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Senate Concurrent Resolution 28 (as reported without amendment)
Sponsor: Senator Shirley Johnson
Committee: Appropriations

CONTENT

The Joint Capital Outlay Subcommittee has approved Senate Concurrent Resolution 28, which would increase the total authorized cost of the Riverside Correctional Facility Power Plant Automation project by \$1.5 million from \$3.0 million to \$4.5 million. The project entails the renovation of the power plant and the replacement of a more-than-50-year-old coal-fired boiler with a new automated, gas-fired boiler intended to improve efficiency and cost of operation.

The project was authorized for construction in Public Act 193 of 2003 with an estimated total project cost of \$3.0 million. Construction bids for the project were opened on July 27, 2005, with all acceptable bids coming in higher than the authorized cost. The Department of Management and Budget (DMB) attributes the cost escalation to three main factors:

- 1) The original \$3.0 million authorization was below the 2001 planning and design document estimates of \$3.5 million.
- 2) The required phasing of the renovations to the existing boiler in order to maintain normal operations placed upward pressure on project costs.
- 3) Inflationary increases in construction and equipment costs since the original 2001 estimates adversely affected project costs.

The DMB believes that a second bidding and adjustments to the project phasing and schedule to concentrate renovation to the summer months when the existing power plant is at its lowest operational capacity will result in more favorable bid pricing.

| Fund Source | Current Authorization | Requested Change | Revised Authorization |
|--------------------------|-----------------------|------------------|-----------------------|
| State Building Authority | \$3,000,000 | \$1,500,000 | \$4,500,000 |

FISCAL IMPACT

The increased cost in the bill would be paid from bond proceeds issued by the State Building Authority. It is anticipated that the increased rental payments made by the State to the State Building Authority because of the increased project cost will be approximately \$150,000 per year, for the life of the rental obligation, typically 12-15 years.

Date Completed: 9-28-05

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