

RM00
Morgan State University – 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
Deferred Maintenance and Site Improvements ¹	\$10.000	\$10.000	\$10.000	\$4.000	\$5.000	\$10.000	\$0.000
New Health and Human Services Building, Phase II	4.403	5.382	33.124	64.608	50.331	0.000	0.000
New Student Services Support Building	83.274	4.851	0.000	0.000	0.000	0.000	0.000
New Science Center, Phase I	0.000	0.000	0.678	4.394	4.259	0.000	0.000
New Science Center, Phase II	0.000	0.000	0.000	6.522	7.972	70.162	111.233
Jenkins Demolition	0.000	0.000	0.000	0.000	0.000	0.852	11.024
Total	\$97.677	\$20.233	\$43.802	\$79.524	\$67.562	\$81.014	\$112.257

Fund Source	Prior Auth.	2021 Request	2022 Est.	2023 Est.	2024 Est.	2025 Est.	Beyond CIP
GO Bonds	\$97.677	\$20.233	\$43.802	\$79.524	\$67.562	\$81.014	\$122.257
Total	\$97.677	\$20.233	\$43.802	\$79.524	\$67.562	\$81.014	\$122.257

CIP: *Capital Improvement Program*
GO: general obligation

¹ No out-year amount is included, but the project is considered to be an annual program.

Summary of Recommended Bond Actions

1. Deferred Maintenance and Site Improvements

Approve \$10,000,000 in general obligations bonds.

2. New Health and Human Services Building

Approve \$5,382,000 in general obligation bonds.

3. New Student Services Support Building

Approve \$4,851,000 in general obligation bonds.

Summary of Updates

Academic support space will decrease by fiscal 2028 in classroom, research laboratory, study/stack, and office space. Laboratory space is the only category that is expected to increase. By fiscal 2028, only laboratory and study/stack space are projected to remain in academic support space surpluses.

Program Description

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 that is in poor condition and does not provide an inviting or welcoming impression to potential students. This project will be completed in fiscal 2021.

The new Student Services Support Building will be centrally located on campus. The Montebello Complex is located on the southern edge of campus, removed from other institutional, academic, and administrative buildings. Additionally, Montebello was originally designed as a hospital and is not suitable for continued long-term use by the university.

The construction of the new Student Services Support Building will also address the needs of the Office of Information Technology (OIT), which is currently located within the Carter Grant Wilson building. Offices in the Carter Grant Wilson building are not appropriately sized to meet the needs of OIT, over half of which are below the standard of 110 net assignable square footage (NASF); technician workstations are too small; and offices are insufficiently supported.

The new facility will provide much needed space for the student support functions of the university. The project will create a suitable environment containing office, meeting, and study space. In fiscal 2021, funding programmed for construction totals \$4.8 million, while funding programmed for equipment totals \$90,000 that would complete capital expenditures for this project. Capital costs for the new Student Services Support Building total \$88.1 million.

Deferred Maintenance and Site Improvements

A total of \$39 million is programmed in the 2020 *Capital Improvement Program (CIP)*, including \$10 million to be allocated in fiscal 2021 for deferred maintenance and site improvement projects at Morgan State University (MSU). This funding is provided to renovate, repair, replace, and upgrade building systems and infrastructure to reduce the deferred maintenance backlog of more than \$100 million at the institution. Language in the fiscal 2020 capital budget bill (Chapter 419 of 2019) restricted \$1.0 million in general obligation (GO) bond funds pending the receipt of a *Joint Chairmen’s Report (JCR)* that provided an assessment of the university’s facility maintenance, renewal, and site improvement needs.

Upon submission of this report by MSU, the budget committees made additional recommendations that MSU should implement to improve the program’s oversight and accountability regarding the allocation of funds to deferred maintenance and site improvement projects. MSU was required to:

- base deferred maintenance and site improvements on a rating and ranking criterion that directs funds to the most emergent and important projects, not to be used for site development projects unless they are life-safety issues that require immediate action with the committees to be advised in writing of any deviation from the list provided;
- establish a policy dedicating a portion of institutional funds to facility renewal projects similar to the University System of Maryland Board of Regents policy that establishes 2% of the operating budget for facilities in addition to other plant fund and debt-funded projects; and
- provide an annual report on December 1 that (1) provides an updated facility renewal backlog that is prioritized and separates State-funded projects from MSU-funded projects and (2) a status report of all projects funded through the project from inception.

To meet the first requirement, MSU has developed a project list priority ranking for deferred maintenance and site improvement projects ranging from high to low as shown below.

- **High (1):** Life and safety, security, building integrity, work/learning comfort (heating/air conditioning) and impact on instruction or ability to perform job, Americans with Disabilities Act (ADA)/access, energy efficiency, and grant match requirements. (Examples: fire systems that do not work or are near failure. Roof leaks/windows that are falling out. Limited or no cooling or air conditioning. There is limited or no access that meet ADA requirements).

RM00 – Morgan State University – Capital

- **Medium (2):** Window caulk replacement, grout replacement (unless the bricks/stone are falling out and are becoming unstable; then it would be a high priority as it is now a safety concern).
- **Low (3):** Upgrades and replacing systems that function but are having difficulty (restroom renovation).

To meet the requirement that the institution allocate a certain level of operational funding toward deferred maintenance projects, MSU will be utilizing the Facilities Condition Index (FCI). FCI is the ratio of the total deferred maintenance for a building to its estimated replacement value. The key focus of FCI is to place a value on the future capital costs that organizations may need to incur relative to the costs to build new; the higher the ratio, the larger the capital needed to keep the building in a functioning state.

MSU engaged Sightlines, a third-party company, to complete a facility condition assessment of all buildings on campus. In this analysis, the deferred maintenance needs for academic buildings totaled \$149.3 million. Based on this assessment, MSU will set a reserve of 2% of FCI for these projects. **The Department of Legislative Services (DLS) requests that in the annual December JCR concerning deferred maintenance project updates, MSU identify how much was spent on deferred maintenance projects from operating funds toward academic buildings in the preceding fiscal year as well as provide an updated total deferred maintenance for academic buildings, as of each November 1.**

The December 2019 report identified 6 projects, with estimated costs totaling \$10.9 million that are either out to bid or are already in the process of being funded utilizing this program in fiscal 2020. The fiscal 2021 list of projects is provided in **Exhibit 1**. These 10 projects estimated costs total \$13.6 million, intentionally greater than the \$10 million provided in the CIP to ensure that, if a project on the initial list cannot be completed within the fiscal year, it would either be continued into the following fiscal year, or the scope of work would be modified. For example, the pool repairs identified in Exhibit 1 became such a high priority that the institution was forced to use university funds to complete the project; as a result, the project was removed from the total deferred maintenance and site improvements cost total but remains from the initial project list.

Exhibit 1
Joint Chairmen’s Report Deferred Maintenance and Site Improvement Projects
Fiscal 2021

<u>Priority Order</u>	<u>Project</u>	<u>Risk Assessment</u>	<u>Estimated Cost</u>
1	West Campus South Parking Lot/Access Road Construction	1 – High	\$4,000,000
2	Truth Hall Water Infiltration	1 – High	2,000,000
3	Cold Spring Lane Electrical Substation – Repairs/Upgrades – NEW	1 – High	2,000,000
4	Sprinkler Upgrades – McKeldin/Engineering (Campuswide Start)	1 – High	1,500,000
5	Security Cameras/Systems Upgrade/Replacements (Campuswide Start)	1 – High	1,500,000
6	Central Heating Plant Condenser Polisher – Replace	1 – High	250,000
7	*Pool Repairs – Leak/Plumbing Equipment/Replace Lighting with LED	1 – High	1,500,000
8	ADA – Lot B/Walks – Correct Slopes (If Funds Permit, Add Ramp From Lot to Quad)	2.5 – Medium/High	500,000
9	Chapel – Match Proposed Grant – Water Infiltration	1 – High	300,000
10	Patuxent Environmental and Aquatic Research Laboratory – Attic Insulation	2 – Medium	50,000
	Total		\$13,600,000
	*Pool repairs were made with university funding.		\$12,100,000

ADA: Americans with Disabilities Act
LED: light emitting diode

Source: Morgan State University

It should be noted that MSU was provided \$5.0 million in safety enhancement funding in the operating budget allowance in fiscal 2021. This funding was allocated to MSU to be used for safety

enhancements, including the hiring of 20 additional campus police officers. DLS identified that \$3.4 million of that total was to be allocated for building improvements, including fencing, campus monitoring and surveillance improvements, improvements and repair for exiting lights, expansion of lighted areas with additional lighting fixtures, and other security-related enhancements. Given that these projects are typically funded through the capital budgeting process, and the fact that \$1.5 million had already been identified for security cameras/systems upgrades in the December 2019 deferred maintenance report, DLS recommended reducing the \$5.0 million allocation to expenses that were solely operating related, totaling \$1.6 million. MSU should continue to incorporate the capital eligible components of the multi-year security system upgrade within the annual funding programmed for the deferred maintenance and site improvement program.

New Health and Human Services Building, Phase II

The fiscal 2021 budget includes funding to continue design of the new health and human services building. In fiscal 2020, \$4.4 million was provided for initial design, while \$5.4 million is scheduled for fiscal 2021; an additional \$4.6 million is scheduled to finish design in fiscal 2022. Total design costs in the fiscal 2021 capital budget are \$14.4 million, which is \$2.2 million over the \$12.2 million fiscal 2020 budgeted design costs due to an actual design contract.

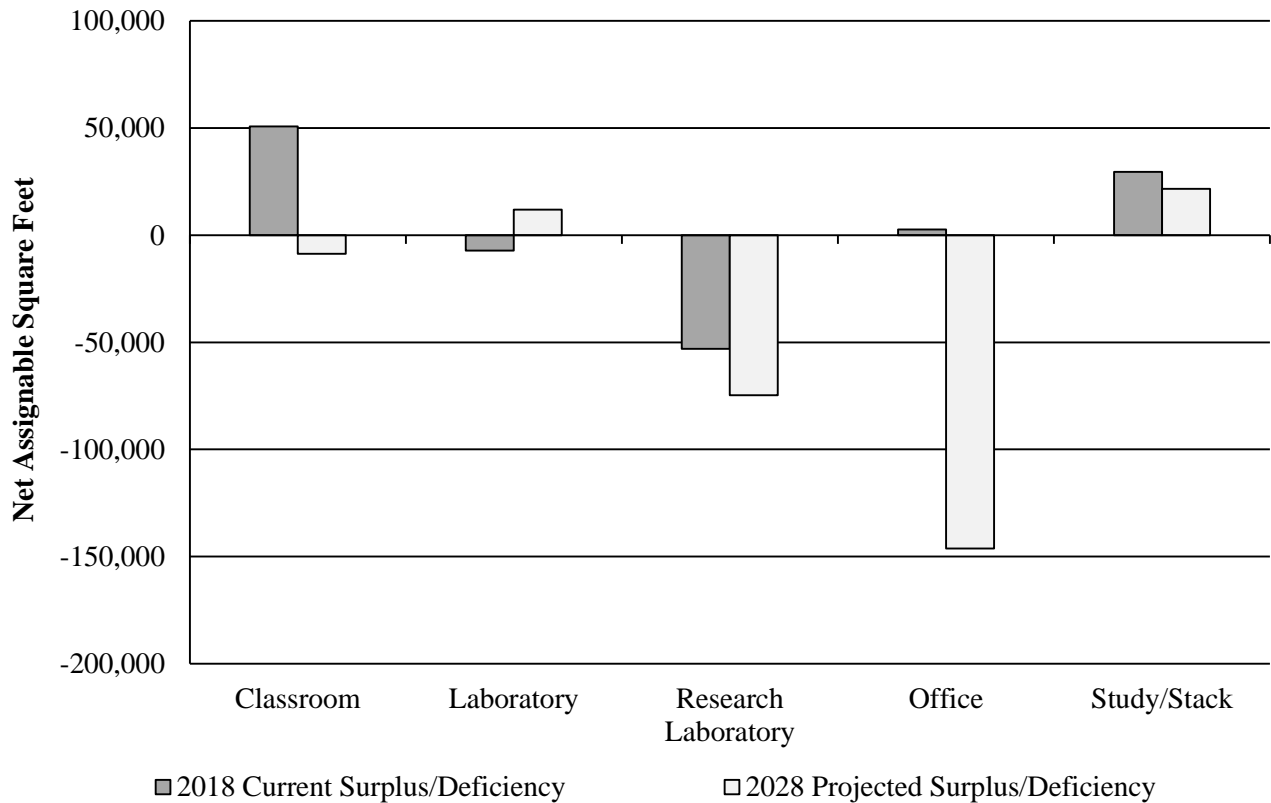
Construction will begin in fiscal 2022 and will be completed in approximately 27 months. Total construction costs have also increased from fiscal 2020 to 2021, growing by \$5.8 million, from \$122.7 million to \$128.5 million. The total estimated costs of this project in the fiscal 2020 budget is \$157.9 million, or \$9.1 million higher than the total cost in the 2019 CIP, as a result of market escalation and an increase in project cost. There have been no changes in the buildings proposed net square footage allocation by academic support space areas.

This facility will have office, laboratory, classroom, and support spaces for the School of Community and Health Policy that includes nursing, nutritional sciences, public health, health education, the Prevention Sciences Research Center, pre-professional physical therapy, the School of Social Work, family and consumer sciences, medical technology, and the University Counseling Center. These programs are currently dispersed between five different buildings across and off campus. The new building will encourage collaboration and efficiency among these programs and schools while optimizing students' educational experience.

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 2** provides the fiscal 2018 current space surplus or deficiency as well as the projected fiscal 2028 space surplus or deficiency projections.

**Exhibit 2
Current and Projected Academic Support Space Deficit
Fiscal 2018 and 2028**



Source: Morgan State University

All academic support spaces, with the exception of laboratory space, are projected to decrease from fiscal 2018 to 2028. Classroom, research laboratory, and office space are projected to be in NASF deficits in fiscal 2028 with office space at a deficit of over 146,000 NASF. It should be noted that these space deficit estimates are based on full-time equivalent undergraduate enrollment increasing by 13%, or 799 full-time equivalent students (FTES), and graduate FTES enrollment increasing by 86%, or 248 FTES, in fiscal 2028. While MSU’s enrollment has marginally increased over the past few academic years, this level of FTES enrollment growth may not come to fruition. **The President should comment on why there is projected to be such a large deficit in office space in fiscal 2028 given the addition of 92,882 office NASF upon completion of the new Student Services Support Building (56,642 office NASF) and the New Health and Human Services Building (36,240 office NASF).**

Operating Budget Impact Statement

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

	2021	2022	2023	2024	2025
New Health and Human Services Facility Phase II					
Estimated Operating Cost	\$0.000	\$0.000	\$0.000	\$6.187	\$2.037
Estimated Staffing	0.000	0.000	0.000	5.000	5.000
New Student Services Building					
Estimated Operating Cost	\$2.238	\$2.219	\$2.265	\$2.313	\$1.987
Estimated Staffing	4.000	4.000	4.000	4.000	4.000
Total Operating Impact					
Estimated Operating Cost	\$2.238	\$2.219	\$2.265	\$8.500	\$4.024
Estimated Staffing	4.000	4.000	4.000	9.000	9.000

The New Student Services Building and the New Health and Human Services Facility, Phase II are projected to increase MSU’s operating budget beginning in fiscal 2021 and 2024, respectively. The increases in the New Student Services Building are primarily attributed to utility and contractual services costs. Operating costs associated with the New Health and Human Services Facility, Phase II are primarily driven by equipment acquisition and utility expenses.

Staffing is projected to increase in fiscal 2021 in the New Student Services Building based on the ratio of 1 full-time equivalent (FTE) position per 40,000 gross square feet (GSF). With a total GSF of just under 140,000, the net increase in staffing reached 4.0 FTEs. Similarly, staffing in the New Health and Human Services Facility, Phase II was calculated utilizing the same ratio. With an estimated GSF of 194,000, the increase in FTEs was calculated to 5 positions.

Summary of Other Projects in the Capital Improvement Program

New Science Center, Phase I

The 2020 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 \$9,331,000 and is to be funded entirely with GO bonds.

New Science Center, Phase II

The 2020 CIP includes funding beginning in fiscal 2023 for the construction of a new science building to house the biology and chemistry departments on the site of WSC. The estimated cost of this project totals \$195,889,000 and is to be funded entirely with GO bonds. The 2020 CIP estimated cost is \$24.6 million, or 14.3%, higher than the 2019 CIP estimated cost, which totaled \$171,323,000. **The President of MSU should comment on why there is such a large increase in the total estimated cost of this project and what actions could be taken by MSU to decrease this total cost.**

Jenkins Demolition

The 2020 CIP includes funding beginning in fiscal 2025 to demolish the Jenkins Behavioral Social Sciences building. Constructed in 1974, Jenkins is in poor condition, including building systems that are unreliable and frequently cause system failures resulting in service disruptions. The new Health and Human Services Building will relocate the remaining occupants of the old Jenkins Building. The estimated cost of this project totals \$11,876,000 and is to be funded entirely with GO bonds.

GO Bond Recommended Actions

1. Approve the \$10,000,000 general obligation bond authorization for Deferred Maintenance and Site Improvements.
2. Approve the \$5,382,000 general obligation bond authorization for the new Health and Human Services Building, Phase II.
3. Approve the \$4,851,000 general obligation bond authorization for the new Student Services Support Building.