

## **Capital Project for the Fleet Service Motor Pool Renovation and Expansion Project**

### **JOINT FINANCE AND AUDIT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE**

**February 12, 2010**

The University's Fleet Services unit has undertaken an improvement of the motor pool building to better serve University customers and employees by bringing the facility up to date. The project includes additional space of about 4,500 gross square feet for two new wash bays and a new office addition with minor renovations to the existing space. The project was initiated in 2007 with a \$100,000 design effort which resulted in an estimated total project scope and cost that was under the definition of a capital project (any undertaking less than 5,000 gross square feet and/or costs less than \$1 million).

In fiscal year 2008, Fleet Services received an internal loan from the University of \$900,000 to complete the project with total costs, including design, not to exceed \$1 million. The construction was competitively bid with a final price that resulted in a total project budget of \$998,896, including design and a two percent contingency. During construction in 2009, the General Contractor encountered several unforeseen site conditions, including the size of existing sanitary lines, the location of existing storm lines, and the location of fuel lines for gas pumps that required unbudgeted changes to the project. The changes involved abandonment of existing lines and rerouting lines to accommodate the new facility, as well as some changes to equipment installations within the building to accommodate the new line locations. The impact of these unforeseen conditions is change orders to the contract that add \$77,104 to the total project costs which result in a revised total cost of \$1.076 million.

The Fleet Services Motor Pool Renovation and Expansion project, as originally initiated, was below the scope and cost thresholds for projects needing capital approval. Upon determining that costs would exceed the original budget and capital cost threshold, the University is requesting Board of Visitors' approval for a \$1.076 million capital project authorization to appropriately administer and closeout the project. The University has developed a funding plan that includes an internal loan serviced by Fleet Services recoveries, to be repaid over ten years, to fully support the project costs.

Under the 2006 Management Agreement between the Commonwealth of Virginia and the University, the Board of Visitors has the authority to approve the budget, size, scope, debt issuance, and overall funding of nongeneral fund capital outlay projects. This request is for a project authorization for the Fleet Services Motor Pool Renovation and Expansion project.

**RESOLUTION ON CAPITAL PROJECT FOR THE  
FLEET SERVICE MOTOR POOL RENOVATION AND EXPANSION**

**WHEREAS**, Fleet Services has undertaken a renovation and expansion of their motor pool building to better serve University customers and employees; and,

**WHEREAS**, the original total project scope and cost estimate, inclusive of design, construction, and contingencies, were less than 5,000 gross square feet and less than \$1 million; and,

**WHEREAS**, the original contracts for design and construction, inclusive of contingencies, and all related project administration costs resulted in total project costs of less than \$1 million; and,

**WHEREAS**, during construction, the General Contractor encountered unforeseen site conditions related to sanitary, storm, and fuel lines that required unbudgeted changes to the project; and,

**WHEREAS**, the impact of these unforeseen conditions is change orders to the contract that add \$77,104 to the total project costs that result in a revised total cost of \$1.076 million; and

**WHEREAS**, upon determining that costs would exceed the original budget and capital cost threshold, the University is requesting a Board of Visitors' approval for a \$1.076 million capital project authorization to appropriately administer and closeout the project; and

**WHEREAS**, the Fleet Services Motor Pool program and Finance have worked together to develop funding plan to fully support the costs with nongeneral fund resources; and,

**WHEREAS**, the University has developed a funding plan that includes an internal loan serviced by Fleet Services recoveries, to be repaid over ten years; and,

**WHEREAS**, under the 2006 Management Agreement between the Commonwealth of Virginia and the University, the Board of Visitors has authority to approve the budget, size, scope, debt issuances, and overall funding of nongeneral funded major capital outlay projects;

**NOW, THEREFORE BE IT RESOLVED**, that the University be authorized to establish a \$1.076 million capital project authorization to complete the Fleet Services Motor Pool Renovation and Expansion project.

**RECOMMENDATION:**

That the resolution authorizing Virginia Tech to complete the Fleet Services Motor Pool Renovation and Expansion project be approved.

March 22, 2010