

TOPIC: Towson University: Increase Authorization for Residence Tower Renovation

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: November 17, 2016

SUMMARY: Towson University requests authorization to increase by \$1.3 million the total project cost from \$32,560,000 to \$33,860,000. The University will use its own funds for this increase.

Towson University recently received construction bids for the Residence Tower Renovation. The bids have come in higher than previously estimated and have resulted in a projected increase of \$1.3 million to the current project budget. Although the construction cost estimates were reconciled with the current budget at the 50% construction drawing phase through scope reductions and anticipated value engineering credits, several factors are attributable for the projected increase:

- The project team and TU operations and maintenance recommended installing a water cooled variable refrigerant flow HVAC system as opposed to the previously estimated air cooled system. This system has significant life cycle and operation and maintenance advantages due to reduced amount of high pressure refrigerant piping and less exterior roof mounted equipment to maintain. (\$200,000)
- The project team recommended installing an exterior insulation and cement panel cladding system instead of interior insulation in furred out walls with staining of the existing exterior concrete walls. The interior insulation and associated wall furring reduced bedrooms to unacceptable sizes and staining and sealing the existing concrete was determined to yield unpredictable and relatively short term water proofing capability. The exterior cladding and insulation system selected provides a long term maintenance free solution with 20% higher energy efficiency as well as a better long term building air and moisture barrier. (\$800,000)
- Bids for concrete work came in over the 50% construction drawing budget estimate. Unforeseen costs associated with cutting new openings for new larger elevators required by code in existing reinforced slabs and reinforcement of existing concrete columns contributed to this additional cost. (\$300,000)

The University is therefore seeking authorization to use University funds to increase the project budget by \$1.3 million in order to replenish owner's contingency and maintain the current scope of work and schedule.

ALTERNATIVE(S): Throughout previous design phases the University has value engineered the project to reduce estimated cost wherever possible, while still fulfilling all of the essential program requirements. The project team believes that the current design delivers the project with the best long term and life cycle cost benefits. The design is consistent with the program goals and the University Master Plan and will provide University with long-term quality student housing. Reductions of the project scope at this point would yield less than full value credit returned from current bidders and would result in a final project that does not deliver long-term continuous operation and maintenance benefits.

FISCAL IMPACT: Towson University will use its own money from cash reserve funds and operating funds for this increase. The University currently has over \$4 million of unused spending authority remaining from the West Village phase 3 and 4 project and would seek to apply to this balance to the Residence Tower renovation project

CHANCELLOR'S RECOMMENDATION: That the Finance Committee recommend to the Board of Regents the approval of an increase in authorization of \$1.3 million for a total project cost of \$33,860,000 for the Residence Tower Renovation at Towson University as described above.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

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