



Connecticut State University System

Developing a State of Minds

BR#2000-93



RESOLUTION

concerning

THE USE OF FUND BALANCES TO SUPPLEMENT THE FINANCING OF AN ADDITION TO THE FORMER J. EUGENE SMITH LIBRARY AT EASTERN CONNECTICUT STATE UNIVERSITY

November 2, 2000

WHEREAS, Consolidation of the administrative and support service functions at ECSU will greatly benefit the students enrolled at the university and enhance departmental operations, and

WHEREAS, It has been determined that an addition to the former J. Eugene Smith Library is necessary at Eastern Connecticut State University (ECSU) due to an overall lack of space at the university, and

WHEREAS, ECSU has taken measures to reduce the cost of the project by decreasing the square footage of the addition and revising departmental requirements, and

WHEREAS, The cost of the renovation and addition to the former J. Eugene Smith Library continues to exceed available bond funding, therefore be it

RESOLVED, That ECSU is authorized to use up to \$999,990 from their unrestricted operating reserves to fund the addition to the former J. Eugene Smith Library at ECSU, and be it further

RESOLVED, That ECSU manage its budget for FY2000-01 so that their final audited unrestricted fund balance as of June 30, 2001, excluding the reserve for accrued compensated absences, complies with established fund balance guidelines.

A Certified True Copy:

[Handwritten signature of William J. Cibes, Jr.]
William J. Cibes, Jr., Chancellor

ITEM

The use of fund balances to supplement the financing of an addition to the former J. Eugene Smith Library at Eastern Connecticut State University (ECSU).

BACKGROUND

During the development of the 1997 Master Plan for ECSU, planning efforts were made to consolidate those departments that directly support student services and administrative programs into a single facility. A capital project subsequently was developed to renovate the former J. E. Smith Library for student support and administrative functions and the General Assembly provided bond funds for the renovation project in the summer of 1998. In late 1998, it was determined that the space available in the former J. Eugene Smith Library was not sufficient to accommodate the needs of all the departments to be relocated to the renovated facility.

The University subsequently proposed that an addition be constructed to the former J. Eugene Smith Library to accommodate administrative functions. In 1999, the General Assembly approved a legislative language change to existing bond authorizations to permit funds to be used for both additions and renovations to the existing building. Supplemental funding for the project was approved in both the 1999 and 2000 legislative sessions.

ANALYSIS

The project is being accomplished in three phases. The first phase, completed in early 1999, provided for renovations to the existing facility to permanently relocate the student support services departments from Hurley Hall. The second phase, completed in the summer of 2000, provided for renovation of the remainder of the facility to accommodate other student support service functions. The final phase encompasses construction of a three-story addition to accommodate the consolidation of administrative office functions.

In the spring of 2000, the Department of Public Works (DPW) published a Request for Proposals (RFP) to solicit design/build services for the building addition. The Department of Public Works received ten proposals to provide design/build services for the project. DPW selected a list of three proposers and invited them to submit design and cost proposals for the project. All three proposals received by DPW exceeded the available authorized funding.

Meetings were held between the Department of Public Works, the successful proposer, and Eastern to reduce the project cost so that it would fall within available authorized bond funding. Reduction measures include the deletion of 10,000 square feet from the total project, reduction in the floor to floor height, replacement of glass storefront units with standard non-operable windows, and deletion of the rear entrance/connecting lobby. Other cost saving measures include the deferral of moveable equipment items and window and roof replacement at the former J.E. Smith Library building.

While the reductions resulted in substantial cost savings, there remains a deficiency between available Bond funding and the revised project cost of almost \$1 million. The total project cost is expected to be \$10,891,109; authorized bond funding available amounts to \$9,511,000; while funding from auxiliary enterprises, reflecting the proportional cost of

auxiliary services to be located within the building, totals \$380,119. In order to close the remaining budgetary gap, Eastern proposes the use of up to \$999,990 from their operating reserves.

The addition to the former J. Eugene Smith Library will provide sufficient square footage to accommodate all executive, administrative and fiscal functions at the University. Many of these departments are now scattered in different buildings throughout the university. In addition, the new facility will allow the university to relocate the facilities and maintenance staff currently housed in Nathan Hale Hall on Main Street into the existing Administration Building, as envisioned in the campus master plan.

Office and classroom space on campus is in short supply. There is no swing space to accommodate renovation and construction projects that will occur as a result of master plan recommendations. Converting some of the single family homes along High and Prospect Streets is not cost effective due to their distance from centralized underground utility lines, their small amount of square footage, and their non-compliance with ADA requirements. In addition, lease of the nearby Kramer School has been held up due to the presence of asbestos in the facility. Relocation of administrative staff will allow portions of vacated facilities to be reassigned as faculty offices and for other academic departmental needs.

Expenditure of operating reserves requires Board approval. ECSU's undesignated fund balance does not currently meet the requirements of the Board's fund balance guidelines when the reserve for accrued compensated absences is included. However, excluding this reserve, ECSU's preliminary unaudited unrestricted fund balance for the year ending June 30, 2000 meets the minimum requirements. It should be noted that until the audit is complete, the value of ECSU's unrestricted fund balance is subject to change.

CHANCELLOR'S RECOMMENDATION

To approve the utilization of up to \$999,990 in unrestricted fund balances to supplement the financing of an addition to the former J. Eugene Smith Library at Eastern Connecticut State University, with the requirement that ECSU manage its budget for FY2000-01 so that their final audited unrestricted fund balance as of June 30, 2001, excluding the reserve for accrued compensated absences, complies with established fund balance guidelines.