

**FY 2015-16: CAPITAL OUTLAY
Summary: Conference Report
Article II, House Bill 5294 (H-1) CR-1**



Capital Outlay Analyst: Ben Gielczyk

Budget Area	Gross	GF/GP
Capital Outlay – Planning Authorizations	\$1,500	\$1,500
Capital Outlay – Construction Authorizations	100	100
SUBTOTAL	\$1,600	\$1,600
Capital Outlay Planning Grant	\$500,000	\$500,000
TOTAL	\$501,600	\$501,600

Overview

House Bill 5294, Article II contains \$1,500 GF/GP for 15 planning authorizations, \$100 GF/GP for one construction authorization, and \$500,000 GF/GP for one planning grant. Traditionally, universities finance 25% of a project's costs and the state finances 75%; community colleges finance 50% of a project's costs and the state finances 50%. State agency projects are covered 100% from state resources. In recent years, the state share has been capped at \$30.0 million.

The total cost of the planning authorizations contained within House Bill 5294, Article II is \$491.7 million, with a state share of \$232.7 million and an institution share of \$259.1 million. The current available capacity below the statutory bond cap is approximately \$922.3 million. Annual rental rates are typically between 7% and 9% of the total state share per year. With the total state share being \$232.7 million, the annual debt service payments for these projects is estimated to be between \$16.3 million and \$20.9 million GF/GP over 15 to 17 years. To proceed with state financing, the projects would need to receive construction authorization in a subsequent appropriation act. Institutions have 2 years following the fiscal year in which the project received planning authorization to receive construction authorization.

House Bill 5294, Article II includes a construction authorization for the Ferris State University – Swan Building Annex Renovation approved for planning authorization in 2015 PA 241. Total project cost is \$30.0 million; university share is \$7.5 million; and state share is \$22.5 million. Annual debt service payments for this project are estimated to be between \$1.6 million and \$2.0 million GF/GP over 15 to 17 years.

House Bill 5294, Article II also includes a \$500,000 GF/GP planning grant for the DHHS – Caro Center modernization. No current cost estimate exists for the project; however, once a suitable space is identified a project cost would be estimated. Construction authorization would be required for the project to proceed.

FY 2015-16 Supplemental Appropriation Items

**Appropriation
Change**

CAPITAL OUTLAY – PLANNING AUTHORIZATIONS

1. Central Michigan University – Center for Integrated Health Studies

Total project cost is \$26.0 million. University share is \$6.5 million; state share is \$19.5 million. The project would involve the construction of a 62,000 sq. ft. new structure. The facility would allow the university to address needs for classroom and laboratory space for health care-related fields. The building would include mediated classrooms, dry laboratory space, at least one lecture hall auditorium, and designated student collaboration space.

Gross \$100
GF/GP \$100

2. Eastern Michigan University – Strong Hall Renovation

Total project cost is \$39.5 million. University share is \$9.9 million; state share is \$29.7 million. The project would replace outdated building systems (building envelope, mechanical, plumbing, electrical, interior systems, fire suppression, ADA accessibility, equipment, and other issues) in Strong Hall which was constructed in 1957. The 80,713 sq. ft. renovation would also provide additional instruction and research laboratories, modernized classrooms and lecture halls, and informal learning areas for physics, astronomy, geography, geology, global mapping/GIS, and geo-tourism disciplines.

Gross \$100
GF/GP \$100

<u>FY 2015-16 Supplemental Appropriation Items</u>		Appropriation Change
<p>3. Grand Valley State University – Health and Medical Sciences Laboratory and Classroom Building</p> <p>Total project cost is \$70.0 million. University share is \$41.0 million; state share is \$29.0 million. The project would consist of the construction of a 160,000 sq. ft. laboratory, classroom, and faculty office building on the GVSU Pew Grant Rapids campus. The facility would allow the university to grow current health care-related disciplines and bring online new academic programs in clinical dietetics, genetic counseling, aquatic therapy, and gross anatomy. The project would include labs, classrooms, faculty and staff offices, equipment storage and support space, conference and meeting rooms, and student study and support spaces.</p>	<p>Gross GF/GP</p>	<p>\$100 \$100</p>
<p>4. Lake Superior State University – Center for Freshwater Research and Education</p> <p>Total project cost is \$11.8 million. University share is \$3.0; state share is \$8.9 million. The project would consist of the renovation and expansion of 16,000 sq. ft. The current facility includes 3,500 sq. ft. The newly renovated building would include a visitor center, classroom space for K-12 groups, modern research space, a fish health laboratory, additional hatchery space, office space for visiting scientists, space to expand community outreach programs, ADA compliance upgrades, and high-speed data capabilities.</p>	<p>Gross GF/GP</p>	<p>\$100 \$100</p>
<p>5. University of Michigan – Ann Arbor – School of Dentistry Renovation and Addition</p> <p>Total project cost is \$122.0 million. University share is \$92.0 million; state share is \$30.0 million. The project would include the renovation of 120,000 sq. ft. (approximately 30% of existing space) and the addition of 31,000 sq. ft. (8% increase) to accommodate the school's programmatic needs. The project would upgrade outdated lab space, provide adaptable and flexible space for clinical education, and expand and improve accessibility to patient care services. The project would also include a new special needs/interprofessional care clinic with specialized facilities to treat patients with disabilities and complex medical conditions.</p>	<p>Gross GF/GP</p>	<p>\$100 \$100</p>
<p>6. University of Michigan – Dearborn – Engineering Laboratory Building Replacement</p> <p>Total project cost is \$90.0 million. University share is \$60.0 million; state share is \$30.0 million. The project would replace the existing 92,125 sq. ft. structure constructed in 1959. The structure would house electrical and computer engineering, industrial and manufacturing systems engineering, and mechanical engineering. A new facility would provide active learning studios, teaching laboratories, universal lecture capture, flipped classrooms, and spaces for student collaboration, among other state of the art upgrades. The new facility would more than double the number of classroom seats, increase the number of teaching lab seats by 38%, and more than double the number of office workstations.</p>	<p>Gross GF/GP</p>	<p>\$100 \$100</p>
<p>7. University of Michigan – Flint – Murchie Science Building Expansion</p> <p>Total project cost is \$39.0 million. University share is \$9.8 million; state share is \$29.3 million. The project would include the design and construction of an 80,000 sq. ft. addition to the Murchie Science Building. The addition would include new instructional class laboratories, interactive teaching classrooms, new faculty offices, collaboration space, a STEM tutoring and skill development center, and a general science lab for Genesee Early College.</p>	<p>Gross GF/GP</p>	<p>\$100 \$100</p>
<p>8. Western Michigan University – College of Aviation Renovation and Addition</p> <p>Total project cost is \$20.0 million. University share is \$5.0 million; state share is \$15.0 million. The project would renovate and add additional space at the existing College of Aviation located in Battle Creek. The project would address current and future enrollment needs, energy deficiencies, space appropriateness, and safety concerns by adding classrooms, composites/paint labs, simulation center, research center, student briefing rooms, office space, and improvements in energy, life safety, and accessibility codes.</p>	<p>Gross GF/GP</p>	<p>\$100 \$100</p>
<p>9. Delta College – Saginaw Center</p> <p>Total project cost is \$12.7 million. College share is \$6.4 million; state share is \$6.4 million. The project would include the construction of a new 35,000 sq. ft. facility to provide educational programming to the City of Saginaw and southeastern Saginaw County. The college currently leases a 21,000 sq. ft., 1950s era elementary school in Buena Vista. Programmatically, the facility would support general education classes, skilled trades, health care, and classes offering an entry point career options through certification. The building would provide improved technology, special use training rooms, 8-10 classrooms, science labs, and computer labs. The building would also include multipurpose rooms/labs, student services, and administrative support space.</p>	<p>Gross GF/GP</p>	<p>\$100 \$100</p>

FY 2015-16 Supplemental Appropriation Items		Appropriation Change
<p>10. Kellogg Community College – Regional Manufacturing Technology Center Renovation/Addition</p> <p>Total project cost is \$4.3 million. Community college share is \$2.2 million; state share is \$2.2 million. The project would include the renovation of approximately 40,000 sq. ft. and the addition of approximately 8,400 sq. ft. of new space. The renovation would address deficiencies in the current facility's envelope, security, plumbing, mechanical, and electrical systems. The addition would include classroom space for the Workforce Solutions/Customized training department. In addition, the project would address lifecycle issues with building finished (flooring, wall coverings, etc.).</p>	<p>Gross GF/GP</p>	<p>\$100 \$100</p>
<p>11. Monroe County Community College – Renovation of East and West Technology Buildings</p> <p>Total project cost is \$7.5 million. Community college share is \$3.8 million; state share is \$3.8 million. The project would include the renovation of exterior and interior spaces, including a number of classrooms and labs which are currently offline due to their previous use as heavy industrial teaching spaces. The resulting project would combine the twin buildings into one multi-functional facility. The renovated facility would include a student success center (includes relocation of multiple services), addition of student collaborative work spaces and commons areas, renovated classroom and lab space to support expansion of the viticulture and enology program, and renovation of the veterans lounge and office</p>	<p>Gross GF/GP</p>	<p>\$100 \$100</p>
<p>12. Muskegon Community College – Health and Wellness Center</p> <p>Total project cost is \$14.1 million. Community college share is \$8.5 million; state share is \$5.6 million. The project would include the renovation of the existing health center space (17,000 sq. ft.) and the addition of new space (60,000 sq. ft.) to increase healthy lifestyle opportunities for students and community members. The project would also include a simulation lab for students in health-related training programs and a nurse managed primary care center to provide greater health access for residents of the community.</p>	<p>Gross GF/GP</p>	<p>\$100 \$100</p>
<p>13. Northwestern Michigan College – West Hall Innovation Center Renovation and Expansion</p> <p>Total project cost is \$14.5 million. College share is \$7.2 million; state share is \$7.2 million. The project would include the renovation of 20,000 sq. ft. of an existing 50 year-old building and the addition of 18,000 sq. ft. of new space. The project would include additional learning lab classrooms, large simulation/adaptable learning labs, adaptable learning/simulation labs, a technology enhanced lab, a team based learning classroom, a tech help desk, and office space. The renovation would include upgrades to the emergency management notification system, additional barrier free restrooms, HVAC heating and cooling upgrades, and window replacements.</p>	<p>Gross GF/GP</p>	<p>\$100 \$100</p>
<p>14. Southwestern Michigan College – Nursing and Health Education Building Renovation and Expansion</p> <p>Total project cost is \$8.0 million. College share is \$4.0 million; state share is \$4.0 million. The project would include the renovation of the original 12,000 sq. ft. structure by using selective site and building demolition; replacing exterior cladding, windows, and roofing; energy efficiency upgrades; reallocation of interior spaces by removing and adding partition walls; new handicap accessible restrooms; interior finishes for walls, floors, and ceilings; replacement of mechanical, plumbing, and electrical systems; and site improvements and landscape. The 10,000 sq. ft. additional would add significant instructional space, simulation labs, and lecture space.</p>	<p>Gross GF/GP</p>	<p>\$100 \$100</p>
<p>15. Department of Natural Resources – Coolwater Rearing Hatchery Improvements</p> <p>Total project cost is \$12.2 million. State share is \$12.2 million. The project would address needs at Thompson State Fish Hatchery and the Little Manistee Weir. The project would include the construction of a 2,000 sq. ft. fully-outfitted coolwater fish production facility at Thompson State Fish Hatchery as well as new rearing ponds to improve and consolidate walleye fingerling production. Other critical improvements at the Thompson State Fish Hatchery include the upgrade of critical life support systems (replacing automated fish feeders, upgrading water supplies, improving water heating capabilities). The Little Manistee Weir project would include replacing the backup generator, replacing concrete holding ponds, and renovating the spawn building.</p>	<p>Gross GF/GP</p>	<p>\$100 \$100</p>
<p>16. Department of Health and Human Services – Caro Center Modernization</p> <p>Includes \$500,000 GF/GP to support a planning grant for the Department of Health and Human Services Caro Center Modernization. No current cost estimate exists for the project; however, once a suitable plan was identified a project cost would be estimated. The planning would allow the department to explore alternative infrastructure options for the Caro Center facility.</p>	<p>Gross GF/GP</p>	<p>\$500,000 \$500,000</p>

FY 2015-16 Supplemental Appropriation Items

CAPITAL OUTLAY – CONSTRUCTION AUTHORIZATIONS

17. Ferris State University – Swan Building Annex Renovation

Provides construction authorization for the Ferris State University Swan Building Annex Renovation. Total project cost is \$30.0 million. University share is \$7.5 million; state share is \$22.5 million. The project would involve the renovation of 47,086 sq. ft. of existing space and the addition of 34,462 sq. ft. of new space to provide updated and expanded academic and laboratory space for welding engineering technology and advanced manufacturing engineering technology which the university determined had outgrown their current space. The Swan Building was built in 1966 and the project would include major renovations including complete building mechanical, electrical, and plumbing upgrades to the existing portion of the Swan Building Annex. The project received planning authorization in 2015 PA 241.

Gross	\$100
GF/GP	\$100

FY 2015-16 Supplemental Boilerplate Items

GENERAL SECTIONS

1. Total State Spending

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

2. Appropriations Subject to PA 431

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

CAPITAL OUTLAY

3. Public Purpose, Lease and Conveyance, and Annual Appropriation – Ferris State University – Swan Building Annex Renovation

States that the Legislature determines the leasing of SBA-financed facilities are for a public purpose under the State Building Authority Act of 1964, approves and authorizes the lease and conveyance of property to the SBA and from the SBA to state and educational institutions, as applicable, executed by the Governor and Secretary of State on behalf of the state, and specifies intent of the Legislature to annually appropriate sufficient amounts to pay rent obligations pursuant to the lease. (SBO letter dated May 12, 2016).

Capital Outlay Projects - HB 5294 (H-1) CR-1, Article II

Planning Authorizations/Grants

	Conference		
	<u>Total Cost</u>	<u>State Share</u>	<u>Inst. Share</u>
<u>Universities</u>			
Central Michigan - Center for Integrated Health Studies	\$26,000,000	\$19,500,000	\$6,500,000
Eastern Michigan - Strong Hall Renovation	39,536,000	29,652,000	\$9,884,000
GVSU - Health & Medical Sciences Laboratory and Classroom Building	70,000,000	29,000,000	\$41,000,000
Lake Superior State - Center for Freshwater Research and Education	11,800,000	8,850,000	\$2,950,000
U of M - Ann Arbor - School of Dentistry Renovation and Addition	122,000,000	30,000,000	\$92,000,000
U of M - Dearborn - Engineering Lab Building Replacement	90,000,000	30,000,000	\$60,000,000
U of M - Flint - Murchie Sciences Building Addition	39,000,000	29,250,000	\$9,750,000
Western Michigan - College of Aviation Renovation and Addition	20,000,000	15,000,000	\$5,000,000
Subtotal Universities	\$418,336,000	\$191,252,000	\$227,084,000
<u>Community Colleges</u>			
Delta College - Saginaw Center	12,739,000	6,369,500	6,369,500
Kellogg - Regional Manufacturing Tech Center Renovation and Addition	4,300,000	2,150,000	2,150,000
Monroe - Renovations to East and West Tech Buildings	7,500,000	3,750,000	3,750,000
Muskegon - Health and Wellness Center	14,100,000	5,640,000	8,460,000
Northwestern MI - West Hall Innovation Center Renovation & Expansion	14,499,400	7,249,700	7,249,700
Southwestern MI - Nursing and Health Education Building	8,000,000	4,000,000	4,000,000
Subtotal Community Colleges	\$61,138,400	\$29,159,200	\$31,979,200
<u>State Agencies</u>			
DNR - Coolwater Rearing Hatchery Improvements	12,242,500	12,242,500	0
DHHS - Caro Center- <i>see Note(2)</i>	N/A	N/A	N/A
Subtotal State Agencies	\$12,242,500	\$12,242,500	\$0
TOTAL	\$491,716,900	\$232,653,700	\$259,063,200

Construction Authorizations

<u>Universities</u>			
Ferris State University - Swan Building Annex Renovations	\$30,000,000	\$22,500,000	\$7,500,000
TOTAL	\$30,000,000	\$22,500,000	\$7,500,000

Notes:

(1) State Share is capped at \$30.0 million

(2) DHHS - Caro Center would receive a \$500,000 GF/GP planning grant under HB 5294 (H-1) CR-1, Article II