



Office of the Chief Financial Officer and Treasurer

July 8, 2021

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

Dear Governor Holcomb:

At its meeting on July 7, 2021, the Purdue University Board of Trustees approved the purchase of 1.27 acres of land located along Pierce Street and 3.12 acres located along Steely Street in West Lafayette from the Purdue Research Foundation.

These properties are at important strategic locations immediately adjacent to the West Lafayette campus. The purchase of these properties is in alignment with the 2018 Purdue University Giant Leaps Campus Master Plan, which identifies both locations as long-term potential future growth opportunities. Additionally, this purchase will allow the University to eliminate two current lease expenses totaling \$409,000 annually.

The total cost of this purchase is \$19,600,000, which is equal to the total appraised value of the parcels. The Pierce Street land parcels are appraised at \$6,200,000, and the Steely Street land parcels are appraised at \$13,400,000. The funding source is Operating Funds-Reserves.

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,



James S. Almond
Senior Vice President and Assistant Treasurer

Attachments

c: Alexa Deaton, Chief Financial Officer, Indiana Commission for Higher Education
Jasmine Williams, Director of Finance, Indiana Commission for Higher Education
Zachary Jackson, Director, Indiana State Budget Agency
Andy Cummings, Assistant Director, Indiana State Budget
Kathleen Thomason, Comptroller, Purdue University
Anne Hazlett, Senior Director, Government Relations, Purdue University

PROJECT COST SUMMARY

Purchase Pierce Street properties and Steely Street properties in West Lafayette from Purdue Research Foundation

Institution:	<input type="text" value="Purdue University"/>	Budget Agency Project No.:	<input type="text" value="B-1-22-3-02"/>
Campus:	<input type="text" value="West Lafayette"/>	Institutional Priority:	<input type="text" value="N/A"/>
Previously approved by General Assembly:	<input type="text" value="No"/>	Previously recommended by CHE:	<input type="text" value="No"/>
Part of the Institution's Long-term Capital Plan:	<input type="text" value="Yes"/>		

Project Size:	<input type="text" value="0"/> GSF (1)	<input type="text" value="0"/> ASF (2)	<input type="text" value="0"/> ASF/GSF
Net change in overall campus space:	<input type="text" value="0"/> GSF	<input type="text" value="0"/> ASF	

Total cost of the project (3):	<input type="text" value="\$ 19,600,000"/>	Cost per ASF/GSF:	<input type="text" value="0"/> GSF
Total cost of the demolition:	<input type="text" value="\$ -"/>		<input type="text" value="0"/> ASF

Funding Source(s) for project (4):	Amount	Type
	<input type="text" value="\$ 19,600,000"/>	<input type="text" value="Operating Funds - Reserves"/>
	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>

Estimated annual debt payment (6):	<input type="text" value="0"/>
Are all funds for the project secured:	<input type="text" value="Yes"/>

Project Funding:

The project is being funded by Operating Funds-Reserves, and all funding is secured.

Project Cost Justification

The land parcels are being purchased for a price that is equivalent to their appraised values: \$19,600,000. The Pierce Street land parcels are appraised at \$6,200,000, and the Steely Street land parcels are appraised at \$13,400,000.

Estimated annual change in cost of building operations based on the project:	<input type="text" value="N/A"/>
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Estimated annual repair and rehabilitation investment (5):	<input type="text" value="N/A"/>
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PROJECT DETAILED DESCRIPTION - ADDITIONAL INFORMATION

Purchase Pierce Street properties and Steely Street properties in West Lafayette from Purdue Research Foundation

Institution: Purdue University
Campus: West Lafayette

Budget Agency Project No.: B-1-22-3-02
Institutional Priority: N/A

Description of Project

This purchase includes 1.27 acres at 127-155 Pierce Street, West Lafayette. These parcels contains a 108-space surface parking lot and a residential building constructed in 1910.

The purchase also includes 3.12 acres at 409-442 Steely Street, 333 Grant Street and 339 Grant Street, West Lafayette. These parcels contain three residential buildings constructed between 1930 and 1950 and an apartment complex consisting of two, two-story buildings.

Need and Purpose of the Program

These properties are at important strategic locations immediately adjacent to the West Lafayette campus, and the purchase of the land aligns with the 2018 Giant Leaps Master Plan, which identifies these locations as long-term potential growth opportunities.

In the near term, the University will continue to use the Pierce Street property for parking and will demolish the residential building. Additionally, the apartment complex located at the Steely Street property will continued to be used near-term and the residential buildings will be demolished.

The Pierce Street and Steely Street land acquisitions will allow the University to eliminate two current lease expenses in the amounts of \$192,000 and \$217,000 per year, respectively, for a total of \$409,000 annually.

The best long-term use of the land is still being evaluated, but the master plan notes a potential campus gateway opportunity at the Steely Street location, which is immediately adjacent to the new David and Bonnie Brunner Purdue Veterinary Medical Hospital Complex, and a potential new parking structure/building at the Pierce Street location.

Space Utilization

N/A

Comparable Projects

University Church Purchase from Purdue Research Foundation (2019)

- Located at 320 North Street, West Lafayette
- 31,964 square foot multi-story facility and 0.86 acres
- Appraised at \$3,980,000 and purchased for \$2,900,000

Background Materials

CAPITAL PROJECT REQUEST FORM
INDIANA PUBLIC POSTSECONDARY EDUCATION
INSTITUTION CAMPUS SPACE DETAILS FOR PURCHASE PIERCE STREET PROPERTIES AND STEELY STREET PROPERTIES IN WEST LAFAYETTE FROM PURDUE RESEARCH FOUNDATION

(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)	337,078	-	-	337,078			337,078
Class Lab (210,215,220,225,230,235)	756,939	82,254	11,900	851,093			851,093
Non-class Lab (250 & 255)	1,632,439	(17,963)	42,679	1,657,155			1,657,155
Office Facilities (300)	2,390,722	29,971	32,181	2,452,874			2,452,874
Study Facilities (400)	351,400	7,003	-	358,403			358,403
Special Use Facilities (500)	1,226,926	-	-	1,226,926			1,226,926
General Use Facilities (600)	990,326	2,808	12,685	1,005,819			1,005,819
Support Facilities (700)	2,844,705	121	(57)	2,844,769			2,844,769
Health Care Facilities (800)	113,929	89,901	-	203,830			203,830
Resident Facilities (900)	2,701,558	-	-	2,701,558			2,701,558
Unclassified (000)	30,507	-	-	30,507			30,507
B. OTHER FACILITIES (Please list major categories)				-			-
TOTAL SPACE	13,376,528	194,095	99,388	13,670,011			13,670,011

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:

- Vet Med Teaching Hospital
- Gateway Complex
- PMU Renovations
- Purdue Bands & Orchestra Building

Space planned and funded includes:

- Data Science Building
- Child Care Center Building
- Hypersonics Building
- Secure Research Center

Space to be terminated includes:

See (2) below.

(2) Although six (6) buildings will be included in this land purchase, two (2) of the buildings were previously leased by the University and are already included in "Current Space in Use." The remaining four (4) buildings are planned for future demolition. Therefore, there is no new space as part of this capital request. The space summary for these buildings is as follows:

Buildings included in "Current Space in Use":

	<u>Gross Square Feet (GSF)</u>
333 Grant	9,138
410 Steely	8,883
Total GSF:	18,021

Buildings planned for future demolition:

	<u>Gross Square Feet (GSF)</u>
Pierce	2,870
Steely 1	888
Steely 2	1,248
Steely 3	1,272
Total GSF:	6,278

CAPITAL PROJECT COST DETAILS

Purchase Pierce Street properties and Steely Street properties in West Lafayette from Purdue Research Foundation

Institution:	Purdue University	Budget Agency Project No.:	B-1-22-3-02
Campus:	West Lafayette	Institutional Priority:	N/A

ANTICIPATED CONSTRUCTION SCHEDULE

	Month	Year
Bid Date	N/A	N/A
Start Construction	N/A	N/A
Occupancy (End Date)	N/A	N/A

ESTIMATED CONSTRUCTION COST FOR PROJECT

	Cost Basis (1)	Estimated Escalation Factors (2)	Project Cost
<u>Planning Costs</u>			
a. Engineering			N/A
b. Architectural			N/A
c. Consulting			N/A
<u>Construction</u>			
a. Structure			N/A
b. Mechanical (HVAC, plumbing, etc.)			N/A
c. Electrical			N/A
<u>Movable Equipment</u>			N/A
<u>Fixed Equipment</u>			N/A
<u>Site Development/Land Acquisition</u>			N/A
<u>Other (Please list)</u>			N/A
TOTAL ESTIMATED PROJECT COST	\$ -	\$ -	N/A

CAPITAL PROJECT OPERATING COST DETAILS

Purchase Pierce Street properties and Steely Street properties in West Lafayette from Purdue Research Foundation

Institution:	Purdue University	Budget Agency Project No.:	B-1-22-3-02
Campus:	West Lafayette	Institutional Priority:	N/A

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

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