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**TOPIC:** Towson University: Increase Authorization for Campus Safety and Circulation Improvements Phase II

**COMMITTEE:** Finance

**DATE OF COMMITTEE MEETING:** March 28, 2013

**SUMMARY:** Towson University requests authorization to increase by \$1.35 million the total project cost from \$15,012,000 million to \$16,362,000 (combination funding). This request is necessary to fulfill the previously approved Program requirements and does not reflect additional scope. Towson University will use its own funds for this increase. In summary:

State Capital Funding	\$15.012 M
Towson University Funds	<u>\$ 1.350 M</u>
New Total	\$16.362 M

Towson University recently received construction bids for the Campus Safety and Circulation Improvements Phase II. The bids have come in higher than estimated and have resulted in a projected increase of \$1.35 million to the currently approved project budget allocation of \$15,012,000. 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:

- Culvert Precast Structure \$300,000 – The original hydrology flow assumptions required a smaller box culvert to enclose the existing open storm channel. The final engineering resulted in the design of a larger precast culvert to accommodate projected water flow.
- Culvert Foundation \$400,000 – The 50% construction documents included the use of spread footings to support the precast culvert. The increased size of the culvert, combined with inadequate soil bearing capacity, resulted in the requirement to use caissons to support the culvert instead of spread footings.
- Demo, Earthwork, Utilities, and final regulatory requirements \$400,000 – These costs were all incrementally increased due to the larger size of the culvert, the use of caissons, and the final stream restoration requirements from MDE.
- Overall Trade Bids Escalation \$250,000 – Existing market conditions and limited bidder participation for specific trades have resulted in generally higher than expected bids.

**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 in the most cost effective and efficient way, consistent with the program goals and the University Master Plan. 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 meet all program requirements. Rebidding the project at this point would significantly impact the project schedule and phasing, and would not necessarily result in lower costs.

**FISCAL IMPACT:** Towson University will use its cash reserve funds and operating funds for this increase.

**CHANCELLOR'S RECOMMENDATION:** That the Finance Committee recommend that the Board of Regents approve the increase of \$1.35M to this project, for a total project cost of \$16,362,000.

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COMMITTEE RECOMMENDATION:

DATE:

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BOARD ACTION:

DATE:

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SUBMITTED BY:

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