

**Central Michigan University**

**Capital Budget 2006-2007**

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Capital Budget**

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# Capital Budget

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## Overview and Process

The capital budget process is designed to provide a long-term perspective of the capital needs of the university. The annual review and update of the capital budget provides a four year projection concerning capital needs in the following areas:

- capital construction
- deferred maintenance
- renovation and remodeling
- utilities and infrastructure
- life, fire and safety
- ADA accessibility and compliance
- parking
- major equipment acquisition

The capital budget is designed to present and integrate the capital expenditure needs and funding availability.

The sources of funds available for the capital needs are State capital outlay, bonds, gifts, the parking services operating budget, the residences and auxiliary services operating budget, the general fund operating budget, and other miscellaneous funding sources. This budget document separates the restricted dollars, which must be used for specified projects and then pools the internal revenue sources committed to the capital budget process.

The resources that do not have restrictions are pooled in one account per year. A separate pooled account is used for each year of the capital budgeting process. As the President or his designee authorizes the initiation of individual projects, specific project accounts are then created for the expenses and funds are moved to the project account from the pool. Once the project is completed, any excess funds will be moved back to the pooled account to be used for other capital project priorities.

This budget documents the 2006-2007 capital budget for administrative and Board approval. Approval of this document includes the 2006-2007 projects and the multi-year projects. The other future year projects are listed as planning information and will be revisited annually for changes in content, priorities, and funding.

This comprehensive review of the capital needs and funding sources of the University allows for systematic prioritization on an institutional basis. The capital budget process is useful for documenting capital needs across the university and prioritizing projects within the funding constraints. The priorities are established based on anticipated future funding and a general categorization to do maintenance related projects before new initiatives. Many projects have been recommended but, due to limited resources, cannot be funded at this time. This document includes items identified as needed over the four-year future window.

The campus has many deferred maintenance needs as documented in a detailed audit of each building that was done in 1997 and updated in 2001. Starting with fiscal year 1998-99, approximately \$4,500,000 per year was dedicated toward addressing these needs. Beginning with fiscal year 2006-07 the amount being allocated toward deferred maintenance is being increased by \$1 million dollars per year in order to help alleviate the amount that is being deferred. Funding is from a variety of sources, including the capital budget, general fund, and residences and auxiliary services.

Part of this process involves an opportunity for divisional input regarding institutional capital needs. The process includes an annual window for requests to be presented as part of the overall documentation of needs. The annual process in which new items are brought forward for consideration is based upon the following procedures.

- The account director submits a project request to the individual vice president via a formal project request/authorization form.
- Prioritized requests supported by the respective vice president are compiled into one list of institutional priorities by the Financial Planning and Budgets Office and forwarded to the Capital Planning Committee, the Interim University Budget Advisory Council, and the President for review and final University prioritization.
- After the President has reviewed and approved the document, a final recommendation is forwarded to the Board of Trustees for approval.

Board approval of this capital budget gives the President, or his designee, the authority to move forward with budgetary implementation at his discretion. Individual projects will not move forward for implementation until approved by the President or his designee.

As of June 30, 2005 the estimated replacement value of University facilities was estimated to be \$682,068,903. This includes over 100 buildings, some of which date back to the early nineteen hundreds. Most of the utilities link into a utility infrastructure providing heating, ventilation, and in some cases, air conditioning. A number of these facilities also include elevators.

## **Funding Sources**

### **Restricted Funds**

The anticipated restricted sources of funds come from two bond proceeds, one issued in 2005 and one in 2006. The 2005 reserves were set up for the East Complex project and the 2006 reserves were set up for the Education Building, Satellite Energy Facility (SEF) and Beaver Island Academic Center projects.

The East Complex Residence Hall construction began in FY 2004-05 with an occupancy move-in date of August 2006. Sources of funds include the 2005 bond issue with an approved level for the residence halls construction of \$30 million dollars for construction and renovation.

The Education building is in the design phase with construction scheduled to begin in May 2007. Opening of the building is projected for Summer 1 Session 2009. Sources of funds include the 2006 bond issue along with internal general funds and state capital outlay funds for a total project cost of \$50 million dollars. Projected completion is scheduled for January, 2009.

Construction of the SEF is scheduled to begin in May 2006 with a completion date of June 2007. Sources of funds for this project come from internal general funds and part of the 2006 bond issue for a total project cost of \$27 million dollars.

The Beaver Island Academic Center is a \$3.8 million dollar project with scheduled construction to begin in August 2006. Sources of funds come from part of the 2006 bond issue and internal general funds. Final project completion is anticipated for October 2007.

### **Unrestricted Resources**

There are several sources of University dollars shown in this section of the capital budget. Sources include funding from the parking services budget, the general fund, the residences and auxiliary services budget, and unused dollars from the prior year capital budget. Also included are repayments to the capital budget from previously funded items.

The deferred maintenance expenditure detail includes \$5.5 million dollars for fiscal year 2006-07 with an inflationary factor contingency fund of approximately

\$700,000 per year to provide necessary funds for inflationary and unexpected cost increases for all deferred maintenance projects.

The years beyond 2005-2006 include estimates of the amount of funding required for each general deferred maintenance category. The amounts include \$1 million dollars per year in additional funding to address deferred maintenance needs. These amounts will be revised and individual projects will be identified as each year approaches.

### **Repayment to the Capital Budget**

The capital budget includes a summary of the projects that have been funded and have a repayment to the capital budget for some or all of the dollars that were pre-funded. There are two projects for 2006-07 that fall into this category and the details of the amount funded and the repayment stream can be seen on the schedule provided.

## **Capital Expenditures**

Individual projects to be funded by other University resources have been identified and documented in priority order. Except for the deferred maintenance projects, this capital budget is designed to address projects of \$25,000 or more. Other small projects under this threshold are to be accommodated via the departmental budgets within the University operating budget.

The projected carry forward at the end of the four-year window is at the level indicated based on continuing to

increase the deferred maintenance program by \$1 million dollars per year. Strategic planning for capital expenditures requires allocating resources to meet the ever increasing needs of deferred maintenance.

Unfunded items brought forward, but not approved for funding are included on an additional schedule. These unfunded projects are being shown to alert the Board these outstanding projects exist, but are not approved for funding.

## SUMMARY OF SOURCES AND USES OF FUNDS

	TOTAL ESTIMATE	PRIOR YR PROJECTS IN PROGRESS	2006-07	2007-08	2008-09	2009-10
<b><u>FUNDING SOURCES</u></b>						
PARKING SERVICES	5,275,816	0	1,318,954	1,318,954	1,318,954	1,318,954
ATHLETICS	321,600	0	80,400	80,400	80,400	80,400
RESIDENCE & AUXILIARY SERVICES	6,482,400	0	1,620,600	1,620,600	1,620,600	1,620,600
GENERAL FUND	16,225,144	0	2,556,286	3,556,286	4,556,286	5,556,286
CARRYFORWARD FROM PRIOR YEAR	1,783,689	1,783,689	0	0	0	0
BOND FUNDS	57,000,000	29,681,506	26,618,494	700,000	0	0
CMU DIVISIONAL AND RESERVE FUNDS	16,300,000	12,800,000	2,000,000	1,500,000	0	0
STATE CAPITAL OUTLAY	37,500,000	0	0	0	34,799,668	2,700,332
<b>TOTAL SOURCES</b>	140,888,649	44,265,195	34,194,734	8,776,240	42,375,908	11,276,572
<b><u>USES OF FUNDS</u></b>						
RESTRICTED PROJECTS	110,800,000	32,019,514	30,799,087	9,682,464	35,598,603	2,700,332
DEFERRED MAINTENANCE & OTHER PROJECTS	28,296,785	0	5,796,785	6,500,000	7,500,000	8,500,000
<b>TOTAL USES</b>	139,096,785	32,019,514	36,595,872	16,182,464	43,098,603	11,200,332
<b>NET SURPLUS (DEFICIT)</b>		12,245,681	(2,401,138)	(7,406,224)	(722,695)	76,240
<b>CUMULATIVE SURPLUS (DEFICIT)</b>	1,791,864	12,245,681	9,844,543	2,438,319	1,715,624	1,791,864

## RESTRICTED SOURCES AND USES OF FUNDS

	TOTAL ESTIMATE	PRIOR YR PROJECTS IN PROGRESS	2006-07	2007-08	2008-09	2009-10
<b><u>FUNDING SOURCES</u></b>						
2005 BOND FUNDS - EAST COMPLEX	30,000,000	23,081,506	6,918,494	0	0	0
2006 BOND FUNDS - SATELLITE ENERGY FACILITY	22,000,000	5,377,778	16,051,852	570,370	0	0
CMU FUNDS - SATELLITE ENERGY FACILITY	5,000,000	5,000,000	0	0	0	0
2006 BOND FUNDS - BEAVER ISLAND ACADEMIC CENTER	2,300,000	562,222	1,678,148	59,630	0	0
CMU FUNDS - BEAVER ISLAND ACADEMIC CENTER	1,500,000	850,000	650,000	0	0	0
2006 BOND FUNDS - EDUCATION BUILDING	2,700,000	660,000	1,970,000	70,000	0	0
CMU FUNDS - EDUCATION BUILDING	9,800,000	6,950,000	1,350,000	1,500,000	0	0
STATE CAPITAL OUTLAY - EDUCATION BUILDING	37,500,000	0	0	0	34,799,668	2,700,332
<b>TOTAL SOURCES</b>	110,800,000	42,481,506	28,618,494	2,200,000	34,799,668	2,700,332
<b><u>USES OF FUNDS</u></b>						
EAST COMPLEX	30,000,000	23,081,506	6,918,494	0	0	0
SATELLITE ENERGY FACILITY	27,000,000	7,203,768	19,247,045	549,187	0	0
BEAVER ISLAND ACADEMIC CENTER	3,800,000	1,013,863	2,708,844	77,293	0	0
EDUCATION BUILDING	50,000,000	720,377	1,924,704	9,055,984	35,598,603	2,700,332
<b>TOTAL USES</b>	110,800,000	32,019,514	30,799,087	9,682,464	35,598,603	2,700,332
<b>NET SURPLUS (DEFICIT)</b>	0	10,461,992	(2,180,593)	(7,482,464)	(798,935)	0
<b>CUMULATIVE SURPLUS (DEFICIT)</b>		10,461,992	8,281,399	798,935	0	0

## UNRESTRICTED SOURCES OF FUNDS

	COST CENTER	TOTAL ESTIMATE	PRIOR YR PROJECTS IN PROGRESS	2006-07	2007-08	2008-09	2009-10
<b><u>FUNDING SOURCES</u></b>							
PARKING SERVICES	50130	4,915,816	0	1,228,954	1,228,954	1,228,954	1,228,954
GENERAL FUND	27030	16,225,144	0	2,556,286	3,556,286	4,556,286	5,556,286
RESIDENCES & AUXILIARY SERVICES	74998	6,482,400	0	1,620,600	1,620,600	1,620,600	1,620,600
CARRY FORWARD FROM PRIOR YEAR	70208	1,783,689	1,783,689	0	0	0	0
ATHLETICS - FIELD HOCKEY REPAYMENT	55000	321,600	0	80,400	80,400	80,400	80,400
PARKING SERVICES - PARKING LOT REPAYMENT	50130	360,000	0	90,000	90,000	90,000	90,000
<b>TOTAL SOURCES</b>		30,088,649	1,783,689	5,576,240	6,576,240	7,576,240	8,576,240
Assumes \$1 million dollars/year allocated to DM subject to available funding.							

## DEFERRED MAINTENANCE & OTHER PROJECTS

PROJECT	UNIVERSITY PRIORITY	LOCATION	TOTAL ESTIMATE	2006-07	2007-08	2008-09	2009-10
<b>DEFERRED MAINTENANCE PROJECTS:</b>							
REPLACE GUTTERS		ALUMNI HOUSE	12,000	12,000			
ANNUAL - WOOD FLOOR REPLACEMENT		ATHLETICS	21,000	21,000			
GUTTER REPLACEMENT		BEAVER ISLAND	10,000	10,000			
ANNUAL - ADA HANDICAP DOORS		CAMPUS	15,000	15,000			
ANNUAL - BLEACHER INSPECTION AND REPAIR		CAMPUS	15,000	15,000			
ANNUAL - CARPET REPLACEMENT PROGRAM		CAMPUS	30,000	30,000			
ANNUAL - CHEMICAL TREATMENT		CAMPUS	30,000	30,000			
ANNUAL - CURBING AND STORM SEWER REPLACEMENT		CAMPUS	60,000	60,000			
ANNUAL - DOWNSPOUTS / DRAIN TILES		CAMPUS	80,000	80,000			
ANNUAL - EMERGENCY GENERATORS		CAMPUS	12,000	12,000			
ANNUAL - EXTERIOR DOORS REPLACEMENT PROGRAM - ACADEMIC		CAMPUS	25,000	25,000			
ANNUAL - MASONRY RESTORATION PROGRAM		CAMPUS	150,000	150,000			
ANNUAL - PARKING LOT ASPHALT RESTORATION		CAMPUS	50,000	50,000			
ANNUAL - PREVENTATIVE MAINTENANCE		CAMPUS	145,000	145,000			
ANNUAL - ROOF MAINTENANCE		CAMPUS	100,000	100,000			
ANNUAL - ROOF REPLACEMENT		CAMPUS	800,000	800,000			
ANNUAL - SIDEWALK REPLACEMENT PROGRAM		CAMPUS	40,000	40,000			
ANNUAL - STRIPING - ROADS AND PARKING LOTS		CAMPUS	20,000	20,000			
ANNUAL - TUNNEL REPAIR		CAMPUS	25,000	25,000			
ANNUAL - VIBRATION ANALYSIS		CAMPUS	15,000	15,000			
ARC FLASH STUDY		CAMPUS	20,000	20,000			
BOILER REPLACEMENT		CAMPUS	35,000	35,000			
ELECTRICAL ENERGY QUALITY AND EFFICIENCY IMPROVEMENT		CAMPUS	130,500	130,500			
FACILITIES CONDITIONS ASSESSMENT - PART 1		CAMPUS	300,000	300,000			
INFLATION FACTOR FUND AUGMENTATION		CAMPUS	700,000	700,000			
MISC. OUTDOOR LIGHTING		CAMPUS	50,000	50,000			
RO SYSTEMS - HUMIDIFIERS		CAMPUS	10,000	10,000			
ROAD REPAIR		CAMPUS	5,000	5,000			
SEWER PIPE INSPECTION (54")		CAMPUS	10,000	10,000			
SNOW MELT		CAMPUS	135,000	135,000			
STEAM TRAP SURVEY AND UPGRADE		CAMPUS	20,000	20,000			
STACK REPAIRS ONLY / PAINT		CEF	65,000	65,000			
DRAINAGE PROJECT		DOW SCIENCE	200,000	200,000			
HEAT EXCHANGER		DOW SCIENCE	40,000	40,000			
FIRE ALARMS		FOUST	200,000	200,000			
FOOTBALL BAY WEST SIDE REPLACE COILS		IAC	15,000	15,000			
TRACK RESURFACING ON IAC TRACK BAY		IAC	320,000	320,000			
WINDOW REPLACEMENT PROGRAM		MOORE	200,000	200,000			
WEEP HOLE UNCOVERING		MUSIC	50,000	50,000			
THERMOSTATS AND BRIDGE		NEITHERCUT	8,000	8,000			
WATER PIPING		NORTHWEST APT	15,000	15,000			
ELIMINATE NOISE FROM HVAC		PEARCE	25,000	25,000			
ANNUAL - TOWER INSPECTION		PUBLIC BROADCASTING	40,000	40,000			
ANNUAL - TOWER MAINTENANCE		PUBLIC BROADCASTING	40,000	40,000			

## DEFERRED MAINTENANCE & OTHER PROJECTS

PROJECT	UNIVERSITY PRIORITY	LOCATION	TOTAL ESTIMATE	2006-07	2007-08	2008-09	2009-10
STERLING MICHIGAN SITE MAINTENANCE REPAIRS		PUBLIC BROADCASTING	16,500	16,500			
COMPLETE REFINISH OF WOOD FLOOR IN ROSE ARENA		ROSE ARENA	20,000	20,000			
REPLACE ROOF TOP AC UNIT		ROSE ARENA	80,000	80,000			
ANIMAL ROOM VENTILATION		ROWE	45,000	45,000			
VANITY REPLACEMENT PROGRAM		SAXE, HERRIG	200,000	200,000			
SHOWER VALVE REPLACEMENT		SAXE, HERRIG	60,000	60,000			
REPLACE CONDENSATE RECEIVER		TERMINAL PARK	30,000	30,000			
HEATING SYSTEM CONTROLS UPGRADE		THEUNISSEN	25,000	25,000			
CONDENSATE MODIFICATION / UP-GRADE OLD TOWERS		TOWERS	40,000	40,000			
LOBBY PLASTER REPAIR		WARRINER	20,000	20,000			
REPLACE BOTH AHU AND A/C		WARRINER	25,000	25,000			
ROOF REPAIR		WOLDT RESTRA.	200,000	200,000			
DOMESTIC WATER PIPE AND SHOWER VALVE REPLACEMENT		WOLDT-EMMONS	450,000	450,000			
ARCHITECTURAL		CAMPUS	4,959,725		1,410,100	1,653,250	1,896,375
CONTINGENCY		CAMPUS	2,100,000		700,000	700,000	700,000
ELECTRICAL		CAMPUS	1,147,500		326,250	382,500	438,750
MASONRY		CAMPUS	637,500		181,250	212,500	243,750
MECHANICAL		CAMPUS	4,653,750		1,323,125	1,551,250	1,779,375
PREVENTATIVE MAINTENANCE		CAMPUS	4,086,325		1,161,800	1,362,125	1,562,400
ROOFING		CAMPUS	4,675,000		1,329,200	1,558,300	1,787,500
STRUCTURAL		CAMPUS	240,200		68,275	80,075	91,850
<b>SUBTOTAL DEFERRED MAINTENANCE</b>			<b>28,000,000</b>	<b>5,500,000</b>	<b>6,500,000</b>	<b>7,500,000</b>	<b>8,500,000</b>
<b>OTHER PROJECTS</b>							
IET ENGINEERING PROGRAMMING REMODELING		IET BUILDING	50,222	50,222			
CEHS RESIDENTIAL COLLEGE		ROBINSON HALL	246,563	246,563			
<b>SUBTOTAL OTHER PROJECTS</b>			<b>296,785</b>	<b>296,785</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL PROJECTS</b>			<b>28,296,785</b>	<b>5,796,785</b>	<b>6,500,000</b>	<b>7,500,000</b>	<b>8,500,000</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>				<b>(220,545)</b>	<b>76,240</b>	<b>76,240</b>	<b>76,240</b>
<b>CUMULATIVE SURPLUS (DEFICIT)</b>			<b>**</b>	<b>1,563,144</b>	<b>1,639,384</b>	<b>1,715,624</b>	<b>1,791,864</b>

\*\*Includes prior year carryforward plus current year sources, less current year projects.

## UNFUNDED PROJECTS (1)

PROJECT	DIVISION	LOCATION	TOTAL ESTIMATE
NEW POLICE VEHICLE #1*	FINANCE & ADMIN SVCS	CAMPUS WIDE	34,500
NEW POLICE VEHICLE #2*	FINANCE & ADMIN SVCS	CAMPUS WIDE	34,500
NEW POLICE AND PARKING SERVICES FACILITY*	FINANCE & ADMIN SVCS	CAMPUS WIDE	1,500,000
CMU CAMPUS MASTER PLAN UPDATE	FACILITIES MANAGEMENT	CAMPUS WIDE	300,000
CMU BOOKSTORE EXPANSION*	RESIDENCES & AUX SVCS	BOVEE UC	1,300,000
BOVEE UC MAIN ENTRY REPLACEMENT*	RESIDENCES & AUX SVCS	BOVEE UC	250,000
CONVENIENCE STORE / FITNESS CENTER - NORTH	RESIDENCES & AUX SVCS	NORTH RES. HALLS	1,600,000
ROBINSON DINING REMODEL	RESIDENCES & AUX SVCS	ROBINSON DC	3,500,000
BOVEE UC WINDOW REPLACEMENT*	RESIDENCES & AUX SVCS	BOVEE UC	2,500,000
BOVEE UC EXPANSION*	RESIDENCES & AUX SVCS	BOVEE UC	13,000,000
EXPANSION OF CARLIN ALUMNI HOUSE (SOLUTION B)	DEVELOPMENT & ALUMNI REL	CARLIN ALUMNI HOUSE	618,750
ROSE CENTER TURF ROOM RESURFACING	UNIVERSITY RECREATION	ROSE CENTER	150,000
ROWE HALL 110 - NEW HEATING / COOLING UNIT	HUMAN RESOURCES	ROWE HALL	89,943
WIGHTMAN HALL 116 RENOVATION	EDUCATION & HUMAN SVCS	WIGHTMAN HALL	184,230
MOORE HALL 171 - TV CONTROL RM: HIGH DEFINITION SWITCHER	COMMUNICATION & FINE ARTS	MOORE HALL	214,174
MOORE HALL 171 - TV CONTROL RM: ROUTER SYSTEM & CNN NEWS SYSTEM	COMMUNICATION & FINE ARTS	MOORE HALL	63,998
MOORE HALL 314A - BCA BASIC AUDIO PRODUCTION	COMMUNICATION & FINE ARTS	MOORE HALL	67,608
CLASSROOM RENOVATION & UPGRADES	ACADEMIC ADMINISTRATION	CAMPUS WIDE	100,000
<b>TOTAL UNFUNDED PROJECTS</b>			<b><u>25,507,703</u></b>

(1) These projects were requested during the fiscal year 2007 and prior capital budget request process. While funding was not available for FY 2006-07, these projects will be reconsidered in future capital budget request cycles.

**SUMMARY OF PROJECTS WITH A REPAYMENT  
TO THE CAPITAL BUDGET**

PROJECT	TOTAL PROJECT AMOUNT	AMOUNT			2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	TOTAL REPAYMENT
		BY CAPITAL BUDGET	WHEN FUNDED									
COMMUTER PARKING LOT (300 SPACES)	450,000	450,000	2003-04	90,000	90,000	90,000	90,000	90,000				450,000
ATHLETIC FIELD HOCKEY	402,000	402,000	2004-05			80,400	80,400	80,400	80,400	80,400	80,400	402,000
GYMNASTICS PRACTICE FACILITY*	205,000											
KELLY/SHORTS STADIUM LIGHTING*	650,000											
<b>TOTAL</b>	<b>1,707,000</b>	<b>852,000</b>		<b>90,000</b>	<b>90,000</b>	<b>170,400</b>	<b>170,400</b>	<b>170,400</b>	<b>80,400</b>	<b>80,400</b>		<b>852,000</b>

\* Planning in progress - payment scheduled to be determined once total costs are identified.

## MULTI-YEAR PROJECTS

PROJECT	TOTAL ESTIMATE	PRIOR YR PROJECTS IN PROGRESS	2006-07	2007-08	2008-09	2009-10
<b><u>RESTRICTED FUND PROJECTS</u></b>						
EAST COMPLEX	30,000,000	23,081,506	6,918,494	0	0	0
SATELLITE ENERGY FACILITY	27,000,000	7,203,768	19,247,045	549,187	0	0
BEAVER ISLAND ACADEMIC CENTER	3,800,000	1,013,863	2,708,844	77,293	0	0
EDUCATION BUILDING	50,000,000	720,377	1,924,704	9,055,984	35,598,603	2,700,332
<b>SUBTOTAL RESTRICTED FUND PROJECTS</b>	<b>110,800,000</b>	<b>32,019,514</b>	<b>30,799,087</b>	<b>9,682,464</b>	<b>35,598,603</b>	<b>2,700,332</b>
<b>TOTAL PROJECTS</b>	<b>110,800,000</b>	<b>32,019,514</b>	<b>30,799,087</b>	<b>9,682,464</b>	<b>35,598,603</b>	<b>2,700,332</b>