

FY 2011-2012 CAPITAL OUTLAY APPROPRIATIONS
Summary: As Reported by House Appropriations Committee
House Bill 5541 (H-1)



Capital Outlay Analyst: Robin R. Risko

Budget Area	Executive		HB 5541 (H-1)	
	Gross	GF/GP	Gross	GF/GP
Capital Outlay	\$1,800	\$1,800	\$1,800	\$1,800
TOTAL	\$1,800	\$1,800	\$1,800	\$1,800

OVERVIEW

HB 5541 (H-1) includes construction authorization for 18 public university and community college capital outlay projects. Construction authorization is included for 9 of 15 universities and 9 of 28 community colleges. Traditionally, universities finance 25% of a project's total costs and the state finances 75%. However, in recent years, the state share has been capped - \$40.0 million in FY 2008 and \$30.0 million in FY 2010. In HB 5541 (H-1), the state share is capped at \$30.0 million. Community colleges finance 50% of a project's total costs and the state finances 50%.

The total estimated long-term cost of projects contained in HB 5541 (H-1) is \$613.1 million. The total state share of project costs is \$304.5 million. The total university/community college share is \$308.7 million. Rental rates are typically between 7% and 9% per year. The actual true market rent amount is determined for each project when the project is completed and has been independently appraised. With the total state share being \$304.5 million, the debt service payments for these projects is estimated to be between \$21.3 million and \$27.4 million GF/GP per year until the bonds are retired, in approximately 15 to 17 years from when they are issued.

Current annual debt service payments made by the state to the State Building Authority are appropriated in the General Government appropriations bill and total \$256.9 million for FY 2011-12. Between approximately \$100.0 and \$125.0 million is paid per year toward the debt obligation for capital outlay projects already completed.

HB 5541 (H-1) is identical to the FY 2012-13 Executive recommendation.

ADDITIONAL BACKGROUND INFORMATION

Public Act 329 of 2010 contained planning authorization for 20 projects - 10 projects at universities and 10 projects at community colleges. The total estimated cost of projects contained in Public Act 329 of 2010 was \$909.3 million, with the state share being \$327.1 million and the university/community college share being \$582.2 million.

The FY 2012-13 Executive recommendation included construction authorization for 18 of those 20 projects. According to the Department of Technology, Management, and Budget, Lake Superior State University (LSSU) was not ready to submit program statements and schematics by the November 3, 2011 due date, so was not included in the Executive recommendation. Macomb Community College did not submit the documentation required for construction authorization for the project that was approved for planning in Public Act 329 of 2010. Instead, they changed their priority request to a different project. The Executive recommendation included revisions to several of the project's total cost estimates and revisions to a number of the project's scopes.

The difference between total project costs in Public Act 329 of 2010 and total project costs in HB 5541 (H-1) is a reduction of \$296.2 million. Besides the elimination of projects for LSSU and Macomb, there were substantial reductions made to project costs for Michigan State University, the University of Michigan-Ann Arbor, and Wayne State University, as well as reductions for Northern Michigan University and Alpena Community College. Cost increases were included for Central Michigan University and Grand Rapids Community College.

Public Act 183 of 1964, as amended by Public Act 127 of 1997, limits the amount of debt that can be outstanding at any one time to \$2.7 billion. Disregarding the projects contained in Public Act 329 of 2010, because of the number of revisions to total project costs since that legislation was enacted, the available bond capacity below the statutory bond cap is at about \$1,049.3 billion. With the addition of debt obligation to the state as a result of projects in HB 5541 (H-1), the available bond capacity would be reduced to approximately \$744.8 million.

The following documents are attached:

- 1) Chart showing differences between Public Act 329 of 2010 and HB 5541 (H-1).
- 2) Summary of projects contained in HB 5541 (H-1).

CAPITAL OUTLAY CONSTRUCTION AUTHORIZATIONS
Differences between Public Act 329 of 2010 and HB 5541 (H-1)

Institution	Project Name	Public Act 329 of 2010			HB 5541 (H-1)			Difference		
		Total	State Share	Institution	Total	State Share	Institution	Total	State Share	Institution
Central Michigan University	Bio-Science Building	\$75,000.0	\$30,000.0	\$45,000.0	\$89,420.0	\$30,000.0	\$59,420.0	\$14,420.0	\$0.0	\$14,420.0
Grand Valley State University	Science Lab, Classroom and Office Building (revised title)	\$55,000.0	\$30,000.0	\$25,000.0	\$55,000.0	\$30,000.0	\$25,000.0	\$0.0	\$0.0	\$0.0
Lake Superior State University	School of Business Building South Hall Renovations and Additions (revised title)	\$20,000.0	\$15,000.0	\$5,000.0	\$0.0	\$0.0	\$0.0	(\$20,000.0)	(\$15,000.0)	(\$5,000.0)
Michigan State University	Bio-engineering Facility (revised title)	\$193,600.0	\$30,000.0	\$163,600.0	\$40,340.2	\$30,000.0	\$10,340.2	(\$153,259.8)	\$0.0	(\$153,259.8)
Northern Michigan University	Jamrich Hall Replacement (revised title)	\$33,900.0	\$25,425.0	\$8,475.0	\$33,400.0	\$25,050.0	\$8,350.0	(\$500.0)	(\$375.0)	(125.0)
Oakland University	Engineering Center	\$74,551.7	\$30,000.0	\$44,551.7	\$74,551.7	\$30,000.0	\$44,551.7	\$0.0	\$0.0	\$0.0
University of Michigan-Ann Arbor	G. G. Brown Memorial Laboratories Renovation	\$64,000.0	\$30,000.0	\$34,000.0	\$47,000.0	\$30,000.0	\$17,000.0	(\$17,000.0)	\$0.0	(\$17,000.0)
University of Michigan-Dearborn	Science and Computer Information Science Building Renovations	\$51,000.0	\$30,000.0	\$21,000.0	\$51,000.0	\$30,000.0	\$21,000.0	\$0.0	\$0.0	\$0.0
University of Michigan-Flint	Murchie Science Laboratory Building Renovations	\$22,170.0	\$16,627.5	\$5,542.5	\$22,170.0	\$16,627.5	\$5,542.5	\$0.0	\$0.0	\$0.0
Wayne State University	Multidisciplinary Bio-medical Research Building	\$200,000.0	\$30,000.0	\$170,000.0	\$90,414.7	\$30,000.0	\$60,414.7	(\$109,585.3)	\$0.0	(\$109,585.3)
Alpena Community College	Electrical Power Technology Education and Training Center Addition	\$4,997.5	\$2,498.8	\$2,498.8	\$4,989.6	\$2,494.8	\$2,494.8	(\$7.9)	(\$3.9)	(\$3.9)
Bay de Noc Community College	Nursing Laboratory and Lecture Hall Remodeling	\$1,500.0	\$750.0	\$750.0	\$1,500.0	\$750.0	\$750.0	\$0.0	\$0.0	\$0.0
Delta College	Health and Wellness F-Wing Renovations	\$19,984.0	\$9,992.0	\$9,992.0	\$19,984.0	\$9,992.0	\$9,992.0	\$0.0	\$0.0	\$0.0
Gogebic Community College	Building Renovations	\$1,500.0	\$750.0	\$750.0	\$1,500.0	\$750.0	\$750.0	\$0.0	\$0.0	\$0.0
Grand Rapids Community College	Cook Academic Hall Renovations	\$10,000.0	\$5,000.0	\$5,000.0	\$14,255.4	\$5,000.0	\$9,255.4	\$4,255.4	\$0.0	\$4,255.4
Jackson Community College	Bert Walker Hall Renovations (revised title)	\$19,500.0	\$9,750.0	\$9,750.0	\$19,500.0	\$9,750.0	\$9,750.0	\$0.0	\$0.0	\$0.0
Lansing Community College	Arts and Sciences Building Renovations	\$19,950.0	\$9,975.0	\$9,975.0	\$19,950.0	\$9,975.0	\$9,975.0	\$0.0	\$0.0	\$0.0
Macomb Community College	South Campus C-Building Renovations (revised title)	\$14,500.0	\$7,250.0	\$7,250.0	\$0.0	\$0.0	\$0.0	(\$14,500.0)	(\$7,250.0)	(\$7,250.0)
Mid-Michigan Community College	Mt. Pleasant Campus Unification	\$17,704.6	\$8,852.3	\$8,852.3	\$17,704.6	\$8,852.3	\$8,852.3	\$0.0	\$0.0	\$0.0
North Central Michigan College	Health Education and Science Center Project	\$10,428.4	\$5,214.2	\$5,214.2	\$10,428.4	\$5,214.2	\$5,214.2	\$0.0	\$0.0	\$0.0
TOTAL		\$909,286.2	\$327,084.7	\$582,201.4	\$613,108.6	\$304,455.8	\$308,652.8	(\$296,177.6)	(\$22,628.9)	(\$273,548.7)

FY 2011-12 Capital Outlay Projects:

Executive HB 5541

CAPITAL OUTLAY - CONSTRUCTION AUTHORIZATIONS

1. *Central Michigan University - Bio-Science Building*

Total project cost is \$89.4 million. University share is \$59.4 million; state share is \$30.0 million. Project involves construction of a new 157,934 sq. ft., four-story building which will provide state-of-the-art research and learning spaces and will house a 225-seat lecture hall, classrooms, teaching laboratories, primary research laboratories, faculty and research offices, vivarium, herbarium, isotope laboratory, and imaging center. New research laboratories will have required infrastructure and technology to promote joint projects involving basic and medical sciences. Funding for university's share of project costs will be made available through private donations and debt supplemented by university capital funds. Estimated completion date is January 2016.

Gross \$100 \$100
GF/GP \$100 \$100

2. *Grand Valley State University - Science Laboratory, Classroom and Office Building*

Total project cost is \$55.0 million. University share is \$25.0 million; state share is \$30.0 million. Project involves construction of a new 144,713 sq. ft., four-story laboratory and faculty office building which will provide space for teaching laboratories, research laboratories, general classrooms, faculty offices, conference rooms, and building support, on the Allendale campus. Funding for university's share of project costs will be made available through private donations, university capital, and bond issuance. Estimated completion date is August 2015.

Gross \$100 \$100
GF/GP \$100 \$100

3. *Michigan State University - Bio-engineering Facility*

Total project cost is \$40.3 million. University share is \$10.3 million; state share is \$30.0 million. Project involves construction of a new 67,505 sq. ft., three-story facility, plus mechanical rooftop penthouse, focused on multidisciplinary research in bio-engineering and engineering health sciences. New building will consist of laboratories, space for office functions, and team breakout areas. Funding for university's share of project costs will be made available through university resources and, if necessary, through bond issuance. Estimated completion date is January 2015.

Gross \$100 \$100
GF/GP \$100 \$100

4. *Northern Michigan University - Jamrich Hall Replacement*

Total project cost is \$33.4 million. University share is \$8.35 million; state share is \$25.05 million. Project involves construction of a new 128,103 sq. ft., three-story facility which will replace the primary general classroom building. New building will provide classrooms with a seat capacity sized to match enrollment. High tech, flexible learning spaces will support active learning, and academic department office space will be located close to classrooms and other departments. Funding for university's share of project costs will be made available through industry contributions, foundation funding, and bond issuance. Estimated completion date is July 2014.

Gross \$100 \$100
GF/GP \$100 \$100

5. *Oakland University - Engineering Center*

Total project cost is \$74.6 million. University share is \$44.6 million; state share is \$30.0 million. Project involves construction of a new 128,428 sq. ft. Engineering Center and renovation of 15,000 sq. ft. of vacated space in Dodge Hall, Hannah Hall, and the Science and Engineering Building. This will provide for the consolidation of engineering and computer science programs, which were previously located in five campus facilities. New facility will support five general classrooms and 32 laboratories. Funding for university's share of project costs will be made available through private donations and, if necessary, through bond issuance. Estimated completion date is December 2014.

Gross \$100 \$100
GF/GP \$100 \$100

6. *University of Michigan-Ann Arbor - G.G. Brown Memorial Laboratories Renovation*

Total project cost is \$47.0 million. University share is \$17.0 million; state share is \$30.0 million. Project involves major renovations and infrastructure upgrades to 27,400 sq. ft. of space. Classrooms, offices, instructional laboratories, and research laboratories will be upgraded and brought to standards. Project includes fire detection and alarm systems, fire suppression, ADA upgrades, primary electrical power system upgrades, and replacement of exterior windows. Funding for university's share of project costs will be made available through fundraising activities and central administration sources. Estimated completion date is April 2015.

Gross \$100 \$100
GF/GP \$100 \$100

7. *University of Michigan-Dearborn - Science and Computer Information Science Building Renovations*

Total project cost is \$51.0 million. University share is \$21.0 million; state share is \$30.0 million. Project involves complete renovation of Science Building and renewal of shared infrastructure with Computer Information Science Building. Scope of renovation encompasses 94,600 sq. ft. and will include replacing all roofs, interior and exterior walls, and ceilings and floor finishes. New mechanical penthouse will be constructed and all major mechanical systems will be replaced. Two new elevators and a new loading dock will be added. Funding for university's share of project costs will be made available through bond issuance and/or private donations. Estimated completion date is August 2015.

Gross \$100 \$100
GF/GP \$100 \$100

FY 2011-12 Capital Outlay Projects:**Executive** **HB 5541****8. University of Michigan-Flint - Murchie Science Laboratory Building Renovations**

Gross	\$100	\$100
GF/GP	\$100	\$100

Total project cost is \$22.2 million. University share is \$5.5 million; state share is \$16.7 million. Project involves renovation of 50,499 sq. ft. of space which will focus on updating instructional lab space. Project represents first phase of a multi-phase effort to transform the 117,000 sq. ft. building into a modern facility for science instruction and research. Funding for university's share of project costs will be made available through fundraising activities and central administration sources. Estimated completion date is April 2015.

9. Wayne State University - Multidisciplinary Bio-medical Research Building

Gross	\$100	\$100
GF/GP	\$100	\$100

Total project cost is \$90.4 million. University share is \$60.4 million; state share is \$30.0 million. Project involves construction of a new 196,553 sq. ft. research facility to enable the University to participate in the National Institutes of Health Clinical Translational Science Award funding and initiatives. Facility will support needs of 48-50 principal investigator teams with wet labs, dry computational labs, core and shared lab support functions, vivarium, and program and building support. Project involves redevelopment of a 2.75 acre city block that is currently vacant in Midtown Detroit, with renovation and re-purpose of the former Dalgleish Cadillac Dealership and a 78,000 sq. ft. addition. Funding for university's share of project costs will be made available through bond issuance and from an amount yet to be determined that will be reimbursed to the University by Henry Ford Health System for its portion of the project. Estimated completion date is January 2015.

10. Alpena Community College - Electrical Power Technology Education and Training Center Addition

Gross	\$100	\$100
GF/GP	\$100	\$100

Total project cost is \$5.0 million. College share is \$2.5 million; state share is \$2.5 million. Project involves construction of a 19,459 sq. ft. addition and a 1,500 sq. ft. renovation to the World Center for Concrete Technology in order to expand capacity for the Utility Technology program. New center will provide classrooms, equipment labs, faculty offices, and bays for bucket trucks and other heavy equipment. New center will house programs for technicians for occupations in wind turbine, solar power, biomass fuel, hydroelectric, geothermal, fiber optic, clean coal combustion, and power plant industries. Funding for college's share of project costs will be made available through appeals to major electrical power entities, a capital campaign, and millage proposal, and, if necessary, from the sale of property. Estimated completion date is February 2013.

11. Bay de Noc Community College - Nursing Laboratory and Lecture Hall Remodeling

Gross	\$100	\$100
GF/GP	\$100	\$100

Total project cost is \$1.5 million. College share is \$750,000; state share is \$750,000. Project involves renovation of 11,685 sq. ft. of existing space in the Health and Applied Technology Center for the purpose of creating two new nurse laboratories, a simulation laboratory, renovated classrooms, lecture hall, and support areas. Funding for college's share of project costs will be made available through private contributions. Estimated completion date is based on a 12-month design and construction schedule.

12. Delta College - Health and Wellness F-Wing Renovations

Gross	\$100	\$100
GF/GP	\$100	\$100

Total project cost is \$20.0 million. College share is \$10.0 million; state share is \$10.0 million. Project involves renovating 91,484 sq. ft. of space to be able to accommodate a health promotions and awareness clinic, multi-disciplinary health laboratory, multi-discipline simulation rooms, critical care simulation area, and multi-media laboratory/video slide room. Improvements will be made to enhance student and public accessibility, specifically elevator and restroom upgrades, signage, site lighting, and upgrades to emergency/essential power and lighting systems. Project involves addition of 950 sq. ft. to accommodate a hospital-size elevator to service the building. Funding for college's share of project costs will be made available through private capital contributions and, if necessary, from college general fund. Estimated completion date is August 2013.

13. Gogebic Community College - Building Renovations

Gross	\$100	\$100
GF/GP	\$100	\$100

Total project cost is \$1.5 million. College share is \$750,000; state share is \$750,000. Project involves construction of a new 6,860 sq. ft. second floor in-fill over the auto shop in the Kleimola Technical Building. Additional capacity will provide for two 50-seat classrooms, two 30-seat classrooms, three faculty offices, and a conference room. Instructional spaces for automotive technology will be adjacent to existing laboratories. Funding for college's share of project costs will be made available through college's restricted site fund. Estimated completion date is March 2014.

14. Grand Rapids Community College - Cook Academic Hall Renovations

Gross	\$100	\$100
GF/GP	\$100	\$100

Total project cost is \$14.3 million. College share is \$9.3 million; state share is \$5.0 million. Project involves renovating 98,370 sq. ft. of space, on floors two through five, to house the Nursing and Allied Health programs. Classrooms, labs, and simulation laboratories will be added to accommodate increased enrollment. Code upgrades will be made to stairwells and elevators, and mechanical chiller and electrical infrastructure equipment will be replaced. Funding for college's share of project costs will be made available through fundraising, plant fund reserves, and federal Perkins Vocational Equipment funds. Estimated completion date is September 2014.

FY 2011-12 Capital Outlay Projects:

15. Jackson Community College - Bert Walker Hall Renovations

Total project cost is \$19.5 million. College share is \$9.75 million; state share is \$9.75 million. Project involves renovation of 57,000 sq. ft. and the addition of 29,750 sq. ft. to Bert Walker Hall to house an expanded Foundation Studies program, as well as serve as the college's new Center for Student Support Services. New center will provide a one-stop location for assessment, admissions, financial aid, registration, records, academic support, student organizations, recruitment, job placement, orientation, counseling, developmental education, and services for patrons with disabilities. New facility will include general purpose classrooms, adjunct faculty offices, and foundation services. Funding for college's share of project costs will be made available through the general operations budget. Estimated completion date is September 2013.

	<u>Executive</u>	<u>HB 5541</u>
Gross	\$100	\$100
GF/GP	\$100	\$100

16. Lansing Community College - Arts and Sciences Building Renovations

Total project cost is \$20.0 million. College share is \$10.0 million; state share is \$10.0 million. Project involves renovation of 151,000 sq. ft. of space. First floor will be converted to a "student court", consolidating a variety of academic support services into a one-stop, including tutorial services, Academic Resources Center, arithmetic boost, science help desk, and language skills lab. Second and third floor renovations will support classrooms and faculty offices for the English, Humanities, and Math programs. One-half of the third and fourth floors will add new laboratory and prep spaces for Chemistry, Biology, Anatomy, and Physiology programs. Funding for college's share of project costs will be made available through college reserves and bond issuance. Estimated completion date is August 2013.

Gross	\$100	\$100
GF/GP	\$100	\$100

17. Mid-Michigan Community College - Mt. Pleasant Campus Unification

Total project cost is \$17.7 million. College share is \$8.85 million; state share is \$8.85 million. Project involves construction of a new 101,015 sq. ft. Center for Academic and Business Studies, linked to, and integrated with the Student Services Center and the existing Doan Building. This will consolidate all Mt. Pleasant operations onto one site. Arts and science instruction, student and academic support services, library and media services, economic development services, and specific occupational instruction will be relocated to new site. Building components will include open bay training labs, nursing skill labs, computer labs, lecture halls, general classrooms, specialty classrooms, student study areas, multi-purpose meeting/conference rooms, interactive television room, faculty and administrative offices, teaching and learning center for faculty, maintenance space and storage, and mechanical rooms. Funding for college's share of project costs will be made available through existing resources, gifts, and grants, and, if necessary, through bond issuance. Estimated completion date is August 2014.

Gross	\$100	\$100
GF/GP	\$100	\$100

18. North Central Michigan College - Health Education and Science Center Project

Total project cost is \$10.4 million. College share is \$5.2 million; state share is \$5.2 million. Project involves construction of a new 28,420 sq. ft. Science Center and renovation of 17,000 sq. ft. of space in the Science and Chemistry Buildings. New center will provide science laboratories and related support spaces, classrooms, offices and storage, server farm for entire college, computer labs, reception area, lobby, student commons area, and connector space. Renovations to Science and Chemistry Building will be made to general purpose classrooms, faculty offices, faculty office hotel (for use by adjunct professors), and nursing and allied health labs and support space. Also, existing buildings will receive upgraded mechanical, electrical, and technology systems. Funding for college's share of project costs will be made available through internal sources and, if necessary, through bond issuance. Estimated completion date of new construction is August 2012. Estimated completion date of renovations is December 2012.

Gross	\$100	\$100
GF/GP	\$100	\$100

FY 2011-12 Boilerplate Items:

Boilerplate provisions in HB 5541 (H-1) are generally consistent with the Executive recommendation, but do not incorporate capital outlay process reform language that was recommended by the Executive.

GENERAL SECTIONS

Sec. 201. Total State Spending

Specifies total state spending and state spending from state resources to be paid to local units of government.

Sec. 202. Subjects Appropriations to PA 431

Subjects appropriations to the Management and Budget Act, 1984 PA 431.

Sec. 203. Acronyms and Definitions

Defines acronyms and other references used throughout the bill.

FY 2011-12 Boilerplate Items:

Sec. 204. Buy American

Prohibits funding from being used to purchase foreign goods or services if American goods or services, that are competitively priced and of comparable quality, are available.

Sec. 205. Use of Internet for Reports

Requires use of the Internet for fulfilling reporting requirements.

CAPITAL OUTLAY PROCESSES, PROCEDURES AND REPORTS

Sec. 401. Project Compliance With PA 431

Requires capital outlay projects to comply with procedures required by the Management and Budget Act, 1984 PA 431.

Sec. 402. Operating Costs

Requires a statement of proposed operating costs to be included with a facility's program statement and planning documents.

Sec. 403. Final Planning and Construction Requirements

Outlines certain administrative provisions that community colleges and universities must comply with prior to capital outlay projects proceeding to the final planning and construction phase.

Sec. 404. Required Reports

Requires DTMB to report on the status of each planning and construction project financed by the State Building Authority (SBA) and to report accounting information for capital outlay projects.

Sec. 405. Matching Requirements

Requires state agencies, community colleges, and universities to take steps to make federal and other revenues available for purposes of appropriations and to use any revenues obtained to meet matching requirements; requires revenues received to be applied to the total project cost, with state, community college, and university financing shares proportionately adjusted.

Sec. 406. 5-Year Plans and Priority Requests

Requires DTMB to submit 5-year capital outlay plans and capital outlay priority project requests to the Joint Capital Outlay Subcommittee and the fiscal agencies.

COLLEGES AND UNIVERSITIES

Sec. 601. Community College Projects

Lists provisions related to authorizations for community college capital outlay projects.

Sec. 602. Reduced State Funds

Authorizes the reduction of state appropriations if matching revenues received are less than anticipated.

Sec. 603. Required Documentation

Authorizes DTMB to require documentation regarding project match and board approval from community colleges and universities which have authorized capital outlay projects.