

FINANCE ADVISORY COMMITTEE

AGENDA

December 5, 2013

Room 1E, Legislative Office Building - 1:00 P.M.

1. Minutes of the November 7, 2013 meeting.
2. New transactions as follows:

2014-03	Board of Regents for Higher Education	\$8,039,412.00
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### **FAC 14-03 – Board of Regents**

Pursuant to CGS 10a-99(b)<sup>1</sup> the Board of Regents (BOR) requests: 1) to utilize \$5,493,042.70 from Southern Connecticut State University's (SCSU) Operating Fund Reserves; and 2) to utilize \$2,546,369.30 from uncommitted proceeds from an insurance claim<sup>2</sup>, to complete the build out of the second, third, and fourth floors of the existing Buley Library.

The current low bid submission for the build out of Buley library will remain valid until January 24, 2014, thus FAC action is required under CGS 10a-99b, as the General Assembly will not convene until after the bid expires.

This action was approved by the Board of Regents on November 20, 2013.

This request does not impact appropriated funds and will not impact the agency's ability to achieve budgeted holdback savings, nor affect any forecast surplus or deficiency.

*Funding is available for transfer from these accounts due to the following:*

The source of funds is the SCSU Operating Fund Reserves (aka Unrestricted Net Assets or Fund Balance) and an insurance claim. No funds appropriated by the General Assembly are affected by this expenditure.

*Funding is needed in these accounts due to the following:*

Construction of Buley Library Phase I was completed in 2008 and added a four story addition totaling 134,000 gross square foot, to the existing Buley Library. Phase II of the project addressed renovations of the existing Buley Library, but only general infrastructure and life safety improvements occurring on the second, third and fourth floors. A build out of these floors would add additional classroom space, increased tutoring facility space, faculty office space, consolidated computer labs, and free up space elsewhere in the library to allow group study space in the library.

#### *Holdback and Lapses*

The use of these funds for the purpose requested will not affect the university's ability to meet any required General Fund holdbacks, nor will it affect any forecast surplus or deficiency.

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<sup>1</sup> CGS Section 10a-99(b) of the Connecticut General Statutes provides in relevant part that "Repairs, alterations or additions to facilities supported by the Connecticut State University System Operating Fund and costing one million dollars or more shall require the approval of the General Assembly, or when the General Assembly is not in session, of the Finance Advisory Committee." There are two items passed by the Finance Advisory Committee under this provision: 1). FAC 2006-10 for the approval to use \$1 million from Operating Fund Reserves for renovations for Elihu Burritt Library at Central Connecticut State University; and 2). FAC 2012-02 for the approval to use \$1.5 million from Operating Fund Reserves for the design and construction of a public safety facility at Central Connecticut State University.

<sup>2</sup> Southern Connecticut State University has an available uncommitted balance of \$2,546,369 from a 2008 insurance claim for damages caused by a flood at the Buley Library.



CONNECTICUT STATE  
COLLEGES & UNIVERSITIES  
BOARD OF REGENTS FOR HIGHER EDUCATION

39 Woodland Street  
Hartford, CT 06105-2337  
860-493-0000  
www.ct.edu

*Gregory W. Gray, President*

November 12, 2013

Mr. Benjamin Barnes, Secretary  
Office of Policy and Management  
450 Capitol Avenue  
Hartford, CT 06106

Dear Secretary Barnes:

Pursuant to Connecticut General Statutes Sec. 10a-99(b), governing the use of operating fund dollars in support of repairs, alterations, or additions to facilities, enclosed you will find a submission from the Board of Regents for Higher Education to the Finance Advisory Committee in the form of a report from facilities staff to the Finance Subcommittee of the Board of Regents. I request you consider this item for the December meeting of the Committee. This proposal is submitted to you pending final approval by the Board of Regents, expected on November 21.

Southern Connecticut State University has identified a sum of \$8,039,412, a combination of insurance settlement proceeds and unrestricted fund balances, for use in completing construction of Buley Library. Funds will be used to complete the second, third, and fourth floors of the library, including total anticipated costs for construction, equipment, telecommunications, professional fees, DCS fees, construction manager fees, a construction contingency and all other miscellaneous expenses.

This is a critical project that will reduce the deficit in Southern's classroom space by 35%, as calculated in the 2004 master plan, and provide students with a fully-constructed, state-of-the-art library space that will serve as an academic and student services hub on campus.

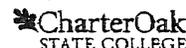
I hope you will place this project on the December Finance Advisory Committee agenda, and I encourage you to contact me with any questions you have regarding this submission.

Sincerely,

Gregory W. Gray, President  
Board of Regents for Higher Education  
Connecticut State Colleges & Universities

GWG:kmt  
Enclosure

cc: Paul Potamianos, Executive Budget Officer, OPM  
Kerry Kelley, Principal Budget Specialist, OPM  
Darlene Mancini-Brown, Interim VP for Real Estate, Facilities and Infrastructure Planning, BOR



**ITEM**

Use of Reserve Funds and Insurance Proceeds as Supplemental Construction Funding to Renovate the Second, Third and Fourth Floors of Buley Library at Southern Connecticut State University

**BACKGROUND**

Construction of Buley Library, Phase 1, was completed in 2008. Phase 1 consisted of a four story 134,000 gross square foot (gsf) addition to the existing four story 109,000 gsf Buley Library. Interior demolition of the existing Buley Library was included in Phase I.

As was presented at the May 16, 2013 Board meeting, Phase 1 of the Buley Library project expended funds that had been budgeted for Phase 2 of the project, due to significant project delays and cost overruns. Phase 2 of the project addressed renovation of the existing Buley Library and was budgeted with \$25,772,585 of reallocated CSUS 2020 funds. Phase 2 was bid in April 2013. The low bid of \$29,279,690.64 (\$3,507,105.64 shortfall) allowed for construction of the building envelope, lower level, first floor, building core and infrastructure installations on the second, third and fourth floors. In May, the Board authorized use of a variety of sources to fund the \$3,507,105.64 shortfall. The portion of Phase 2 described above is currently under construction and is scheduled to be complete for fall 2014 occupancy. It will provide finished spaces for occupancy on the first floor and partial lower level.

**ANALYSIS**

As presented at the May Finance Committee and Board meetings, \$29,279,690.64 of funding included only general infrastructure and life safety improvement work for the second, third and fourth floors. Finished renovations to those spaces could not be completed with available funds at the time that construction began on other components of Phase 2.

Southern now wishes to complete the build-out of the second, third and fourth floors in order to consolidate Southern's use of Buley and to reduce unresolved space deficits documented in Southern's 2004 approved Master Plan. Major benefits of the second, third and fourth floor proposed build-out include:

- A 2010 report prepared by Library Consultant Jay Lucker documented the needs for a 21<sup>st</sup> century library: "A review of an academic library today needs to acknowledge the dramatic changes that have taken place in the way that information is being created and disseminated, in the way that students are being educated, and in the nature of library space and collection management in a world of increasing collaboration and cooperation and constrained resources."

- Second floor renovation will include 6 classrooms with 2 classrooms being high tech classroom/computer labs. The 2004 Master Plan listed a deficit of 33,528 SF of general purpose classrooms. The added classrooms will reduce the deficit in classrooms by 6185 SF or 18%.
- The Faculty Development Center, the Learning Center and Information Technology will be relocated to Buley Library from Engleman Hall and Jennings Hall. The vacated spaces of 5,619 SF will be repurposed as classrooms, reducing the classroom deficit by an additional 17%.

The Faculty Development Training Center currently in Engleman Hall will expand when relocated to the second floor of Buley Library. Renovations will include a dedicated training room, conference space and support staff offices. This center provides faculty with training and support on the latest classroom computer and audio visual technology.

The Learning Center currently located in Engleman Hall will have additional space on the third floor of the Buley Library for larger tutoring facilities for math, science and writing, a dedicated computer lab, seminar space and support staff offices.

Information technology computer labs will merge with the Library's Learning Commons combining both access of printed materials with electronic media and wireless internet, made available in one common space for study, research and collaboration.

Information Technology offices and desktop support services will be consolidated on the fourth floor of Buley Library, supporting the first floor Learning Commons.

- Library Science is now located in temporary facilities on the fourth floor of the Buley Library addition. This department will move to a larger space on the renovated third floor, allowing for each full time faculty member to have a private office, bringing this department in line with university space standards.
- Valuable group study space will be freed up by the consolidation of Library administrative offices on the fourth floor of the addition. Presently 15 group study rooms totaling 2,483 SF are temporarily assigned to administrative offices. These spaces will be reassigned for their intended purpose as study rooms for groups of students working on class projects.
- The unfinished lower level space has been reserved for a future relocation of Information Technology's main distribution room, which is currently located in Jennings Hall. This project will be completed in the future and is not associated with this renovation.

The second floor was bid for construction with Phase 2 as a supplemental bid. Construction contracts for the supplemental bid were not awarded and remain valid until the end of Phase 2 construction. Bids for construction for the finished build-out of floors three and four were accepted on October 24, 2013. The bids for construction of the second, third and fourth floors total \$5,984,289.

**The total projected cost to complete the second, third and fourth floors that include construction, equipment, telecommunications, professional fees, DCS fees, construction manager fees, a construction contingency and all other miscellaneous project expenses is \$8,039,412.**

Opportunities identified to fund the second, third, and fourth floor build-out are:

1. \$2,546,369.30 Uncommitted Buley insurance proceeds (operating funds)
  2. \$5,493,042.70 Southern's Unrestricted Fund Balances
- \$8,039,412.00 Total Available Funding**

Use of fund balances greater than \$250,000 require Board of Regents approval (CSU Fund Balance Guidelines Policy section 4.3).

In addition to BOR approval, state law requires legislative approval if "repairs, alterations or additions" to University facilities supported by the operating fund cost one million dollars or more. Legislative approval is through the Finance Advisory Committee when the legislature is not in session (CGS Sec. 10a-99(b)).

#### PRESIDENT'S RECOMMENDATION

Approve Southern Connecticut State University's request

- to allocate up to \$5,493,042.70 from its operating reserves to complete the build-out of floors two, three and four of the Buley Library; and
- to use \$2,546,369.30 from Buley Library flood insurance proceeds for the same purpose; and
- to submit the above two items to the Legislature's Finance Advisory Committee in December 2013.

RESOLUTION

Concerning

THE USE OF UNIVERSITY RESERVES AND INSURANCE PROCEEDS  
BY  
SOUTHERN CONNECTICUT STATE UNIVERSITY FOR RENOVATIONS  
AT BULEY LIBRARY

November 21, 2013

- WHEREAS, Construction of the Buley Library building envelope, lower level, first floor, and building core and infrastructure installations on the second, third and fourth floors are currently in process; and
- WHEREAS, The finished build-out of second, third, and fourth floors of the existing Buley Library have not commenced due to a funding shortfall; and
- WHEREAS, Recent bids for construction of the second, third, and fourth floors, in addition to all other miscellaneous project costs to complete the Buley project total \$8,039,412; and
- WHEREAS, Southern wishes to complete the finished build-out of second, third, and fourth floors; and
- WHEREAS, Southern has an available uncommitted operating fund balance of \$2,546,369.30 from a 2008 insurance claim for damages caused by a flood at the Buley Library; and
- WHEREAS, Southern can make available up to \$5,493,042.70 from its unrestricted fund balances towards the completion of the Buley project; and
- WHEREAS Board policy provides that the use of current fund or plant fund balances must be approved by the president and, if the amount to be used is \$250,000 or greater, by the Board; and
- WHEREAS State law requires legislative approval (or from its Finance Advisory Committee when the Legislature is not in session) if

“repairs, alterations or additions” to University facilities supported by the operating fund cost one million dollars or more (CGS Sec. 10a-99(b)); and

WHEREAS, Southern requests Board approval to reallocate \$2,546,369.30 of operating funds from the Buley Flood insurance claim and \$5,493,042.70 from its operating reserves (\$8,039,412.00 total request) to complete the Buley project; and

WHEREAS, Southern requests Board approval to submit for the December 2013 Legislature Finance Advisory Committee approval to reallocate \$2,546,369.30 of Buley flood insurance claim operating funds and up to \$5,493,042.70 of operating reserves; therefore be it

RESOLVED, That Southern Connecticut State University is authorized to reallocate \$2,546,369.30 of Buley flood insurance claim operating funds and up to \$5,493,042.70 of operating reserves pending Finance Advisory Committee approval.

A True Copy:

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Erin A. Fitzgerald  
Secretary