

RD00
St. Mary's College 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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Anne Arundel Hall	\$25.914	\$10.482	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
New Academic Building	0.000	0.000	\$1.600	2.400	2.300	29.800	30.600
Relocation of Athletic Fields	0.000	0.000	0.300	3.750	7.200	0.00	0.00
Campuswide Site Improvements	0.000	0.000	0.900	2.400	2.850	4.100	5.700
Total	\$25.914	\$10.482	\$2.800	\$8.550	\$12.350	\$33.900	\$36.300

<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	\$25.750	\$10.482	\$2.800	\$8.550	\$9.850	\$33.900	\$36.300
Nonbudgeted Funds	0.164	0.000	0.000	0.000	2.500	0.000	0.000
Total	\$25.914	\$10.482	\$2.800	\$8.550	\$12.350	\$33.900	\$36.300

CIP: *Capital Improvement Program*
GO: general obligation

Summary of Recommended Bond Actions

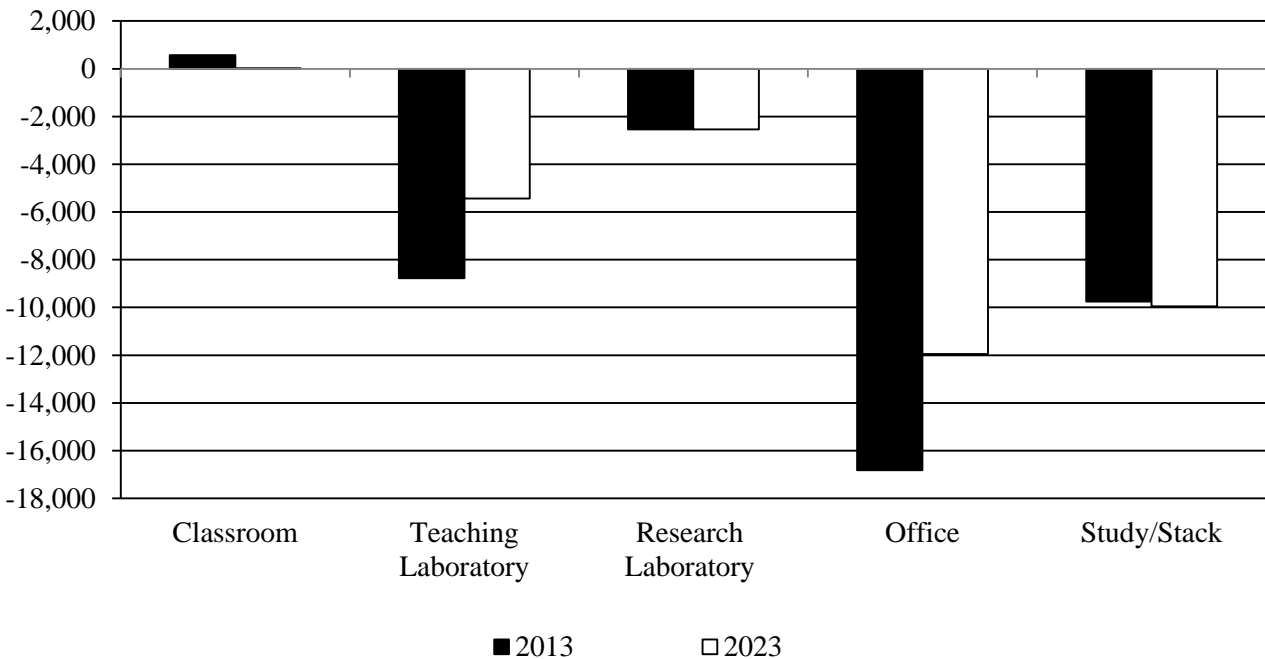
1. Anne Arundel Hall Reconstruction

Approve.

Performance Measures and Outputs

According to the 2013 facilities inventory, St. Mary’s College of Maryland (SMCM) academic space totals 173,150 net assignable square footage (NASF), which includes 23,809 NASF of classroom space, 50,431 NASF of teaching laboratory space, and 67,471 NASF of office space. In both NASF and student enrollment, SMCM is the smallest public four-year institution in Maryland. **Exhibit 1** shows SMCM’s self-reported space surpluses and deficiencies in fall 2013 and projected surpluses and deficiencies in fiscal 2023. SMCM currently has deficits in four of five categories and expects to have space shortages in the same four categories in fiscal 2023. In fiscal 2023, SMCM expects to have 12.1% more NASF than it did in fall 2013, compared to a statewide public four-year institution average increase of 14.7%.

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



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

The Anne Arundel Hall (AAH) reconstruction project will provide two of the four types of academic spaces that SMCM needs and assist SMCM in expanding its partnership with Historic St. Mary’s City (HSMC), which will also use the new facility.

Budget Overview

Anne Arundel Hall Reconstruction

The fiscal 2016 budget programs \$10.5 million to finish the reconstruction and equipping of AAH. One year ago the total project cost had increased by \$0.7 million to \$36.1 million, of which \$0.4 million was attributable to increased anticipated equipment costs. Now the total project cost is \$36.4 million, an increase of \$0.3 million, or 0.8%. This is due to bids coming in over estimates, so SMCM worked to value engineer some features of this project out, while keeping the total cost increase below 1%.

Project design for the new AAH was completed in 2011, and the original AAH was demolished in summer 2013. Site work commenced in fall 2013 and finished by summer 2014, which included completion of a new 228-space surface parking lot. In September 2011, Margaret Brent Hall was physically relocated across Maryland Route 5 using SMCM’s own funding to create additional space for the new AAH. Until formal construction began in July 2014, the former site of Margaret Brent Hall was temporarily covered in mulch and gravel to replace demolished sidewalks. Because the entire campus is located within historic St. Mary’s City’s boundaries, archaeological excavations were completed alongside site work, which also concluded in summer 2014. While many artifacts were discovered, as expected, none were sufficiently historic or valuable to warrant delaying the entire project. The current scheduled completion date is January 2016, one month later than a year ago.

When the reconstruction is complete, HSMC will use approximately 40% of the new AAH but will only be responsible for its own noncapital equipment and a share, to be determined, of operating expenses. Despite recent operating budget deficiency issues at HSMC, SMCM reports that it will ensure there is sufficient funding to operate AAH. The new AAH facility will provide modern laboratory and office space for expanding programs in archeology, history, museum studies, and foreign languages, as well as the Center for the Study of Democracy, which currently does not have dedicated space on campus. There will also be staff, laboratories, and artifact curation space for HSMC, which will greatly enhance the partnership between SMCM and HSMC.

Green Building Efforts

SMCM also contributed an additional \$164,000 to the new AAH to support the design of green building features. The initial design appropriation in fiscal 2005 was before the State enacted its High Performance Building Standards for green buildings. SMCM agreed to fund the extra design costs related to green building design from internal college funds. The facility design will be designated, at a minimum, Leadership in Energy and Environmental Design (LEED) Green Building Silver, with a goal of Gold. One of the State’s first LEED projects was Goodpaster Hall at SMCM. In 2009, SMCM became the State’s first four-year residential institution with a LEED-certified project.

AAH will create a new teaching and research laboratory and classroom space. While the demolished facility offered only 27,400 gross square feet (GSF), the new AAH will offer 39,119 GSF, an increase of nearly 12,000 GSF, or about 43%. About 60% of the new AAH includes space for classrooms, open laboratories, offices, a lounge, and a conference room, while the other 40% consists

of space specifically set aside for HSMC’s offices, curation, and research. A modern heating, ventilation, and air conditioning system will enable proper historical preservation of artifacts in HSMC’s collection and assist HSMC with accreditation from the American Association of Museums in fiscal 2016. The building site is located on the edge of the SMCM campus and HSMC; therefore, AAH is an ideal physical and programmatic location for the partnership of these two State organizations.

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>
Anne Arundel Hall					
Estimated Operating Cost	\$0.125	\$0.322	\$0.333	\$0.344	\$0.356
Estimated Staffing	3	3	3	3	3
Total Operating Impact					
Estimated Operating Cost	\$0.125	\$0.322	\$0.333	\$0.344	\$0.356
Estimated Staffing	3	3	3	3	3

According to the 2015 *Capital Improvement Program* (CIP), AAH will impact the fiscal 2016 operating budget by \$0.1 million due to general costs for fuel and utilities, supplies and materials, and amortized equipment. Costs also rise to reflect 3 new regular positions to maintain the facility, which is unchanged from the prior year’s CIP. As SMCM is funded through a State grant that rises with inflation, any new base costs are a significant expense for the school.

Summary of Other Projects in the Capital Improvement Program

New Academic Building and Auditorium

This project originally included a new space for SMCM’s music department and a 700-seat auditorium. The 2014 CIP added space for the education department and a study/learning commons. This change in scope was informed by a new facility master plan finished in fall 2014. Currently the music department is in Montgomery Hall, an overcrowded 34-year-old building. Under the revised scope, if the education department moves into the new facility, the science, technology, engineering,

and mathematics programs will have more space in Goodpaster Hall. The new facility would address space deficiencies in office and study space. Site work for this project includes a 200-vehicle parking lot, as well as relocating existing utilities. This project also necessitates the relocation of athletic fields.

For this project, the total 2013 CIP cost was \$55.6 million, the 2014 CIP cost was \$60.5 million, and the 2015 CIP cost is now \$66.7 million. This is an increase of \$11.1 million, or 20%, over two years. The 2014 increase was due to changing needs recognized by the new facility master plan. The 2015 increase in the current 2015 CIP is due to an update of the regional construction factor used by the Department of Budget and Management to estimate project costs. This factor for Southern Maryland increased from 0.95 to 1.05, or 10%, for projects in fiscal 2016 and beyond. Initial design funding is programmed in fiscal 2017 at \$1.6 million.

Relocation of Athletic Fields

Funding in the CIP includes the design and construction of new outdoor sports facilities to replace existing facilities that will be displaced by the new academic building and auditorium. Additionally, SMCMD would like to install artificial turf to improve the durability of its athletic fields and offer facilities comparable to its peer institutions. This project relocates athletic fields from space on the traditional campus to adjacent land owned by the college across Mattapany Road, which is maintained by the college. This frees up a significant amount of space for future capital projects on campus without placing future academic buildings across major roads. Phase I of the new sports facilities will include artificial turf and utility work. Phase II will include a new grass field and track, outdoor seating, lockers, storage facilities, concessions, and an announcer’s booth. The total cost is expected to be \$11.25 million, an increase of \$0.8 million, or 7.1%, from the prior year, due to the change in the regional construction factor.

Funding the athletic field relocation raises an issue of direct State support for intercollegiate athletic (ICA) facilities, which has occurred in the past on a limited basis. ICA facilities have never been a priority for GO bonds, let alone in the State Plan for Post-Secondary Education. Additionally, while the facility itself enables the redevelopment of land on campus for a new academic building, the field relocation plan, as a distinct project, has no academic component. The college had identified \$2.5 million in donor support to provide nonbudgeted funds in fiscal 2019, which was mistakenly left out of the Governor’s fiscal 2016 budget books. The institution’s statutory debt capacity is \$60.0 million, but the outstanding debt is only \$31.8 million. Unfortunately, while the college has capacity under its cap, they were recently downgraded by the rating agencies and their current rate of debt service to revenues is approximately 5.1% (4.5% or below is the target). While this ratio is projected to improve to approximately 4.36% in calendar 2020 this is predicated upon no additional new debt issuances and the paydown of outstanding capital leases. Furthermore, the projected debt coverage ratio improvement includes estimates of revenue growth of 7.8% while school enrollment has declined.

The President should comment on the status and source of the nonbudgeted funds and whether additional funding can be raised.

Campus Infrastructure Improvements

New in the prior CIP is a project for campus infrastructure consisting of three phases beginning in fiscal 2017, similar to prior State support going to the University System of Maryland. The scope includes a wide range of infrastructure renewal projects throughout the campus such as construction of a pedestrian/bicycle pathway and bridge along Maryland Route 5, replacement of mechanical equipment at the library and Montgomery Hall, new windows at Calvert Hall, and other improvements. The total cost is estimated to be \$10.5 million, a decrease of \$0.2 million, or 1.9%, from the prior year.

The college has stated that despite all three of these projects occurring from fiscal 2017 to 2019 at the State’s smallest four-year campus by NASF, the college is capable of sequencing the projects to minimize the impact on students and faculty.

GO Bond Recommended Actions

1. Approve \$10.482 million in general obligation bonds for the construction of Anne Arundel Hall on the campus of St. Mary’s College of Maryland.