECT

Idaho Central Credit Union Arena Project – Bidding and Construction

REFERENCE

December 2016	Idaho State Board of Education (Board) approved an updated University of Idaho (UI) six-year plan featuring the proposed Arena.
February 2017	The Board authorized Planning and Design Phases for the proposed Arena.
January 2018	The Board authorized naming the proposed Arena the “Idaho Central Credit Union Arena.”

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedure, Section V.K.

ALIGNMENT WITH STRATEGIC PLAN

This item aligns with the goals and objectives of the Board’s FY2019-2024 Strategic Plan as it provides for a facility which will host a variety of education, outreach, extension and cultural activities which contribute to a positive, robust, engaging and transformative experience for the students, faculty, alumni and stakeholders of the University of Idaho.

Specifically the Idaho Central Credit Union Arena supports Goal 2, Objective A, Higher Level of Educational Achievement, and Goal 2, Objective C, Access, by providing a facility which will revitalize, enhance and improve the residential campus environment thus increasing the appeal of the university and university environment for both current and potential students. This will enhance engagement levels and support progress towards improving metrics for retention, participation and program completion. In addition, the cultural and athletic events supported by the Idaho Central Credit Union Arena have the potential to increase and mobilize stakeholder interest in the University of Idaho. These outreach events are often a means towards inviting the community to share in the excitement surrounding the university’s academic and research programs. As stakeholder interest increases, so too does the potential to increase resources and support available for the university’s greater mission.

The varied and diverse experiences generated by the programs offered within this proposed facility play a vital role towards meeting the goals and objectives of the Board’s Strategic Plan in terms of developing an environment conducive to developing well-rounded, engaged, educated individuals prepared and inclined to make positive contributions to the State of Idaho.

BACKGROUND/DISCUSSION

This agenda item requests Board authorization for UI to proceed with the bidding and construction phases of a capital project to construct the proposed Idaho Central Credit Union Arena, University of Idaho, Moscow, Idaho.

This agenda item also requests Board approval to set the total project budget at \$46,000,000. Very early estimates of total project cost, based only on internal comparisons of other arena projects in the region, set the project budget at \$30,000,000 (this estimate was presented to the board in conjunction with design approval in February 2017). Subsequent planning and design efforts have resulted in refinement of scope, addition of design detail, and development of detailed cost estimates. The final project budget also reflects inflationary increases in construction costs experienced industry-wide over the course of the past year, as well as anticipated cost escalation to the mid-point of construction in calendar year 2020. Fundraising targets have increased throughout the design phase in order to cover anticipated project costs.

Planning Background

The February 2017 request for planning and design authorization for the proposed Idaho Central Credit Union Arena detailed the long history of the desire of the university to design and construct an events and court sports facility. This history is documented in various planning studies and master plans dating back to the mid-1950's.

In 2014, President Chuck Staben affirmed his commitment to the development of a sustainable, "right-sized" facility suited to campus needs, to be planned and constructed within the means of the university. Accordingly, the University of Idaho now proposes to construct a multi-event and court sports facility. The vision and intention is that the Idaho Central Credit Union Arena will not only be a home for Vandal court sports, but also a gathering space for a variety of campus and community events to enhance student life on UI's residential campus. Further, the University of Idaho has stated an intent that the proposed Idaho Central Credit Union Arena showcase and support Idaho wood and forest products in its design and execution.

Project Description

Upon authorization of the Board in February 2017, the university selected the architectural design team led by Opsis Architects via a national request for qualifications (RFQ) search process. Opsis is supported by Hastings+Chivetta Architects and a robust team of engineers and specialty consultants. In addition, the university conducted a second RFQ process seeking a qualified Construction Manager – General Contractor. Hoffman Construction was selected to provide preconstruction, design phase services, with follow-on construction phase services contingent upon authorization of the construction phase. Hoffman subsequently held a selection process for a qualified wood engineering and mass timber

BUSINESS AFFAIRS AND HUMAN RESOURCES
MARCH 14, 2019

construction engineer, fabricator and erector. As a result of this process, StructureCraft Builders has joined the design and engineering team.

Opsis, Hastings+Chivetta, the various engineering and specialty consultants, Hoffman, StructureCraft, and a wide variety of university personnel and stakeholders have since worked in a collaborative manner through programming, conceptual design, schematic design and design development to plan, design and develop an arena facility which will seat 4,000 persons and support a wide variety of academic, athletic and cultural events. The envisioned facility is to be constructed of engineered mass timber and showcases Idaho forest products in a unique, elegant and efficient design.

The Idaho Central Credit Union Arena is sited adjacent to the existing ASUI Kibbie Activity Center where it can leverage existing parking and other related resources. In addition to its role supporting student activities and the mission of the Department of Athletics, the Idaho Central Credit Union Arena will serve as the host facility for campus and community events with expected guest attendance figures greater than 1,500, but which are not large enough to justify the operational expenses associated with the 15,000 seat Kibbie Dome.

Along with the new performance court and seating, the arena features a practice court facility, offices, locker rooms, alumni and conference facilities, and associated support facilities such as concourses, restrooms and concessions spaces.

Opsis Architects and their team of consulting architects, engineers and specialty consultants have now designed the project. The completed construction documents are ready in support of bid phase activities. It is anticipated that the project will be bid in sub-packages by Hoffman Construction serving in their role as Construction Manager-General Contractor. The intent is to bid these sub-packages in February and March of 2019. This will allow for award of the packages in March and April with ground breaking to occur in the spring of 2019. Construction completion is anticipated in 2021.

Hoffman Construction, supported by StructureCraft Builders, has developed and tested a construction cost estimate based upon the design development phase documents. Hoffman's current direct construction cost estimate is \$37,617,938. This estimate also includes anticipated construction escalation to the mid-point of construction in CY2020. The total project effort is currently estimated at \$46,000,000, including all design and support construction costs, specialty vendors and systems, administrative costs and contingency allowances.

Authorization Request

This request is for the requisite capital project bidding and construction phase authorization necessary to bid, award and construct the proposed Idaho Central Credit Union Arena, University of Idaho, Moscow, Idaho.

BUSINESS AFFAIRS AND HUMAN RESOURCES
MARCH 14, 2019

The project is consistent with the strategic goals and objectives of UI. The project is fully consistent with UI's strategic plan, specifically:

Goal 2, Engage – This project carries specific intent to support events and cultural activities which engage with the university's stakeholders, students, staff, alumni and the greater community of the state of Idaho.

Goal 3, Transform – As noted, the proposed Idaho Central Credit Union Arena will host and support events which enrich the collegiate experiences and careers of the students of the University of Idaho. In addition to hosting intercollegiate athletic events, the Idaho Central Credit Union Arena will host a variety of academic and cultural outreach events and activities. These anticipated education, outreach, extension and cultural activities to be conducted at the Idaho Central Credit Union Arena will have the power to engage the community and transform the lives of students and community members alike.

Goal 4, Cultivate – The events and activities to be hosted by Idaho Central Credit Union Arena facility have the potential to improve cohesion, connectivity and morale within the university. In addition, the education, outreach, extension and cultural activities and events supported by the facility have the potential to cultivate relationships and improve communication and collaboration between the university and the greater community.

This project, and the resultant facility, is fully consistent with the principles, goals, and objectives related to outreach and extension within the University of Idaho's Long Range Campus Development Plan (LRCDP), an arena having been featured in the university's campus plans since the 1950's.

IMPACT

The project is anticipated to be funded largely through donations and development sources. Idaho Central Credit Union has provided a lead gift of \$10,000,000. In addition to donations of funds to finance the project, the university has actively, and successfully solicited gifts-in-kind from Idaho forest products industry sources. Specific gifts of raw timber and fabrication services necessary to form Glu-Laminated beams have been incorporated into, and directly inform, the design concept. Other gifts-in-kind include the plywood products necessary to sheathe the roof decks, and professional geotechnical and materials testing services.

The donations and development funding, and the gifts-in-kind will be supplemented by a dedicated student fee and central strategic reserves as required to fund cash flow needs and provide bridge financing necessary for full realization of gifts which mature over time.

BUSINESS AFFAIRS AND HUMAN RESOURCES
MARCH 14, 2019

The fiscal impact of this effort will be \$46,000,000 in total expenditures and gifts in kind, as follows:

<u>Overall Project Funding</u>		<u>Estimate Budget</u>	
State	\$	Administrative Support	\$ 50,000
Federal (Grant)		A/E & Professional Fees	3,750,000
Other (UI)		Construction, Contractor	38,000,000
Gifted Funds &	28,000,000	Construction, Other	600,000
Gifts-in-Kind		Const. Contingency	600,000
Student Fee	18,000,000	Owner Costs, AV & FFE	2,750,000
Central Reserves	<u> </u>	Project Cont.	<u>250,000</u>
 Total	 \$ 46,000,000	 Total	 \$ 46,000,000

ATTACHMENTS

- Attachment 1 – Capital Project Tracking Sheet
- Attachment 2 – 100% Schematic Design Renderings
- Attachment 3 – Project Budget and Financing Plan

STAFF COMMENTS AND RECOMMENDATIONS

The project costs for the ICCU Arena are anticipated to be \$46 million. UI currently has identified \$25 million in gifts, pledges, and sponsorships. Many of these gifts and pledges are bequests, meaning that the cash will not be received until a later time. Of the \$25 million, approximately \$16 million in cash has been collected. This difference requires the UI to cash flow \$9 million to cover the gifts, pledges, and sponsorships.

UI also plans for approximately \$18 million of the project costs to come from student facility fees. The Board approved a facility fee of \$30 in April 2016. That fee has generated approximately \$750,000. The remaining amount would come from doubling the facility fee from \$30 per year to \$60 per year. The combined \$60 facility fee is expected to generate approximately \$17.5 million over 35 years. This facility fee will be considered by the Board at the April 2019 meeting. The difference requires the UI to cash flow approximately \$17 million to cover the student portion of the project.

The source of funds for the remaining \$3 million of the project has not yet been identified. This means that the UI would cash flow this \$3 million, the \$9 million bridge funding to cover the gifts, pledges, and sponsorships, and the \$17 million bridge funding to cover the student facility fee collection. In total, the institution proposes to borrow from internal investments to cover \$29 million.

UI has sufficient cash and investments to provide bridge financing for the Arena project. Specific finance recovery details will be decided by the incoming administration in order to align with the new president’s strategic plan. The

BUSINESS AFFAIRS AND HUMAN RESOURCES
MARCH 14, 2019

proposed plan depends on an internal loan from the short-term investments for the project. An internal loan of \$29 million to the Arena project fund would likely result in a downgrade of the institution's credit rating due to a reduction in overall liquidity. This internal loan for the arena project will also negatively impact the net position report as those short-term investments are transferred into capital assets.

Board Policy V.K.3.b. states, "Board approval of a project budget and financing plan (including pro forma financials, debt/operating expenses ratios, pledges, strategic facilities fees, and other material financial information) is required for a major project. This approval may be requested only after completion of the design and planning process and may be requested concurrently with approval for construction." Design and planning was approved by the Board at the February 2017 meeting. The Project Budget and Financing Plan is included as Attachment 3. This request complies with Board Policy V.K.3.b. and is included in the institutions six-year capital project plan.

The Arena will house institution and community events. It will be used to recruit student-athletes and fill a gap in the institution's ability to host events where the Kibbie Dome is too large of a venue. The project has been included in the institution's plans for more than two years, and has been an element of overall campus master planning for decades.

BOARD ACTION

I move to approve the request by the University of Idaho to implement the bidding and construction phases for the proposed Idaho Central Credit Union Arena, for a total cost of \$46,000,000 as described in the materials presented. Approval includes the authority for the Vice President for Finance and Administration to execute all necessary and requisite consulting and vendor contracts to implement the project.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

Office of the Idaho State Board of Education
 Capital Project Tracking Sheet
 As of February, 2019

History Narrative

- 1 **Institution/Agency:** University of Idaho **Project:** Capital Project Authorization Request, Planning, Programming and Design Phases Authorization, University of Idaho / Idaho Central Credit Union Arena, University of Idaho, Moscow, Idaho.
- 2 **Project Description:** A project effort to plan, program and design a Capital Project to provide for a new, multi-event and court sports facility to be known as the Idaho Central Credit Union Arena to be located on the main campus of the University of Idaho, Moscow, Idaho.
- 3 **Project Use:** 4,000 seat arena featuring a performance court suitable for varsity Basketball and Volleyball. The vision and intention is that the Idaho Arena will not only be a home for Vandal court sports, but also a gathering space for a variety of campus and community cultural and outreach events to enhance student life on UI's residential campus. The Idaho Central Credit Union Arena will serve as the host facility for campus and community events with expected guest attendance figures greater than 1,500, but which are not large enough to justify the operational expenses associated with the 15,000 seat Kibbie Dome.
- 4 **Project Size:** 66,900 GSF +/-.

Project Cost History:	Sources of Funds				Use of Funds			Total Uses
	PBF	ISBA	Other	Total Sources	Planning	Use of Funds Const	Other	
Initial Cost of Project. Planning, Programming and Design Phase Only. February 2017.	\$ -	\$ -	\$ 3,000,000	\$ 3,000,000	\$ 2,776,500	\$ -	\$ 223,500	\$ 3,000,000
History of Revisions:								
Revised Cost of Project. Bid, Award and Construction Phase Authorization Request. February 2019.	\$ -	\$ -	\$ 43,000,000	\$ 43,000,000	\$ 973,500	\$ 39,200,000	\$ 2,826,500	\$ 43,000,000
Total Project Costs	\$ -	\$ -	\$ 46,000,000	\$ 46,000,000	\$ 3,750,000	\$ 39,200,000	\$ 3,050,000	\$ 46,000,000

History of Funding:	PBF	ISBA	Other Sources of Funds			Total Other	Total Funding
			Institutional Funds (Gifts/Grants)	Student Revenue	Other****		
Initial Cost of Project. Planning, Programming and Design Phase Only. February 2017	\$ -	\$ -	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000	\$ 3,000,000
Revised Cost of Project. Bid, Award and Construction Phase Authorization Request. February 2019.	\$ -	\$ -	\$ 25,000,000	\$ 18,000,000	\$ -	\$ 43,000,000	\$ 43,000,000
Total	\$ -	\$ -	\$ 28,000,000	\$ 18,000,000	\$ -	\$ 46,000,000	\$ 46,000,000



Proposed Idaho Central Credit Union Arena
Northwest Entry

Image Courtesy Opsis Architects and Hastings+Chivetta Architects



Proposed Idaho Central Credit Union Arena

Performance Court

Image Courtesy Opsis Architects and Hastings+Chivetta Architects



Proposed Idaho Central Credit Union Arena
Concert Scene

Image Courtesy Opsis Architects and Hastings+Chivetta Architects



Proposed Idaho Central Credit Union Arena
Northeast Entry

Image Courtesy Opsis Architects and Hastings+Chivetta Architects

Arena Construction Analysis	
AES Support	23,238
Professional Fees	3,732,462
Construction + Contingency	38,725,581
Owner Support	544,469
FF&E Costs	2,724,250
Contingencies	250,000
CASH/GIK REQUIRED	46,000,000

Fundraising Revenue Analysis	
Gifts Received (via UIF)	10,874,828
Bequests and Annuities (via UIF)	3,010,000
Gifts in Process (via UIF)	1,515,000
SUBTOTAL	15,399,828
5% Gift Fee	(769,991)
SUBTOTAL	14,629,837
10% FM Endow	(1,462,984)
SUBTOTAL	13,166,853
ICCU Sponsorship	10,000,000
Facility Fee (Pre-Construction)	750,000
**Facility Fee (Post-Construction A)	8,750,000
**Facility Fee (Post-Construction B)	8,750,000
Learfield	600,000
Albertsons	420,000
Wood Innovations Grant	200,000
TOTAL PROJECT REVENUE	42,636,853

Fundraising Cash Analysis	
Gifts Received (via UIF)	6,646,737
Bequests and Annuities (via UIF)	-
Gifts in Process (via UIF)	-
SUBTOTAL	6,646,737
5% Gift Fee	(332,337)
SUBTOTAL	6,314,400
10% FM Endow	(631,440)
SUBTOTAL	5,682,960
ICCU Sponsorship	10,000,000
Facility Fee (Pre-Construction)	750,000
Facility Fee (Post-Construction A)	-
Facility Fee (Post-Construction B)	-
Learfield	-
Albertsons	100,000
Wood Innovations Grant	200,000
AVAILABLE CASH	16,732,960

* Worst-case scenario analysis, assumes no GIK for project materials (\$1.3M est)

** Facility fees at \$250K per year, for 35 years