

MINUTES OF THE JOINT CAPITAL OUTLAY SUBCOMMITTEE (JCOS)
Meeting No. 13 Thursday June 24, 2010, 9:00 a.m.
Senate Hearing Room, Ground Floor, Boji , 124 W. Allegan, Lansing, Michigan 48933

The Joint Capital Outlay Subcommittee Meeting was called to order by the Chair at 9:02 a.m.

Members present: Senators: McManus, Jelinek, Brown, Cropsey, Hardiman, Pappageorge, Switalski, Cherry, Clark-Coleman and Scott.

Representatives: Lahti, Bennett, Switalski, Durhal, Bauer, Caul, Booher, and Haines.

Members excused: Senators: None.

Representatives: Dean and Proos.

Chair McManus placed agenda Item Number 1 before the Subcommittee.

1. MINUTES OF JOINT CAPITAL OUTLAY SUBCOMMITTEE MEETING NO. 12

Senator Jelinek moved approval, supported by Senator Pappageorge. With no objection, the minutes of the May 6, 2010 JCOS meeting were approved by a voice vote.

Chair McManus placed agenda Item Number 2 before the Subcommittee.

2. PLAN APPROVALS/CONSTRUCTION COST AUTHORIZATIONS

DMB Letter Date: 5/7/10

The Department of Management and Budget (DMB) has approved program and schematic planning documents for the Sangren Hall Renovation Project at Western Michigan University (WMU), and is requesting subcommittee approval of these planning documents. The project received planning authorization in PA 278 of 2008. The project was originally proposed as a renovation project with an estimated total authorized cost of \$56.0 million; State share \$11.7 million; university share \$44.3 million.

The Management and Budget Act requires the DMB to review planning documents and then submit them to the JCOS for consideration. Through the planning process, it was determined that a new building was a more viable option to meet WMU's needs. The university is requesting that the total authorized cost be increased to \$60.0 million. The university would fund the entire \$4.0 million increase with funds that were originally allocated to temporary relocation costs. The new building would consist of 214,800 gross sq. ft. (141,585 sq. ft. net assignable area) and include classrooms, clinics, conference rooms, dining services, file rooms, laboratories, library, offices, and storage rooms.

The DMB requests a cost authorization be established in the next available appropriations bill so that final design and construction may commence, with a total project cost of \$60.0 million (State share \$11.7 million; WMU share \$48.3 million). The DMB is also recommending that the project title be revised to "Sangren Hall Replacement" project.

Note: WMU's FY 2010-11 capital outlay priority request would adjust the funding sources for this project to a traditional 75% State/25% university match.

Senator Brown moved approval, supported by Senator Jelinek.

The motion prevailed by a vote of 17-0-3.

Yeas: Senators: McManus, Jelinek, Brown, Cropsey, Hardiman, Pappageorge, Cherry, Clark-Coleman, and Scott.
Representatives: Lahti, Bennett, Switalski, Durhal, Bauer, Caul, Booher, and Haines.

Nays: None.

NV/Excused: Senator Switalski, Representative Dean, and Representative Proos.

Chair McManus placed agenda Item Number 3 before the Subcommittee.

3. STATE BUILDING AUTHORITY LEASES

DMB Letter Date: 6/10/10

Senate Concurrent Resolution 46 would approve the conveyance of property and approve a lease between the State, the State Building Authority (SBA), and West Shore Community College for a construction project that has been previously approved for planning and construction by the Legislature. Approval of the resolution would enable the SBA to issue bonds to finance the State's share of construction costs.

The project has met all of the planning approval requirements of the Joint Capital Outlay Subcommittee and the Management and Budget Act. Approval of the resolution would create a contractual obligation between the State and the SBA, requiring the State to make annual rental payments to the SBA. The SBA will use the rental payments to pay off the bonds sold to finance construction. Once the debt obligations are satisfied, the SBA will transfer title back to the institutions.

The West Shore Community College Arts and Sciences Center/Remodeling & Additions project includes remodeling a former library into space for art and music programs, renovation of existing classrooms and offices, addition of classrooms and new faculty offices, and remodeling and expansion of the theater and theater support spaces. The estimated completion date of the project is September 30, 2010.

The total project cost is \$6.9 million and State share represents new bond debt obligations of \$3.45 million. Annual rental payments to the SBA are estimated at \$237,000 to \$309,000 million until the bonds are retired (approximately 15 to 17 years). Annual rental (debt service) payments to the SBA appropriated in the FY 2009-10 General Government appropriation bill total \$235.4 million.

Representative Booher moved approval, supported by Representative Durhal.

The motion prevailed by a vote of 18-0-2.

Yeas: Senators: McManus, Jelinek, Brown, Cropsey, Hardiman, Pappageorge, Switalski, Cherry, Clark-Coleman, and Scott.

Representatives: Lahti, Bennett, Switalski, Durhal, Bauer, Caul, Booher, and Haines.

Nays: None.

NV/Excused: Representative Dean and Representative Proos.

Chair McManus placed agenda Item Number 4 before the Subcommittee.

4. USE AND FINANCE STATEMENTS

The Department of Management and Budget is requesting approval of Use and Finance Statements for projects at various institutions. The projects are funded entirely from institution revenues. Subcommittee approval would allow the self-funded projects to commence, but does not commit State funds for construction, maintenance, or operation of the facilities.

	DMB Letter	Project	Cost	Financing	Annual Operating
	5/3/10	Macomb Community College – South Campus A Building Absorbers. The project will replace the South Campus air conditioning system and also replace the main electrical service line from DTE Energy and the switching gear that distributes power throughout the South Campus. Estimated completion date: November 2010.	\$2,746,000	Property Taxes and Tuition	\$(540,000) annual savings
	6/14/10	University of Michigan – Ann Arbor – North Campus Chiller Plant Expansion. The North Campus Chiller Plant was completed in 2005, resulting in energy savings, reduced operation and maintenance costs, increased reliability, and reduction in the number of chiller towers. The proposed expansion would increase the size of the facility by 8,500 sq. ft. and add two 1,300 ton chillers, increasing the total capacity to 6,500 tons and eliminating existing chillers in two buildings. In addition, replacing the steam and condensate interconnection between other facilities will eliminate the need for one boiler. Estimated completion date: December 2011.	\$8,700,000	General Fund, Utility, and College of Engineering Resources and Investment Proceeds	\$(53,852) Savings
	6/11/10	Western Michigan University – Sangren Site Project and Chilled Water Project. The projects will provide site improvements and utility infrastructure necessary for the new Sangren Hall capital outlay project. The site work includes development of a pedestrian mall, new vehicle access routes, new and relocated utilities, storm water management infrastructure, walkways and landscaping, building asbestos abatement and demolition, and relocation of the education library. The Chilled Water project includes the expansion of the Schneider Hall Chiller Plant and underground piping to the new building. Estimated completion date: November 2012.	\$6,230,000	Bonds and Private Funds	\$31,634
	6/11/10	Central Michigan University – Bovee University Center Renovation. The project includes renovation of 40,450 gross sq. ft. of space on the lower, middle, and upper floors of the Bovee University Center building. The renovation will convert administrative space that has been relocated to the renovated Ronan Hall building, to space for support of student, faculty, and staff activities. Estimated completion date: December 2011.	\$5,000,000	\$2,500,000/ University Reserves \$2,500,000/ Private Donations	

	6/11/10	North Central Michigan College – Health Education and Science Center. The new 28,000 sq. ft. Science Center will connect existing classroom buildings and provide space for two new chemistry labs, a general biology lab, a human biology lab, a physical sciences laboratory, faculty offices, support areas, and reception/common areas. The project also includes the renovation of two science buildings into nursing and allied health education space. Estimated completion date: May 2013.	\$10,486,000	\$4,486,000/ College Foundation \$6,000,000/ Bonds	First Year \$235,764 Annually Thereafter \$250,000
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Representative Caul moved approval, supported by Senator Pappageorge.

The motion prevailed by a vote of 18-0-2.

Yeas: Senators: McManus, Jelinek, Brown, Cropsey, Hardiman, Pappageorge, Switalski, Cherry, Clark-Coleman, and Scott.

Representatives: Lahti, Bennett, Switalski, Durhal, Bauer, Caul, Booher, and Haines.

Nays: None.

NV/Excused: Representative Dean and Representative Proos.

There being no further business before the JCOS, Chair McManus adjourned the meeting, the time being 9:10 a.m.

Senator Michelle A. McManus, Chair

Pam Yeomans, Committee Clerk, (517) 373-2768