

MINUTES OF THE JOINT CAPITAL OUTLAY SUBCOMMITTEE
Meeting No. 5, Thursday, September 10, 2009, 9:00 a.m.
Senate Hearing Room, Ground Floor, Boji , 124 W. Allegan, Lansing, Michigan 48933

The Joint Capital Outlay Subcommittee was called to order by the Chair, Senator Michelle A. McManus at 9:00 a.m.

Members present: Senators McManus, Jelinek, Brown, Cropsey, Hardiman, Pappageorge, Switalski, Cherry, Clark-Coleman and Scott
Representatives Lahti, Dean, Switalski, Durhal, Bauer, Caul, Proos, Booher, and Haines

Members absent/excused: Representative Bennett

Chair McManus placed agenda Item Number 1 before the Subcommittee.

1. MINUTES OF JOINT CAPITAL OUTLAY SUBCOMMITTEE MEETING NO. 4

Senator Switalski moved, supported by Senator Jelinek, that the minutes be approved.

With no objection, the minutes of the June 4, 2009 JCOS meeting were approved by a voice vote.

Chair McManus then made a statement regarding why the Subcommittee would not be taking up private leases submitted by the Department of Management and Budget (DMB) on September 1, 2009. Those reasons included noncompliance by DMB with JCOS Rule 9 and questions related to the proposed leases. The Chair stated that the leases would be taken up at a subsequent JCOS meeting when DMB provides answers to remaining questions. The Chair intends to operate the Subcommittee in an effective and efficient manner. Items will not be placed on the Agenda where timely and sufficient information is not provided by DMB.

Chair McManus placed agenda Item Number 2 before the Subcommittee.

2. COST INCREASE – BAY CITY STATE POLICE POST

DMB Letter Date: 6/10/09

The Department of Management and Budget requests legislative support to revise the cost of the Bay City State Police Post Project by \$311,000 (10.8%), from \$2,889,000 to \$3,200,000. The project was authorized for construction in Public Act 278 of 2008. At the time the project was authorized, minimal project site costs were identified. The cost increase is related to site development expenses including excavation, utility connections, drainage, asphalt paving, and perimeter fencing.

An overview was provided by the Senate Fiscal Agency. The following individuals testified regarding the project:

Lt. John Card, Bay City State Police Post
Robert Hall, DMB - Director of Design & Construction
Lisa Shoemaker, DMB - Capital Outlay Coordinator
Rob Gruesbeck, DMB Project Director

Numerous questions were asked by Subcommittee members related to site selection and reasons for the cost increase. Based on requests for additional information by Subcommittee members, a vote on this agenda item was postponed.

Chair McManus placed agenda Item Number 4 before the Subcommittee.

3. USE AND FINANCE STATEMENTS

The Department of Management and Budget requested 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
A	6/25/09	Henry Ford Community College – Ford Family Center – Property Acquisition & Renovations. The building was constructed by the Ford Motor Company in 2001. The 32,809 sq. ft. building on 7.28 acres is located adjacent to the college M-TEC. It will provide the college with space to accommodate enrollment growth and expansion of programs to support the changing economy and workforce needs. The facility will be used to house the School of Nursing. The space vacated by the Nursing Program will be used to provide space for other growing areas including other health career programs and liberal arts divisions. The acquisition cost is \$2.7 million and renovations would be \$3.0 million. Estimated completion date: January 2010.	\$5,700,000	Plant Fund Reserve	\$315,000
B 1	7/27/09	University of Michigan – Ann Arbor – Intercollegiate Soccer Stadium – Spectator Amenities and Player Support Facilities. The project includes approximately 20,000 gross sq. ft. of construction for restrooms and concessions, a press area, two team locker rooms, and grandstand seating for 1,800 spectators. Estimated completion date: December 2010.	\$6,000,000	Athletic Department Resources and Gifts	\$58,000

B 2	7/27/09	University of Michigan – Ann Arbor – Kresge Complex Demolition. The buildings were primarily constructed in the 1950s and early 1960s and include seven buildings and 260,000 gross sq. ft. of space. The facilities are outdated and have been vacated. Demolition will include removal of hazardous materials, laboratory decommissioning, disconnecting utilities, removing building foundations and associated structures, demolition of the buildings, and removal of debris. Site restoration will include sidewalks, landscaping, and on-grade storm water management. Estimated completion date: March 2011.	\$9,700,000	Medical School Resources	\$(2,512,020)
C	8/5/09	Eastern Michigan University – Indoor Practice Field. The proposed 88,362 gross sq. ft. practice facility will be used for women's soccer, softball, men's football, baseball, and women's and men's golf. The facility will also be available for rental to local sports teams. Estimated completion date: January 2010.	\$3,920,713	Dedicated Funds from 2005 Tuition Increase	Y 1: \$140,000 \$140,000 + CPI thereafter
D	8/26/09	Central Michigan University – Events Center Project. The project involves the renovation of 56,450 gross sq. ft. for the arena and south concourse, renovation of 6,380 gross sq. ft. for the expansion and remodeling of the student activity center fitness room, and the addition of 47,570 sq. ft. for the multi-purpose facility. The additional space will accommodate some academic programming, university graduation ceremonies, speakers, sports camps, administrative offices, and athletic events. Estimated completion date: November 2011.	\$21,000,000	Private Donations & University Capital Construction Reserves	\$172,645
E	8/26/09	Oakland Community College – High Oaks Hall HVAC Equipment Replacement/Interior Renovation (Highland Lakes Campus). The project includes replacement of aging HVAC equipment and controls, replacement of ceilings, lighting fixtures and the renovation of the public restrooms and corridors at the High Oaks Hall building on Oakland Community College's Highland Lakes Campus. Estimated completion date: December 2010.	\$2,995,000	Property Taxes	No Change

F	8/27/09	Michigan State University – Alterations to Freezer Walls. The project involves the replacement of the existing insulation panels, and replacement of freezer and refrigeration equipment with new high efficiency, energy saving equipment. The project also includes security and access control enhancements, and the replacement of the HVAC system that serves the office area of the building. Estimated completion date: August 2010.	\$3,500,000	MSU Residential Hospitality Services (self-funded)	No Change
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Required Action: Approve/Disapprove Use and Finance Requests

Senator Cropsey moved approval, supported by Senator Switalski

The motion prevailed by a vote of 19-0-1

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

Representatives Lahti, Dean, Switalski, Durhal, Bauer, Caul, Proos, Booher and Haines

Nays: 0

NV/Excused: Representative Bennett

Chair McManus placed agenda Item Number 3 before the Subcommittee.

4. STATE BUILDING AUTHORITY LEASE – SAGINAW VALLEY STATE UNIVERSITY

DMB Letter Date: 8/20/09

Senate Concurrent Resolution 19 would approve the conveyance of property and approve a lease between the State, the State Building Authority (SBA), and Saginaw Valley State University (SVSU) 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 uses 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 institution. This project involves the construction of an 89,980 sq. ft. facility to house the College of Health and Human Services including the departments of Nursing, Kinesiology, Occupational Therapy, Health Sciences, and Social Work. Consistent with other State Building Authority (SBA) projects for universities, funding is based on a 75/25 State/institution match. The project represents new SBA bond debt obligations of \$21.0 million. Annual rental payments to the SBA are estimated at \$1,440,000 to \$1,883,000 until the bonds are retired (approximately 15 to 17 years).

Required Action: Approve/Disapprove Lease.

Representative Durhal moved approval, supported by Senator Pappageorge

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

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

Representatives Lahti, Dean, Switalski, Durhal, Bauer, Caul, Proos, Booher and Haines

Nays: 0

NV/Excused: Senator Cropsey and Representative Bennett

There being no further business before the Subcommittee, Chair McManus adjourned the meeting, the time being 9:46 a.m.

Senator Michelle A. McManus, Chair _____
Pam Yeomans, Committee Clerk, (517) 373-2768