

DATE: February 24, 2015
TO: Joint Capital Outlay Subcommittee
FROM: Ben Gielczyk, Senior Fiscal Analyst
RE: Executive Recommended FY 2014-15 and FY 2015-16 Capital Outlay Projects

This memo will summarize the capital outlay projects included in the FY 2015-16 Executive Recommendation and associated FY 2014-15 supplemental request.

Background Information¹

To have a project considered for planning authorization, universities, community colleges, and state agencies were required to submit their FY 2015-16 project priority requests to the State Budget Office no later than November 1, 2014. Under Section 242 of 1984 PA 431, Department of Technology, Management, and Budget (DTMB) and Joint Capital Outlay Subcommittee (JCOS) are required to review, evaluate, and prioritize requests for state-funded projects by March 1 according to statutorily-defined factors:

- Investment in existing facilities and infrastructure
- Life and safety deficiencies
- Occupancy and utilization of existing facilities
- Integration of sustainable design
- Estimated cost
- Institutional support
- Estimated operating costs
- Impact on tuition
- Impact on job creation in this state
- History of prior appropriations received by the institution through the capital outlay process

DTMB and JCOS may include additional factors if either deem them necessary to the evaluation and scoring process. In both FY 2014-15 and FY 2015-16, DTMB included the following three criteria when ranking the priority project requests:

- Impact on core mission of the institution
- Focus of project on single, stand-alone facility
- History of compliance with JCOS and DTMB project requirements

FY 2014-15 Capital Outlay Supplemental Request 2015-4

As a companion to the FY 2015-16 Executive Recommendation, the State Budget Office issued a capital outlay supplemental request including four projects for planning authorization. **Table 1** provides a listing of the projects and their associated costs.

¹ For further background information on the capital outlay process see:
http://www.house.mi.gov/hfa/PDF/CapitalOutlay/Capital_Outlay_Process_2015.pdf.

**Table 1
FY 2014-15 Capital Outlay Project Supplemental Requests**

<u>Project</u>	<u>Total Cost</u>	<u>State Share</u>	<u>Institution Share</u>
<i>Ferris State University – Swan Building Annex Renovations</i>	\$30,000,000	\$22,500,000	\$7,500,000
<i>Lake Michigan College – Napier Academic Building Renovation and Upgrade</i>	16,954,600	8,477,300	8,477,300
<i>West Shore Community College – Technical Center Renovation and Addition</i>	4,302,600	2,151,300	2,151,300
<i>Michigan State Police – Grand Rapids Forensic Laboratory, Rockford Post, 6th dist.</i>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
TOTAL	\$51,257,200	\$33,128,600	\$18,128,600

The three educational institution planning authorization requests were previously included in the FY 2014-15 Executive Recommendation. JCOS voted to authorize the projects for planning authorization along with 26 other educational institution projects at the December 3, 2014 meeting. However, the legislature did not enact a capital outlay appropriation bill.

Ferris State University – Swan Building Annex Renovations

The Swan Building Annex Renovations project at Ferris State University has a total cost of \$30.0 million; state share of \$22.5 million; and a university share of \$7.5 million. The project would include the renovation of 47,086 sq. ft. of existing space originally built in 1966 and the addition of 34,462 sq. ft. of new space to support upgraded and expanded academic and laboratory space for both welding engineering technology and advanced manufacturing engineering technology programs. In addition to new and expanded lab and classroom space the renovation will include complete building mechanical, electrical, and plumbing upgrades to the first and second floors of the existing Swan Building Annex. The project was ranked 1st among university requests by DTMB for the FY 2014-15 Executive Recommendation. Ferris State University submitted the Swan Building Annex Renovations as its priority project in both FY 2014-15 and FY 2015-16.

Lake Michigan College – Napier Academic Building Renovations and Upgrade

The Napier Academic Building Renovations and Upgrade project at Lake Michigan College has a total cost of \$17.0 million; a total state share of \$8.5 million; and a total college share of \$8.5 million. The project would involve the renovation of 50 classrooms and 3 lecture halls in a 45-year-old classroom facility totaling 307,997 sq. ft.; create a new service center to assist faculty with redesigning curricula, identifying and learning new technologies, expanding online learning, and incorporating new technologies in the classroom; create new collaborative learning and engagements spaces; replace original heating and cooling plant and air handling units to realize energy savings; bring building to ADA standards; and provide a Student Success Center to help with retention and transition into the workforce. The project was ranked 2nd among community college requests by DTMB for the FY 2014-15 Executive Recommendation. Lake Michigan College submitted the Napier Academic Building Renovations and Upgrade as its priority project in both FY 2014-15 and FY 2015-16.

West Shore Community College - Technical Center Renovation and Addition

The Technical Center Renovation and Addition project at West Shore Community College has a total cost of \$4.3 million; a total state share of \$2.2 million; and a total community college share of \$2.2 million. The project would include the renovation of 66,000 sq. ft. of existing space and a 2,700 sq. ft.

addition. The scope of the project would involve expanding high-bay welding lab capacities, remodeling existing classroom space to increase student capacity, and other general remodeling of classrooms, corridors, offices, and restrooms throughout the original 1969 structure and 1993 addition. The project was ranked 1st among community college requests by DTMB for the FY 2014-15 Executive Recommendation. West Shore Community College submitted the Technical Center Renovation and Addition as its priority project in both FY 2014-15 and FY 2015-16.

Michigan State Police – Consolidated Facility for the Grand Rapids Forensic Laboratory, Rockford Post, and 6th District

The Consolidated Facility for the Grand Rapids Forensic Laboratory, Rockford Post, and 6th District Headquarters would be fully funded from state resources. No current cost estimate exists for the project, however, once a suitable space was identified a project cost would be identified. Planning costs would be fully covered under current appropriations to DTMB and the Michigan State Police (MSP). The planning authorization would allow DTMB to explore commercial real estate opportunities, either through the purchase or lease of an existing facility, which would facilitate the relocation of the three functions mentioned above into a single space. The property would require garage space for specialty vehicles and need to be renovated to meet the consolidated state law enforcement requirements of a forensic laboratory facility. According to DTMB and MSP, the current laboratory facilities and Rockford post have antiquated infrastructure and significant space constraints. The project was included in the FY 2015-16 Michigan State Police 5-year Capital Outlay Plan.

FY 2015-16 Executive Recommendation Recommended Capital Outlay Projects

DTMB reviewed and scored the FY 2015-16 priority project requests to determine which projects, if any, would be included in the FY 2015-16 Executive Recommendation.² Based on DTMB rankings, the FY 2015-16 Executive Recommendation included planning authorizations for five higher education institutions. **Table 2** provides a listing of the projects and their associated costs.

**Table 2
FY 2015-16 Capital Outlay Project Executive Recommendation Requests**

Project	<u>Total Cost</u>	<u>State Share</u>	<u>Institution Share</u>
<i>Lake Superior State University – Center for Freshwater Research and Education</i>	\$10,500,000	7,875,000	\$2,625,000
<i>University of Michigan – Dearborn – Engineering Laboratory Building Replacement</i>	90,000,000	30,000,000	60,000,000
<i>University of Michigan – Ann Arbor – School of Dentistry Renovation and Addition</i>	122,000,000	30,000,000	92,000,000
<i>Delta College – Saginaw Center</i>	12,614,000	6,307,000	6,307,000
<i>Mott Community College – Southern Lakes Branch Center Rehabilitation and Renovation</i>	<u>4,045,600</u>	<u>2,022,800</u>	<u>2,022,800</u>
TOTAL	\$237,159,600	\$76,204,800	\$160,954,800

The planning authorization requests included in the FY 2015-16 Executive Recommendation from University of Michigan – Dearborn, University of Michigan – Ann Arbor, Delta College, and Mott Community College were also priority project requests in FY 2014-15. The Joint Capital Outlay Subcommittee (JCOS) voted to authorize the projects for planning authorization along with 25 other

² FY 2015-16 State Budget Office state-funded priority project rankings can be found at http://www.michigan.gov/documents/budget/FY16_Cap_Outlay_Proj_Request_481136_7.pdf.

educational institution projects at the December 3, 2014 meeting. However, the legislature did not enact a capital outlay appropriation bill. The Lake Superior State University – Center for Freshwater Research and Education is a new priority request.

Lake Superior State University – Center for Freshwater Research and Education

The Center for Freshwater Research and Education project at Lake Superior State University has a total project cost of \$10.5 million; a total state share of \$7.9 million; and a total university share of \$2.6 million. The project would involve the relocation, renovation, and expansion of 16,000 sq. ft. of existing building space for the Center for Freshwater Research and Education. The Aquatic Research Laboratory will be moved to the new space which is four times larger than the current space. Additionally, the project will include a new visitor center; classroom spaces for K-12 school groups, summer programs, public meetings, outreach programs, and university courses in teacher education, chemistry, conservation biology, environmental science, fisheries and wildlife, fish health, and biology; modern research space and expanded laboratories; fish health laboratory that would process samples for the Michigan Department of Natural Resources; hatchery space; office space for visiting scientists and partnering organizations; space to expand community outreach programs; upgrades to meet ADA compliance standards; technology upgrades; and LEED Silver certification upgrades. The project was ranked 1st among university priority project requests by DTMB for the FY 2015-16 Executive Recommendation.

University of Michigan – Dearborn – Engineering Laboratory Building Replacement

The Engineering Laboratory Building Replacement project at the University of Michigan – Dearborn has a total project cost of \$90.0 million; a total state share of \$30.0 million; and a total university share of \$60.0 million. The project would involve the construction of a new 91,125 sq. ft. to replace the current Engineering Laboratory Building built in 1959. The new facility would support the College of Engineering and Computer Sciences. The project would provide for active learning in studio settings, universal lecture capture, flexible teaching space and flipped classrooms, spaces for student collaboration, teaching laboratories to facilitate more product development-oriented laboratories of industry partners, and additional laboratory space. The project was ranked 2nd among university priority project requests by DTMB for the FY 2015-16 Executive Recommendation. The project was also submitted in FY 2014-15 and was ranked 6th among university priority requests by DTMB.

University of Michigan – Ann Arbor – School of Dentistry Renovation Project

The School of Dentistry Renovation Project at the University of Michigan – Ann Arbor has a total project cost of \$122.0 million; a total state share of \$30.0 million; and a total university share of \$92.0 million. The project would include the renovation of approximately 120,000 sq. ft. (30%) of existing space and add approximately 31,000 sq. ft. (8%) to address programmatic needs, address outdated infrastructure, renovate and expand teaching clinics, construct a special needs/interprofessional care clinic, improve patient accessibility, create modern research labs, and renovate the exterior plaza. The project cost increased by \$2.0 million from the original FY 2014-15 priority project request due to a grant received from Delta Dental to help fund a special needs clinic. The project was ranked 3rd among university priority project requests by DTMB for the FY 2015-16 Executive Recommendation. The project was also submitted in FY 2014-15 and was ranked 2nd among university priority requests by DTMB.

Delta College – Saginaw Center

The Saginaw Center project at Delta College has a total project cost of \$12.6 million; a total state share of \$6.3 million; and a total college share of \$6.3 million. The project would involve the

construction of a new 35,000 sq. ft. facility in the City of Saginaw to provide access to the college's education programs in the City of Saginaw and the southwestern portion of Saginaw County. The college currently leases a vacant elementary school built in the 1950s in the Buena Vista area. The new facility would include flexible teaching space for general education, skilled trades, and health care disciplines; technology upgrades; 8-10 classrooms; basic science and computer labs; multi-purpose classrooms and laboratories; student services; and administrative support spaces. The project was ranked 1st among community college priority project requests by DTMB for the FY 2015-16 Executive Recommendation. The project was also submitted in FY 2014-15 and was ranked 4th among community college priority requests by DTMB.

Mott Community College – Southern Lakes Branch Center Rehabilitation and Renovation

The Southern Lakes Branch Center Rehabilitation and Renovation project at Mott Community College has a total cost of \$4.0 million; a total state share of \$2.0 million; and a total community college share of \$2.0 million. The project involves the renovation of 57,575 sq. ft. of space in two buildings that house general education classrooms, occupational and physical therapy programs, continuing education programs, corporate training programs, Law Enforcement Regional Training Academy (LERTA), emergency medical treatment (EMT) and fire safety training, and the Institute for Medical Simulation. Additionally, the college has opened its Correction Officer Regional Training Academy (CORTA). Renovations would include boiler and chiller replacements with complete controls replacements; replacement of the fire suppression pump and all controls, including extensive renovations to the pit where the system resides; replacement of LERTA facility HVAC systems as well as re-roofing/re-flooring of that facility; and other site modifications and improvements. The project was ranked 2nd among community college priority requests by DTMB for the FY 2015-16 Executive Recommendation. The project was also submitted in FY 2014-15 and was ranked 9th among community college priority requests by DTMB.