

RD00
St. Mary's College of Maryland – Capital

Capital Budget Summary

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

Projects	Prior Auth.	2021 Request	2022 Est.	2023 Est.	2024 Est.	2025 Est.	Beyond CIP
New Academic Building and Auditorium	\$32.260	\$30.973	\$20.933	\$0.000	\$0.000	\$0.000	\$0.000
Campus Infrastructure Improvements	8.809	4.472	3.000	1.500	2.250	3.000	0.000
Goodpaster Hall Renovation	0.000	0.000	0.195	1.973	0.000	0.000	0.000
Montgomery Hall Renovation	0.000	0.000	0.000	0.000	0.000	1.508	37.200
Total	\$41.069	\$35.445	\$24.128	\$3.473	\$2.250	\$4.508	\$37.200

Fund Source	Prior Auth.	2021 Request	2022 Est.	2023 Est.	2024 Est.	2025 Est.	Beyond CIP
GO Bonds	\$35.508	\$35.150	\$23.637	\$3.473	\$2.250	\$4.508	\$37.200
General Funds	1.741	0.000	0.000	0.000	0.000	0.000	0.000
Nonbudgeted Funds	3.820	0.295	0.491	0.000	0.000	0.000	0.000
Total	\$41.069	\$35.445	\$24.128	\$3.473	\$2.250	\$4.508	\$37.200

CIP: Capital Improvement Program
GO: general obligation

Key Observations

Current deficits in teaching and research laboratory space are not expected to be eliminated by fiscal 2028.

Summary of Recommended Bond Actions

1. Academic Building and Auditorium

Approve \$30,678,000 in general obligation bonds for the new academic building and auditorium.

2. Campus Infrastructure Improvements

Approve \$4,472,000 in general obligation bonds for campus infrastructure improvements.

3. SECTION 2 – St. Mary’s College of Maryland – Anne Arundel Hall Reconstruction

Approve the change to the prior authorization to extend termination date.

4. SECTION 13 – St. Mary’s College of Maryland – Academic Building and Auditorium

Approve the preauthorization of \$18,837,000 for the new academic building and auditorium.

Budget Overview

New Academic Building and Auditorium

The fiscal 2021 capital budget includes \$30.678 million in general obligation (GO) bonds for a multiphase project that includes the relocation of athletics fields and the construction of a new academic building for the college’s music and education departments including a 700-seat auditorium on the site of the old fields. This project has been part of the *Capital Improvement Program* (CIP) in various iterations since fiscal 2013. Nonbudgeted funds totaling \$0.295 million are also included in fiscal 2021 for construction of the new academic building and auditorium café. Additionally, during the archeological phase of the athletics field relocation, it was discovered that slave quarters had once existed adjacent to the construction site. The college, utilizing State funds, is finalizing construction of a commemorative area to memorialize this location.

The relocation and improvements to the athletic field complex have been completed, allowing construction of the new academic building and auditorium to begin. St. Mary’s College of Maryland (SMCM) now has one natural grass field as well as one artificial turf field that is surrounded by a track. In addition to the completion of the construction of the two fields, the athletic complex now has permanent stands, men’s and women’s locker rooms, bathrooms, press boxes, concessions, VIP boxes, and a hospitality suite. Completing this project allows SMCM flexibility in scheduling for the institution’s soccer, lacrosse, and field hockey teams. In total, the athletics field component of the project costs \$12.8 million of which the college provided \$3.6 million.

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The new academic building and auditorium will provide space for the college’s Music Department, the Educational Studies Department, and a learning commons study space as well as the construction of a 700-seat auditorium. The project will address deficiencies in academic, study, and assembly space in addition to inadequate arts programming, music, and café space on campus.

In 2019, during the schematic design phase of this project, SMCM and its design team determined that two buildings better fit the campus master plan and the distinct activities of the occupant departments than the one building initially programmed. Under the current design, one building will house the auditorium and the music program, while the educational studies program and the study commons will be in the other. Separating the program into two adjacent buildings reduced the scale of the facility, improved access to the program components, and provided an overall better fit with the college’s architectural goals to reflect the historic context of its setting. The breakdown of the modification can be seen in **Exhibit 1**.

Exhibit 1
New Academic Building and Auditorium Design and Scope
Pre- and Post-design Modification

	<u>GSF</u>	<u>Cost Per SF</u>	<u>Amount</u>
Previous Design Scope and Cost			
New Auditorium and Academic Building	59,694	\$586	\$34,997,995
Café	940	322	302,210
Additional Expenses			31,604,795
Total Project Estimates	60,634	\$936	\$66,905,000
Current Design Scope and Cost			
New Main Building	44,728	\$899	\$40,209,577
New West Building	13,642	648	8,840,835
Café	1,060	558	591,194
Additional Expenses			21,729,394
Total Project Estimates	59,430	\$1,040	\$71,371,000

GSF: gross square footage

SF: square footage

Note: Additional expenses include site and utility work, contingency and escalation costs, and commissioning expenses. Total project estimates exclude costs associated with the relocation of the athletic fields that have been completed at a total cost of \$12.8 million, which the college provided \$3.6 million, and \$500,000 for the slave quarters commemorative area, which was funded by the State.

Source: Department of Budget and Management; Department of Legislative Services

After including additional contingency, equipping, site work, and other expenses, the total cost of the project has increased from \$79.7 million to \$84.2 million, or \$4.4 million, over the fiscal 2020

capital budget allocation. As is shown in Exhibit 1, the cost per square foot (SF) of the new academic building and auditorium has increased, growing to \$1,040 per SF over \$936 in the previous design, an increase of \$104 per SF.

Funding Challenges

During the course of design, market escalation has surpassed budget assumptions causing the cost of the project to increase. In February 2018, when the Board of Public Works (BPW) approved the award of preconstruction services portion of this contract, SMCM’s estimate of direct construction cost was \$48.3 million, exclusive of 10% contingency and other indirect expenses. Based on the bidding packages this last fall, the total construction cost is now \$58.6 million, an increase of \$10.3 million. The factors causing the increase include reducing the predesign contingency from 10% to 5% and reallocating to direct construction costs, \$0.3 million for the college-funded café, and market conditions far exceeding escalation assumptions. Market conditions driving the increase include:

- **Limited Supply of Skilled Workers:** Contractors are competing for qualified workers, pushing wages higher and predicting even higher wage rates for long-term projects.
- **Abundant Opportunities:** There are more projects in the market than subcontractors can respond to, which has increased subcontractor selectivity, reduced competition, and increased expectations for financial return on jobs.
- **Uncertainty Over Materials Costs:** The inability to predict future pricing is in large part due to tariff and trade disruptions.

Reflective of the market conditions, in October 2019, the Department of Budget and Management (DBM) issued a statewide one-time 5.3% addition to the escalation formula for calendar 2019 and increased the regional construction factor for St. Mary’s County by an additional 5%.

At multiple stages, SMCM has implemented significant value engineering and scope reduction efforts, totaling roughly \$6.0 million, to mitigate the increased costs. Additionally, the 2020 CIP has allocated \$4.2 million over what had been programmed in the 2019 CIP to ensure that funding is appropriated for the increased costs of the project.

Campus Infrastructure Improvements

The fiscal 2021 capital budget provides \$4.472 million in GO bonds for campus infrastructure improvements, which is \$709,000 more than what was programmed in the 2019 CIP for fiscal 2021.

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The fiscal 2021 project list includes:

- ***Calvert Hall HVAC Replacement (\$2,774,000)***: This project will replace the obsolete HVAC controls system. The central air conditioning system only provides for a little more than 30% of the building with the remaining portions of the building being cooled with window units.
- ***Campus Roadway Repairs, Phase 2 (\$815,000)***: This project will continue the road repairs and improvements by repaving and repairing roadways throughout the campus that are in poor condition.

The direct cost for these projects totals \$3,589,000, leaving a difference of \$883,000 in indirect costs. These indirect costs include contingency, design, and testing expenses that are not included in the direct construction costs but bring the overall total costs to \$4.472 million.

Prior to the fiscal 2021 capital budget, DBM required SMCM to provide a list of the future-year capital infrastructure projects and the costs of those projects that the institution planned to fund by fiscal year. This process has changed, as SMCM now is no longer required to provide such a comprehensive multi-year project summary for deferred maintenance projects. This change occurred as SMCM regularly would need to modify the order in which certain deferred maintenance or campus infrastructure projects needed to be funded during a particular fiscal year, given the immediacy of the repairs needed. Beginning in fiscal 2022, DBM will provide a fixed level of funds for campus infrastructure improvements to SMCM with which the institution may allocate to specific projects that have been identified as deferred maintenance needs.

SMCM identifies deferred maintenance projects that will be addressed during a particular fiscal year based on a variety of factors. College staff as well as third-party subject matter experts provide information on the condition of various building components and systems. In addition, SMCM staff utilize software to perform a facility lifecycle audit to help guide reinvestment needs. Infrastructure projects at SMCM are then prioritized. Highest priority is assigned to projects that significantly impact the mission of the college and require immediate action to return a facility to normal operation, stop accelerated deterioration, or correct a cited safety hazard – especially those conditions that potentially impact an entire building or pose a significant risk to health and safety. Lastly, projects may be combined either by type, such as roofing, or by building to achieve efficiencies.

SMCM has identified an estimated total of \$22.0 million in deferred maintenance project costs that it will be addressing over time with this funding. SMCM’s budgetary practice is to fund approximately \$1.0 million to \$1.3 million per year for facility renewal, excluding funding provided from the CIP. **Exhibit 2** provides the campus infrastructure improvement projects that have been identified by SMCM as being anticipated to be completed over the next several fiscal years.

Exhibit 2
St. Mary’s College of Maryland Campus Infrastructure Improvements

<u>Project</u>	<u>Anticipated Costs</u>
Schaefer Hall HVAC Replacement	\$2,846,000
Schaefer and Goodpaster Halls Fume Hood Upgrades	2,195,000
Historic Campus Slate Roof Replacement	1,744,000
North Campus Nodal Loop Expansion	969,000
Kent Hall HVAC Replacement	937,000
Calvert Hall Window Replacement	666,000
Montgomery Hall and Calvert Hall Underground Storage Tank Removal	250,000
Hilda C. Landers Library/IT Generator and Transfer Switch Replacement	226,000

Source: Department of Budget and Management; 2020 *Capital Improvement Program*

Operating Budget Impact Statement

Executive’s Operating Budget Impact Statement – State-owned Projects
Fiscal 2021-2025
(\$ in Millions)

	2021	2022	2023	2024	2025
New Academic Building and Auditorium					
Estimated Operating Cost	\$0.107	\$0.107	\$1.278	\$1.294	\$1.312
Estimated Staffing	0.000	0.000	2.000	2.000	2.000

The new academic building and auditorium project will result in an increase in gross square feet (GSF) of the campus infrastructure, as this project will add two new buildings to the campus. The estimated staffing increase is based on a calculation of 1 full-time equivalent per 40,000 GSF with a total 71,955 GSF estimated for the project.

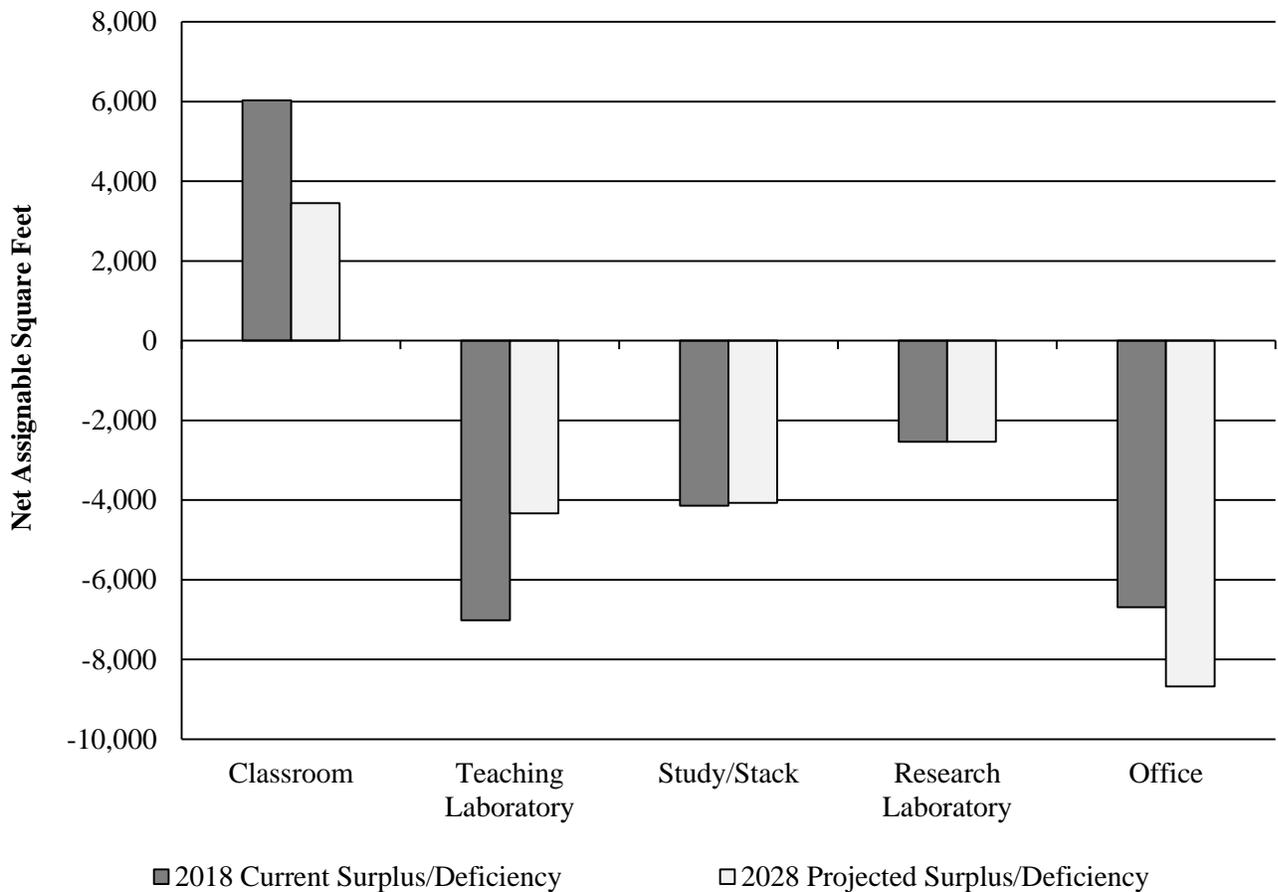
Summary of Other Projects in the Capital Improvement Program

- ***Goodpaster Hall:*** State funds totaling \$1.973 million for Goodpaster Hall renovation has been included in fiscal 2023 for teaching laboratories; research laboratories; and offices for science, technology, engineering, and mathematics disciplines after the current occupants relocate to the new academic building and auditorium. Nonbudgeted funds (institutional funds) totaling \$195,000 are scheduled in fiscal 2022 and will fund design of the renovations.
- ***Montgomery Hall:*** State funds totaling \$1.508 million to begin design for the Montgomery Hall renovation have been included in fiscal 2025. This project will result in the complete renovation of Montgomery Hall, including HVAC upgrades, emergency power generator replacement, fire alarm and sprinkler upgrades, roofing repairs, window and door replacements, and additional projects. Very preliminary estimates put the total project cost at \$38.7 million, most of which is beyond the scope of the five-year 2020 session CIP.

Updates

The current deficit in teaching laboratory space is projected to shrink by 2028, while the deficit in office space is projected to grow. **Exhibit 3** provides the breakdown of the space surplus and deficit by net assignable SF by academic support space category.

Exhibit 3
St. Mary’s College of Maryland Current and
Projected Academic Support Space Deficit
Fiscal 2018 and Projected 2028



Source: Department of Budget and Management, 2020 *Capital Improvement Program*

The President should comment as to why there is such a large deficit in teaching laboratory space in 2018 when there was a surplus in 2017.

Preauthorizations

Exhibit 4 provides details on the preauthorizations for St. Mary’s College of Maryland.

**Exhibit 4
Preauthorizations
Fiscal 2022-2025**

<u>Project</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Reason</u>
New Academic Building and Auditorium	\$18,837,000	\$0	\$0	\$0	Funds needed for the Board of Public Works to award the construction contract in fiscal 2020.

Source: Department of Budget and Management, 2020 *Capital Improvement Program*

GO Bond Recommended Actions

1. Approve the \$30,678,000 general obligation bond authorization for the new academic building and auditorium.
2. Approve the \$4,472,000 general obligation bond authorization for campus infrastructure improvements.
3. This language amends a prior authorization to ensure that funds expended for the Anne Arundel Hall reconstruction may not terminate prior to June 1, 2022.
4. Approve the preauthorization of \$18,837,000 in general obligation bonds to continue construction of the new academic building and auditorium.