

**AUTHORIZATION TO INCREASE THE COST OF PHASE I OF THE CAMPUS HOUSING FACILITIES' MASTER PLAN, INCLUDING CONSTRUCTION OF TWO NEW APARTMENT BUILDINGS AND DEMOLITION OF DEROY APARTMENTS, AS APPROVED BY THE BOARD OF GOVERNORS ON SEPTEMBER 23, 2016**

**Recommendation**

It is recommended that the Board of Governors approve an increase in the costs of Phase I activities of the Campus Housing Facilities' Master Plan of 4.6% or \$5,179,695 for a new total for Phase I activities of \$119,109,695. The total cost of master plan phase I activities will be funded and completed by the WSU-Corvias Campus Living Partnership from bond proceeds available from an April 2017 new debt issuance by the partnership.

**Background**

At the September 23, 2016 Board of Governors meeting, the Board approved a project cost not to exceed \$113,930,000 for Phase I activities of the Campus Housing Facilities' Master Plan to include the construction of two new apartment buildings on Anthony Wayne Drive and the demolition of the Helen L. DeRoy Apartments also on Anthony Wayne Drive.

Since September 2016, the design of the new Anthony Wayne Drive Apartments has continued to evolve and costs have become more specific through a design-build process of engaging with bidders as components of the buildings are designed, which has resulted in an overall increase in the construction cost. The most significant issue encountered was the discovery of a Detroit Water and Sewerage Department large, deeply-buried main sewer line along the west side of the site that drains much of northern Wayne County and parts of Oakland County, that caused a re-design of the footprints of the buildings." To avoid building over this line, the buildings had to become thinner and longer on the site, adding cost as the square footage of the building increased to accommodate the same number of occupants.

The design build process since September 2016 has also provided specific costs for the major building components. The competitive nature of materials and labor in the current Detroit construction market has increased costs beyond the September 2016 construction estimates.

Overall, the construction cost of the Anthony Wayne Drive Apartments has increased \$7,017,064 or 6.96%. That increase has been mitigated by a reduction in project management fees and contingency set-asides of \$1,837,369 or -31.4% as the final design and construction costs have been confirmed. The overall design fees and the demolition costs for DeRoy Apartments have not changed, as reflected in the revised project budget below:

## Project Budget

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	<b>Project</b> <i>(as of August 31, 2016)</i>	<b>Revised Project</b> <i>(as of March 15, 2017)</i>
<b>1 Funding Source</b>		
2 April 2017 Bond Issue: WSU-CCL Partnership	<u>\$ 113,930,000</u>	<u>\$ 119,109,695</u>
<b>3 TOTAL SOURCES:</b>	<b>\$ 113,930,000</b>	<b>\$ 119,109,695</b>
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<b>4 Expenditures Plan</b>		
5 Design Fees	\$ 4,400,000	\$ 4,400,000
6 Construction - Anthony Wayne Drive I & II	\$ 100,860,000	\$ 107,877,064
7 Demolition - Helen DeRoy Apartments	\$ 2,825,000	\$ 2,825,000
8 Project Management / Contingency	\$ 5,845,000	\$ 4,007,631
<b>9 TOTAL EXPENDITURES:</b>	<b>\$ 113,930,000</b>	<b>\$ 119,109,695</b>

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