

RC00A
Baltimore City Community College

Main Building Renovation (Baltimore City)

General Obligation Bonds **\$6,686,000**

Summary of Recommended Bond Actions

1. Main Building Renovation

 Approve funding for the Main Building Renovation.

Bill Text: Provide funds to renovate and equip the Administration Wing of the Main Building.

Project Description: The project proposes to renovate the Administration Wing of the Main Building on Baltimore City Community College’s (BCCC) Liberty Campus. Fiscal 2013 funding was pre-authorized in the fiscal 2012 capital budget and includes \$5.8 million in general obligation (GO) bonds for the second and final phase of construction. An additional \$0.9 million in GO bonds supports equipment needs after the renovation is complete. Fiscal 2013 is the final year of funding for the project.

Renovations of the Main Building’s Classroom and Student Services wings were completed in prior years. Renovation of the Fine Arts Wing, which was originally planned to begin in fiscal 2011, was deferred indefinitely at the college’s request.

Project Summary Information

Total Project Cost:	\$9,850,000	Cost Per Square Foot – Base:	\$151
Budget Estimate Stage:	Schematic	With Escalation and Contingencies:	\$174
Program Plan Status:	Approved Part II	Gross Square Footage:	32,822
Green Building:	Yes	Net Usable Square Footage:	18,980
Est. Completion Date:	August 2013	Building Efficiency:	55.0%
Project Design Cost %:	9.3%		

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Project Analysis

BCCC's main building is the main academic and administrative facility on the college's Liberty Campus. Originally constructed in 1965, this project's infrastructure is aging and in need of updating to ensure continuous use during the academic year. For example, the heating, ventilation, and air conditioning system is over 40 years old and creates potential safety hazards with the use of a backup chilling system that vents exhaust air through public space.

The project is now 4,487 gross square feet (GSF) smaller than a year ago, the result of changes made from the college's request to separate the Fine Arts Wing renovation from this project. A 1,730 GSF elevator tower was added to help persons with disabilities access the Administration Wing.

BCCC currently has a 21,887 net assignable square feet (NASF) surplus in classroom space and a 12,878 NASF deficit in laboratory space. Renovation of the Administration Wing has little impact on these figures and instead improves infrastructure systems and office configurations.

Renovation of the Fine Arts Wing was to occur at the same time as the Administration Wing. BCCC chose instead to pursue constructing a new Fine and Performing Arts Center on land purchased across the street from the main Liberty Campus. However, the Fine and Performing Arts Center no longer appears in the *Capital Improvement Program (CIP)* due to concerns about low enrollments in the programs for which the facility would be constructed (art, music, speech, and dance/theater). The college's enrollment justification showed those programs enrolled 109 full-time day equivalent students in fall 2010 (and 0 in dance/theater). These figures include students in the majors as well as those who take the classes as a general education requirement.

Issues

1. Consideration of Harbor Campus Redevelopment Continues After 3.5 Years

BCCC's main Liberty Campus sits on 18.8 acres on Liberty Heights Avenue in Baltimore City. The college also has a campus located at the Inner Harbor, the Harbor Campus. Currently vacant, that location's Bard Building housed academic programs such as fashion design and website development until fall 2010. At that time, BCCC decided to vacate the facility and move the programs over to the main campus due to ongoing facilities renewal expenses – the monthly cost to keep the building operational was too high.

CIPs prior to 2008 planned a major renovation of the Bard Building starting in fiscal 2009. In fiscal 2009, when the project was scheduled to receive design funds, BCCC requested the project be removed from the CIP as it explored partnering with a developer to redevelop the downtown property as a mixed use facility. Although BCCC originally planned to locate some academic programs in the

redeveloped building, the college no longer expects to have any presence as the leasing cost will likely be too high. BCCC expects a mix of retail and office space in the redeveloped property.

The initial request for proposals (RFP) was issued in summer 2008 with a response date of September 2008. Due to the low number and unsatisfactory nature of submissions, the response date was extended several times. In July 2010, the college's Board of Trustees voted to enter into negotiations with a single developer. Since then, the negotiations have been extended several times. Though the current term agreement expires on April 30, 2012, negotiations could continue past that if the term agreement is extended again.

BCCC has not outlined the reasons why the RFP process and negotiations have had to be extended repeatedly, citing the need for confidentiality in the proposals and negotiations. **Given that the Harbor Campus redevelopment started in summer 2008 and is still ongoing, the President should comment on why the redevelopment has not shown tangible progress since July 2010.**

Appraised Value of Harbor Campus Is Unknown

When negotiating with a developer to extract value from a property, it is useful to know how much the property is worth. If that figure is unknown to one of the parties, that party is at a disadvantage in the negotiation. BCCC was unable to provide the appraised value of its Harbor Campus and explained that "no appraisal was done." **The President should comment on BCCC's decision to enter negotiations without knowing the value of the Harbor Campus.**

Other Options

BCCC's statutes refer directly to the college's use of its Inner Harbor location, saying (1) the college should maximize the economic potential of the site, and (2) the college should ensure that maximizing the economic potential shall not negatively impact the college's academic programs.

While the additional revenue generated by the redevelopment will support the college's academic programs, managing private office and retail space is outside BCCC's core mission. It is possible that pursuing real estate enterprises of this scale and becoming the landlord of a significant Inner Harbor property could distract from the college's core mission of educating students.

As the redevelopment continues toward a fourth year, BCCC is paying over \$100,000 a year to minimally maintain the facility, in addition to costs directly related to the negotiation. BCCC no longer plans to occupy space on the redeveloped Harbor Campus, negotiations are ongoing as costs related to the facility continue to be incurred, and landlord/tenant agreements are outside of the college's mission. It may be reasonable to sell the Harbor Campus rather than expand the college's real estate enterprises. **The President should comment on the relative advantages of selling the Harbor Campus compared to continuing negotiations to redevelop the site.**

2. Other Real Estate Enterprises

In addition to the Harbor Campus, BCCC is involved with two other real estate enterprises. The first relates to purchasing land to create a satellite campus on the east side of Baltimore City. The second concerns land recently purchased across the street from the main Liberty Campus.

East Side Location

For several years, BCCC has discussed the need for a presence on the east side of Baltimore City. The college's Facilities Master Plan points to the Gompers School building as a possible location for a branch campus, a former high school building that opened in 1906. Vacant since 1997, the property is now owned by Baltimore City.

The college plans for the east side location to house a number of credit programs including cyber security, teacher certification, graphic design, and visual and performing arts. There would also be non-credit programs like adult basic education. It should be noted that the Maryland Higher Education Commission is required to approve of all new branch and satellite locations for the State's community colleges and universities.

BCCC reports that it expects to soon be named the exclusive negotiator for the Gompers School building. To facilitate the project, the college plans to partner with the Maryland Economic Development Corporation (MEDCO), which would purchase the land and lease it back to BCCC. MEDCO is currently not authorized to issue tax free debt for this purpose, though there is legislation proposing to make that statutory change (House Bill 1109 and Senate Bill 435). MEDCO is typically involved with residential housing and other auxiliary facilities at higher education institutions.

The financing of academic facilities is currently the purview of the Maryland Health and Higher Educational Facilities Authority (MHHEFA), which is authorized to issue tax free debt for projects at community colleges. **The President should comment on the advantages of changing MEDCO's statute compared to partnering with MHHEFA.**

The Gompers School would need significant renovations before it could be occupied by BCCC. As of fall 2011, the whole project was estimated to cost \$26 million (an amount that would be fully covered by MEDCO debt). The facility could also have a significant operating budget impact from both start-up and ongoing costs.

BCCC estimates that at least 400 credit full-time equivalent students (FTES) would be enrolled at the Gompers building. Using the Governor's proposed funding level of \$5,696 per FTES in fiscal 2013, this represents an impact on State funding of at least \$2,278,400. To the extent there are non-credit enrollments eligible for State funding this figure will be higher – 35.4% of the college's State funded FTES were non-credit enrollments in fiscal 2011.

The college's formula uses actual enrollments two years prior to the allowance, so new enrollments at the Gompers School location would not be reflected in the college's appropriation for two years. However, BCCC would be incurring the costs associated with teaching those students in

the intervening years, and may need additional operating budget support. **The President should comment on how the college will finance the operations of the Gompers School location before its enrollments are reflected in the college’s funding formula, and if it will need additional operating budget support after that time.**

Expansion of Liberty Heights Location

In December 2010, BCCC purchased 18.9 acres of land across the street from the main Liberty Campus using \$7 million from fund balance. Called the Liberty West Campus, BCCC does not consider it an expansion of the main campus but is instead a standalone location like the Harbor Campus. The site was previously owned by Bon Secours Hospital and houses three buildings: the West Building, the West Building Services Wing, and the Urban Medical Institute.

BCCC is currently using the new property to alleviate the college’s severe parking shortage and as surge space for administrative offices during the Administration Wing Renovation. BCCC also collects \$260,000 a year in rent payments from tenants. The college points out that the net income is \$42,800 after accounting for expenses, however.

BCCC does not plan to move any academic programs to the Bon Secours location. The buildings are not currently configured for classroom space, and there would be significant asbestos abatement costs if structural walls were moved. The college’s facilities master plan calls for demolishing the existing buildings to allow for new construction rather than renovating the existing space. Though the Fine and Performing Arts Center was slated for the Liberty West Campus, there are currently no Liberty West Campus projects in the CIP.

Prior Authorization and Capital Improvement Program

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

<i>Fund Uses</i>	<i>Prior Authorization</i>	<i>2013 Request</i>	<i>2014 Estimate</i>	<i>2015 Estimate</i>	<i>2016 Estimate</i>	<i>2017 Estimate</i>
Acquisition	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Planning	4.648	0.000	0.000	0.000	0.000	0.000
Construction	35.221	5.774	0.000	0.000	0.000	0.000
Equipment	1.445	0.912	0.000	0.000	0.000	0.000
Total	\$41.314	\$6.686	\$0.000	\$0.000	\$0.000	\$0.000

Note: Figures include all Main Building Renovation costs, including the Classroom and Student Services Wings.

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

<i>Fund Sources</i>	<i>Prior Authorization</i>	<i>2013 Request</i>	<i>2014 Estimate</i>	<i>2015 Estimate</i>	<i>2016 Estimate</i>	<i>2017 Estimate</i>
GO Bond	\$41.314	\$6.686	\$0.000	\$0.000	\$0.000	\$0.000
Total	\$41.314	\$6.686	\$0.000	\$0.000	\$0.000	\$0.000

Note: Figures include all Main Building Renovation costs, including the Classroom and Student Services Wings.

Executive’s Operating Budget Impact Statement

(**\$ in Millions**)

	<i>FY 2013</i>	<i>FY 2014</i>	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>
Estimated Operating Cost	\$0.000	\$0.359	\$0.000	\$0.000	\$0.000
Estimated Staffing	0	0	0	0	0

The project is expected to have a \$359,000 impact on the college’s operating budget to purchase equipment with an expected life of less than 15 years.

GO Bond Recommended Actions

1. Approve funding for the final phase of the renovation of the Administration Wing of the Main Building.

Capital Project Cost Estimate Worksheet

Department: Baltimore City Community College
Project Number: RC00A
Project Title: Main Building Renovation - Administration Wing
Analyst: Richard H. Harris

Structure

New Construction:	1,730 Sq. Ft. X	\$537.00 Sq. Ft. =	\$929,010
New Construction:	0 Sq. Ft. X	\$0.00 Sq. Ft. =	0
Renovation:	31,092 Sq. Ft. X	\$151.00 Sq. Ft. =	4,694,892
Renovation:	0 Sq. Ft. X	\$0.00 Sq. Ft. =	0
Built-in Equipment:			150,000
Demolition:			0
Information Technology:	1,730 GSF X	\$75.14 GSF =	130,000
Telecommunications:			0
Miscellaneous – Other:	Asbestos Removal		250,000
Miscellaneous – Other:			0
Miscellaneous – Other:			0
Subtotal			\$6,153,902
Regional Factor:	100.0%		0
Subtotal			\$6,153,902
Escalation to Mid-point:	2.08 Yrs. X	3.8% =	7.83% 481,851
Total Cost of Structure (Bid Cost)			\$6,635,753

Site Work and Utilities

Site Improvements:	525,000 + regional factor + mid-point escalation	\$566,108
Utilities:	94,539 + regional factor + mid-point escalation	101,941
Project Subtotal (Bid Cost)		\$7,303,801

Fees and Miscellaneous Costs

Green Building Premium:	2.0%	\$146,076
Total Construction Contingency:	5.0%	365,190
Inspection Cost:	2.2%	160,684
Miscellaneous:	Building Equipment Commissioning	207,715
Miscellaneous:	Equipment	912,000
Miscellaneous:	CPM Schedule	48,000
A/E Fee through Construction Phase @	8.9%	706,523
Total Cost of Project		\$9,849,989

Base Cost Per New Square Foot	\$537
Adjusted Cost Per New Square Foot (incl. escalation, contingencies, and Green Bldg.)	\$620
Base Cost Per Renovated Square Foot	\$151
Adjusted Cost Per Renovated Square Foot (incl. escalation, conting., and Green Bldg.)	\$174