



TOPIC: University of Maryland, Baltimore County: Increase in Authorization for the Residence Hall Renovations/Addition Project

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: November 15, 2012

SUMMARY: UMBC is seeking a \$5.5 million increase in FY 2013 authorization to support its Residence Hall Renovations/Addition Project. The Board of Regents previously approved \$9,850,000 in FY 2013 auxiliary bonds for this project that included the following components:

- Hillside and Terrace Apartments Improvements: \$6,440,000 in partial construction funding
- Renovations of Apartment Community Rooms: \$406,000 in partial construction funding
- Community Center: \$3,004,000 in construction funding

The renovations of the Hillside and Terrace apartment communities have expanded in scope and cost as a result of unforeseen conditions. An additional \$2.4 million is required to abate hazardous materials, replace damaged bathroom components and flooring, replace deteriorated fire sprinkler system piping, and install new electric meter stacks for monitoring and recording electrical usage. These items are essential to continue the useful life of these highly-sought after apartments, popular with UMBC's upperclassmen.

In addition, the original project scope excluded \$2.5 million in site improvements as a cost containment measure. UMBC is now able to add back into the project scope a variety of necessary site improvements associated with the apartment renovations. Specifically, the additional proposed scope includes replacement of exterior steps, replacement and realignment of pedestrian pathways, and installation of retaining walls, site lighting, and landscaping. The majority of these items are required to improve safety and accessibility into and around the apartment buildings.

Maintaining the three-phased construction schedule of the Hillside and Terrace Apartments improvements is critical. The current sequencing accommodates student relocations from un-renovated apartment buildings to newly renovated apartment buildings between semesters. This strategy maximizes revenue and addresses the high demand for on-campus housing by reducing the number of beds off-line at any one-time. Immediate funding authorization is being sought in order to complete the apartment renovations in the summer of 2013 and prevent the loss of revenue that would result from a delayed construction schedule.

UMBC proposes to cash-fund the \$4.9 million in additional expenditures which exceed the originally approved \$17.9 million budget for the Hillside and Terrace Apartments Improvements.

Despite a thorough value-engineering and redesign effort, the cost of construction of the Community Center is \$300,000 more than the originally approved \$3,304,000 budget for this project component. UMBC proposes to cash-fund the \$300,000 in additional expenditures.

The final component of the Residence Hall Renovations/Addition Project is the multi-phased renovation of the West Hill Apartments. Based upon the experience with the Hillside and Terrace Apartments improvements, the design process is expected to be longer than originally anticipated in order to secure the necessary MDE approvals for site related improvements. The proposed schedule advances the design start from July 2013 to April 2013. This earlier design start will allow UMBC to minimize the number of beds required to be off-line at one time and maximize revenue. UMBC proposes to cash-fund the \$300,000 required to begin design in FY 2013.

ALTERNATIVE(S): The University could delay the apartment community renovations. However, the University would lose revenue by keeping beds off-line for longer than originally planned. The site improvements proposed for the Hillside and Terrace Apartments could be procured via a separate contract in FY 2014. However, pathways would remain unaligned with new building entrances, lighting would be inadequate to insure the safety of students, and costs would increase due to escalation and the need to work around occupied buildings.

FISCAL IMPACT: UMBC requests a \$5,500,000 increase (all institutional cash) in authorization from \$9,850,000 to \$15,350,000 (combined USM auxiliary bonds and institutional cash) for FY 2013. These are increases to the FY 2013 budget only. Future funding (FY 2014 and beyond) for these phased renovations and on-going projects at UMBC's residential communities will be laid out in next year's System-Funded Construction Program.

The increase in authorization of \$5.5 million will be funded by institutional 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 UMBC an increase of \$5.5 million to the previously authorized \$9.85 million for the Residence Hall Renovations/Addition project.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

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