

May 19, 2015

The Honorable Michael R. Pence
Governor of the State of Indiana
State House
Indianapolis, IN 46204

Dear Governor Pence:

At its meeting on May 15, 2015, the Purdue University Board of Trustees approved the financing and construction of the project, "Agricultural and Life Sciences Facility" on the Purdue University West Lafayette Campus.

The Agricultural and Life Sciences Building will be a state-of-the-art facility that will consolidate Animal Sciences students, faculty and staff into a unified complex that will facilitate synergies in learning, outreach, and discovery in a collaborative environment. The Agricultural and Life Sciences Building will address research, extension and education in animal and life sciences. The project will construct modern research and teaching space serving the Department of Animal Sciences and provide researchers with an environment for scientific preeminence and a world class teaching facility. This facility will ultimately replace part or all of four facilities thereby eliminating \$19.9M of deferred R&R.

The estimated cost of this project is \$60,000,000, to be funded from Student Fee Bond Proceeds (\$35,000,000), Gift Funds (\$10,000,000), Capital Reserve for Buildings (\$10,000,000), and Capital Planning Reserve (\$5,000,000). The University may utilize its existing tax-exempt commercial paper program to fund these expenditures on an interim basis until such time that permanent debt financing is issued.

Subject to review by the Commission for Higher Education and recommendation by the State Budget Committee and the Budget Agency, we request your approval to proceed with this project. Attached are the completed forms which the Commission has prescribed for its review of such projects. We will be happy to answer any questions you or your staff may have or to provide any additional information you may wish.

Sincerely,



William. E. Sullivan
Treasurer and Chief Financial Officer

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Attachments

c: Matt Hawkins, Associate Commissioner and Chief Financial Officer
Brian Bailey, State Budget Director
Kendra Cooks, Comptroller
Kevin Green, Assistant Director of Capital Planning

PROJECT SUMMARY AND DESCRIPTION
AGRICULTURAL AND LIFE SCIENCES FACILITY

Institution:	Purdue University	Budget Agency Project No.:	B-1-13-1-02R
Campus:	West Lafayette	Institutional Priority:	One
Previously approved by General Assembly:	No	Previously recommended by CHE:	Yes
Part of the Institution's Long-term Capital Plan:	Yes		

Project Summary Description:

The Agricultural and Life Sciences Building will be a state-of-the-art facility that will consolidate Animal Sciences students, faculty and staff into a unified complex that will facilitate synergies in learning, outreach, and discovery in a collaborative environment. The Agricultural and Life Sciences Building will address research, extension and education in animal and life sciences. The project will construct modern research and teaching space serving the Department of Animal Sciences and provide researchers with an environment for scientific preeminence and a world class teaching facility. This facility will replace part or all of four facilities thereby eliminating \$19.9M of deferred R&R.

Summary of the impact on the educational attainment of students at the institution:

This facility will provide students with rigorous, relevant, cutting edge education that will prepare them for a lifetime of learning and career achievement. External reviews of the Department of Animal Sciences have acknowledged the department's progress, but point to a major critical limitation – the quantity and quality of space for educational programs and for research. New, state-of-the-art facilities are essential to attract top tier students and continue as a premier Animal Sciences program on a national level. New facilities will foster greater multidisciplinary collaboration among faculty in a variety of departments within the Colleges of Agriculture, Engineering, Health and Human Sciences, and Veterinary Medicine.

Project Size:	122,500 GSF	69,300 ASF	0.57 ASF/GSF
Net change in overall campus space:	68,459 GSF	29,293 ASF	

Total cost of the project (1):	\$ 60,000,000 *	Cost per ASF/GSF:	\$ 489.80 GSF
			\$ 865.80 ASF

Funding Source(s) for project (2):	\$ 35,000,000	Student Fee Bond Proceeds - Fee Replaced
	\$ 10,000,000	Gift Funds, derived from new campaign gifts, received \$10,000,000
	\$ 10,000,000	Capital Reserve for Buildings, balance is \$10,060,926 as of 5/15/15
	\$ 5,000,000	Capital Planning Reserve, balance is \$59,552,462 as of 5/15/15

Estimated annual debt payment (4):	\$2,575,361	Based on the appropriation at 4% which may be lower than actual rates at date of issue
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Are all funds for the project secured:	Yes
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Estimated annual change in cost of building operations based on the project:	\$ 826,970 **
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Estimated annual repair and rehabilitation investment (3):	\$ 900,000	Based on total project cost
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(1) Projects should include all costs associated with the project (structure, A&E, infrastructure, consulting, FF&E, etc.)

(2) Be consistent in the naming of funds to be used for projects. If bonding, note Bonding Authority Year (1965, 1929, 1927, etc.)

(3) Estimate the amount of funding the institution would need to set aside annually to address R&R needs for the project. CHE suggests 1.5% of total construction cost

(4) If issuing debt, determine annual payment based on 20 years at 5.75% interest rate

- If project is a lease-purchase or lease, adjust accordingly. Note the total cost of the lease in the project cost, and annual payments in project description

* The project cost is based on 2015 projections and includes the cost of demolition of the Food Stores Building, Building Services and Grounds Facility, and USDA Polyhouse.

** Does not include the net reduction in operating costs due to terminated space

PROJECT DETAILED DESCRIPTION - ADDITIONAL INFORMATION
AGRICULTURAL AND LIFE SCIENCES FACILITY

Institution:	Purdue University	Budget Agency Project No.:	B-1-13-1-02R
Campus:	West Lafayette	Institutional Priority:	One

Description of Project

The Agricultural and Life Sciences Building will be a state-of-the-art facility that will consolidate Animal Sciences students, faculty and staff into a unified complex that will facilitate synergies in learning, outreach, and discovery in a collaborative environment. The Agricultural and Life Sciences Building will address research, extension and education in animal and life sciences. The project will construct modern research and teaching space serving the Department of Animal Sciences and provide researchers with an environment for scientific preeminence and a world class teaching facility.

A major focus of Purdue's long term Capital Plan is to co-locate Life Sciences education and research into the Life and Health Sciences Park on Purdue's South Academic Campus. Replacement of Animal Sciences program space in Lilly Hall (LILY) is a prerequisite to demolishing the south wing of this structure and eliminating its deferred R&R liability (\$19.9M) as part of a balanced capital approach. Also, the replacement of Animal Sciences space in Poultry Science (POUL), Poultry Science Annex (POAN), and Smith Hall (SMTH) will move Purdue closer to decommissioning outdated facilities, as part of the 10-Year Capital Plan.

Over the past several years, other campus locations were explored for the Agricultural and Life Sciences Building; but options were limited by the magnitude of the current and future needs of Animal Sciences, the purposeful adjacency to other Agriculture Programs as stated in the College of Agriculture Master Plan, and the planned proximity to other Life Sciences departments and colleges.

Although renovation of existing space is a preferred approach for meeting the space needs of academic departments, there was no single facility that could accommodate the Animal Sciences program. The University investigated renovating Lilly Hall to continue to house a part of the program but found that it did not lend itself to state-of-the-art renovations and the long-term cost was prohibitive.

The Agricultural and Life Sciences Building will be the first step in a three-phase project to consolidate the Animal Sciences program into a cohesive complex. Animal Sciences is currently scattered across six buildings, not including the farms. The new facility will consolidate departmental space now located in four of those buildings: LILY, SMTH, the POUL and POAN. In future phases, Animal Sciences Teaching Lab (ASTL) and the Life Sciences Animal Facility (LSA) will be removed and replaced as part of the future consolidated complex.

Need and Purpose of the Program

As a land-grant institution, Purdue continues to honor its historic mission, as set forth in the 1862 Morrill Act, to focus on the teaching of practical agriculture, as well as science and engineering. The Department of Animal Sciences facilitates scientific research and technology transfer for efficient and sustainable production of high quality animal and their products; and provides leadership and inspiration to educate individuals to anticipate and respond to challenges facing global animal industries. Indiana agricultural industries rely on Purdue faculty and staff to deliver up to date knowledge to maintain Indiana's vibrant livestock economy. This facility will position our students in the forefront of the Animal Sciences field, preparing them for a lifetime of learning and career achievement.

New facilities will foster greater multidisciplinary collaboration among faculty in a variety of departments within the Colleges of Agriculture, Engineering, Health and Human Sciences, and Veterinary Medicine. External reviews of the Department of Animal Sciences have acknowledged the department's progress, but point to a major critical limitation – the quantity and quality of space for educational programs and for research. New, state-of-the-art facilities are essential to attract top tier students and continue as a premier Animal Sciences program on a national level.

The impact of not moving forward with this project would be detrimental to the advancement of the Animal Sciences program; causing it to fall below the expectations of future students, the Indiana agricultural community and Purdue University.

Space Utilization

The Agricultural and Life Sciences Building will slightly decrease the overall area of campus by 2,028 assignable square feet (asf). The project will add a 69,300 asf new facility, but requires the demolition of Building Services and Grounds (BSG) and the Food Stores Building (FOOD) to clear the site, and includes the subsequent demolition of Poultry Science (POUL) and Poultry Science Annex (POAN). This project also clears the way for the planned demolition of the south wing of Lilly Hall (LILY), and the east wing of Smith Hall (SMTH), as part of an informed capital plan. The Agricultural and Life Sciences Building will create an improvement in functional utilization by collocating facilities and replacing outdated labs and offices that no longer meet the needs of our students and investigators with modern and efficient research, teaching and office space.

Comparable Projects

Bindley Bioscience Center Addition - this project is a disease research-focused building that will enhance the existing capabilities of Birck Nanotechnology, Center for Cancer Research, Biomedical Engineering and Structural Biology to integrate scientific expertise from the molecular level through animal disease modeling. The project is 28,603 GSF, \$555.89/GSF; 18,503 ASF, \$859.32/ASF. Total Project Cost is \$15.9M; Construction Cost \$12.4M.

Background Materials

CAPITAL PROJECT REQUEST FORM
INDIANA PUBLIC POSTSECONDARY EDUCATION
INSTITUTION CAMPUS SPACE DETAILS FOR Agricultural and Life Sciences Facility

B-13-1-1-02R	Current Space in Use	Space Under Construction (1)	Space Planned and Funded (1)	Subtotal Current and Future Space	Space to be Terminated (1)	New Space in Capital Request (2)	Net Future Space
<u>A. OVERALL SPACE IN ASF</u>							
Classroom (110 & 115)	287,747	64,949	-	352,696	-	2,160	354,856
Class Lab (210,215,220,225,230,235)	550,066	3,870	-	553,936	-	21,460	575,396
Non-class Lab (250 & 255)	1,524,636	-	-	1,524,636	-	27,015	1,551,651
Office Facilities (300)	2,149,924	7,292	-	2,157,216	5,507	18,665	2,170,374
Study Facilities (400)	380,306	39,238	-	419,544	-	-	419,544
Special Use Facilities (500)	1,164,546	-	-	1,164,546	-	-	1,164,546
General Use Facilities (600)	872,172	25,468	-	897,640	777	-	896,863
Support Facilities (700)	3,297,939	12,220	-	3,310,159	33,723	-	3,276,436
Health Care Facilities (800)	86,429	-	-	86,429	-	-	86,429
Resident Facilities (900)	2,326,982	127,462	-	2,454,444	-	-	2,454,444
Unclassified (000)	49,707	-	-	49,707	-	-	49,707
<u>B. OTHER FACILITIES</u>							
(Please list major categories)	-	-	-	-	-	-	-
TOTAL SPACE	12,690,454	280,499	-	12,970,953	40,007	69,300	13,000,246

Notes:

(1) Identify in a footnote the specific facilities that are included in the data in these columns. Do not include pending approval, non-submitted projects or non-funded projects

(2) Should include capital projects requested by the institution based on 2013-15 Capital Request Summary

- Space/Room codes based on Postsecondary Ed Facilities Inventory and Classification Manual (2006)

Space under construction includes: Thomas S. and Harvey D. Wilmeth Active Learning Center, Honors College and Residences

Space planned and funded includes:

Space to be terminated includes: BSG, FOOD

CAPITAL PROJECT COST DETAILS
AGRICULTURAL AND LIFE SCIENCES FACILITY

Institution:	Purdue University	Budget Agency Project No.:	B-1-13-1-02R
Campus:	West Lafayette	Institutional Priority:	One

ANTICIPATED CONSTRUCTION SCHEDULE

	<u>Month</u>	<u>Year</u>
Bid Date	December	2015
Start Construction	February	2016
Occupancy (End Date)	July	2017

ESTIMATED CONSTRUCTION COST FOR PROJECT

	Estimated Escalation	
<u>Cost Basis (1)</u>	<u>Factors (2)</u>	<u>Project Cost</u>
<u>Planning Costs</u>		
a. Engineering		\$ 2,036,400
b. Architectural		\$ 1,477,600
c. Consulting		\$ 486,000
<u>Construction</u>		
a. Structure		\$ 19,465,680
b. Mechanical (HVAC, plumbing, etc.)		\$ 19,315,100
c. Electrical		\$ 4,552,820
<u>Movable Equipment</u>		\$ 3,652,200
<u>Fixed Equipment</u>		\$ 2,434,800
<u>Site Development/Land Acquisition</u>		\$ 3,704,400 *
<u>Other (PM and S&T Fees, Insurance and Contingencies)</u>		\$ 2,875,000
TOTAL ESTIMATED PROJECT COST		\$ 60,000,000

(1) Cost Basis is based on current cost prevailing as of: (INSERT MONTH AND YEAR)

(2) Explain in the Description of Project Section of the "Cap Proj Details" schedule the reasoning for estimated escalation factors

* Includes \$1,130,000 of demolition costs

CAPITAL PROJECT OPERATING COST DETAILS
AGRICULTURAL AND LIFE SCIENCES FACILITY

Institution: Purdue University
Campus: West Lafayette

Budget Agency Project No.: B-1-13-1-02R
Institutional Priority: One

GSF OF AREA AFFECTED BY PROJECT 122,500

ANNUAL OPERATING COST/SAVINGS (1)

	Cost per GSF	Total Operating Cost	Personnel Services	Supplies and Expenses
1. Operations	\$3.10	\$ 379,557	\$ 324,018	\$ 55,539
2. Maintenance	\$0.92	\$ 112,364	\$ 98,709	\$ 13,655
3. Fuel	\$1.57	\$ 192,770	\$-	\$ 192,770
4. Utilities	\$1.16	\$ 142,279	\$-	\$ 142,279
5. Other	\$-	\$-	\$-	\$-
TOTAL ESTIMATED OPERATIONAL COST/SAVINGS	\$6.75	\$ 826,970	\$ 422,727	\$ 404,243

Description of any unusual factors affecting operating and maintenance costs/savings.

Does not include the net

(1) Based on figures from "Individual Cap Proj Desc" schedule