

RM00B
Morgan State University

New School of Business Complex (Baltimore City)

General Obligation Bonds **\$250,000** **Recommendation: Approve**

Bill Text: Provide funds to complete design of a New School of Business Complex.

Project Description: Construct a new School of Business complex at the Northwood Shopping Center that will house the School of Business Management and the Hospitality Management programs. The School of Business occupies space in McMechen Hall, a 37-year-old building in which the space is functionally inadequate and unable to support the type of space required for a modern day business school. The new facility will provide 72,000 net assignable square feet (NASF)/130,909 gross square feet (GSF) of classrooms, laboratories, and office space, and meeting and conference rooms.

Prior Authorization and Capital Improvement Program

Authorization Uses
(\$ in Millions)

<i>Fund Uses</i>	<i>Prior Authorization</i>	<i>2011 Allowance</i>	<i>2012 Estimate</i>	<i>2013 Estimate</i>	<i>2014 Estimate</i>	<i>2015 Estimate</i>
Planning	4.043	0.250	0.000	1.350	0.000	0.000
Construction	0.000	0.000	0.000	28.800	28.750	0.000
Equipment	0.000	0.000	0.000	0.000	6.000	0.000
Total	\$4.043	0.25	0.0	\$30.150	\$34.750	\$0.000

Authorization Sources
(\$ in Millions)

<i>Fund Sources</i>	<i>Prior Authorization</i>	<i>2011 Allowance</i>	<i>2012 Estimate</i>	<i>2013 Estimate</i>	<i>2014 Estimate</i>	<i>2015 Estimate</i>
GO Bond	\$4.043	\$0.250	\$0.000	\$30.150	\$34.750	\$0.000
Total	\$4.043	\$0.250	\$0.000	\$30.150	\$34.750	\$0.000

For further information contact: Sara J. Baker

Phone: (410) 946-5530

Project Summary Information

Total Project Cost:	\$37,178,156	Cost Per Square Foot – Base:	\$284
Budget Estimate Stage:	Budget	With Escalation and Contingencies:	\$364
Program Plan Status:	Approved	Gross Square Footage:	130,909
Green Building:	Yes	Net Usable Square Footage:	72,000
Est. Completion Date:	September 2014	Building Efficiency:	55.0%
Project Design Cost %:	8.2%		

Project Analysis

The new business school complex was added in fiscal 2009 to address the functional deficiencies with the space currently occupied by the School of Business and Hospitality Management. The fiscal 2009 budget provided \$3.1 million to begin the design phase of the project. However, in response to a February 2008 audit by the Office of Legislative Audits citing significant deficiencies related to the oversight of capital management projects, the General Assembly added language to the fiscal 2009 capital budget restricting the \$3.1 million of design funds until certain requirements were met.

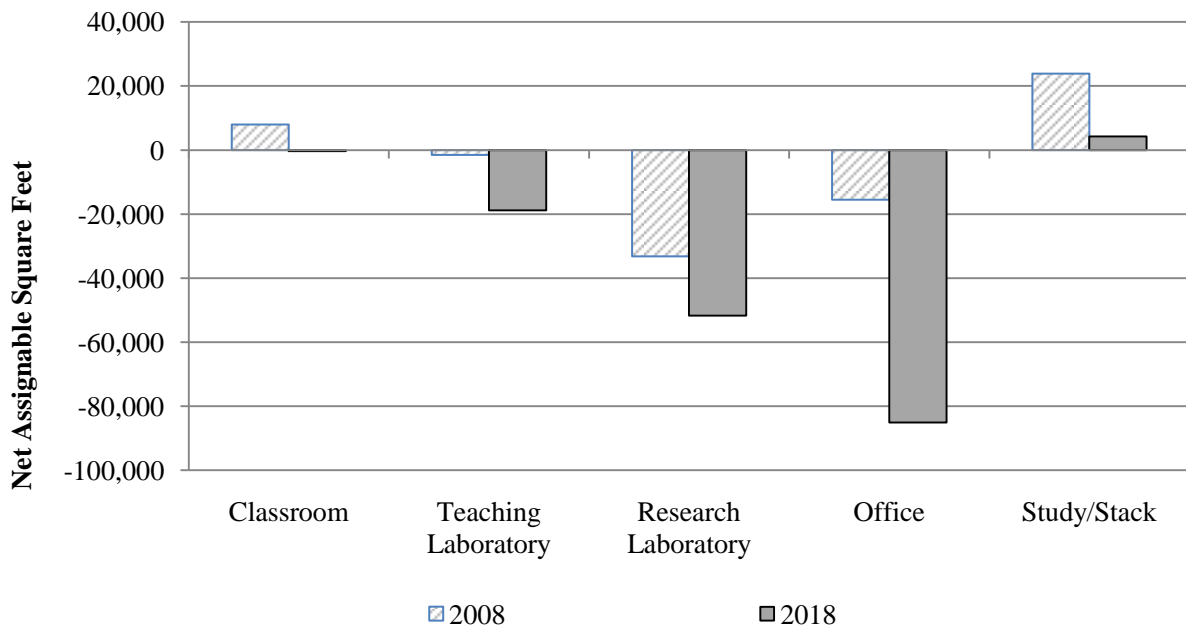
The fiscal 2010 budget included \$3.1 million for detail design. Since the initial design funds had yet to be released, full funding was not required, therefore, \$1.0 million was provided to supplement the fiscal 2009 authorization for the initial design. Morgan State University (MSU) has since met the requirements set forth in the fiscal 2009 capital budget; therefore, the design phase is expected to begin in March 2010 using the prior authorized funds. The fiscal 2011 allowance includes \$0.3 million to complete the detailed design. Overall, total funding for the design phase decreased \$0.5 million from \$6.2 million to \$5.6 million, due to a reduction in the project scope from 145,800 NASF/80,175 GSF to 130,909 NASF/72,000 GSF. Additionally, funding of \$1.4 million for construction administration services will be provided with the construction appropriation which has been deferred from fiscal 2012 to 2013, which is consistent with when the funds will be needed based on the estimated design phase time schedule. In addition, construction funding is programmed to be split over a two-year schedule, fiscal 2013 and 2014, respectively, which is consistent with the split funding approach that would allow for construction to commence in fiscal 2013 with the first State construction phase authorization.

Currently, the School of Business is located in McMechen Hall, which was constructed in 1972. Classroom space in the building is functionally inadequate, unable to support the type of space required for a modern day business school. McMechen Hall has 7,318 NASF of classroom space but 12,520 NASF is needed to accommodate future enrollment growth. Existing classrooms lack movable or fixed tables that provide greater space per student and can be wired to provide power,

data access, or microphones at each student station. Installing these tables in existing classrooms will result in the loss of 184 of the 518 current student stations. Additionally, there is a lack of breakout space within existing classrooms, making it difficult for students to work in small groups.

McMechen Hall lacks specialized instructional laboratories for business disciplines such as accounting, marketing, and finance that simulate trading and market research rooms. These laboratories are becoming a standard in finance and marketing programs and foster experiential learning, providing skills required by employers. The lack of simulation laboratories does not allow the School of Business to be competitive with other business programs. Overall, according to the Maryland Higher Education Commission, MSU’s estimated teaching laboratory deficit is 1,544 NASF and is expected to increase to 18,847 NASF by fall 2018, as shown in **Exhibit 1**. Furthermore, scheduling of afternoon and evening classes is difficult due to insufficient class laboratory space, resulting in MSU not being able to schedule all core undergraduate courses each semester. Instead, courses are offered on a rotating basis which can increase the time to degree.

Exhibit 1
Morgan State University
Academic Space Surplus and Deficiency
Fiscal 2008 and Projected Fiscal 2018



Source: Maryland Higher Education Commission, *Four-Year Colleges and Universities Academic Space Surplus and Deficiency: Fiscal 2008 and Projected Fiscal 2018*

In addition, there are not enough offices for the business faculty, and the existing space is too small. McMechen Hall has 52 offices for faculty members of which 41 are less than 120 NASF, and most have two occupants. State guidelines for office space are 166 NASF for each full-time faculty and staff.

The Hospitality Management program lacks specialized laboratories, such as demonstration kitchens that allow students to gain experience in institutional food preparation. The business and hospitality management programs currently have 5,904 NASF of laboratory space. The lack of class laboratory space limits the program's ability to attract and properly train hospitality management students. Based on existing enrollment and the State's space guidelines, approximately 9,200 NASF of class laboratory space is needed; therefore, the class laboratory space deficit is 3,296 NASF. The new facility will provide modern academic space that meets programmatic needs, allowing the business and hospitality management programs to be competitive with other programs.

The complex would add 130,909 GSF/72,000 NASF which includes 12,520 NASF of classroom space; 12,370 NASF of class laboratory space; 1,350 NASF of open laboratory space; and 20,800 NASF of office space. The Mathematics and Computer Science programs will occupy the space in McMechen Hall after the business program moves to the new facility.

Recommended Actions

Approve.

Executive’s Operating Budget Impact Statement

(\$ in Millions)

	<i>FY 2011</i>	<i>FY 2012</i>	<i>FY 2013</i>	<i>FY 2014</i>	<i>FY 2015</i>
Estimated Operating Cost	\$0.000	\$0.000	\$0.000	\$0.000	\$1.113
Estimated Staffing	0	0	0	0	5

According to the fiscal 2011 *Capital Improvement Plan*, the new School of Business complex is expected to impact the operating budget beginning in fiscal 2013, requiring \$1.1 million in operating costs which include the funding of five regular positions.

Capital Project Cost Estimate Worksheet

Department: Morgan State University
Project Number: RM00B
Project Title: New School of Business Complex
Analyst: Sara J. Baker

Structure

New Construction:	130,909 Sq. Ft. X	\$284.00 Sq. Ft. =	\$37,178,156
New Construction:	0 Sq. Ft. X	\$0.00 Sq. Ft. =	0
Renovation:	0 Sq. Ft. X	\$0.00 Sq. Ft. =	0
Renovation:	0 Sq. Ft. X	\$0.00 Sq. Ft. =	0
Built-in Equipment:			950,000
Demolition:			0
Information Technology:	130,909 GSF X	\$10.00 GSF =	1,309,090
Telecommunications:			0
Miscellaneous – Other:			0
Miscellaneous – Other:			0
Miscellaneous – Other:			0
Subtotal			\$39,437,246
Regional Factor:	100.0%		0
Subtotal			\$39,437,246
Escalation to Mid-point:	4.58 Yrs. X	3.1% =	14.33% 5,652,672
Total Cost of Structure (Bid Cost)			\$45,089,918

Site Work and Utilities

Site Improvements:	1,972,008 + regional factor + mid-point escalation	\$2,254,662
Utilities:	1,972,008 + regional factor + mid-point escalation	2,254,662
Project Subtotal (Bid Cost)		\$49,599,243

Fees and Miscellaneous Costs

Green Building Premium:	2.0%	\$992,022
Total Construction Contingency:	10.0%	4,960,112
Inspection Cost:	2.2%	1,091,225
Miscellaneous:	Construction Management - Construction Share	818,419
Miscellaneous:	CPM	53,384
Miscellaneous:	Information Technology Equipment	3,400,000
Miscellaneous:	Moveable Equipment	2,600,000
Miscellaneous:	Miscellaneous Costs	34,000
Miscellaneous:		0
A/E Fee through Construction Phase @	10.0%	5,643,000
Total Cost of Project		\$69,191,405

Base Cost Per New Square Foot	\$284
Adjusted Cost Per New Square Foot (incl. escalation, contingencies, and Green Bldg.)	\$364
Base Cost Per Renovated Square Foot	\$0
Adjusted Cost Per Renovated Square Foot (incl. escalation, confing., and Green Bldg.)	\$0