

TOPIC: Salisbury University: Increase Authorization for Severn Hall Renovation

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: October 3, 2017

SUMMARY: Salisbury University ("SU") requests authorization to increase by \$1.5 million the total project cost from \$6,500,000 to \$8,000,000. The University will use its own funds for the entire project including this increase.

This past spring, SU bid the Severn Hall Renovation project with the hopes of completing the project this past summer, 2017. The increasingly busy construction market, a late bid for summer projects, and high liquidated damages resulted in a failed bid. It is expected that an early bid schedule and lower liquidated damages will attract more bidders wishing to secure work for next summer, but it is expected that the project cost will increase due to significant labor and material price increases seen in the construction industry.

The Severn Hall Renovation project includes the renovation of the residence hall's common areas and bathrooms in order to match two other recently renovated residence halls identical in original design to Severn Hall. Housing and Residence Life receives many student and family complaints regarding the condition of this residence hall and is forced to discount its room rates compared to other similar buildings.

SU has worked with the design team to value engineer the project and identify viable bid alternates and has decreased the amount of liquidated damages. The finishes have been downgraded and a new entry vestibule, duct work improvements, fire alarm upgrades, and site improvements have been removed from the base scope. It is expected that these modifications to the bid documents will provide the necessary changes to be receive a successful bid.

ALTERNATIVE(S): Salisbury University will postpone the project and continue to discount room rates.

FISCAL IMPACT: SU will use General Auxiliary Funds (no State dollars) for this project. SU has a strong current fund balance and can afford the additional cost without affecting its financial health.

CHANCELLOR'S RECOMMENDATION: That the Finance Committee recommend to the Board of Regents the approval of an increase in authorization of \$1.5 million for a total project cost of \$8,000,000 for the Severn Hall Renovation at Salisbury University.

COMMITTEE RECOMMENDATION: RECOMMEND APPROVAL

DATE: 10/3/17

BOARD ACTION:

DATE:

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