

RB29
Salisbury University
 University System of Maryland

Capital Budget Summary

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

<i>Projects</i>	<i>Prior Auth.</i>	<i>2016 Request</i>	<i>2017 Est.</i>	<i>2018 Est.</i>	<i>2019 Est.</i>	<i>2020 Est.</i>	<i>Beyond CIP</i>
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Academic Commons	\$55.552	\$61.536	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total	\$55.552	\$61.536	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

<i>Fund Source</i>	<i>Prior Auth.</i>	<i>2016 Request</i>	<i>2017 Est.</i>	<i>2018 Est.</i>	<i>2019 Est.</i>	<i>2020 Est.</i>	<i>Beyond CIP</i>
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GO Bonds	\$53.472	\$40.680	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Academic Revenue Bonds	0.000	12.500	0.000	0.000	0.000	0.000	0.000
Nonbudgeted Funds	2.080	8.356	0.000	0.000	0.000	0.000	0.000
Total	\$55.552	\$61.536	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

CIP: *Capital Improvement Program*
 GO: general obligation

Summary of Recommended Bond Actions

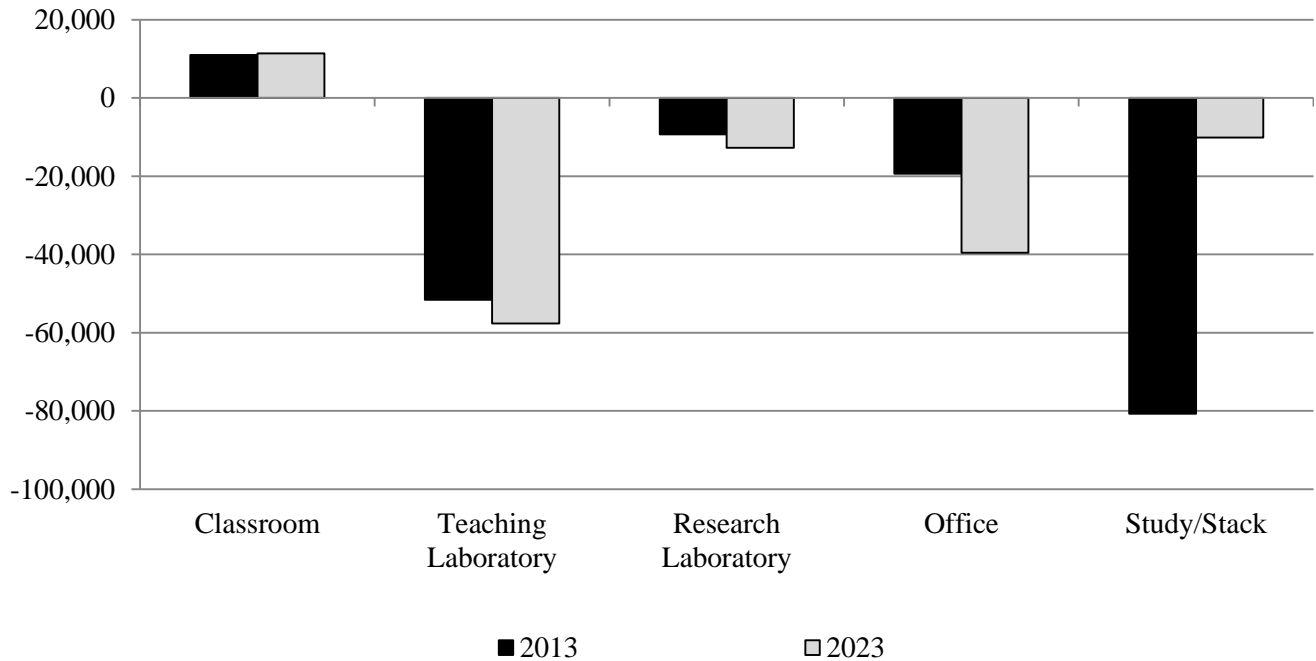
1. New Academic Commons

Approve.

Performance Measures and Outputs

According to the fall 2013 facilities inventory, Salisbury University’s (SU) academic space totals 441,465 net assignable square feet (NASF), which includes 87,588 NASF of classroom space; 112,468 NASF of teaching laboratory space; and 194,438 NASF of office space. **Exhibit 1** shows SU’s self-reported space deficiencies in fall 2013 and projected deficiencies in fiscal 2023. SU currently expects to have space shortages in four of five space categories. In fiscal 2023, SU expects to have 98,368 more NASF, or 22.3%, than it did in 2013, compared to a statewide public four-year institution average increase of only 14.7%. Almost all of that growth comes from study/stack space, increasing from about 35,000 NASF to about 118,000 NASF. As shown in Exhibit 1, SU still expects a study/stack space deficiency of almost 10,000 NASF in fiscal 2023.

Exhibit 1
Academic Space Surpluses/Deficiencies
Net Assignable Square Feet
Fall 2013 and Fiscal 2023



Source: Four-year Public Colleges and Universities Academic Space Surplus/Deficit: Fall 2013, Projected Fiscal 2023, Maryland Higher Education Commission

The Academic Commons will provide large amounts of space dedicated to classrooms, offices, and study/stack areas that SU needs and will assist SU in meeting expected enrollment growth over the next decade. It will also provide a central campus hub.

Budget Overview

The fiscal 2016 budget bill programs \$61.5 million to finish construction and equip the new Academic Commons building in fiscal 2016. This includes \$40.7 million in general obligation (GO) bonds and the new inclusion of \$12.5 million in academic revenue bonds (ARB) due to constraints on GO bond availability. The total project cost from the 2014 *Capital Improvement Plan* (CIP) to the 2015 CIP, accounting for GO bonds, ARBs, and nonbudgeted support, increased \$5.7 million, or 5.1%.

Legislative action had increased the fiscal 2015 GO bond authorization from \$35.0 million to \$45.0 million to keep the project on schedule but also decreased the pre-authorization for fiscal 2016 from \$57.6 million to \$47.6 million. Total GO bond and ARB support in fiscal 2016 has increased \$3.3 million, or 3.2%. SU attributes this cost increase to construction market inflation and an increase in equipment costs. Over the past three CIPs, the total bond support for this project was \$107.8 million, then \$103.4 million, then \$106.7 million for fiscal 2016. SU attributes this fluctuating cost to the development of the building design and adjustments to the square footage and bidding of the portions of work. Originally, when the square footage had dropped in the 2014 CIP from 234,000 gross square feet (GSF) to 214,000 GSF, the cost of the project was decreased despite the design not being complete. In the 2015 CIP, due to changes in the building's mechanical features, the project increased to 221,000 GSF, which remains 13,000 GSF below the preliminary GSF design in fiscal 2014. Thus the final price for the project has changed several times, but the current price now reflects SU's final project costs for GO bonds and ARBs. This raises an issue of how useful a design/build contractor is for fast-tracking a large project if the cost is constantly changing, as well as the utility of a guaranteed maximum price.

SU reports that it has signed memoranda of understanding for \$8.0 million the \$10.4 million in nonbudgeted funds to fulfill SU's portion of the project cost. SU will use a bridge loan until the final balance of the donors' commitment is received after completion of the project. Total nonbudgeted support increased from \$8.0 million to \$10.4 million in the 2015 CIP due to the addition of a carillon to the Academic Commons. A carillon is a very large musical instrument consisting of a series of at least 24 bells that may be played to indicate time or produce music. The design team for the Academic Commons suggested a carillon in the tower of the project to make the new building an iconic center of campus. A private donor has agreed to fund this addition, which was not approved for State support. Faculty from SU's music department will play the instrument, but automation will also be built into the carillon. This will replace automated chimes that play from the cupola of Holloway Hall. No carillon currently exists at a university in Maryland. The nearest example is at the Catholic University of America in Washington, DC.

Total construction costs increased \$4.0 million, and nonbudgeted funds are only covering \$2.4 million. The carillon itself added about \$2.2 million to the total project cost. As of March 4, 2015, the Board of Public Works (BPW) has approved a guaranteed maximum price of \$63.2 million for the Academic Commons and has not yet reviewed the addition of the carillon. It is not clear when the guaranteed maximum price for the project with the carillon will be taken to BPW. The current construction cost is based on the 100% construction documents estimate so the State is picking up additional construction costs excluding the carillon.

Additionally, while the total equipment cost has increased from \$2.4 million in the 2014 CIP to \$4.9 million in the 2015 CIP, the State is not picking up the full increase. The Department of Budget and Management notified SU in February 2015 that the university should expect to fund the additional equipment through savings in the construction budget and nonbudgeted funds.

While the original design phase was to begin in January 2013, it did not start until April 2013. Additionally, demolition of the old Carruthers Hall was to begin in June 2013 but did not start until March 2014 and finished in May 2014. While construction officially started one month late, in February 2014, the overall construction completion date is now six months earlier than one year ago, concluding in June 2016, rather than December 2016. SU states it was always the intention to have the facility complete in summer 2016 to have it ready for fall 2016 classes. The summer break is also longer than the winter break, which will give personnel more time to move into the new space.

When completed, the Academic Commons will provide a central hub for campus needs, including stack space, study space, assembly rooms, exhibit space, food areas, merchandising, and meeting rooms. This will free up space in the existing Blackwell Library and the Nabb Center, as current collections are transferred to the Academic Commons. The Academic Commons will create new classroom and class laboratory space, as well as significantly increasing stack and study space on campus. More than a traditional library, the Academic Commons will feature exhibition space, food services, and a lounge. While the current library, built in 1956 and expanded in 1974, has no public restrooms on the ground floor and offers only five study rooms, the Academic Commons will offer about 48,000 NASF for study space and modern amenities for students, faculty, and staff, or about 34.5% of total NASF. This is an increase of 10,000 NASF over the 2014 CIP at the expense of stack space. While SU also would like to expand its traditional library collections in the future, stack space was reduced by 12,000 NASF to 30,000 NASF in the Academic Commons. This is still 21.9% of total NASF, the second largest type of space in the new building.

Due to structural design issues, renovation of Blackwell Library was considered cost prohibitive, and the university will explore options for this facility at a later date. The historical archives currently in the Edward H. Nabb Research Center for Delmarva History and Culture, which is not close to the other academic buildings on campus, as well as other governmental and historical materials that cannot readily be found in electronic format, will be transferred to a modern preservation facility in the new Academic Commons. The next step for SU is to determine whether to demolish or repurpose the freed up spaces in Blackwell Library and the Nabb Center. At the same time, SU would like to renovate the Maggs Gymnasium and the Guerrierri University Center.

Given that the university has identified several projects to pursue in the near future but that no support is programmed in the CIP, the President should comment on the sources of funding to be used for demolition or repurposing of other buildings on campus and what the Blackwell Library will be used for in the immediate future after the Academic Commons opens.

Operating Budget Impact Statement

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

		<i>FY 2016</i>	<i>FY 2017</i>	<i>FY 2018</i>	<i>FY 2019</i>	<i>FY 2020</i>
New Academic Commons						
	Estimated Operating Cost	\$0.207	\$1.838	\$2.863	\$2.923	\$2.985
	Estimated Staffing	0	4	4	4	4
Total Operating Impact						
	Estimated Operating Cost	\$0.207	\$1.838	\$2.863	\$2.923	\$2.985
	Estimated Staffing	0	4	4	4	4

According to the 2014 CIP, the Academic Commons will impact the fiscal 2016 operating budget by \$0.2 million due to general costs for fuel and utilities, supplies and materials, and amortized equipment. The resumption of the construction schedule has produced a fiscal impact in fiscal 2016, although no personnel appear until fiscal 2017. The 2013 CIP had included 23 new positions to support the Academic Commons in fiscal 2017 and beyond, whereas the 2014 CIP added 1 position, and the 2015 CIP adds 4 positions.

GO Bond Recommended Actions

1. Approve the \$40.680 million in general obligation bonds for the construction of the Academic Commons on the campus of Salisbury University.