



Office of the Chief Financial Officer and Treasurer

October 13, 2022

The Honorable Eric J. Holcomb
Governor of the State of Indiana
Statehouse
Indianapolis, IN 46204

Dear Governor Holcomb:

At its meeting on October 7, 2022, the Purdue University Board of Trustees approved the planning, financing, construction and award of construction contracts for Purdue Memorial Union Second Floor Hospitality Renovation on the West Lafayette campus.

This project will renovate existing general meeting and office space into corporate meeting space and a spa to be managed by the adjoining Union Club Hotel. Aging air handler units will be removed and replaced with a single, more efficient unit.

Assignable square footage will increase, and the modernized space will provide the campus community and Union Club Hotel guests with new amenities.

The estimated total project cost is \$6,300,000 with \$5,300,000 from Auxiliary Funds - Other and the remaining \$1,000,000 from Gift Funds.

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 that 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 that is needed.

Sincerely,

A handwritten signature in black ink, appearing to be 'C. Ruhl', written over a horizontal line.

Christopher A. Ruhl
Chief Financial Officer and Treasurer

Attachments

c: Seth Hinshaw, Chief Financial Officer, Indiana Commission for Higher Education
Zachary Jackson, Director, Indiana State Budget Agency
Jasmine Williams, Assistant Director, Indiana State Budget
Kathleen Thomason, Comptroller, Purdue University
Anne Hazlett, Senior Director, Government Relations, Purdue University

PROJECT COST SUMMARY
Purdue Memorial Union Second Floor Hospitality Renovation

Institution:	Purdue University	Budget Agency Project No.:	B-1-23-2-11
Campus:	West Lafayette	Institutional Priority:	N/A
Previously approved by General Assembly:	No	Previously recommended by CHE:	No
Part of the Institution's Long-term Capital Plan:	Yes		

Project Size:	9,036 GSF (1)	6,225 ASF (2)	0.69 ASF/GSF
Net change in overall campus space:	31 GSF	17 ASF	

Total cost of the project (3):	\$ 6,300,000	Cost per ASF/GSF:	\$ 697.21 GSF
Total cost of the demolition:	\$ -		##### ASF
Funding Source(s) for project (4):	Amount	Type	
	\$ 5,300,000	Auxiliary Funds - Other	
	\$ 1,000,000	Gift Funds	
Estimated annual debt payment (6):	\$0		
Are all funds for the project secured:	Yes		

Project Funding:
The renovation is being funded primarily by Auxiliary Funds - Other with the remainder provided by Gift Funds.

Project Cost Justification
Information about the project scope and cost comparison are included in the capital project details section.

Estimated annual change in cost of building operations based on the project:	\$ -
Estimated annual repair and rehabilitation investment (5):	\$ 94,500

(1) Gross Square Feet (GSF)- Sum of all area within the exterior envelope of the structure.
(2) Assignable Square Feet (ASF)- Amount of space that can be used by people or programs within the interior walls of a structure. Assignable square feet is the sum of the 10 major assignable space use categories: classrooms, laboratories, offices, study facilities, special use facilities, general use facilities, support facilities, health care facilities, residential facilities and unclassified facilities. For information on assignable space use categories, see Space-Room Codes tab.
(3) Projects should include all costs associated with the project (structure, A&E, infrastructure, consulting, FF&E, etc.)
(4) Be consistent in the naming of funds to be used for projects. If bonding, note Bonding Authority Year (1965, 1929, 1927, etc.)
(5) 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
(6) If issuing debt, determine annual payment based on 20 years at 4.75% 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

PROJECT DETAILED DESCRIPTION - ADDITIONAL INFORMATION
Purdue Memorial Union Second Floor Hospitality Renovation

Institution:	Purdue University	Budget Agency Project No.:	B-1-23-2-11
Campus:	West Lafayette	Institutional Priority:	N/A

Description of Project

This project includes the renovation of over 6,000 assignable square feet on the second floor of the Purdue Memorial Union on the West Lafayette campus. Existing meeting room and office space will be renovated and improved to provide new corporate meeting space, a hospitality suite and a spa that will be managed by the adjoining Union Club Hotel. The campus community and Union Club Hotel patrons will benefit from renovated and improved space, plus spa amenities for hotel guests.

Three air handler units will be removed and replaced by a single, larger unit to serve the same space.

Need and Purpose of the Program

The Union Club Hotel serves as a learning laboratory for students enrolled in Purdue's globally and nationally ranked Tourism and Hospitality Management academic program. The new spa in the Purdue Memorial Union will increase real-world experience opportunities for these students.

The Union Club Hotel connects to the Purdue Memorial Union and offers a convenient location to stay for families and visitors of campus. The hotel was built in phases from 1929-1953 and had not had significant upgrades until it was renovated in 2019-2020. The addition of the nearby spa and corporate meeting space in the Purdue Memorial Union will help the hotel be a competitive lodging option at the east edge of campus and appeal to guests.

The space on the second floor of the Purdue Memorial Union was last renovated 30-40 years ago. The renovations will increase usable space within the same building footprint by converting non-assignable space into assignable space through the relocation of heating and cooling equipment.

Revenues generated from the renovated spaces will reimburse the auxiliary funding sources supplied for the capital project.

The three air handler units are 40-50+ years old and beyond their useful service lives. Two are being removed from areas to be renovated to create more usable space and decrease noise. The new air handler unit will be more energy efficient and result in less expensive future maintenance and replacement costs, compared to three separate units.

Space Utilization

The work on the second floor of the Purdue Memorial Union will renovate existing meeting room and office space and reallocate the space fully to general use space. These spaces will be used for meetings and merchandising. The finished project will result in a minimal net increase in overall assignable square footage, partly due to the conversion of existing non-assignable space into assignable space.

Comparable Projects

Purdue Union Club Hotel Renovation, 2019

- \$35,000,000
- 98,100 GSF
- \$357/GSF
- This project renovated hotel guest rooms, the lobby and added a restaurant and bar to the Union Club Hotel, connected to the Purdue Memorial Union

The proposed project is significantly smaller in scope, square footage and cost compared to the completed hotel renovation. Economies-of-scale and inflation account for the difference in costs per GSF.

Background Materials

CAPITAL PROJECT REQUEST FORM
INDIANA PUBLIC POSTSECONDARY EDUCATION
INSTITUTION CAMPUS SPACE DETAILS FOR Purdue Memorial Union Second Floor Hospitality Renovation

(INSERT PROJECT TITLE AND SBA No.)	Current Campus Totals			Subtotal Current and Future Space	Capital Request		Net Future Space
	Current Space in Use	Space Under Construction (1)	Space Planned and Funded (1)		Space to be Terminated (1)	New Space in Capital Request (2)	
A. OVERALL SPACE IN ASF							
Classroom (110 & 115)	336,764	-	(2,532)	334,232			334,232
Class Lab (210,215,220,225,230,235)	763,825	72,943	(20,888)	815,879			815,879
Non-class Lab (250 & 255)	1,657,555	16,022	26,438	1,700,015			1,700,015
Office Facilities (300)	2,337,992	17,570	(33,709)	2,321,853	(1,200)		2,320,653
Study Facilities (400)	389,111	14,337	48,393	451,841			451,841
Special Use Facilities (500)	1,219,827	-	12,399	1,232,226			1,232,226
General Use Facilities (600)	1,009,576	3,335	(11,794)	1,001,117		1,603	1,002,720
Support Facilities (700)	2,920,564	(860)	(150)	2,919,554	(386)		2,919,168
Health Care Facilities (800)	217,475	-	-	217,475			217,475
Resident Facilities (900)	2,510,110	-	254,158	2,764,268			2,764,268
Unclassified (000)	15,134	-	-	15,134			15,134
B. OTHER FACILITIES (Please list major categories)							
TOTAL SPACE	13,377,932	123,347	272,315	13,773,594	(1,586)	1,603	13,773,611

Notes:

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

(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

Space under construction includes:

- Gateway Complex
- Hypersonics Building
- Schleman/Stewart Renovation
- Whistler Mechanical Project

Space planned and funded includes:

- Life Sciences Phenotyping Greenhouse Building
- Mackey Locker Rooms Renovation
- Ross-Ade Stadium Renovation
- Zucrow High Speed Propulsion Lab
- Northwest Chiller Plant System Improvements
- Vawter Hall Electrical Enhancements and Replacement
- Aspire Purchase
- Brown Family Hall Renovation
- Libraries Study Space Renovation
- University Hall and Related Renovations

Space to be terminated includes office space and support (storage) space.

(2) Space added as part of this project includes general use (meeting) space.

CAPITAL PROJECT COST DETAILS
Purdue Memorial Union Second Floor Hospitality Renovation

Institution:	Purdue University	Budget Agency Project No.:	B-1-23-2-11
Campus:	West Lafayette	Institutional Priority:	N/A

ANTICIPATED CONSTRUCTION SCHEDULE

	Month	Year
Bid Date	May	2023
Start Construction	November	2023
Occupancy (End Date)	June	2024

ESTIMATED CONSTRUCTION COST FOR PROJECT

	Cost Basis (1)	Estimated Escalation Factors (2)	Project Cost
<u>Planning Costs</u>			
a. Engineering	\$ 220,000		N/A
b. Architectural	\$ 400,000		N/A
c. Consulting	\$ 50,000		N/A
<u>Construction</u>			
a. Structure	\$ 3,150,000		N/A
b. Mechanical (HVAC, plumbing, etc.)	\$ 700,000		N/A
c. Electrical	\$ 475,000		N/A
<u>Movable Equipment</u>	\$ 625,000		N/A
<u>Fixed Equipment</u>	\$ 40,000		N/A
<u>Site Development/Land Acquisition</u>	\$ -		N/A
<u>Other (Please list): PM fee, printing, insurance</u>	\$ 640,000		N/A
TOTAL ESTIMATED PROJECT COST	\$ 6,300,000	\$ -	N/A

(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

CAPITAL PROJECT OPERATING COST DETAILS
Purdue Memorial Union Second Floor Hospitality Renovation

Institution:	Purdue University	Budget Agency Project No.:	B-1-23-2-11
Campus:	West Lafayette	Institutional Priority:	N/A

		<u>GSF OF AREA AFFECTED BY PROJECT</u>			
<u>ANNUAL OPERATING COST/SAVINGS (1)</u>	<u>Cost per GSF</u>	<u>Total Operating Cost</u>	<u>Personal Services</u>	<u>Supplies and Expenses</u>	
1. Operations	#DIV/0!	\$ -			
2. Maintenance	#DIV/0!	\$ -			
3. Fuel	#DIV/0!	\$ -			
4. Utilities	#DIV/0!	\$ -			
5. Other	#DIV/0!	\$ -			
TOTAL ESTIMATED OPERATIONAL COST/SAVINGS	#DIV/0!	\$ -	\$ -	\$ -	-

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

[Redacted]

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