

Developing a State of Minds

Connecticut State University System

BR#06-59



RESOLUTION

concerning

THE ESTABLISHMENT OF PRIORITIES FOR GENERAL OBLIGATION BOND FUNDED CAPITAL PROJECTS FOR FISCAL YEARS 2006-07 THROUGH 2011-12; AND APPROVAL OF THE BIENNIAL CAPITAL BUDGET REQUEST FOR GENERAL OBLIGATION BONDS FOR FISCAL YEARS 2007-09

August 25, 2006

WHEREAS, The Board of Trustees under its statutory authority - CGS Sec. 10a-89 (b) - shall "...(2) propose facility planning and capital expenditure budget priorities for the institutions under its jurisdiction," and

WHEREAS, The following guidelines were used to establish priorities for the proposed capital projects:

- Projects to eliminate fire, health and other safety hazards, including architectural barriers for the handicapped.
- Projects to implement energy conservation measures to provide institutional savings.
- Projects that must precede other capital projects in the Five-Year Plan when failure to proceed in a timely manner would jeopardize the initiation and completion of other proposed projects.
- Projects designed to conserve and restore existing facilities for continued use and to protect the State's capital investments.
- Projects to renovate existing facilities to meet new or revised academic programs.
- Projects to provide new facilities when existing facilities cannot be feasibly adapted to meet programmed needs, and

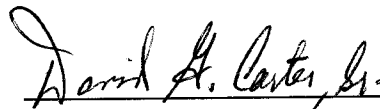
WHEREAS, The recommendations were based upon existing facility master plans and were developed in consultation with the universities, now therefore be it

RESOLVED, That the priorities for future general obligation bond funded capital projects are as set forth in Attachment A to this resolution, and be it further

RESOLVED, That the Biennial Capital Budget Request for general obligation bonds and Priorities for Projects for FY 2007-08 and FY 2008-09 are as set forth in Attachment B to this resolution, and be it further

RESOLVED, That Board Resolution 04-44 is rescinded.

A Certified True Copy:



David G. Carter, Sr.
Chancellor

ITEM

FY 2007-12 Five-Year Facilities Plan Update and FY 2007-2009 Capital Budget Request for General Obligation Bond Funded Projects

BACKGROUND

Every two years, recommendations for a System wide Five-Year Facilities Plan update and Biennial Capital Budget Request for general obligation bond funded capital projects are presented for approval by the Board.

System Office staff recommendations were reviewed by the Council of Presidents (COP) at its August 9, 2006, meeting and endorsed by each President following consultation with their facilities staff.

ANALYSIS

The priority of projects included in the Five-Year Facilities Plan is based on criteria previously supported by the Board of Trustees. In summary, projects to eliminate fire, health, handicapped code and other safety issues are given highest priority, as are projects resulting in energy cost reductions. Also of significance are renovations to existing facilities and new construction projects that must be completed as predecessors to other capital projects in the Five-Year Plan, as identified in approved campus master plans.

The next priority is for maintenance, refurbishment, and renovation projects whose deferral would result in increased operating and maintenance expenditures or more costly renovation projects in the future. Projects to renovate existing facilities or construct new facilities to meet new, revised or future programmed needs are the final priority.

Because the five-year facilities plan update and biennial capital budget request are based upon project priorities recommended in long-range master plans, it should be observed that modifications to either or both may need to be made once the master plan update for Western Connecticut State University is completed in March 2007.

General Obligation Five-Year Facilities Plan Update for FY 2007-2012

The recommended FY 2007-2012 Five-Year Facilities Plan includes 38 general fund capital projects and programs for the universities and the System. The recommended priority of projects is identified in **Attachment A to the Board Resolution**. While the value of all projects listed in the plan totals \$998.34 million, \$240.5 million of that amount is required beyond the five years covered under this plan. Therefore, the recommended five-year plan totals \$757.8 million, which consists of \$257.8 million in existing authori-

zations, and an additional \$500.0 million in new authorizations required through FY 2011-12.

A summary of the five-year plan, by university, is provided below:

<u>University</u>	<u>Number of Projects</u>	<u>Total Value</u>	<u>Amount Authorized</u>	<u>Funds Required in FY 2008-2012</u>	<u>Funds Required Beyond 2011-12</u>
Central	11	\$326,538,406	\$39,268,406	\$110,302,000	\$176,968,000
Eastern	10	157,442,609	41,424,609	116,018,000	0
Southern	7	196,365,900	25,705,900	107,103,000	63,557,000
Western	5	149,250,330	78,358,330	70,892,000	0
System Wide	5	168,760,571	73,075,571	95,685,000	0
Totals	38	\$998,357,816	\$257,832,816	\$500,000,000	\$240,525,000

Of the \$257.8 million in existing authorizations, \$46.8 million has already been allocated to partially fund 27 of the projects recommended for inclusion in the plan. The remaining \$211.0 million unallocated balance is available to fund, in whole or in part, 26 of the projects. This includes \$31.8 million for System wide programs, \$35.7 million for Central, \$40.0 million for Eastern, \$25.5 million for Southern, and \$78.0 million for Western. As of August 18, 2006, \$22.6 million (or 10.7% of the unallocated balance) is awaiting Bond Commission allocation in order to fund studies, design, construction, equipment purchases and property acquisition.

The additional \$240.5 million that will be required beyond FY 2011-2012, is needed to complete two projects not fully funded in the Five-Year Facilities Plan: the renovation and expansion of Burritt Library at Central and the construction of a new fine arts building at Southern.

Recommended funding levels in the FY 2007-2012 Five-Year Facilities Plan are almost identical to the \$500.6 million general obligation bond funded program identified in the FY 2005-2010 plan approved by the Board of Trustees in July 2004. While the capital budget request for the FY 2005-07 biennium totaled \$206.1 million, authorizations approved by the General Assembly for the FY 2005-2007 biennium, ~~however,~~ provided only \$42.7 million in FY 2005-2006, (not including the redirection of \$1.3 million authorized for science building equipment at Western ~~for~~ improvements to academic buildings at the university) and \$131.2 million in FY 2006-2007. Therefore, funding approved for the biennium totaled \$173.9 million (or 84.34% of the CSUS FY 2005-2007 biennial capital budget request).

All cost estimates for projects recommended for inclusion in the FY 2007-2012 Five-Year Facilities Plan are in conformance with revised guidelines provided by the Department of Public Works (DPW) for developing construction budgets, and estimating pertinent design fees and associated costs. The revised guidelines represent a substantial change from the guidelines issued for the previous biennium in a number of areas.

First, construction costs have increased substantially over the past two years due to the state of the construction industry, which has experienced shortages in building materials, petroleum-based products, and services. The shortages that were evident two years ago with the increase in overseas construction programs, were further exacerbated by the massive reconstruction program following the Southeast Asia ~~tidal wave~~ tsunami of Christmas 2004, and the Hurricane Katrina and Hurricane Rita disasters of summer 2005. The loss of timber and the closure of damaged manufacturing plants in the wake of the hurricanes further impacted building material and labor shortages. As a result, the base construction costs for the various facility types have increased by approximately 25%-30% over the recommended base construction costs issued two years ago. Recent benchmarking of bidding results for similar higher education capital projects around the country supports this increase.

Second, in addition to the increase in the per square foot construction costs (in 2006 dollars), the DPW recommends applying a 6% per year annual inflation rate in construction costs rather than the 3% per year annual inflation rate that they recommended two years ago. It should be noted that due to the lack of substantive action by the Bond Commission to allocate design funds for major initiatives such as the proposed new fine arts instructional center at Western, the new academic building at Central, and the campus wide environmental assessment for Southern (which is required before activity can begin on Southern's proposed new academic building and parking garage), projects are subject to continued inflation. Similarly, projects that cannot commence until these predecessor projects are completed must be deferred and their costs inflated, accordingly. The inflation index will be reviewed and adjusted, as necessary, when university and System Office staff develop the next biennial capital budget request and Five-Year Facilities Plan update for Fiscal Years 2009-2014.

Third, the DPW recently benchmarked its architectural and engineering services fee schedules against industry standards and determined that ~~an increase in~~ fee increase by an additional of 1%-2% of construction cost is warranted. As a result, the fee schedules for architectural and engineering services, as well as for Department of Public Works fees, which are budgeted as a percentage of architectural and engineering fees, have been increased.

Fourth, legislation approved this year under Section 70 of Public Act 06-187 requires that any project funded after January 1, 2007 valued at \$5 million or more be built consistent with or exceeding the Silver building rating under the Leadership in Energy and Environmental Design (LEED) program. LEED is a nationally recognized program that encourages environmentally conscious design and construction. Due to this requirement, an additional 5% of construction cost must be budgeted for all projects costing in excess of \$5 million.

Finally, the DPW recommends that an additional 1.5% of construction cost be budgeted for building commissioning for new facilities as well as projects that include the renovation or replacement of building mechanical and electrical systems in order to ensure that

these systems are thoroughly and properly operational before the project is completed and the facility ~~is~~ turned over to the university.

In addition to the increased project costs due to revised estimating parameters reflected in the DPW guidelines, as noted above, some project budgets have increased substantially due to changes in project scopes.

- At Central, the scope for the new academic building was changed from a swing space facility to a permanent structure. When factoring in costs due to modifications in project scope, delay in Bond Commission allocation of design funds, and revised DPW guidelines, the budget for this project has increased by \$17.8 million above what was included in the previous five-year facilities plan.
- At Southern, the university has changed the scope for the academic building portion of its academic building/parking garage project from a classroom facility to a science laboratory building, thereby increasing the project cost by \$39.4 million. In order to fund this project, the university has deferred implementation of its proposed fine arts building by two years.
- At Western, the Higgins Hall renovation project has changed from the phased refurbishment of the facility, to the comprehensive gutting and renovation of the entire building. This change, which increased the total project cost by \$12.3 million, recognizes that ~~the Western's~~ campus master plan update, currently underway, ~~for Western~~ will recommend re-assignment of this former science facility to serve other unmet university needs.

The recommended Five-Year Facilities Plan update for Fiscal Years 2007 - 2012 includes four (4) major capital projects, which were not contained in the FY 2005-2010 Plan. Valued at \$34.9 million, they include one (1) project at Central, two (2) projects at Eastern, and one (1) System wide initiative. The new project recommended for Central provides \$12.0 million for ~~the~~ East Campus infrastructure development. The project will provide for the construction of roadways, sidewalks and underground utilities necessary to access and develop CCSU property located in Newington. A consultant recently completed a feasibility study of East Campus, and their report includes cost estimates for providing the necessary infrastructure to support various site development scenarios.

One of two new projects recommended for Eastern provides for the construction of a 9,000 square foot pre-engineered warehouse facility on the Mansfield site for the storage of supplies, materials, and equipment. With the proposed surplussing of the Nathan Hale Building and garage, which previously was used by the university for both long-term and short-term storage, Eastern will have limited storage space for maintenance and custodial supplies, shop materials, and furniture and equipment items that must be stored temporarily while facilities are under renovation. The proposed new facility, estimated to cost \$2.3 million, will help meet some of the existing and projected warehousing shortages. The second new project for Eastern provides for the comprehensive renovation of the Goddard Hall science facility at an estimated cost of \$20.3 million. With

construction of a new science facility to be completed in 2008, Goddard Hall will undergo comprehensive renovation for reassignment to other uses. The recommended reuse of Goddard Hall will be determined as part of Eastern's campus master plan update to be initiated during calendar year 2007.

Finally, in 2005, the General Assembly authorized \$250,000 to the Connecticut State University System to initiate a feasibility study for the establishment of a higher education center in the City of Bridgeport. ~~A request for proposals for an educational consultant was advertised and a consultant has been selected to perform the initial feasibility study.~~ The allocation of funds is pending Bond Commission approval.

FY 2007-2009 Biennial Capital Budget Request

Recommended funding for the FY 2007-2009 Biennial Capital Budget Request totals \$214.4 million – \$95.1 million and \$119.3 million for FY 2007-2008 and FY 2008-2009, respectively – and will fund, in full or in part, 20 projects and programs. This includes 19 projects in FY 2007-08 and 11 projects in FY 2008-09. The priority listing of projects recommended for funding in the biennial capital budget is presented in **Attachment B to the Board Resolution**. A summary of the FY 2007-09 Biennial Capital Budget Request, by university, is provided below:

<u>University</u>	<u>Number of Projects</u>	<u>Total Value</u>	<u>Amount Authorized</u>	<u>Funds Required in FY 2007-08</u>	<u>Funds Required in FY 2008-09</u>	<u>Addit. Funds to Complete Projects</u>
Central	7	\$143,964,406	\$33,937,406	\$31,784,000	\$6,595,000	\$71,648,000
Eastern	4	106,350,109	12,935,109	8,660,000	75,030,000	9,725,000
Southern	2	105,233,900	10,840,900	8,362,000	14,869,000	71,162,000
Western	3	142,727,330	78,358,330	24,579,000	2,545,000	37,245,000
System Wide	4	168,510,571	72,825,571	21,717,000	20,225,000	53,743,000
Totals	20	\$666,786,316	\$208,897,316	\$95,102,000	\$119,264,000	\$243,523,000

The amounts recommended for the biennium include \$38.4 million for Central, \$83.7 million for Eastern, \$23.2 million for Southern, \$27.1 million for Western, and \$42.0 million for System wide initiatives.

A total of \$170.0 million (or 79.3% of the biennial capital budget request) is required to finance construction. Of that amount, \$84.1 million (or 49.5% of the total ~~request~~ construction requirement) is needed for construction of the fine arts instructional center at Eastern (\$72.6 million) and the new parking garage at Southern (\$11.5 million).

Acquisition funds totaling \$27.7 million (or 12.9% of the biennial capital budget request) are needed to implement System wide initiatives including the new and replacement equipment program (\$20.0 million) and the land and property acquisition program (\$7.7 million).

The biennial capital budget also provides \$16.9 million (or 7.8% of the biennial capital budget request) to finance design activities. Of that amount, \$10.0 million is needed to fund three major capital projects recommended for construction funding beyond the FY 2007-09 biennium. Future construction funding requirements anticipated for the three projects total \$96.0 million and will finance the renovation and expansion of Willard and DiLoreto Halls (\$55.2 million) and East Campus infrastructure development (\$10.4), both at Central~~iz~~ and Higgins Hall renovations proposed for Western (\$30.4 million).

Master Planning

It is important to note that master planning activities for Western are underway and master planning for Eastern will begin during calendar year 2007. Each plan will culminate in recommendations for new facilities, site improvements and building upgrades over the next fifteen years based on the universities' strategic plans. Depending upon the findings of the master planning consultants, amendments to the Five-Year Facilities Plan and the biennial capital budget request may be warranted during 2007 for Western and in 2008 for Eastern.

CHANCELLOR'S RECOMMENDATION

Approve the consolidated Connecticut State University System General Obligation bond funded Five-Year Facilities Plan and priority of capital projects, and approve the biennial capital budget request for general obligation bonds and priority of capital projects for Fiscal Years 2007-2008 and 2008-2009.