MEMORANDUM

TO: Randolph G. Moore, Chairperson
    Board of Regents

VIA: David Lassner
     President

VIA: Jan Gouvela
     Vice President for Administration

FROM: Robert Bley-Vroman
     Interim Chancellor

SUBJECT: APPROVAL OF PROFESSIONAL SERVICES CONTRACT FOR THE DANIEL K. INOUYE BUILDING

SPECIFIC ACTION REQUESTED:

It is requested that the Board approve a modification to an existing design services contract for the Capital Improvements Program for the Daniel K. Inouye facility located on the University of Hawai‘i at Manoa campus for an additional amount not to exceed $5.2 million from funding previously appropriated by the Legislature in its 2014 session. The design services shall be guided by value-engineering principles, and shall include a complete and detailed projection of the operating costs, and repair and maintenance of the facility over the life of the building, as well as an analysis of the ancillary costs associated with other campus facilities and projects.

RECOMMENDED EFFECTIVE DATE:

Upon Board of Regents approval.

ESTIMATED COST:

$5.7 million, already appropriated by the Legislature
CONTEXTUAL BACKGROUND:

To commemorate and honor the legacy of Senator Daniel K. Inouye, the Inouye family and the Daniel K. Inouye Institute (collectively, “DKI Institute”) approached the Chancellor of Mānoa and the University of Hawai‘i President in early 2013 to develop a facility to house the Senator’s papers¹ and provide a forum for diplomatic speaking engagements and exhibits. To support this effort, the DKI Institute offered private seed money to develop a program and conceptual design of a facility and represented its efforts to further raise private money to support the facility and programs within it. This building is sometimes provisionally referred to as the “Daniel K. Inouye Center” or the “Daniel K. Center for Democratic Leadership,” or “DKI Center.” It must be emphasized that this not a “center” in the technical sense of a Board-approved organization unit of the University.

In June 2013, a selection panel comprised of 5 university representatives, 3 private sector representatives, and 2 DAGS observers, solicited proposals from 7 consultants (only 6 participated). Clifford Planning & Architecture, LLC (in association with Pei Cobb Freed & Partners Architects, LLP) was selected.

¹ To date, the University of Hawaii at Manoa has committed $600,000 to archive Senator Inouye’s papers.
PROCEDURAL HISTORY:

Board of Regents Policy Section 8-1(c) requires “all consultant contracts in excess of $1,000,000” to have prior approval of the Board.

At an August 22, 2013 Board meeting, following an August 21, 2013 Planning & Facilities Committee meeting, the Board approved an initial contract with Clifford Planning & Architecture, LLC for $500,000, using all private funds. The initial scope contemplated the development of a facility program, conceptual design, and planning work (Phase I).

At an October 4, 2013 Joint Planning & Facilities/Budget & Finance meeting, the committee approved the 2014 Supplemental CIP Budget request, which included an item for the construction of the “DK Inouye Library” for $15 million in General Obligation bonds, $10 million in federal funds, $1.5 million in Revolving Funds, and $1 million in private contributions.

At an October 17, 2013 Board meeting, however, the budget was amended to reduce the request for the “DK Inouye Library” to $5 million in General Obligation bonds. The amendment was necessary to reflect current funding levels, while supporting the fundraising efforts at both private and federal levels.

At a November 21, 2013 Board meeting, following a November 7, 2013 Planning & Facilities committee meeting, the Board approved the “DK Inouye Library” as a project exempt from the Board’s moratorium against major new buildings.

During the 2014 Legislative Session, the State of Hawai‘i appropriated $10 million in the state’s supplemental executive budget toward the design and construction of the “Daniel K. Inouye Library.” The Legislature gave final approval to this funding on April 29, 2014 and the Governor signed the budget into law on June 26, 2014. Total current funding includes $10 million in general obligation bond funding, $1 million in private contributions, and $1.5 million in revolving funds. The $10 million appropriation will lapse on June 30, 2016.

At last month’s October 16, 2014 Board meeting, following an October 9, 2014 Planning & Facilities committee meeting, the Board approved the construction of this facility in FY2017 for a placeholder value of $1,000. The placeholder was necessary to allow the administration more time to complete program and design review, while ensuring the project has an opportunity for capital funding in the biennium budget. It should be noted, however, that a cost estimate for the construction of the facility is $39 million (including construction contingency) and total project cost is $50.5 million (including UH construction management costs, design fees, and FF&E).
PROJECT SCOPE DEVELOPMENT:

Once the Board indicated its support for the building, a programming charrette was held on December 11, 2013 at the Neal S. Blaisdell Center. It was attended by key members of the local business community and UH Mānoa.

Initially, in 2013, the projected construction cost of the project was $25 million for approximately 20,000 sf. The scope of the project was limited to archives and historic preservation. However, the programming charrette yielded an expanded scope to include 3 pillars:

- **Community Programs** – provide programs on public service, leadership and civic engagement for middle and high school students; engage emerging leaders in civic responsibility through a variety of activities; and support exhibitions and public programming efforts of the Bishop Museum and Smithsonian.
- **Academic Programs** – Existing academic degree programs of the College of Social Sciences in Public Policy (Interdisciplinary BA and Certificate) and Public Administration (MA) will be delivered in facility.
- **Archives & Library** – Preserve, organize and archive the Senator’s papers; and enhance the archives with existing transcripts, audition and digital media archives.

With the expansion of the original scope of the project from essentially 1 pillar (Archives & Library) to 3 pillars, the cost and square footage increased to $38,903,358 and 38,200 sf.

The total project cost, on the other hand, is estimated at $50,450,739:

<table>
<thead>
<tr>
<th>Description</th>
<th>Estimate</th>
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<td>Total construction costs</td>
<td>$38,903,358</td>
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<td>LEED Requirement premium/registration</td>
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<td>FF&amp;E &amp; AV (Add on)</td>
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<td>Commissioning</td>
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<td>Design Fees</td>
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<td>Pre-design Fees (Private funding)</td>
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<td>Exhibit Designer Fee (Private funding)</td>
<td>$300,000</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$50,450,739</strong></td>
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</table>

PROGRAM BACKGROUND:

The proposed facility is intended to serve as “a place” that will promote the values and ideals of democracy in governance—through academic programs, civic engagement activities and historical preservation/research. The 38,200 square foot facility is envisioned as a lively “activity” center with “state of the art” classrooms to support
instructional programs, flexible multi-purpose assembly spaces for seminars and lectures, a "great hall" for public lectures/gatherings and for student "hang-out" space, an archive to preserve the Senator's congressional papers for research, and exhibition space to inspire future civic leaders. The overarching goal is to promote Democratic Leadership as exemplified by Senator Daniel K. Inouye.

Existing academic degree programs of the College of Social Sciences in Public Policy (Interdisciplinary BA and Certificate) and Public Administration (MA) will be delivered in the facility. Additionally, CSS is expected to oversee the design, build and refresh of permanent and temporary exhibits on Hawaii's political history and the life of Senator Inouye. In that vein, the College of Arts & Humanities Museum Studies Program will provide consultation on exhibition design and support opportunities for Museum Studies students.

Based on a feasibility study of the design and operation of a café, restaurant or catering, a café with a commercial kitchen is envisioned to be included in the facility. UH Mānoa and the Kapi'olani Community College Culinary Arts program will collaborate on the design and operation plan of the restaurant. No further details on this plan have been established at this time.
The Phase 1 programming resulted in the following design components and elements:

- A celebrated landmark (Hawaii’s first Congressional Library) as the eastern entryway to McCarthy Mall and the UHM campus integrating with neighboring buildings including the Hawaii Imin International Center, Kennedy Theatre, and Hale Mānoa;

- Open, transparent, and inviting space for students and the community;

- Over 50 percent of the net usable area of the building will be for innovative classrooms with modern and flexible use of technology zones to facilitate academic programs on public policy and leadership to seat 80 with flexibility to divide rooms, and a large multi-purpose room that seats 165 in theater style or 80 banquet style;

- Approximately 2,500-3,000 square feet in exhibition space for permanent collection about the Senator and Hawai‘i politics and rotating exhibits on contemporary issues;

- House collections of Senator Inouye with high-level security, climate control, and archival technologies (includes congressional papers, oral history, and limited memorabilia);

- Public spaces and dual reading rooms with digital access to shared resources at the Library of Congress, and ‘Ulu‘ulu Moving Image Archive at UH West O‘ahu;

<table>
<thead>
<tr>
<th>Floor</th>
<th>Space Utilization (approx. 38,200 s.f.)</th>
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</thead>
<tbody>
<tr>
<td>BASEMENT</td>
<td>Auditorium space (3,000 s.f.</td>
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<tr>
<td>GROUND FLOOR</td>
<td>Outdoor Assembly spaces\nGrand Hall space (4,000 s.f.</td>
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<td>SECOND FLOOR</td>
<td>Classrooms (2,100 n.s.f.</td>
</tr>
<tr>
<td>THIRD FLOOR</td>
<td>Archives and Library space (1,300 s.f.)\nDual Reading Room (600 s.f.)</td>
</tr>
</tbody>
</table>
• Grand hall for evening ceremonial events, receptions, and lobby space that provides dual use as daytime wireless student study space;

• 1,550 square feet of office space for existing College of Social Sciences faculty and staff, and visiting research fellows; and

• LEED Certification at level Silver, with PV and innovative wind scoop feature for natural ventilation.

The University of Hawaii at Mānoa is expected to be responsible for securing all costs and expenses associated with the design, construction, operation and basic maintenance of the building. Therefore, before construction is finally authorized, an extensive and detailed design analysis is required—one that will accurately and realistically project not only construction, but also operating costs, repair and maintenance over the life of the building, and the ancillary effects associated with other campus infrastructure and projects. The design phase presently recommended is essential to provide this information."

The DKI Institute is expected to fund the build out of the permanent exhibit, the acquisition of “state of the art” fixtures and equipment, and pre-design costs, including a feasibility study for a café or restaurant with a commercial kitchen to support daily operation and food preparation for catering. Additionally, the DKI Institute will establish an endowment fund for temporary exhibits and to supplement the maintenance costs of the facility and grounds; to keep the Center looking fresh and inviting.

EXISTING FACILITY - HENKE HALL:

The proposed facility is slated to occupy the space currently held by Henke Hall. Henke Hall was constructed between 1952 and 1956, and is a single story 24,000 square-foot building. Currently, it houses the Center for Biographical Research, programs for conservation research (tree snails and chameleons) and serves as construction surge-space in offices freed when the School of Social Work moved to Gartley Hall. It has approximately $1.7 million in deferred maintenance and estimated $390,000 in upcoming capital renewal. At this time, major renovation to Henke Hall is not included in the 6-year capital plan. If the DKI building is constructed on this site, then the programs currently housed there will need to be relocated, and additional construction surge-space will need to be identified.

SUMMARY:

At this time, a conceptual design of the facility is complete (Phase I). Phase II is needed to complete the design and specifications for construction, which will further
establish the additional operating or ancillary costs and expenses necessary to support
its final build-out. Based on the above, the Board is respectfully requested to approve a
modification to an existing design services contract for the Capital Improvements
Program for the facility for an additional $5.2 million, with the condition that such
services shall also provide operating costs associated with the facility, as well as
incorporate value-engineering principles.

These contracts will be procured in accordance with Hawaiʻi Revised Statutes (HRS),
Act 87 designates the administrator of the State Procurement Office as the chief
procurement officer for contracts for construction and professional services furnished by
licensees under Chapter 464, HRS. The administrator of the State Procurement Office
has delegated certain authority to the President through UH Procurement Delegation
No. 2013-01. Moreover, Act 87 provides that procurements for professional services
furnished by licensees under Chapter 464, HRS, for construction projects shall be
coordinated with the Department of Accounting and General Services (DAGS). In
compliance with the provisions of Act 87, DAGS will be involved in the selection process
for these contracts.

**ACTION RECOMMENDED:**

It is recommended that the Board approve a modification to an existing design services
contract for the Capital Improvements Program for the Daniel K. Inouye facility located
on the University of Hawaiʻi at Manoa campus for an additional amount not to exceed
$5.2 million from funding previously appropriated by the Legislature in its 2014 session.
The design services shall be guided by value-engineering principles, and shall include a
complete and detailed projection of the operating costs, and repair and maintenance of
the facility over the life of the building, as well as an analysis of the ancillary costs
associated with other campus facilities and projects.

**Enclosures:**

**Attachment 1:** A description of the professional services project that the University
intends to contract during fiscal year 2014-2015, which provides the
location of the project to be undertaken, the project number, project
title/description, the estimated cost or appropriated amount, the means
of financing, and the estimated contract date.

**Attachment 2:** A description project information and justification for the projects listed in
Attachment 1.

c: Executive Administrator and Secretary of the Board Quinn
Attachment 1:

Professional Services Contracts
University of Hawai'i

Professional Services Contracts for Board of Regents Approval
Pursuant to Board Policy 8-1(c)

Fiscal Year 2014-2015

<table>
<thead>
<tr>
<th>Project Number</th>
<th>Project Title/Description</th>
<th>Cost/Appropriation</th>
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<th>Contract Date</th>
<th>Construction Cost</th>
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<td>UH-442</td>
<td>Daniel K. Inouye Center for Democratic Leadership - Design for New Facility</td>
<td>5,700,000</td>
<td>C, R, W</td>
<td>December 2014</td>
<td>39,000,000</td>
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Means of Financing
- C General Obligation Bond Fund
- R Private Contributions
- W Revolving Funds
Attachment 2:

Information and Justification of Projects Requiring Board of Regents' Approval
University of Hawai‘i
Projects Requiring Approval by the Board of Regents
Fiscal Year 2014-2015

Type of Contract: Professional Services

Campus: University of Hawai‘i at Mānoa

Project Number: UH-442

Project Title/Description: Daniel K. Inouye Center for Democratic Leadership – Design for New Facility

Estimated Cost: $5,700,000

Means of Finance: General Obligation Bond Fund ($5,350,247) and Private Contributions ($349,753) – Estimated

Estimated Contract Date: December 2014

Estimated Construction Cost: $39,000,000 (including construction contingency)

Project Information/Justification:

The professional services contract is being contracted in two phases. Phase 1: Facility Programming/Concept Design and Phase 2: Design.

Original Contract Amount, Phase 1: $349,753
Modification of Contract Amount, Phase 2: $5,350,247 (estimated)
Total Contract Amount: $5,700,000 (estimated)

The proposed Daniel K. Inouye Center for Democratic Leadership (DKI Center) at UH Mānoa aspires to develop "a place" that will promote the values and ideals of Democracy in governance—through academic programs, civic engagement activities and historical preservation/research. The 38,200 square foot facility is envisioned as a lively “activity” center with “state of the art” classrooms to support instructional programs, flexible multi-purpose assembly spaces for seminars and lectures, a “great hall” for public lectures/gatherings and for student “hang-out” space, an archive to preserve the Senator’s congressional papers for research, and exhibition space to inspire future civic leaders. The overarching goal for the Center will be for it to promote Democratic Leadership as exemplified by Senator Daniel K. Inouye.

Upon establishment by the Board of Regents, the DKI Center will be a unit of the College of Social Sciences and programs will be developed in partnership with the UH Mānoa Library, College of Arts and Humanities, College of Education, and the UH West Oahu ‘Ulu ‘ulu Moving Image Archive of Hawai‘i; serving to advance public understanding of Hawai‘i and U.S. political history, democracy and government, public service leadership, democratic ideals and global awareness. The Center will offer
various degree programs, community outreach programs, visiting and resident experts, communications programs and exhibits, lectures and other civic engagement programs to enable the development of future public leaders.

The Phase 1 programming resulted in the following design components and elements:

- A celebrated landmark (Hawai‘i’s first Congressional Library) as the eastern entryway to McCarthy Mall and the UHM campus integrating with neighboring buildings including Hawai‘i Imin International Center, Kennedy Theatre, and Hale Mānoa;

- A three-story facility with a gross area of approximately 38,200 square feet, including 3,400 square feet of basement utility space and an additional 8,800 square feet (basement space) allocated for an auditorium, and lecture and/or classroom spaces;

- Open, transparent, and inviting space for students and the community;

- Over 50 percent of the net usable area of the building will be for innovative classrooms with modern and flexible use of technology zones to facilitate academic programs on public policy and leadership to seat 80 with flexibility to divide rooms, and a large multi-purpose room that seats 165 in theater style or 80 banquet style;

- Approximately 2,500-3,000 square feet in exhibition space for permanent collection about the Senator and Hawai‘i politics and rotating exhibits on contemporary issues;

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- Public spaces and dual reading rooms with digital access to shared resources at the Library of Congress, and ‘Ulu ‘ulu Moving Image Archive at UH West O‘ahu;

- Grand hall for evening ceremonial events, receptions, and lobby space that provides dual use as daytime wireless student study space;

- 1,550 square feet of office space for existing College of Social Sciences faculty and staff, and visiting research fellows; and

- LEED Certification at level Silver, with PV and innovative wind scoop feature for natural ventilation.

Operating Cost:

See attached business plan.
Justification for BOR Moratorium Exemption:

Prior action by the BOR exempts this project from the moratorium.
Multi-Year Business Plan

Operational Costs

Project Title: DKI Institute - Daniel K. Inouye Center for Democratic Leadership (DKI Center)

(36,200 s.f. facility)

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Notes:
A. Specify the federal grant or federal source of funds.
B. Specify the other sources of funds.
C. Specify the capital improvement expenditures. 
Expenditure Specified a. Operations and Maintenance $2,224,000 ($50 per sq. ft. with 3% inflation)
Other Expenses: Henke Avoided Costs $1,003,000 ($50 per sq. ft. with 3% inflation)
DKI Upgrade and Renovation $593,000 ($50 per sq. ft. with 3% inflation. Upgrades done every 3 years - 2021 and 2024)
D. Revenue Bond Debt Service Calculation
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E. Explain how any negative Ending Balance will be funded.