

RM00
Morgan State University

Capital Budget Summary

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

Projects	Prior Auth.	2019 Request	2020 Est.	2021 Est.	2022 Est.	2023 Est.	Beyond CIP
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New Student Services Building	\$14.555	\$46.060	\$26.897	\$0.488	\$0.000	\$0.000	\$0.000
New Health and Human Services Building Phase I	0.000	0.461	4.901	0.000	0.000	0.000	0.000
New Health and Human Services Building Phase II	0.000	0.000	4.711	5.757	25.250	65.444	37.100
New Science Center Phase I	0.000	0.000	0.000	0.000	0.000	.857	8.300
Deferred Maintenance	0.000	0.000	0.000	0.000	0.000	10.000	0.000
Total	\$14.555	\$46.521	\$36.509	\$6.245	\$25.250	\$76.301	45.400

Fund Source	Prior Auth.	2019 Request	2020 Est.	2021 Est.	2022 Est.	2023 Est.	Beyond CIP
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GO Bonds	\$14.555	\$46.521	\$35.509	\$6.245	\$25.250	\$76.301	\$0.000
Total	\$14.555	\$46.521	\$35.509	\$6.245	\$25.250	\$76.301	\$0.000

CIP: Capital Improvement Program
GO: general obligation

Summary of Recommended Bond Actions

1. New Health and Human Services Building Phase I

Approve funding to support design of the New Health and Human Services Building.

2. New Student Services Support Building

Approve funding to continue construction of the New Student Services Support Building.

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

Approve pre-authorization of \$20.4 million to continue construction.

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.

Design funding was deferred for a year in the 2016 *Capital Improvement Program* (CIP) to fiscal 2018, as shown in **Exhibit 1**. The General Assembly accelerated the project by authorizing \$4.7 million in fiscal 2017 to continue design of the facility. The fiscal 2018 capital budget provides \$8.3 million to continue design and begin construction. The fiscal 2019 capital budget provides \$46.1 million to continue construction expected to commence in March 2018. A pre-authorization for fiscal 2020 provides the balance of construction funds. Construction funding of \$39 million and \$20 million is programmed in fiscal 2019 and 2020, respectively.

Exhibit 1
Funding Schedule
Fiscal 2017-2021
(\$ in Millions)

	<u>Prior Auth.</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u>
2016 CIP	\$1.600	\$0.000	\$1.297	\$3.541	\$39.136	\$37.521	\$83.095
2017 CIP	6.300	0.000	8.255	43.208	23.536	0.000	81.299
2018 CIP	14.555	0.000	0.000	46.060	26.897	0.488	88.000

CIP: *Capital Improvement Program*

Note: Prior authorization funding consists of \$1.6 million authorized in the 2014 session, \$4.7 million authorized in the 2016 session, and \$8.255 million authorized in the 2017 session.

Source: 2016, 2017 and 2018 *Capital Improvement Program*

Scope Changes Increase Size and Cost of Building

The size of the project increased in the 2016 CIP by 4,350 net assignable square feet (NASF)/8,220 gross square feet (GSF) due to the inclusion of the Office of Information Technology (OIT) and several small spaces, such as a breakroom to meet the needs of the building's occupants. It should be noted that Morgan State University (MSU) sought to increase the size of the project by 14,775 NASF by removing 12,820 NASF for Business Auxiliary and Telecommunication Services and including 27,595 NASF for the Center for Academic Success and Achievement, the Office of Student Success and Retention, and OIT. Space for OIT was approved due to it being necessary to maintain and improve MSU's information technology infrastructure.

A second program modification was approved in February 2017 by the Department of Budget and Management. The modification increases the building by 1,866 GSF to 139,866 GSF and decreases the NASF by 1,181. While MSU made various adjustments to various spaces, the more significant changes include adding 3,294 NASF for the Community Service Program and reducing general support and OIT space by 1,362 NASF and 3,597 NASF, respectively. The increase in GSF resulted in a cost increase of \$1 million; however, based on changes to the scope of the project and the revised construction estimates, the cost of the project increases \$6.7 million to \$88 million.

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.

Montebello has exceeded its useful life and is a drain on the MSU deferred maintenance budget. While the building may continue to be used 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 48,980 NASF. Based on projected growth to 300 FTEs, 71,595 NASF will be needed by 2025.

The fiscal 2019 funding has increased by approximately \$2.9 million to account for the most recent changes in design. This \$2.9 million is a part of the total \$6.7 million increase in the latest modifications. The total \$6.7 million increase represents a \$7.16 million increase for construction and a \$454,000 decrease for design.

New Health and Human Services Building, Phase I

Funding for this project was added for fiscal 2019 and 2020 in the 2018 CIP to demolish Turner's Armory and vehicle maintenance facility. 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 has 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 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. Site work is needed to rebuild the deteriorated parking area and the access road to the site, which will be used heavily by trucks, buses, and other vehicles. The recommendation for fiscal 2019 is \$461,000 that is \$141,000 more than the estimates in the 2017 CIP. This is the result of updated estimates for the total cost of the project. The total cost estimate has been revised to \$5,362,000, which is an \$810,000 addition to the CIP. The updated cost estimate is based on the updated consultant estimates resulting from Building Condition Surveys for the project sites.

New Health and Human Services Building, Phase II

Funding for design of Phase II of the New Health and Human Services Building is programmed for fiscal 2020 and 2021 with \$4.7 million and \$5.8 million, respectively. Funding to begin construction is programmed in fiscal 2022. 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. Space will also be provided for the University Counseling Center and the University Health 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 \$138.3 million.

Operating Budget Impact Statement

Executive's Operating Budget Impact Statement – State-owned Projects (\$ in Millions)

	<i>FY 2019</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>
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New Student Services Support Building					
Estimated Operating Cost	\$0.000	\$0.000	\$4.181	\$1.670	\$1.723
Estimated Staffing	0.00	0.00	3.46	3.46	3.46

Summary of Other Projects in the Capital Improvement Program

Deferred Maintenance

The 2018 CIP includes \$10 million in fiscal 2023 for deferred maintenance and site improvement projects across the MSU campus. The project will address Americans with Disabilities Act requirements, roof replacements, classroom seating, fire alarm systems, campus security systems, and other maintenance needs for the aging infrastructure on campus.

New Science Center Phase I

There is \$857,000 programmed for fiscal 2023 for the demolition of the Washington Service Center (WSC). The space currently housing WSC will be used to build the new Science Center. WSC currently houses part of the University Police Department, Procurement and Property Control, and the Physical Plant Department. The building was constructed as a warehouse in 1980 and has never been renovated. The total estimated cost of demolition is \$9,165,000.

Pre-authorizations

Pre-authorizations for MSU are shown in **Exhibit 2**.

Exhibit 2
Pre-authorizations
Fiscal 2020-2023
(\$ in Millions)

<u>Project</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
New Student Services Support Building	\$20.036	\$0.000	\$0.000	\$0.000

Source: Department of Budget and Management, 2018 *Capital Improvement Program*

GO Bond Recommended Actions

1. Approve funding to support design of the New Health and Human Services Building.
2. Approve funding to continue construction of the New Student Services Support Building.
3. Approve pre-authorization of \$20.4 million to continue construction.