

**UNIVERSITY OF MARYLAND, BALTIMORE
FY 2020 CAPITAL BUDGET TESTIMONY**

**Senate Budget and Taxation Capital Budget Subcommittee – March 11, 2019
House Appropriations Capital Budget Subcommittee – March 12, 2019**

Jay A. Perman, MD

President

University of Maryland, Baltimore

Good afternoon. I first want to thank you for your continuing support of the University of Maryland, Baltimore. Your support has enabled UMB to be an excellent institution with highly productive, energetic faculty, students and staff.

I am pleased to share that as a result of prior capital funding, the construction of our Health Sciences Facility III was completed in 2018 and substantially occupied. This includes housing 47 Principal Investigators, which account for \$38 Million in annual research funding.

UMB's Fiscal Year 2020 capital request is for the next phase of funding for the **Central Electric Substation and Electrical Infrastructure** project. As I have stated for the past several years, this project is critical to the day to day operations of the campus facilities and until it is completed, the threat of a major electrical outage impacting research, patient care and education will be present. So, I thank you for including approximately \$13.2 million in this year's budget. This is a valuable contribution toward addressing our deferred maintenance backlog, and is consistent with our commitment to facilities renewal efforts.

I would like thank the Legislative Analyst, Ms. Baker, for her very thorough review of UMB's capital request and will now address her question.

QUESTION: Bids came in higher than expected leading to a reevaluation on how they are going to proceed. The President should comment on the options being considered and the impact of unexpected higher costs will have on the project.

The only portion of the bids that came in higher than expected was for the duct bank which is a small portion, less than 10%, of the Phase 1 scope. The vast majority of the Phase 1 scope will be bid for the first time in May. We believe the contributing factors to the higher than expected duct bank bids include rapidly increasing labor costs as well as the increased cost of raw materials including steel and aluminum as a result of recent tariffs.

Due to the higher than expected bid pricing, we will be re-bidding the work and intend to get more competitive pricing by bidding to a wider pool of contractors. We are also modifying the duct bank design to include reducing the use of rebar, to be in accordance with industry standards, which should further reduce costs. Finally, we will be bundling the sub-station project with two other electrical upgrade projects on campus in order to achieve further economies of scale.