

MEMORANDUM



DATE: July 31, 2013
TO: Interested Parties
FROM: Ben Gielczyk, Senior Fiscal Analyst
RE: Capital Outlay Project Summary - Public Act 102 of 2013 (HB 4112)

This memo provides information on the capital outlay projects included in Public Act (PA) 102 of 2013, a Fiscal Year (FY) 2012-13 supplemental appropriations act. Capital outlay appropriations include community college, university, and state agency projects.

Community Colleges

Table 1 provides a summary of the community college projects included in PA 102 of 2013. The total cost of all projects that received planning authorization under PA 102 of 2013 is \$55.3 million. Assuming SBA rent payments to be 10 percent of the bonded amount, the overall impact to SBA rent payments would be approximately \$1.9 million GF/GP annually if all projects received construction authorization.

As of the date of this memo, no Community College Planning Authorizations have received Joint Capital Outlay Subcommittee (JCOS) approval.

Table 1
Community College Planning Authorizations

Planning Authorization	State Share	College Share	Total Cost
Kalamazoo Valley CC - Healthy Living Campus*	\$6,000,000	\$23,500,000	\$29,500,000
Macomb CC - South Campus C-Building	4,250,000	4,250,000	9,000,000
Muskegon CC - Science Laboratory Center	4,646,835	4,646,835	9,293,670
Southwestern Michigan College - Science and Allied Health Labs, Classrooms, and Related Renovation	3,750,000	3,750,000	7,500,000
TOTAL	\$18,646,835	\$36,146,835	\$55,293,670

*The State Share of the KVCC - Health Living Campus does not include \$2.0 million GF/GP that was included in the Michigan Strategic Fund Budget Act for FY 2013-14. For purposes of PA 102 of 2013, the \$2.0 million GF/GP is treated as part of the KVCC share.

Kalamazoo Valley Community College - Healthy Living Campus - (Total Cost: \$29,500,000; State Share: \$6,000,000; College Share: \$23,500,000) - JCOS Approval: None

PA 102 of 2013 included a planning authorization for a new Healthy Living Campus at Kalamazoo Valley Community College (KVCC). In addition to the planning authorization, the project received a \$2.0 million grant in the Michigan Strategic Fund appropriations act (Article VIII, PA 59 of 2013). The KVCC - Healthy Living Campus project is a \$29.5 million project which preliminary plans indicate will include a Culinary and Health Sciences Building and a Food Production and Distribution Building. The Culinary and Health Sciences Building is scheduled to be a 75,000 sq. ft. building with a cost of \$25.3 million. The Food Production and Distribution Building is scheduled to be a 30,800 sq. ft. building with a cost of \$4.2 million.

The focus of the Healthy Living Campus will be food sustainability and wellness. KVCC plans to partner with Bronson Allied Health and Kalamazoo Community Mental Health and Substance Abuse Services. Additionally, KVCC plans to move the Allied Health programs to the new campus facilities. According to preliminary planning documents, the Healthy Living Campus is expected to be located in downtown Kalamazoo.

Macomb Community College - South Campus C-Building Renovations - (Total Cost: \$8,500,000; State Share: \$4,250,000; College Share: \$4,250,000) - JCOS Approval: None

The planning authorization in PA 102 of 2013 for the South Campus C-Building Renovations replaces the planning authorization Macomb Community College received in PA 329 of 2010 for Phase II of the Health Science and Technology Building. According to Macomb Community College, a growing backlog of deferred maintenance and improvement projects coupled with a decline healthcare job market were factors in its decision not to proceed with the Health Science and Technology Building, Phase II.

The current South Campus C-Building structure is 52,661 sq. ft. and the renovation will increase overall square footage to 56,000 sq. ft. The building will be renovated to accommodate business administration, information technology, humanities, and health programs. The structure will house general classroom space, computer labs, and campus offices. Additionally, the project will involve upgraded classrooms, office renovations, new student meeting areas, energy efficiency upgrades, roof repairs, replacement of mechanical and electrical systems, and upgrades in technology. The project is estimated to be complete 101-122 weeks following project approval.

Muskegon Community College - Science Laboratory Center - (Total Cost: \$9,293,670; State Share: \$4,646,835; College Share: \$4,646,835) - JCOS Approval: None

Muskegon Community College received planning authorization for the construction of a new 25,000 sq. ft. Science Laboratory Center and the renovation of the life and physical science laboratories in PA 102 of 2013. The new facility is anticipated to be two stories and house astronomy, biology, chemistry, physics, physical science, and geology classes and laboratories. The life and physical science laboratories encompass 20,400 sq. ft. on the Main Campus.

Southwestern Michigan College - Science and Allied Health Labs, Classrooms, and Related Renovations - (Total Cost: \$7,500,000; State Share: \$3,750,000; College Share: \$3,750,000) - JCOS Approval: None

In PA 102 of 2013 Southwestern Michigan College received planning authorization for the renovation of 37,000 sq. ft. of space located in two buildings. The William P.D. O'Leary Building will be renovated into a new science and allied health building and the Foster W. Daugherty Building will be renovated into a general purpose classroom building. The project involves replacement of electrical services, plumbing, HVAC, upgrades in technology, and renovations required for Americans with Disabilities Act (ADA) compliance issues. The project has an estimated completion date of 36 months following project approval.

Universities

Table 2 provides a summary of the university projects included in PA 102 of 2013. As of the date of this memo, the Saginaw Valley State University planning authorization has not received Joint Capital Outlay Subcommittee (JCOS) approval.

**Table 2
University Projects**

Planning Authorization	State Share	College Share	Total Cost
Saginaw Valley State University - Wickes Hall Renovations	\$6,000,000	\$2,000,000	\$8,000,000
Construction Authorization			
Lake Superior State University - School of Business Building South Hall Renovations and Additions	9,000,000	3,000,000	12,000,000
Scope and Cost Change			
Michigan State University - Bioengineering Facility	0	17,359,800	17,359,800
TOTAL	\$15,000,000	\$22,359,800	\$37,359,800

Saginaw Valley State University - Wickes Hall Renovations (Total Cost: \$8,000,000; State Share: \$6,000,000; University Share: \$2,000,000) - JCOS Approval: None

PA 102 of 2013 included planning authorization for Wickes Hall Renovations at Saginaw Valley State University. The project involves renovation of 100,000 sq. ft. of building space; replacement of mechanical, electrical, and plumbing systems; and architectural changes as required to realize needed operations efficiencies in the building. Wickes Hall serves as the University's main student services and administration facility and houses the offices of Admissions, Financial Aid, Registrar, Student Financial Services, Student Advising, Career Services, Cashier, International Programs, President, Vice President, Deans, and Human Resources; main computer center; computer labs; and academic classrooms.

Lake Superior State University School of Business - School of Business Building South Hall Renovations and Additions (Total Cost: \$12,000,000; State Share: \$9,000,000; University Share: \$3,000,000) - JCOS Approval: March 20, 2013.

PA 329 of 2010 provided planning authorization for the construction of a new business school facility at Lake Superior State University (LSSU). After determining that its needs could be met by renovating and preserving the South Hall at a cost savings to LSSU and the State, LSSU presented the scope and cost change to the JCOS for construction authorization and State Building Authority (SBA) financing. JCOS voted to approve the revised business school project for construction authorization and SBA financing on March 20, 2013.

LSSU received construction authorization and SBA financing for the School of Business South Hall Renovations and Additions in PA 102 of 2013. The revised capital outlay process requires SBA financing to be authorized and appropriated at the time of construction authorization. To that end, \$900,000 GF/GP was appropriated in the SBA Rent section of the Department of Technology, Management, and Budget to fund the estimated first year debt service payment.

The LSSU project involves renovation and adaptive reuse of the abandoned South Hall that was being considered for demolition. A total of 32,526 sq. ft. of existing space will be renovated and approximately 12,600 sq. ft. of new space will be added. The new and renovated space will provide general-use smart classrooms, and seminar rooms; project labs for business, industry, and community collaborations; student study, breakout, and collaboration space; community presentation space; a café and commons area; and faculty offices. The project is estimated to be complete in December 2014.

Michigan State University - Bio-Engineering Facility Project (Total Cost: \$57,700,000; State Share: \$30,000,000; University Share: \$27,700,000) - JCOS Approval: March 20, 2013

Michigan State University (MSU) received construction authorization for its Bio-Engineering Facility in PA 192 of 2012. As originally authorized for construction, the facility consisted of 67,505 sq. ft. and a cost of \$40.3 million (\$30.0 million state share/\$10.3 million MSU share). Due to what MSU determined to be a favorable construction climate, MSU requested a cost and scope change for the project. The scope of the project was requested to be increased by 61,045 sq. ft. (for a total of 128,550 sq. ft.) with an additional cost of \$17.4 million. The additional cost would be entirely covered by university resources. The JCOS voted to approve the cost and scope change on March 20, 2013. PA 102 of 2013 included boilerplate Section 301, which authorized the scope and cost change requested by MSU and approved by JCOS.

State Projects

State Emergency Operations Center - (Total Cost: \$19,024,500; State Share: \$17,024,500; Federal Share: \$2,000,000) - JCOS Approval: May 7, 2013

In PA 89 of 2012 the State Emergency Operations Center (SEOC) received a planning grant of \$80,000. A February 7, 2013 letter requesting construction authorization indicated an estimated total project cost of \$20,200,000. The new project includes a 27,300 sq. ft. hardened facility (constructed to Federal Emergency Management Agency standards) and renovations to 51,800 sq. ft. of the General Office Building (GOB) at the Secondary Complex in Dimondale, Michigan. Security measures and perimeter fencing around the structure are included in the total estimated cost. The facility will house the SEOC and related support functions including the Emergency Management and Homeland Security Division, the Business Emergency Operations Center, the Michigan Cyber Command Center, the Michigan Intelligence Operations Center, and the Michigan Public Safety Communications System.

The JCOS voted to approve the construction authorization and SBA financing on May 7, 2013. PA 102 of 2013 provided construction authorization and SBA financing for a \$19.0 million SEOC project. Prior to legislative approval, it was determined that the relocation costs for entities displaced by the GOB renovation included in the original estimate were not an authorized expenditure to be bonded for by the SBA, which lowered the overall bonded project cost by \$1.2 million. PA 59 of 2013 included the appropriation for the first year of SBA rent financing (required pursuant to the capital outlay process reforms), which totaled \$1.7 million GF/GP.

Michigan State Police - Marshall Police Post Planning Grant

PA 102 of 2013 included \$100,000 for a planning grant to explore a new Michigan State Police (MSP) post in Marshall near the I-94 and I-69 corridors. The state is currently working with the City of Marshall to establish the Marshall Regional Law Enforcement Center which will include the MSP post along with the Marshall Police Department. The City of Marshall received a Competitive Grant Assistance Program (CGAP) grant from the Department of Treasury in October 2012 which will support the design, planning, and construction of the Center. The \$100,000 is proposed as an alternative funding mechanism to be expended if the Center project does not develop.

Other - Boilerplate

Capital outlay process reforms necessitated the inclusion of SBA rent financing in conjunction with the construction authorization. This replaced the need for a subsequent legislative concurrent resolution after the construction authorization was approved. Prior to the process reforms there were a number

of capital outlay projects that had received construction authorization but had not received SBA lease and financing approval.

The lease and financing approval will apply to 10 university projects, 9 community college projects, and 3 state agency projects. The language states that the Legislature determines the leasing of SBA-financed facilities are for a public purpose under the SBA Act of 1964. Additionally, the language approves and authorizes the leases and conveyance of properties to the SBA, the SBA acquiring the facilities and leasing to the State and the educational institutions, and the Governor and Secretary of State executing the leases of and on behalf of the State pursuant to the SBA Act. The language specifies legislative intent to annually appropriate sufficient amounts to pay rent obligations pursuant to the leases. No additional SBA rent was appropriated because it was determined that current SBA rent appropriation authorization levels can absorb the additional rent payments.