

RM00A
Morgan State University

Banneker Hall Renovation (Baltimore City)

General Obligation Bonds **\$3,265,000** **Recommendation:** **Disapproval of supplemental funding**

Bill Text: Provide supplemental construction funds to renovate Banneker Hall and to relocate the telecommunications hub.

Project Description: Provide supplemental funds for the Banneker Hall renovation and telecommunications hub relocation projects. Banneker Hall, which housed Communication Studies until the new Communications building was completed in 2006, was renovated to replace aging building systems and provide modern academic space for the School of Education and Urban Studies. The project also included relocating the university’s telecommunications hub to the new Communications building preceding the renovation of Banneker Hall. Renovation of Banneker Hall was completed in February 2009 while the relocation of the telecommunications hub was completed in June 2007.

Prior Authorization and Capital Improvement Program

Authorization Uses
(\$ in Millions)

<i>Fund Uses</i>	<i>Prior Authorization</i>	<i>2011 Allowance</i>	<i>2012 Estimate</i>	<i>2013 Estimate</i>	<i>2014 Estimate</i>	<i>2015 Estimate</i>
Planning	2.267	0.000	0.000	0.000	0.000	0.000
Construction	23.124	3.265	0.000	0.000	0.000	0.000
Equipment	2.350	0.000	0.000	0.000	0.000	0.000
Total	\$27.741	\$3.265	\$0.000	\$0.000	\$0.000	\$0.000

**Authorization Sources
(\$ in Millions)**

<i>Fund Sources</i>	<i>Prior Authorization</i>	<i>2011 Allowance</i>	<i>2012 Estimate</i>	<i>2013 Estimate</i>	<i>2014 Estimate</i>	<i>2015 Estimate</i>
GO Bond	\$27.741	\$3.265	\$0.000	\$0.000	\$0.000	\$0.000
Total	\$27.741	\$3.265	\$0.000	\$0.000	\$0.000	\$0.000

Project Analysis

The fiscal 2011 allowance includes \$3.3 million of supplemental funding for the relocation of the telecommunications hub from Banneker Hall to the new Communications building and renovation of Banneker Hall. These funds will be used to pay for \$2.1 million in unpaid change orders and \$1.2 million claim filed by the contractor due to delays in the renovation project schedule and unforeseen conditions requiring work beyond to the original scope of the project. In fiscal 2005, \$23.1 million of construction funding was authorized for the project, of which \$14.6 million was for the renovation of Banneker Hall and \$8.5 million was for relocating the telecommunications hub.

The architect/engineer’s final cost estimate for the relocation of the telecommunications hub totaled \$1.2 million, lower than the original budgeted amount of \$8.5 million. The Design and Construction Management Staff at Morgan State University (MSU), concerned about unforeseen conditions, included an additional \$3.1 million in the allowance. The contract awarded in August 2005 totaled \$4.3 million, and the project was completed in June 2007.

In February 2008, the Office of Legislative Audits issued an audit which included five findings related to the telecommunications hub relocation project. The audit disclosed significant deficiencies related to the oversight and management of capital projects, including \$3.1 million of the \$4.3 million original contract was used to pay for work on other contracts awarded to the same general contractor working on the hub project, and \$2.3 million of change orders were processed that fell outside the scope of the project.

The construction contract for the Banneker Hall renovation project, totaling \$15.1 million, was awarded in August 2006. During the renovation, unforeseen conditions were discovered, including asbestos and two fireplaces that needed to be demolished. This resulted in the processing of \$2.1 million in change orders. Furthermore, the contractor submitted a \$1.2 million claim due to delays in the project schedule and unforeseen situation requiring work beyond the original scope of work. MSU intends to hire a consultant to evaluate the contractor’s claim. The project was completed in February 2009.

The overall above mentioned situations resulted in the inclusion of \$3.3 million of supplemental funding in the fiscal 2011 allowance. State reimbursement for shortfalls is project

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funding resulting from the diversion or misappropriation of State funds for purposes inconsistent with the allowances as authorized by the General Assembly, or to fund outstanding claims that have yet to be fully addressed and adjudicated through the proper administrative procedures should be discouraged. Furthermore, MSU has other resources to draw upon, specifically the plant fund, to pay for those costs incurred as a result of project mismanagement. **Therefore, the Department of Legislative Services recommends disapproval of the \$3.3 million supplemental funding request.**

Recommended Actions

RM00A Banneker Hall Renovation..... \$ 0

Allowance
3,265,000

Change
-3,265,000

Authorization
0

Explanation: Since it is neither the intent of the State to reimburse institutions for shortfalls in project funding due to the diversion of funds to other projects outside the original scope of the project nor compensate institutions for outstanding claims, supplemental funds should not be provided. Furthermore, Morgan State University has other resources to draw upon, specifically the plant fund, to pay for those additional costs incurred as a result from mismanagement of projects.