

Q00A01.05
Office of the Secretary - PAYGO
Department of Public Safety and Correctional Services

North Branch Correctional Institution (Allegany)

GO Bonds	\$30,641,000	Recommendation: Approve
PAYGO FF	\$2,100,000	

Bill Text: Provide supplemental funds to complete construction of the Support Services Building, construction funds for a second Housing Unit, and design funds for a third Housing Unit and a levee system.

Project Description: The projects in the fiscal 2004 allowance are part of a larger, multi-year, multi-phase project for the planning and construction of North Branch Correctional Institution (NBCI), which will be adjacent to the Western Correctional Institution. The fiscal 2004 allowance is \$32,741,000 (\$30,641,000 in general obligation bonds and \$2,200,000 in federal funds). These funds are provided for:

- construction of a second 256-cell housing unit;
- planning of a third 256-cell housing unit;
- planning of a levee system to prevent flooding;
- supplemental funds to construct and equip a 1,600 gross square foot (GSF) sanitary sewer pumping station building;
- supplemental funds to construct and equip two emergency generator buildings;
- supplemental funds to provide food service equipment; and
- supplemental funds to construct a vehicle patrol road, perimeter security fence system, and staff and visitor parking lots.

Once completed, NBCI will contain four 256-cell housing units and a support service building. The fiscal 2004 *Capital Improvement Program* (CIP) estimates the total project cost to be \$147,901,000. The first phase, construction of one 256-cell housing unit and the support services building is currently underway. The CIP anticipates for fiscal 2005 the equipping of the second 256-cell housing unit and funds to complete plans of the remaining housing units. The CIP also provides for funds in fiscal 2006 for construction of the housing units, levee system, and related site work and in fiscal 2007 equipment for the newly built housing units.

Comments: The fiscal 2003 CIP estimated this phase of the NBCI project to cost approximately \$25.1 million for fiscal 2004. The fiscal 2004 allowance is \$32.7 million or \$7.6 million higher. The difference is mainly attributable to supplemental funding needs (\$8.3 million) for project components associated with the Support Services building. The supplemental costs are partially offset by additional federal funds (nearly \$1 million) received by the department for the project.

The source of federal funds for this project is the Violent Offender Incarceration and Truth in Sentencing Grant. Grant funds may be used to build or expand permanent or temporary correctional facilities to increase bed space for the confinement of adult and juvenile violent offenders. NBCI has been designated as a Level 4, maximum-security facility and meets the requirements of the federal grant.

Project Data

(\$ in Millions)

<i>Description</i>	<i>Prior Authorization</i>	<i>2004 Request</i>	<i>2005 Estimate</i>	<i>2006 Estimate</i>	<i>2007 Estimate</i>	<i>2008 Estimate</i>
Planning	\$4.763	\$2.424	\$1.650	\$0	\$0.000	\$0.000
Construction	57.472	30.317	0.000	50.000	0.000	0.000
Equipment	0.525	0.000	0.500	0.000	0.250	0.000
Total	\$62.760	\$32.741	\$2.150	\$50.000	\$0.250	\$0.000

Total Project Cost:	\$147,901,000	Cost Per Square Foot – Base:	\$250
		Housing Units	
		With Escalation & Contingencies:	\$313
Gross Square Footage:	398,394	Net Usable Square Footage:	134,443
Approved Program Plan:	Yes	Estimated Completion Date:	May 2006

Issues

1. Supplemental Funds for NBCI Support Services Building

In fiscal 2002, the State provided \$26.7 million and authorized \$4.9 million in federal funds for the construction of the NBCI Support Services building. Also, in fiscal 2003 the State provided \$122,000 for equipment and will authorize the use of approximately \$1.0 million in additional federal funds. The fiscal 2004 allowance contains nearly \$8.3 million in supplemental funding for the following purposes:

- construct and equip a 1,600 GSF sanitary sewer pumping station building – \$1,454,000;
- construct and equip two emergency generator buildings – \$1,729,000;
- provide food service equipment – \$1,974,000; and
- construct a vehicle patrol road, perimeter security fence system, and staff and visitor parking lots – \$3,135,000.

According to the department, the authorized \$32.7 million in funds for the construction of the Support Services Building was insufficient based on the awarded contract. To keep the project on schedule, the department awarded a contract that provides for the base project elements, excluding those items listed

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above (referred to as add alternates).

The requested \$8.3 million in supplemental funds represents a 25% cost increase for this component of NBCI. The department has indicated, that due to the timeframe from the initial budget request to the actual bid solicitation, it is difficult to accurately estimate the cost of a project. The department has also indicated that the structure of the budget cycle requires the use of a less accurate “program square footage cost” method of developing project cost estimates. These challenges have required the department to request additional supplemental funds.

The department should be prepared to discuss the need for supplemental funds for the Support Services Building. The discussion should include the factors that can create a 25% cost increase such as program changes, market conditions, and errors in initial cost estimates.

Recommended Actions

1. Concur with Governor’s allowance.

Executive’s Operating Budget Impact Statement

(\$ in Millions)

	<i>FY 2004</i>	<i>FY 2005</i>	<i>FY 2006</i>	<i>FY 2007</i>	<i>FY 2008</i>
Estimated Operating Cost	\$0.000	\$11.155	\$15.670	\$20.218	\$20.350
Estimated Staffing	0	222	305	388	388

The projects included in the allowance have no operating impact in fiscal 2004. As the table above indicates, operating impact will begin in fiscal 2005. Salaries and wages are the largest components of the operating costs. Supplies and materials, fuel and utilities, and equipment combine with salaries and wages for the majority of operating expenses.

Capital Project Cost Estimate Worksheet

Department: Department of Public Safety and Correctional Services
Project Number: QB08A & Q00A105
Project Title: North Branch Correctional Institution - Construct Support Services Bldg./Site Work
Analyst: William M. Honablew, Jr.

Structure

New Construction:	106,000 Sq. Ft. X	\$0.00 Sq. Ft. =	0
New Construction:	7,000 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	Food service equipment		1,822,000
Demolition			0
Information Technology	113,000 GSF X	\$0.00 GSF =	0
Telecommunications			0
Miscellaneous-Other			0
Miscellaneous-Other			0
Miscellaneous-Other			0
SUBTOTAL			1,822,000
Regional Factor:	100.0%		0
SUBTOTAL			1,822,000
*Escalation to midpoint:	1.08 Yrs. X	8.6% =	9.33%
TOTAL COST OF STRUCTURE (Bid Cost)			1,822,000

Site Work and Utilities

*Site Improvements:	2,881,000 + regional factor + mid-point escalation	2,881,000
Utilities:	2,690,000 + regional factor + mid-point escalation	2,941,067
PROJECT SUBTOTAL (Bid Cost)		7,644,067

Fees and Miscellaneous Costs

Green Building Premium	0.0%	0
Total Construction Contingency	5.0%	382,117
Inspection Cost:	3.2%	244,566
Miscellaneous: CPM/Schedule		23,000
Miscellaneous:		0
Miscellaneous:		0
A/E Fee through construction phase @	0.0%	0
TOTAL COST OF PROJECT		8,293,750

Base cost per new square foot	\$0
Adjusted cost per new square foot (incl. escalation, contingencies & Green Bldg.)	\$0
Base cost per renovated square foot	\$0
Adjusted cost per renovated square foot (incl. escalation, conting. & Green Bldg.)	\$0

*Escalation factor zeroed to reflect actual bid price

Capital Project Cost Estimate Worksheet

Department: Department of Public Safety and Correctional Services
Project Number: QB08A & Q00A105
Project Title: North Branch Correctional Institution - Construct Housing Unit #3 & Levee System
Analyst: William M. Honablew, Jr.

Structure

New Construction:	69,697 Sq. Ft. X	\$250.00 Sq. Ft. =	17,424,250
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			
Demolition			0
Information Technology	69,697 GSF X	\$3.00 GSF =	209,091
Telecommunications			0
Miscellaneous-Other			0
Miscellaneous-Other			0
Miscellaneous-Other			0
SUBTOTAL			17,633,341
Regional Factor:	100.0%		0
SUBTOTAL			17,633,341
Escalation to midpoint:	3.75 Yrs. X	4.0% =	15.00%
			2,645,001
TOTAL COST OF STRUCTURE (Bid Cost)			20,278,342

Site Work and Utilities

Site Improvements:	3,000,000 + regional factor + mid-point escalation		3,450,000
Utilities:	765,000 + regional factor + mid-point escalation		879,750
PROJECT SUBTOTAL (Bid Cost)			24,608,092

Fees and Miscellaneous Costs

Green Building Premium (design and construction)		3.7%	921,692
Total Construction Contingency		5.0%	1,239,915
Inspection Cost:		2.2%	545,563
Miscellaneous:	CPM/Schedule		26,000
Miscellaneous:	V-E Commissioning, surveys, etc.		250,000
Miscellaneous:	Movable Equipment		216,000
A/E Fee through construction phase @		6.7%	1,822,675
TOTAL COST OF PROJECT			29,629,937

Base cost per new square foot	\$250
Adjusted cost per new square foot (incl. escalation, contingencies & Green Bldg.)	\$313
Base cost per renovated square foot	\$0
Adjusted cost per renovated square foot (incl. escalation, conting. & Green Bldg.)	\$0

Capital Project Cost Estimate Worksheet

Department: Department of Public Safety and Correctional Services
Project Number: QB08A & Q00A105
Project Title: North Branch Correctional Institution - Construct Housing Unit #2
Analyst: William M. Honablew, Jr.

Structure

New Construction:	69,697 Sq. Ft. X	\$250.00 Sq. Ft. =	17,424,250
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			0
Demolition			0
Information Technology	69,697 GSF X	\$3.00 GSF =	209,091
Telecommunications			0
Miscellaneous-Other			0
Miscellaneous-Other			0
Miscellaneous-Other			0
SUBTOTAL			17,633,341
Regional Factor:	100.0%		0
SUBTOTAL			17,633,341
Escalation to midpoint:	2.17 Yrs. X	4.0% =	8.67%
TOTAL COST OF STRUCTURE (Bid Cost)			19,161,564

Site Work and Utilities

Site Improvements:	1,080,000 + regional factor + mid-point escalation	1,173,600
Utilities:	765,000 + regional factor + mid-point escalation	831,300
PROJECT SUBTOTAL (Bid Cost)		21,166,464

Fees and Miscellaneous Costs

*Green Building Premium	0.0%	0
Total Construction Contingency	5.1%	1,069,469
Inspection Cost:	2.2%	470,566
Miscellaneous: CPM/Schedule		26,000
Miscellaneous: Movable Equipment		216,000
Miscellaneous:		0
*A/E Fee through construction phase @	0.0%	0
TOTAL COST OF PROJECT		22,948,499

Base cost per new square foot	\$250
Adjusted cost per new square foot (incl. escalation, contingencies & Green Bldg.)	\$285
Base cost per renovated square foot	\$0
Adjusted cost per renovated square foot (incl. escalation, conting. & Green Bldg.)	\$0

*Full costs included in cost estimate for Housing Unit #3

Object/Fund Difference Report
 DPSCS Office of the Secretary PAYGO

Object/Fund	FY02	FY03	FY04	FY03 - FY04	Percent Change
	<u>Actual</u>	<u>Working Appropriation</u>	<u>Allowance</u>	<u>Amount Change</u>	
Objects					
02 Technical & Spec Fees	\$ 119,651	\$ 0	\$ 0	\$ 0	0.0%
03 Communication	3,515	0	0	0	0.0%
08 Contractual Services	3,282,842	0	0	0	0.0%
09 Supplies & Materials	729	0	0	0	0.0%
10 Equip - Replacement	1,928	0	0	0	0.0%
11 Equip - Additional	1,990	0	0	0	0.0%
14 Land & Structures	7,682,345	3,441,000	2,100,000	- 1,341,000	- 39.0%
Total Objects	\$ 11,093,000	\$ 3,441,000	\$ 2,100,000	- \$ 1,341,000	- 39.0%
Funds					
03 Special Fund	\$ 6,173,000	\$ 3,441,000	\$ 0	- \$ 3,441,000	- 100.0%
05 Federal Fund	4,920,000	0	2,100,000	2,100,000	N/A
Total Funds	\$ 11,093,000	\$ 3,441,000	\$ 2,100,000	- \$ 1,341,000	- 39.0%

Note: Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions.

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Appendix 2

**Fiscal Summary
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<u>Unit/Program</u>	<u>FY02 Actual</u>	<u>FY03 Legislative Appropriation</u>	<u>FY03 Working Appropriation</u>	<u>FY02 - FY03 % Change</u>	<u>FY04 Allowance</u>	<u>FY03 - FY04 % Change</u>
05 Capital Appropriation	\$ 11,093,000	\$ 0	\$ 3,441,000	- 69.0%	\$ 2,100,000	- 39.0%
Total Expenditures	\$ 11,093,000	\$ 0	\$ 3,441,000	- 69.0%	\$ 2,100,000	- 39.0%
Special Fund	\$ 6,173,000	\$ 0	\$ 3,441,000	- 44.3%	\$ 0	- 100.0%
Federal Fund	4,920,000	0	0	- 100.0%	2,100,000	N/A
Total Appropriations	\$ 11,093,000	\$ 0	\$ 3,441,000	- 69.0%	\$ 2,100,000	- 39.0%

Note: Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions.