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**TOPIC:** Towson University: Increase in Authorization for the Towson Center Arena Project

**COMMITTEE:** Finance

**DATE OF COMMITTEE MEETING:** March 29, 2012

**SUMMARY:** Towson University is seeking a \$5 million increase in authorization from \$68 million to \$73 million for the Towson Center Arena project. The Board of Regents previously approved \$56 million in auxiliary bonds and \$12 million from university cash reserves to construct the new arena as part of the System Funded Construction Program.

The scope of the work proposed is improvements in the basement of the Towson Center, including:

- Installation of the HVAC Systems; the basement has never been air conditioned. Without the new arena, a new stand-alone HVAC system would need to be installed in this area. Towson plans to take advantage of the new chiller systems proposed under the arena project as an efficient source of HVAC for the basement, as well as all other areas.
- Renovation of the existing locker rooms, training, strength, and conditioning, and office areas. These spaces are all from the original construction.
- Replacement of the existing electrical distribution gear. This building has old Federal Pacific switches that do not have replacement parts.

These upgrades to the basement were initially bid out as part of the arena project as "Add Alternates." The work to the basement is proposed to be completed by Gilbane, the same contractor being used for the new arena. The arena project bids, including the basement "Add Alternate," are almost 8 months old; however, Gilbane has confirmed that all of the trades contractors are still holding their pricing, thereby preventing the University from incurring escalation costs.

**ALTERNATIVE(S):** The University could bid this work separately; however, any economy of scale will be lost and there will be an additional A/E fee required to break the work into a separate bid package. The University would also incur escalation costs by not being able to use the bid quotes being held steady by Gilbane. Additionally, if the basement "Add Alternate" were not incorporated into the current contract, this work will not be completed in line with the arena project schedule. Procuring via a separate contract would push the work out by three months or more.

**FISCAL IMPACT:** The increase in authorization of \$5 million for the Towson Center Arena will be funded by university auxiliary reserves. Student fees will not be increased as a result of this additional expenditure.

**CHANCELLOR'S RECOMMENDATION:** That the Finance Committee recommend that the Board of Regents approve for Towson University an increase of \$5 million to the previously authorized \$68 million for a total of \$73 million for the Towson Center Arena Project.

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COMMITTEE RECOMMENDATION: Recommend approval.

DATE: 3/29/12

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BOARD ACTION:

DATE:

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SUBMITTED BY: Joseph F. Vivona (301) 445-1923

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