

RM00
Morgan State University – Capital

Capital Budget Summary

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

Projects	Prior Auth.	2020 Request	2021 Est.	2022 Est.	2023 Est.	2024 Est.	Beyond CIP
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New Student Services Support Building	\$60.615	\$22.659	\$4.851	\$0.000	\$0.000	\$0.000	\$0.000
Deferred Maintenance and Site Improvements	0.000	10.000	10.000	10.000	4.000	5.000	0.000
New Health and Human Services Building (Phase I)	0.461	4.901	0.000	0.000	0.000	0.000	0.000
New Health and Human Services Building (Phase II)	0.000	4.403	5.382	35.777	55.138	49.140	0.000
New Science Center (Phase I)	0.000	0.000	0.000	0.589	1.984	5.564	0.927
New Science Center (Phase II)	0.000	0.000	0.000	0.000	5.732	7.005	158.586
Total	\$61.076	\$41.963	\$20.233	\$46.366	\$66.854	\$66.709	\$159.513

Fund Source	Prior Auth.	2020 Request	2021 Est.	2022 Est.	2023 Est.	2024 Est.	Beyond CIP
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GO Bonds	\$61.076	\$41.963	\$20.233	\$46.366	\$66.854	\$66.709	\$159.513
Total	\$61.076	\$41.963	\$20.233	\$46.366	\$66.854	\$66.709	\$159.513

CIP: *Capital Improvement Program*
GO: general obligation

For further information contact: Ian M. Klein

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Summary of Recommended Bond Actions

1. Deferred Maintenance and Site Improvements

Restrict funds pending a report.

2. New Health and Human Services Building

Approve \$4,901,000 in general obligation bonds.

3. New Health and Human Services Building Phase II

Approve \$4,403,000 in general obligation bonds.

4. New Student Services Support Building

Approve \$22,659,000 in general obligation bonds.

5. SECTION 2 – Morgan State University – New School of Business Complex and Connecting Bridge

Approve change to prior authorization to extend termination date.

6. SECTION 2 – Morgan State University – Facilities Renewal Projects

Approve change to prior authorization to extend termination date.

7. SECTION 12 – Morgan State University – New Student Services Support Building

Approve preauthorization of \$4.8 million.

Summary of Updates

Academic support space will increase by fiscal 2027 in laboratory, study/stack, and research laboratory space. Classroom and office space are projected to decrease. Three categories, classroom, laboratory, and study/stack space, are currently, and are projected to remain in fiscal 2027, in space surpluses.

Budget Overview

New Student Services Support Building

The new Student Services Support Building will house various student support functions, including admissions, recruitment, the registrar, the bursar, and financial aid, which typically serve as the first point of contact with potential students and parents. These functions are currently located in the Montebello Complex, which is in poor condition and does not provide an inviting or welcoming impression to potential students.

In fiscal 2020, funding programmed for construction totals \$15.8 million, while funding programmed for equipment totals \$6.9 million. Additionally, funding programmed for the new student services support building was revised in the 2019 *Capital Improvement Program* (CIP), which shifted \$4.4 million into fiscal 2021 based on the current project schedule and cashflow information provided by Morgan State University (MSU).

Current Facility Deficiencies

Student services are currently housed in the Montebello Complex, which was originally a hospital that is poorly configured for an administration building, is in poor condition, and needs to be demolished. Overall, MSU is concerned that any one of the building systems will fail. For example:

- all of the building systems are original and have exceeded their life expectancy, causing frequent interruptions in services;
- the ventilation is poor due to the air handling units being over 50 years old, and replacement parts are no longer available;
- the office air conditioning and heating systems are noisy and have caught on fire;
- fires have erupted in the mechanical room resulting in the evacuation of the building;
- the single-pane windows allow air to continually seep in, including diesel fumes from idling buses; and
- there is significant water damage due to the age of the pipes that have been continually patched over the years, and there is concern that a leak or rupture might occur in a section of the pipe that would lead to a complete closure of the building.

The Montebello Complex has exceeded its useful life and is a drain on the MSU deferred maintenance budget. While the building may continue to be of service for a few more years as the MSU campus continues with the current projects within the annual project construction within the master plan, the plan also calls for the eventual demolition of Montebello. In addition, students have trouble

finding student support services because they are scattered throughout the building. As of fall 2015, student services staff totaled 208 full-time equivalents (FTE) and have 49,980 net assignable square feet (NASF). Based on projected growth to 300 FTEs, 71,595 NASF will be needed by 2025.

Recommendation: Approve \$22.7 million in general obligation (GO) bond funding to continue construction of the new student services support building. Approve a fiscal 2021 preauthorization of \$4.8 million to complete construction of the building.

Deferred Maintenance and Site Improvements

A total of \$39 million is programmed in the 2019 CIP, as shown in **Exhibit 1**, to address the more than \$100 million backlog of deferred maintenance projects. This funding will be utilized to renovate, repair, replace, and upgrade building systems and infrastructure that have been identified by MSU as falling into the deferred maintenance backlog. The deferred maintenance and site improvements project has been moved up several years from the 2018 CIP when the funding was programmed to begin in fiscal 2023.

Exhibit 1
Deferred Maintenance Funding Schedule
Fiscal 2020-2024
(\$ in Thousands)

	<u>Prior Auth.</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total</u>
Source							
GO Bonds	-	\$10,000	\$10,000	\$10,000	\$4,000	\$5,000	\$39,000
Total	-	\$10,000	\$10,000	\$10,000	\$4,000	\$5,000	\$39,000
Use							
Planning	-	\$933	\$914	\$1,000	\$400	\$500	\$3,747
Construction	-	8,989	9,086	9,000	3,600	4,500	\$35,175
Equipment	-	78	-	-	-	-	\$78

GO: general obligation

Source: Fiscal 2020 *Capital Improvement Plan*

This project will address the university's aging infrastructure and building systems that are outdated, inoperable, or in poor condition. MSU provided the Department of Legislative Services (DLS) a survey that was completed of the university's facilities. From this report, DLS is unable to determine whether funding will be utilized on deferred maintenance projects or onsite improvement projects.

DLS requests that MSU submit their deferred maintenance and site improvements priority rankings for the respective projects. Additionally, MSU should also identify the projects that have been categorized as deferred maintenance and the projects that have been categorized as site improvements as well as the respective costs of those projects.

DLS requests that MSU comment on its ability to handle the numerous projects that are currently being undertaken at the campus, specifically identifying if it is properly staffed to handle the extra work that managing all of the projects that will come from this new program.

Recommendation: Restrict \$10.0 million in GO bond funding for deferred maintenance projects across campus pending receipt of a report.

New Health and Human Services Building, Phase I

The fiscal 2020 budget includes \$4.9 million to fund the construction and capital equipping phase of the demolition of the Turner Armory and renovation of the Portage Avenue facility. The design phase was funded in fiscal 2019 and is underway. The demolition and construction phase is expected to commence in November 2019 and be completed in May 2021. Although the construction schedule would make this a candidate for split funding over fiscal 2020 and 2021, the multiple different project elements will likely result in several separate contracts that would be better managed with a single-year authorization for the entire amount of funding needed for the construction phase. Turner's Armory houses the Reserve Officers' Training Corps program as a surge space. The building condition has continued to decline, and its demolition has been a part of the MSU master plan for several years. There have been consistent issues with mold; water filtration; and the current heating, ventilation, and air conditioning system, all of which have resulted in the building being only partially occupied.

This location is where the new health and human services building will be constructed, which will be Phase II of the project. Phase I also includes providing surge space at the Portage Avenue building for the motor pool. The surge space will include offices, locker and storage space, and space to repair vehicles. The project also involves constructing a new roll-up door access area and converting two existing loading docks into vehicle repair bays.

Recommendation: Approve \$4.9 million in GO bond funding to finish demolition of Turner's Armory and complete renovation of the Portage Avenue office/warehouse building.

New Health and Human Services Building, Phase II

The fiscal 2020 budget includes funding to begin design of the new health and human services building. Allocated for planning is \$12.2 million in funding that will begin in fiscal 2020. A total of \$4.4 million in fiscal 2020, \$5.4 in fiscal 2021, and \$2.4 million in fiscal 2022 will be utilized to complete the planning phase. Construction will begin in fiscal 2022 and will be completed in approximately 27 months. The facility will house office, laboratory, classroom, and support spaces for the School of Community Health and Policy, which includes Public Health, Nutritional Sciences and

Nursing, the Prevention Sciences Research Center, the School of Social Work, Medical Technology, and the Department of Family and Consumer Sciences. Additionally, space will also be provided for the University Counseling Center. These programs are located in various buildings that are outdated, have insufficient space, and are in poor condition.

The total estimated cost of the project is \$149.8 million, which is \$11.5 million higher than the total cost in the 2018 CIP, but since the estimate is not informed by any design stage efforts, the estimate is very preliminary and likely to change as design stage deliverable become available. The proposed facility of 106,650 NASF/193,909 gross square feet address the space deficiencies of these related academic and service health programs. The new building will encourage collaboration and efficiency while optimizing students' educational experience. All of these programs are currently located in outdated facilities that do not provide the amount or type of space to properly service the MSU student population.

The academic and health service programs are currently spread out in five different buildings on campus. This project will address the inadequate/insufficient academic space and specialized labs as well as eliminating outdated building systems. Furthermore, the proposed departments to be housed in the new health and human services facility currently do not have the instructional laboratory, office, office support, or storage space to meet the current and future demands for its programs.

Exhibit 2 provides a breakdown of the area space that will be provided in the new health and human services building.

Exhibit 2
New Health and Human Services Building Space

<u>Area</u>	<u>Net Square Footage</u>
Classroom	9,580
Class Laboratory	29,055
Open Laboratory	3,800
Research Laboratory	11,715
Office	36,240
Study	3,160
Study Support	480
Media Production	660
Clinic	3,320
Demonstration Facility	1,950
Greenhouse	620
Lounge	2,560
Meeting	1,750
Computer	200
Shop/Storage	1,480
Hazardous Material	80
Total	106,650

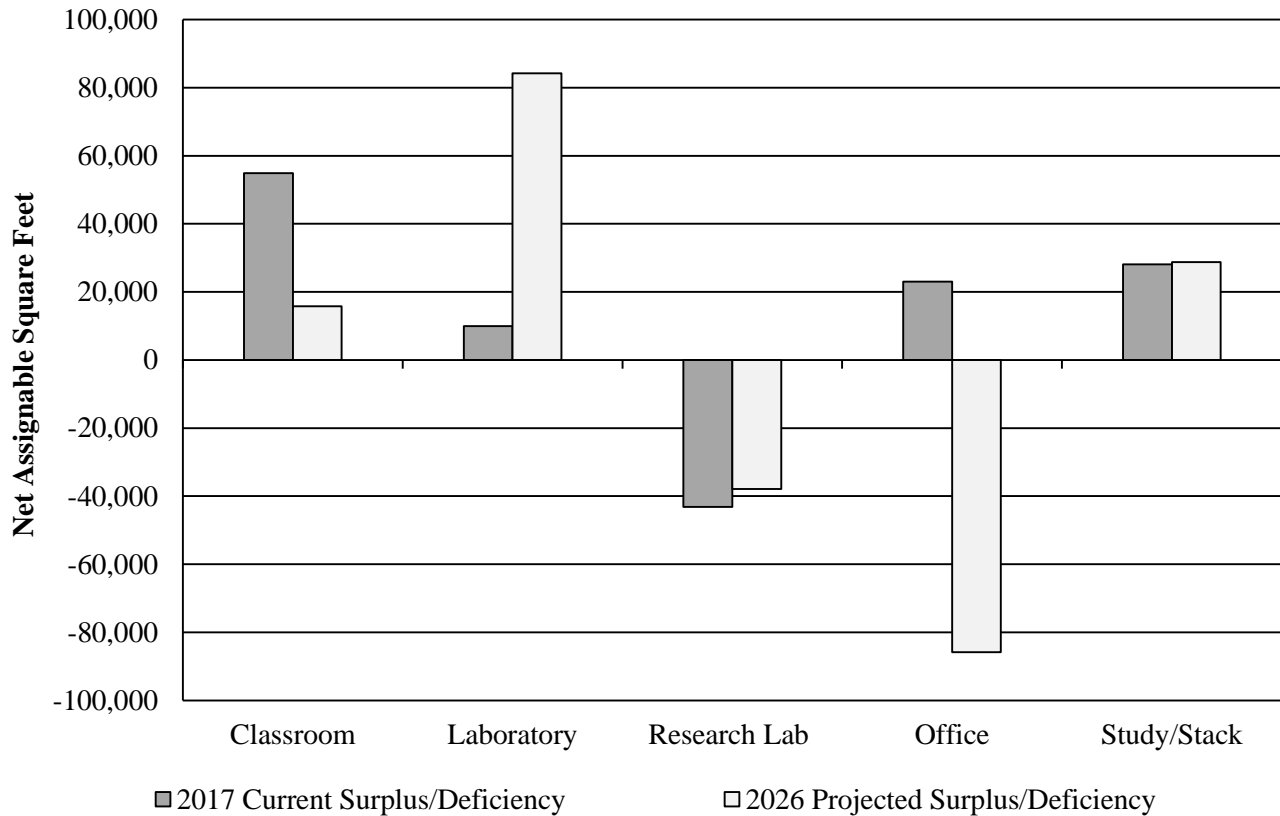
Source: Department of Budget and Management, 2019 *Capital Improvement Program*

Recommendation: Approve \$4.4 million in GO bond funding for planning of the new health and human services building.

Updates

MSU provides an annual report that documents the surplus or deficiency of academic support space at the institution in NASF or the sum of all areas on all floors of a building assigned to, or available for assignment to, an occupant or specific use. **Exhibit 3** provides the fiscal 2017 current space surplus or deficiency as well as the projected fiscal 2026 space surplus or deficiency projections.

**Exhibit 3
Current and Projected Academic Support Space Deficit
Fiscal 2017 and 2026**



Source: Morgan State University

Three academic support space categories, classroom, laboratory, and study/stack, have a projected surplus in both fiscal 2017 and 2026. Research laboratory space has a space deficit in fiscal 2017 and is projected to continue to have a space deficit in fiscal 2026. Office space will go from a 20,000 NASF office space surplus in fiscal 2017 to an 80,000 NASF office space deficit by fiscal 2026.

The President of MSU should comment on why there is projected to be such a large deficit in office space when 75% of the net square feet (NSF) of the new student services support building (56,652 NSF) is allocated for office space.

Operating Budget Impact Statement

Executive's Operating Budget Impact Statement – State-owned Projects

Fiscal 2020-2024

(\$ in Millions)

	2020	2021	2022	2023	2024
New Health and Human Services Facility (Phase II)					
Estimated Operating Cost	\$0.000	\$0.000	\$0.000	\$0.000	\$4.584
Estimated Staffing	0.000	0.000	0.000	0.000	2.000
New Student Services Building					
Estimated Operating Cost	\$0.000	\$6.801	\$1.484	\$1.532	\$1.582
Estimated Staffing	0.000	4.000	4.000	4.000	4.000
Total Operating Impact					
Estimated Operating Cost	\$0.000	\$6.801	\$1.484	\$1.532	\$6.166
Estimated Staffing	0.000	4.000	4.000	4.000	6.000

Summary of Other Projects in the Capital Improvement Program

New Science Center, Phase I

The 2019 CIP includes funding beginning in fiscal 2022 for the demolition of the Washington Service Center (WSC) to provide a site for a new building for biology, chemistry, and science education. The estimated cost of this project totals \$9,064,000 and is to be funded entirely with GO bonds.

New Science Center, Phase II

The 2019 CIP programs funding beginning in fiscal 2023 for the construction of a new science building and connecting bridge to house the Biology department, Chemistry department, and the Science Education department on the site of the existing WSC. The estimated cost of this project totals \$171,323,000 and is to be funded entirely with GO bonds.

Preauthorizations

Preauthorizations for MSU are shown in **Exhibit 4**.

Exhibit 4
Preauthorizations
Fiscal 2021-2023
(\$ Millions)

<u>Project</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
New Student Services Support Building	\$4.761	\$0.000	\$0.000

Source: Department of Budget and Management, 2019 *Capital Improvement Program*

GO Bond Recommended Actions

1. Restrict funds pending a report.

RM00A	Deferred Maintenance and Site Improvements.....	\$ 10,000,000
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Add the following language:

RM00	MORGAN STATE UNIVERSITY (Baltimore City)
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- (A) Deferred Maintenance and Site Improvements. Provide funds to design, construct, and equip various infrastructure, building system, and site improvements, provided that \$10,000,000 of this authorization may not be expended until Morgan State University submits a report to the budget committees that provides the following information:

- (1) the priority rankings developed for deferred maintenance and site improvement projects;
- (2) the projects that are listed as deferred maintenance and the projects that are listed as site improvements; and
- (3) the costs associated with each of those projects.

The report shall be submitted to the budget committees on or before July 1, 2019. The budget committees shall have 45 days to review and comment.

10,000,000

Explanation: Morgan State University (MSU) would like to begin a program of deferred maintenance and site improvements on campus. The 2020 Capital Improvement Program provides \$10,000,000 to begin this project. MSU provided a survey that identified projects that are institutional priorities. This survey did not identify a priority ranking for the completion of projects. Furthermore, no deferred maintenance master plan has been provided that documents the necessity of one project over another. MSU should submit a report including a deferred maintenance master plan, the identification of project priorities, and the differentiation of deferred maintenance projects and site improvement projects as well as the respective costs of those projects.

Information Request	Author	Due Date
Deferred maintenance and site improvements report	MSU	July 1, 2019

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2. Approve the \$4,901,000 general obligation bond authorization for the new Health And Human Services Building Phase I.
3. Approve the \$4,403,000 general obligation bond authorization for the new Health And Human Services Building Phase II.
4. Approve \$22,659,000 in general obligation bonds for the new Student Services Support Building.
5. This language amends a prior authorization to ensure that funds expended for construction of the new school of business complex and connecting bridge may not be terminated prior to June 1, 2021.
6. This language amends a prior authorization to ensure that funds expended for facilities renewal projects may not be terminated prior to June 1, 2021.
7. Approve the preauthorization of \$4,761,000 in general obligation bonds to continue construction on the new student services support building.