



January 31, 2005

MEMORANDUM

TO: Mike Marshall, Secretary of the Senate
Margaret Thomson, Chief Clerk of the House

FR: Mollie Anderson
Director

We are pleased to provide the report requested by Senate File 2298, which instructed the Department of Administrative Services (DAS) to “conduct a complete evaluation and analysis of the Wallace building” for its future use or demolition, including cost estimates. The report was prepared by the Minneapolis office of AMEC E&C Services, an international project management company retained through a competitive bidding process.

The AMEC report recommends renovation of the building, which “can and should be used well into the 21st century. Environmental, economic and Capitol Complex office needs all point towards [renovation of the building].”

More immediately, it recommends short-term renovation to address immediate comfort and safety issues in the building. Costs to improve mechanical systems and resolve building-code issues with the building’s main electrical room are estimated at \$625,000.

A strengthened commitment to maintaining what state government builds is critical to this discussion, especially in these tight budget times. The state’s current routine maintenance appropriation of \$2 million annually for 11 million sq. ft of space comes to \$.18 per sq. ft. per year. This formula is far less than the \$1.50 per sq. ft. recommended by the Governor’s Vertical Infrastructure Advisory Committee and private-sector management comparison. We will not realize the full life expectancy of any Capitol Complex building at current maintenance funding levels.

The AMEC report estimates in 2004 dollars the cost of two choices. The cost of total renovation of the Wallace Building is estimated at \$31.2 million, some 25 percent less than the estimated \$40+ million for construction of a new 250,000 sq. ft. office building on the Capitol Complex. Demolition of the current building may cost \$500,000 to \$1 million. Off Complex leasing, while not described in the report, is another choice. More costly in the end, leasing nonetheless offers the advantage of placing maintenance responsibility and costs elsewhere.

The questions before us are:

1. Should we proceed with the short-term renovation?
2. Should the Wallace Building be renovated or demolished?
3. If the choice is made to demolish the building, should new space be built or leased?
4. If the choice is made to build new space, should it be constructed at the current site, elsewhere on the Capitol Complex or off Complex?

The AMEC report is available at the DAS website, <http://das.iowa.gov>. The DAS and its consultative teams are available to answer any questions at your convenience, and we look forward to assisting you.

Enclosure: Update on the Wallace State Office Building and Consultant Recommendation

c: Dennis Prouty
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Update on the Wallace State Office Building and Consultant Recommendation

January 31, 2005

- 1. What is the history of the Wallace State Office Building?** The Wallace Building cost \$10.4 million to build. An additional estimated \$10 million covered planning and design, landscaping, artwork, and moving expenses. Completed in 1978, the building's distinctive architecture and unusual interior floor plan have challenged tenants and building managers since it opened. Tenants say the building is poorly ventilated and that temperature is inconsistently controlled.
- 2. What departments are located there?** The building provides office and laboratory space under a common roof for 800 state employees of the Department of Agriculture and Land Stewardship (IDALS), the Department of Natural Resources (DNR), the Department of Public Safety (DPS) and the University of Iowa Hygienic Laboratory (UHL). The building has 229,317 gross sq. ft. (159,223 net sq. ft.)
- 3. What is the recent history?** Early in 2003, ongoing tenant concerns regarding air quality increased. Moisture damage in restrooms caused by plumbing leaks and a failed fan motor in a main exhaust duct were identified and repaired, and airflow rates in the building were increased.

In 2004, Senate File 2298 directed DAS to conduct a complete evaluation of the buildings and its systems and develop a recommendation as to whether it should be renovated or demolished, authorizing expenditures of \$230,000. A construction consultant, the Minneapolis, MN office of AMEC E&C Services, was chosen to perform the evaluation in a competitive selection process. AMEC completed the study and delivered its evaluation to the DAS in December 2004.

- 4. How will building occupancy change during the next two years?** Tenant moves have been on the drawing board for several years. The UHL and IDALS move to the new Ankeny Lab Facility will free up almost 60,000 sq. ft. in February/March, 2005. The DPS move to the Records and Property building will free some 34,000 square feet in late 2005 or early 2006.

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5. **Which occupants will remain in the building?** The DNR and IDALS will continue to occupy some 66,000 net square feet of Wallace Building space. Requests for additional space from other prospective tenants indicate that vacated space can be filled.
6. **What is the status of the Wallace Building parking ramp?** Per the AMEC recommendation, DAS closed the upper deck of the parking ramp(except for ADA parking) due to continuing structural deterioration. (AMEC also recommended shoring of the upper ramp deck for short-term safety with ultimate removal.) Of the 104 spaces designed with the building, 64 spaces remain: 44 of 45 spaces on the first floor of the parking ramp, 20 of 50 spaces on the second floor, and 9 in the northwest loading area.
7. **What recommendations did the consultant make?** You can link to the complete report at the DAS home page: <http://www.das.iowa.gov>. Based on an objective technical analysis of engineering and architectural issues, the report recommends renovation of the building and states that the building “can and should be used well into the 21st century. Environmental, economic and Capitol Complex office needs all point towards [renovation of the building]. Remodeling offers the best use of capital, will bring the building and systems completely up to date, and provides the most cost effective long-term solution to office demands on the Capitol Complex.”

The consultant also recommended spending \$625,000 to address essential safety and comfort issues if the building is to continue in service for at least two years before major renovation begins. (Some of this work would have a life expectancy of at least 10 years and could be used in the long-term renovation plan if that option is selected.) The expenditures would cover:

- Temporary shoring of the upper deck of the parking ramp (although use would not be restored.)
 - Changes in the first floor electrical equipment room, including relocation of existing electrical equipment outside the building, to resolve building code issues and provide for easier maintenance.
 - Modifications to existing heating, ventilating and air conditioning equipment to improve performance and maintenance accessibility.
8. **What long-term options did the consultant consider?** AMEC considered renovation of the building or demolition of the building and replacement with a new state office building on the Capitol Complex. AMEC engaged international cost estimating consultant Hanscomb Faithful & Gould, to assist with cost planning. Estimates were based on December 2004 prices for a conceptual scope of work, and assume receipt of four or five competitive bids for each phase. Consultants used generally accepted accounting principles to prepare the estimates, for which they estimate an accuracy range of +15 percent to -25 percent.

Wallace Building Update

9. Describe the renovation option. Key changes for this option, which has been estimated at \$31.2 million or 25 percent less than new construction are:

- Remove the upper level parking deck, which has deteriorated beyond repair.
- Relocate to the roof major mechanical equipment components from various floors of the building to improve air distribution and provide more office space.
- Eliminate most open atrium spaces by extending the floors to the south and southwest walls of the building; addressing interior temperature, noise, and building code issues and adding useable floor space. Eliminate the water feature on the ground floor.
- Replace deteriorating exterior masonry walls and the failing window wall system while maintaining the overall architectural appearance of the building.
- Construct a new west entrance to the building for better access to the new parking structure west of Pennsylvania Ave.
- Renovate vacated laboratory spaces to office space.
- Renovate all restrooms.
- Replace elevators.
- Refinish all ceilings and floors.

10. Describe the option for new construction, which includes demolition of the current building. The existing building would be completely demolished, replaced by a new 250,000 square foot building on the Capitol Complex. A building design has not been developed. The cost estimate of \$40.5 to 47.25 million is based on a conceptual scope of work and conventional construction. (This amount excludes construction contingencies, commissioning and legal fees. It also excludes furniture, fixture and equipment costs, relocation and moving expenses.)

11. What are the timelines for renovation or for demolition and new construction? Design work for renovation or new construction should take about one year. Renovation would take up to 18 months, during which building tenants might be relocated for the last 12 months. New construction could take up to 30 months. Location of the new building will determine whether or not occupants must be relocated and when demolition takes place.