

RM00
Morgan State University

Capital Budget Summary

State-owned Capital Improvement Program
(\$ in Millions)

<i>Projects</i>	<i>Prior Auth.</i>	<i>2015 Request</i>	<i>2016 Est.</i>	<i>2017 Est.</i>	<i>2018 Est.</i>	<i>2019 Est.</i>	<i>Beyond CIP</i>
Campuswide Utilities Upgrade	\$30.205	\$6.070	\$3.700	\$0.000	\$0.000	\$0.000	\$0.000
New School of Business Complex and Bridge	76.412	3.000	0.000	0.000	0.000	0.000	0.000
Soper Library Demolition	4.350	1.640	0.000	0.000	0.000	0.000	0.000
Athletic Facility Renovations	0.200	1.000	0.000	0.000	0.000	0.000	0.000
New Behavioral and Science Center	5.197	0.000	32.250	29.950	0.000	0.000	0.000
New Student Services Support Building	0.000	0.000	2.450	2.950	38.600	36.450	0.000
McMechen Surge	0.000	0.000	0.000	0.100	1.000	0.000	0.000
Jenkins Demolition	0.000	0.000	0.000	0.000	0.000	3.800	0.000
Total	\$116.364	\$11.710	\$38.400	\$33.000	\$39.600	\$40.250	\$0.000

<i>Fund Source</i>	<i>Prior Auth.</i>	<i>2015 Request</i>	<i>2016 Est.</i>	<i>2017 Est.</i>	<i>2018 Est.</i>	<i>2019 Est.</i>	<i>Beyond CIP</i>
GO Bonds	\$116.114	\$11.710	\$38.400	\$33.000	\$39.6000	\$40.250	\$0.000
Nonbudgeted Funds	0.250	0.000	0.000	0.000	0.000	0.000	0.000
Total	\$116.364	\$11.710	\$38.400	\$33.000	\$39.600	\$40.250	\$0.000

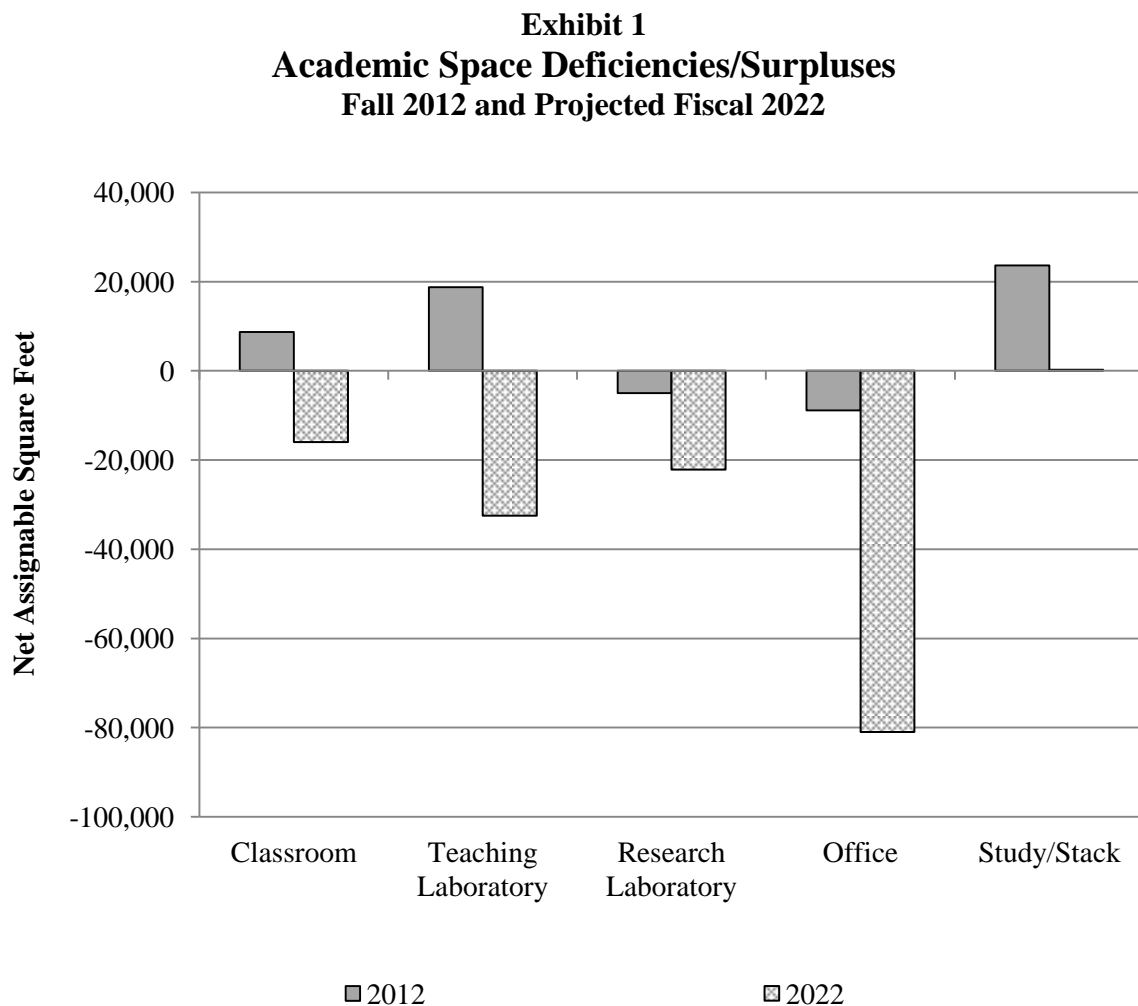
CIP: Capital Improvement Program

Summary of Recommended Bond Actions

	<u>Funds</u>
1. New School of Business Complex and Connecting Bridge	
Approve \$3 million to complete construction of the New School of Business Complex and Bridge.	
2. Soper Library Demolition	\$1,640,000 GO
Delete \$1.6 million for the demolition of Soper Library due to sufficient funds from prior authorizations available to complete the project.	
3. Campuswide Utilities Upgrade	
Approve \$6.1 million in general obligation bonds for Campuswide Utilities Upgrade – Phase IV.	
4. Athletic Facilities Renovation	
Restrict expenditures of funds until a Part I and II program plan is approved.	
5. SECTION 2 Morgan State University – Softball Facility	\$5,000,000 DA
De-authorizes \$5 million related to construction of facilities for the women's softball team.	
6. SECTION 2 Morgan State University – Soper Library Demolition	
Approve language amending Soper Library Demolition.	
7. SECTION 12 Morgan State University – Campuswide Utilities Upgrade	
Approve the pre-authorization of \$3.7 million for Campuswide Utilities Upgrade.	
Total Reductions	\$6,640,000

Performance Measures and Outputs

According to the Maryland Higher Education Commission (MHEC), as of fall 2012, Morgan State University (MSU) has a surplus of 27,453 net assignable square feet (NASF) of academic space (classroom and teaching laboratory) as shown in **Exhibit 1**. By fiscal 2022, based on MHEC's projected 18% enrollment growth in full-time day students, MSU will have an academic space deficit of 48,503 NASF. While MSU is projected to have space deficits in all areas except study/stack, most notable is the significant deficit in office space, which is estimated to grow by 72,157 NASF to 81,000 NASF. This is primarily due to MSU's projection of adding 300 full-time equivalent (FTE) staff and 90 FTE faculty over the 10-year period.



Source: Maryland Higher Education Commission, Four-year Public Colleges and Universities Academic Space Surplus/Deficiency, Fall 2012, Projected Fiscal 2022

Budget Overview

New School of Business Complex and Bridge

This is the last year of funding for the New School of Business Complex and Bridge with \$3.0 million provided to finish construction of the bridge and the final portion of the facility. Funding for equipment is reduced by \$2.0 million in the 2014 *Capital Improvement Program* (CIP) due to the prior equipment appropriation of \$6.0 million being sufficient to cover the cost of the approved capital purchases. The \$79.7 million facility will house the School of Business and the Hospitality Management program and provide specialized laboratories and classrooms and office space for the programs.

Soper Library Demolition

The demolition of Soper Library, which has been vacant since the Earl S. Richardson Library opened in 2007, was added to the 2012 capital budget when the General Assembly authorized \$0.5 million for the design of the project. The fiscal 2014 capital budget provided \$3.9 million for demolition, and the 2013 CIP programmed \$2.1 million to complete the demolition of the facility; however, the fiscal 2015 capital budget provides \$1.6 million to complete the project due to availability of \$0.2 million of unexpended design funds and a \$0.3 million reduction in the total project based on a revised project schedule. This results in a total of \$6.0 million of funding for the project. However, the Board of Public Works approved a contract for \$3.2 million for the demolition of Soper Library at its February 5, 2014 meeting. **Since the approved contract is \$0.7 million less than funding provided in the 2013 capital budget, MSU does not need the \$1.6 million in fiscal 2015 to complete the demolition. Therefore, the Department of Legislative Services (DLS) recommends deleting the fiscal 2015 appropriation.** This would leave MSU approximately \$0.9 million, which includes \$0.2 million of unexpended design funds that may be used for construction.

Originally, MSU planned to renovate Soper Library to accommodate various student support units, such as the Bursar and financial aid that are currently housed in the Montebello Complex that was designed as a hospital and is functionally inadequate to accommodate those units. However, based on a building survey, it was determined that it would not be economical to renovate Soper Library due to the inadequacies of the infrastructure and the building systems. The facility, built in 1974, has never had a major renovation, and the heating, ventilation, air conditioning, electrical, and other building systems are 40 years old and in poor condition. Given the centralized location of the Soper Library, once the facility is demolished, it will be replaced with a new Student Support Services Building.

Athletic Facility Renovations

The General Assembly added this project to the 2013 capital budget when it authorized \$0.2 million to design, construct, and equip the renovations to the athletic facilities located in the Hill Field House. The 2014 capital budget provides \$1.0 million to complete the project to renovate the men's locker room and convert the auxiliary men's locker room into a locker room for the women's basketball team, which helps MSU maintain Title IX compliance. The women's locker room will not be renovated but will be used for visiting women's athletic teams.

The project as described in the 2014 CIP would renovate the locker rooms located on the lower level of the Hill Field House that are outdated and lack the standard amenities found in today's National Collegiate Athletic Association Division I programs. The Hill Field House was constructed in 1974 and renovated and expanded in 1999 and has athletic and activity space, limited classroom space, and lockers for intercollegiate teams. The renovations would bring the locker rooms up to current standards, which will include the addition of lounge, meeting, teaching, and film analysis space. **However, there appears to be confusion regarding which locker rooms are to be renovated; therefore, DLS recommends restricting the expenditures of funds until Part I and II program plan development documents are submitted for approval to the Department of Budget and Management (DBM), and DBM submits a letter to the budget committees on the approval of the program.**

Campuswide Utilities Upgrade – Phase IV

This is the final phase to construct upgrades to the gas, water, sewer, stormwater, steam, electric, and data/telecommunication systems across campus. Prior authorizations for previous phases totaled \$30.2 million. The 2014 capital budget provides \$6.1 million to complete the design and to construct the first portion of the Phase IV project, an increase of \$1.1 million from funding programmed in the 2013 CIP due to an additional upfront chiller and related utility equipment purchases. Language in the capital budget pre-authorizes \$3.7 million in fiscal 2016 to complete construction, allowing for the bidding and awarding of the construction contract in fiscal 2015.

A utility survey completed in 2000 revealed that several of MSU's systems were at the end of their life cycles and in poor condition. The utilities upgrade project was broken into four phases with this being the fourth and final phase, which includes improvements to the campus electrical distribution system to provide communication upgrades to various facilities; telecommunications upgrades to enhance and support current and future communication requirements; and installation of new chillers to lower energy consumption and reduce maintenance costs. A majority of the improvements will occur at the southern end of the campus near the Morgan Commons and the Montebello complex.

Projects include replacing high voltage switchgear in the Montebello substation, replacing the telecommunications duct bank on south campus, replacing steam and domestic water pipes, connecting Baldwin Hall and the Hill Field House to the Morgan Commons district chiller plant, replacing two chillers units and installing an additional unit in Spencer Hall, and installing a fiber voice network.

Operating Budget Impact Statement

Executive's Operating Budget Impact Statement (\$ in Millions)

		<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>	<i>FY 2018</i>	<i>FY 2019</i>
New School of Business Complex and Connecting Bridge						
	Estimated Operating Cost	\$0.526	\$1.682	\$1.711	\$1.740	\$1.771
	Estimated Staffing	2	2	2	2	2
Soper Library Demolition						
	Estimated Operating Cost	-0.002	-0.025	-0.025	-0.025	-0.025
	Estimated Staffing	0	0	0	0	0
Campuswide Utilities Upgrade						
	Estimated Operating Cost	0	0	0.040	0	0
	Estimated Staffing					
Total Operating Impact						
	Estimated Operating Cost	\$0.524	\$1.657	\$1.646	\$1.715	\$1.746
	Estimated Staffing	2	2	2	2	2

Summary of Other Projects in the Capital Improvement Program

New Behavioral and Social Sciences Center

Due to delays in the project schedule, \$0.3 million was added to the 2013 capital budget to complete the detailed design for the New Behavioral and Social Sciences Center. Prior authorizations to fund the design of the facility totaled \$4.9 million. Funding of \$32.3 million and \$30.0 million for construction and equipment are programmed for fiscal 2016 and 2017, respectively. According to MSU, 50% and 100% construction documents will be completed in September and December 2014, respectively. Given this schedule for design, MSU expects it could issue the first bid package in October 2014, and construction could begin in January 2015. The estimated total cost is \$67.4 million. This new 68,705 NASF/125,000 gross square foot facility will replace the existing Jenkins Behavioral and Social Science Building, which was constructed in 1974 and is currently in poor condition and cannot be economically renovated. The departments of Psychology, Sociology and Anthropology, Political Science, History and Geography, and Economics are currently housed in the existing Jenkins Building. The building's 40-year-old mechanical, electrical, and plumbing systems are failing, making the instructional space functionally inadequate. Due to the configuration of the building, which contains an atrium and a massive staircase, it is not cost effective to renovate the building since it would be technically difficult to enclose the atrium and remove the central stair case without affecting the structural integrity of the building. The new facility will provide 20,370 NASF of classroom space, 19,355 NASF of office space, and 975 NASF of animal facilities space. In addition, the facility will provide 14,040 NASF of open and class laboratory space and 7,580 NASF of research laboratory space.

New Student Services Support Building

The New Student Services Support Building is programmed in the 2014 CIP to receive design funding of \$2.5 million and \$3.0 million in fiscal 2016 and 2017, respectively. Construction funding of \$38.6 million and \$36.5 million is programmed in fiscal 2018 and 2019, respectively. The facility will be constructed on the site previously occupied by the Soper Library, which is to be demolished in fiscal 2015. This will be a 71,595 NASF facility with an estimated total cost of \$80.5 million.

Student services are currently housed in the 58-year-old Montebello Complex that was originally a hospital. The mechanical, electrical, and plumbing systems in the complex have exceeded their useful lives and are functionally inadequate. The computer system frequently breaks down, and the mechanical system is not able to adequately cool and heat the building. Additionally, because the systems are not energy efficient, the facility is expensive to operate, costing MSU approximately \$1.2 million to maintain in fiscal 2012. Furthermore, due to the configuration of the building, student service units are located throughout the facility and are difficult for students to find. Office space is insufficient, and staff is expected to increase from 204 to 273 FTEs by 2021, requiring an increase in space from 48,980 NASF to 71,595 NASF. The new facility will allow the university to address space deficiencies in student support and provide a central location on campus that is convenient for students and allows the university to enhance student support services.

McMechen Surge

This project was added to the 2014 CIP and would renovate space at McMechen in order to provide surge space for the remaining occupants in the Jenkins building who will not be relocated to the New Behavioral and Social Sciences Center. This will allow for the demolition of the Jenkins building. The 2014 CIP programs \$0.1 million in design funding in fiscal 2017 and \$1.0 million in construction funding in fiscal 2018.

Jenkins Demolition

This project, to demolish the Jenkins Behavioral and Social Sciences Building, was added to the 2014 CIP in which \$3.8 million for construction is programmed for fiscal 2019.

Pre-authorizations and De-authorizations

Softball Facilities

MSU received several prior authorizations to fund upgrades to the Northwood League Baseball Field totaling \$5 million, as shown in **Exhibit 2**. However, the project was put on hold while MSU and Baltimore City tried to resolve issues related to the lease. Subsequently, Baltimore City decided not to proceed due to the expected expansion of the Montebello Treatment Plant. While MSU and Baltimore City sought alternative locations, it was determined a joint project was not possible. MSU then proposed to use the funding provided for the Northwood baseball field to construct facilities for the women's softball team at Murray field, which is located on Hillen Road and is currently used by the softball team for home games. As a result, the 2011 capital budget amended the authorizations to allow the funds to be used for the design and construction of the softball facilities. However, progress has still not been made in obtaining approval from the school system (the field is located on Lois T. Murray School property) to use the site, developing a memorandum of understanding, or executing a lease. The school, which was slated to be closed, provides education to special needs children, and there are concerns about the effects construction *e.g.*, noise, dust, and general disruption, will have on the children. **Since the school will continue to be in operation for at least three to four years and MSU has still not come to agreement with the school or Baltimore City, funds are not currently needed to construct the softball facilities. Therefore, DLS recommends de-authorizing the \$5 million previously authorized for the project. These funds can be authorized when needed.**

Exhibit 2
Pre-authorizations and De-authorizations

Pre-authorizations				
Project	FY 16	FY 17	FY 18	Reason
Campuswide Utilitites Upgrade	\$3.700			Allows for bidding and awarding of construcion contract in fiscal 2015.

De-authorizations		
Project	De-authorized Amount	Reason
Softball Facilities	\$5.0 million	Project continues to be on hold due to the lack of progress on obtaining necessary agreements with MSU and Baltimore City.

MSU: Morgan State University

Source: Department of Budget and Management, 2014 *Capital Improvement Program*

GO Bond Recommended Actions

1. Approve \$3 million in general obligation bonds to construct the bridge and complete construction of the New School of Business Complex.
2. Delete \$1.6 million for the demolition of Soper Library due to there being sufficient funds from prior authorizations available to compete the project.

RM00B	Soper Library Demolition	\$ 0
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<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>
1,640,000	-1,640,000	0

Explanation: Delete \$1.6 million for the demolition of Soper Library. Since the approved contract is \$0.7 million less than the prior authorization, and \$0.2 million of design funds were not expended, there is \$0.9 million still available to fund potential contingencies.

3. Approve \$6.1 million in general obligation bonds to complete design and fund the first portion of the construction of Phase IV of the campuswide utilities upgrade.
4. Restrict expenditures of funds until a Part I and Part II program plan is approved.

RM00D	Athletic Facilities Renovation.....	\$ 1,000,000
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Add the following language:

Athletic Facilities Renovation. Provide funds to design, construct, and equip renovations to Morgan State University athletic facilities, including the men's locker room area, provided that \$1,000,000 in general obligation bonds may not be encumbered or expended until a Part I and Part II program plan development document is submitted to the Department of Budget and Management (DBM) for review and approval and DBM submits a letter to the budget committees on the approval of the program plans. The committees shall have 45 days to review and comment.

Explanation: Restricts the expenditure of funds until a Part I and Part II program plan is submitted to DBM for approval, and DBM submits a letter to the budget committees regarding the approval of the project.

RM00 – Morgan State University

Information Request	Author	Due Date
Letter on the approval of the renovation of athletic facilities	DBM	45 days prior to expenditure of funds

5. De-authorizes \$5 million related to construction of facilities for the women's softball team.

ZF0850	SECTION 2 Morgans State University Softball Facility	\$ 0
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Add the following language:

RM00

Morgan State University
(Baltimore City)

(B)	<u>Campuswide Site Improvements. Provide funds to design and construct site improvements</u>	<u>[6,321,000]</u>
		<u>1,321,000</u>

Explanation: De-authorizes \$5 million for the construction of facilities for the women's softball team. The project has not been able to move forward due to the lack of an agreement and lease with Baltimore City.

6. Approve amending language to include allowing funds to also be used for construction of the Soper Library Demolition.
7. Approve the pre-authorization of \$3.7 million in general obligation bond fund for fiscal 2016 to complete construction of Phase IV of the Campuswide Utilities Upgrade.

Total General Obligation Bonds Reduction	\$6,640,000
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