



Agenda Action Form Overview

The Board is requested to authorize an additional \$4 million in Capital Financing Plan Fund fund balance to support Durham Technical Community College capital projects for a new Applied Technology building and the renovation of the existing Newton Building. The increase is needed to offset cost resulted from the overall construction market. Estimate actual construction costs have increased since the original project were developed in 2015. The economic factors that have resulted in rising construction costs have impacted both residential and commercial construction projects.

Background/Justification

Durham Technical Community College requests an additional \$4 million in county funds to support the construction of the new Applied Technology building and the renovation of the existing Newton Building. The original project cost totaled \$22,061,016 and was funded by a combination of local and state funds. Of this amount, \$18 million was funded from the 2016 bond referendum. Due to the construction market factors, project costs are above the original budget projections.

Original plans for the Applied Technology building included construction of a 50,000-foot facility and significant renovation of the existing Newton Industrial and Engineering Technologies building on the main campus. During planning and design, plans for the new building were scaled back to the current proposed 40,000 building, and modifications to the Newton Building have been revised as well. Even with those revisions, the most recent revised budget for the project totals approximately \$26 million. DTCC will use a Construction Manager at Risk (CMR) for project completion.

The Durham Technical Community College Board of Trustees supports the request for additional funds from the County. Upon authorization of the additional pay as you go funds, the project moves forward for review and approval by the State Board of Community Colleges and construction oversight by the Office of State Construction. Although Pay as You Go funds will address the budget gap due to increased construction costs, the actual funds will not occur until fiscal year 2019-20. At the time, the county may use an alternative local funding source if its deemed more appropriate. Using best financial practices, state and local bond funds will be used first to pay for capital project expenses, with pay as you go expenditures occurring as the final funding stream.

The final design document for the Applied Technology building and renovation of the existing Newton Building were submitted to the Office of State Construction for review on June 13, 2018. Approval of the schematic design of the Applied Technology building and renovation of the existing Newton Building will require the approval of a revised budget by the State Board of Community Colleges. Durham Technical Community College seeks \$2 million in PAYG funds in the 2019-2020 fiscal year and an additional \$2 million in the 2020-2021 fiscal year.



Fiscal Impact

Capital Financing Plan Fund fund balance will be used to support project expense. Funding would be needed in fiscal years 2020 and 2021. Original project funding occurred primarily from the 2016 Durham County bond referendum and state bond dollars.

Recommendation

The County Manager recommends the approval of the request for \$4 million in Capital Financing Plan Fund fund balance to support the DTCC capital project. Pay as You Go funds would be used to support the expense in fiscal years 2020 and 2021.