

**Central Michigan University**

**Capital Budget 2007-2008**

**Table of Contents**

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Capital Budget**

**Table of Contents**

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I.	Narrative	
A.	Overview and Process .....	1
B.	Funding Sources .....	2
C.	Capital Expenditures .....	3
II.	Capital Budget Summary .....	5
III.	Restricted Funds .....	6
IV.	Unrestricted Sources of Funds .....	7
V.	Uses of Funds .....	8
VI.	Unfunded Projects .....	10
VII.	Repayment to the Capital Budget .....	11
VIII.	Multi-Year Projects .....	12

# Capital Budget

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## Overview and Process

### Overview

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, Parking Services, Residences and Auxiliary Services, the general fund and other miscellaneous funding sources. This budget document separates the restricted dollars, which must be used for specified projects, and the unrestricted pools of 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 2007-08 capital budget for administrative and board approval. Approval of this document includes the 2007-08 projects and the multi-year projects. The other future year projects are provided for planning information only 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 philosophy of addressing 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 a four-year future window.

The campus has many deferred maintenance needs as documented in a detailed audit of each building. The audit was completed 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 was increased to \$5.5 million dollars. Funding is from a variety of sources, including the capital budget, the general fund, and Residences and Auxiliary Services.

As of June 30, 2006 the estimated replacement value of University facilities was estimated to be \$750,276,589. 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.

### **Process**

Part of the capital budgeting 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 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.

## **Funding Sources**

### **Restricted Funds**

The anticipated restricted sources of funds related to bond proceeds are from the 2005 and 2006 bond issues. The 2005 proceeds were designated for the East Complex project and the 2006 proceeds have been designated for the Education Building, Satellite Energy Facility (SEF) and Beaver Island Academic Center projects.

The East Complex Residence Hall construction began in fiscal year 2004-05 with an occupancy move-in date of

August 2006. The source of funding for this project is the 2005 bond issue, with an approved level of \$30 million dollars for construction and renovation.

The Education building is in the design phase with construction scheduled to begin in July 2007. Opening of the building is projected for the Summer I semester of the 2008-09 academic year. Sources of funds include 2006 bond proceeds, along with internal general funds and state capital outlay funds, for a total project cost of \$50 million dollars. Projected substantial completion is scheduled for February 2009.

Construction of the SEF began in May 2006 with substantial project completion scheduled for June 2007. Sources of funds for this project include internal general funds, as well as funding from 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. Construction began in August 2006 with an anticipated substantial project completion date of October 2007. Sources of funds include 2006 bond proceeds and internal general funds.

### **Unrestricted Resources**

There are several sources of university dollars shown in this section of the capital budget. Sources include funding from Parking Services, the general fund, Residences and Auxiliary Services, 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 2007-08 through 2010-11. The years beyond 2007-2008 include estimates of the amount of funding required for each general deferred maintenance category. 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 2007-08 that fall into this category. The details of the amount funded and the repayment stream are shown 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 in the amount of \$25,000 or more. Other small projects under this threshold are to be accommodated via the departmental budgets within the University's operating budget.

The projected carry forward at the end of the four-year window is at the level indicated based on continuing to fund the deferred maintenance program at the \$5.5 million dollar level through fiscal year 2010-11. 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 shown to alert the board that these outstanding projects exist, but are not approved for funding.

## SUMMARY OF SOURCES AND USES OF FUNDS

	TOTAL ESTIMATE	PRIOR YR PROJECTS IN PROGRESS	2007-08	2008-09	2009-10	2010-11
<b><u>FUNDING SOURCES</u></b>						
PARKING SERVICES	4,907,300	0	1,226,825	1,226,825	1,226,825	1,226,825
ATHLETICS	521,200	0	150,400	140,400	140,400	90,000
RESIDENCE & AUXILIARY SERVICES	6,482,400	0	1,620,600	1,620,600	1,620,600	1,620,600
GENERAL FUND	10,225,144	0	2,556,286	2,556,286	2,556,286	2,556,286
CARRYFORWARD FROM PRIOR YEAR	415,515	415,515	0	0	0	0
BOND FUNDS	57,000,000	46,292,499	10,707,501	0	0	0
CMU DIVISIONAL AND RESERVE FUNDS	16,300,000	14,800,000	2,027,700	0	0	0
STATE CAPITAL OUTLAY	37,500,000	0	19,713,439	17,292,490	494,071	0
<b>TOTAL SOURCES</b>	133,879,259	61,508,014	38,002,751	22,836,601	6,038,182	5,493,711
<b><u>USES OF FUNDS</u></b>						
RESTRICTED PROJECTS	110,800,000	53,254,555	39,758,884	17,292,490	494,071	0
DEFERRED MAINTENANCE & OTHER PROJECTS	22,670,223	0	6,170,223	5,500,000	5,500,000	5,500,000
<b>TOTAL USES</b>	133,470,223	53,254,555	45,929,107	22,792,490	5,994,071	5,500,000
<b>NET SURPLUS (DEFICIT)</b>		8,253,459	(7,926,356)	44,111	44,111	(6,289)
<b>CUMULATIVE SURPLUS (DEFICIT)</b>	409,036	8,253,459	327,103	371,214	415,325	409,036

## RESTRICTED SOURCES AND USES OF FUNDS

	TOTAL ESTIMATE	PRIOR YR PROJECTS IN PROGRESS	2007-08	2008-09	2009-10	2010-11
<b><u>FUNDING SOURCES</u></b>						
2005 BOND FUNDS - EAST COMPLEX	30,000,000	30,000,000	0	0	0	0
2006 BOND FUNDS - SATELLITE ENERGY FACILITY	22,000,000	11,838,028	10,161,972	0	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	1,754,471	545,529	0	0	0
CMU FUNDS - BEAVER ISLAND ACADEMIC CENTER	1,500,000	1,500,000	0	0	0	0
2006 BOND FUNDS - EDUCATION BUILDING	2,700,000	2,700,000	0	0	0	0
CMU FUNDS - EDUCATION BUILDING	9,800,000	8,300,000	1,500,000	0	0	0
STATE CAPITAL OUTLAY - EDUCATION BUILDING	37,500,000	0	19,713,439	17,292,490	494,071	0
<b>TOTAL SOURCES</b>	110,800,000	61,092,499	31,920,940	17,292,490	494,071	0
<b><u>USES OF FUNDS</u></b>						
EAST COMPLEX	30,000,000	30,000,000	0	0	0	0
SATELLITE ENERGY FACILITY	27,000,000	16,838,028	10,161,972	0	0	0
BEAVER ISLAND ACADEMIC CENTER	3,800,000	3,254,471	545,529	0	0	0
EDUCATION BUILDING	50,000,000	3,162,056	29,051,383	17,292,490	494,071	0
<b>TOTAL USES</b>	110,800,000	53,254,555	39,758,884	17,292,490	494,071	0
<b>NET SURPLUS (DEFICIT)</b>	0	7,837,944	(7,837,944)	0	0	0
<b>CUMULATIVE SURPLUS (DEFICIT)</b>		7,837,944	0	0	0	0



## UNRESTRICTED SOURCES OF FUNDS

	COST CENTER	TOTAL ESTIMATE	PRIOR YR PROJECTS IN PROGRESS	2007-08	2008-09	2009-10	2010-11
<b><u>FUNDING SOURCES</u></b>							
PARKING SERVICES	50130	4,907,300	0	1,226,825	1,226,825	1,226,825	1,226,825
<b>GENERAL FUND</b>	<b>27030</b>	<b>10,225,144</b>	<b>0</b>	<b>2,556,286</b>	<b>2,556,286</b>	<b>2,556,286</b>	<b>2,556,286</b>
ACADEMIC AFFAIRS DIVISIONAL FUNDS		52,700	0	52,700	0	0	0
FINANCE & ADMINISTRATIVE SERVICES DIVISIONAL FUNDS		475,000	0	475,000	0	0	0
RESIDENCES & AUXILIARY SERVICES	74949	6,482,400	0	1,620,600	1,620,600	1,620,600	1,620,600
CARRY FORWARD FROM PRIOR YEAR	70209	415,515	415,515	0	0	0	0
ATHLETICS - FIELD HOCKEY REPAYMENT	55004	241,200	0	80,400	80,400	80,400	0
ATHLETICS - KELLY/SHORTS STADIUM LIGHTING	55004	280,000	0	70,000	60,000	60,000	90,000
<b>TOTAL SOURCES</b>		<b>23,079,259</b>	<b>415,515</b>	<b>6,081,811</b>	<b>5,544,111</b>	<b>5,544,111</b>	<b>5,493,711</b>
Assumes holding General Fund allocation at 2006-07 levels.							

## DEFERRED MAINTENANCE & OTHER PROJECTS

PROJECT	LOCATION	TOTAL ESTIMATE	2007-08	2008-09	2009-10	2010-11
<b>DEFERRED MAINTENANCE PROJECTS</b>						
ANNUAL - ADA HANDICAP DOORS	CAMPUS	15,000	15,000			
ANNUAL - ASBESTOS BUILDING SURVEY	CAMPUS	60,000	60,000			
ANNUAL - BLEACHER REPAIR	CAMPUS	10,000	10,000			
ANNUAL - CARPET REPLACEMENT PROGRAM	CAMPUS	30,000	30,000			
ANNUAL - CHEMICAL TREATMENT	CAMPUS	30,000	30,000			
ANNUAL - CURBING AND STORM SEWER REPLACEMENT	CAMPUS	61,000	61,000			
ANNUAL - DOWNSPOUTS / DRAIN TILES	CAMPUS	121,750	121,750			
ANNUAL - ELEVATOR MAINTENANCE	CAMPUS	100,000	100,000			
ANNUAL - ENVIRONMENTAL	CAMPUS	50,000	50,000			
ANNUAL - MASONRY RESTORATION PROGRAM	CAMPUS	150,000	150,000			
ANNUAL - PARKING LOT ASPHALT CRACK SEALING	CAMPUS	10,000	10,000			
ANNUAL - PARKING LOT ASPHALT RESTORATION	CAMPUS	342,000	342,000			
ANNUAL - PREVENTATIVE MAINTENANCE	CAMPUS	145,000	145,000			
ANNUAL - ROAD REPAIR	CAMPUS	72,000	72,000			
ANNUAL - ROOF MAINTENANCE	CAMPUS	25,000	25,000			
ANNUAL - ROOF REPLACEMENT	CAMPUS	700,000	700,000			
ANNUAL - SIDEWALK REPLACEMENT PROGRAM	CAMPUS	60,000	60,000			
ANNUAL - STRIPING-ROADS AND PARKING LOTS	CAMPUS	20,000	20,000			
ANNUAL - TUNNEL REPAIR	CAMPUS	50,000	50,000			
ANNUAL - VIBRATION ANALYSIS	CAMPUS	15,000	15,000			
ANNUAL - WOOD FLOOR REPLACEMENT	CAMPUS	25,000	25,000			
BOILER REPLACEMENT PROGRAM	CAMPUS	50,000	50,000			
CONDENSATE SYSTEM REPAIR PROGRAM	CAMPUS	150,000	150,000			
CONVERT PNEUMATICS TO DDC	CAMPUS	200,000	200,000			
PRIMARY CABLE REPLACEMENT	CAMPUS	100,000	100,000			
STEAM HUMIDIFIER PROGRAM	CAMPUS	100,000	100,000			
PARTICULATE MATTER CONTROL DEVICE	CEF	76,150	76,150			
TURBINE AND GENERATOR MAINTENANCE	CEF	145,000	145,000			
MISCELLANEOUS INTERIOR MAINTENANCE	FOREST LANE	30,000	30,000			
COMPUTER LAB FLOORING	FOUST	100,000	100,000			
BOILER VENTING PROJECT	KELLY SHORTS	30,000	30,000			
ELECTRICAL REPAIR / UPGRADE	MOORE HALL	115,000	115,000			
DOORS, CABINETS, SINKS AND ROOF	NEITHERCUT	45,100	45,100			
ELIMINATE FLOODING AT 300, 500 BUILDINGS	NORTHWEST APTS.	35,000	35,000			
INSTALL VFD ON HOT WATER CIRCULATING PUMP	PARK LIBRARY	10,000	10,000			
MAINTENANCE UPGRADES - NORTHERN TOWERS	PUBLIC BROADCASTING	535,000	535,000			
ANNUAL - TOWER INSPECTIONS	PUBLIC BROADCASTING	102,000	102,000			
ANNUAL - TOWER MAINTENANCE	PUBLIC BROADCASTING	40,000	40,000			
QUAD PARTIAL ELECTRIC DISTRIBUTION PANEL REPLACEMENT	ROBINSON	15,000	15,000			
POOL GROUTING	SAC	30,000	30,000			
DOMESTIC WATER PIPE AND SHOWER VALVE REPLACEMENT	SWEENEY	670,000	670,000			
COLUMN AND DOCK REPAIR	WOLDT RESTRA.	105,000	105,000			
DOMESTIC WATER PIPE AND SHOWER VALVE REPLACEMENT	WOLDT-EMMONS	725,000	725,000			

## DEFERRED MAINTENANCE & OTHER PROJECTS

PROJECT	LOCATION	TOTAL ESTIMATE	2007-08	2008-09	2009-10	2010-11
ARCHITECTURAL	CAMPUS	3,300,000		1,100,000	1,100,000	1,100,000
CONTINGENCY	CAMPUS	600,000		200,000	200,000	200,000
ELECTRICAL	CAMPUS	2,700,000		900,000	900,000	900,000
MASONRY	CAMPUS	600,000		200,000	200,000	200,000
MECHANICAL	CAMPUS	3,900,000		1,300,000	1,300,000	1,300,000
PREVENTATIVE MAINTENANCE	CAMPUS	2,250,000		750,000	750,000	750,000
ROOFING	CAMPUS	3,000,000		1,000,000	1,000,000	1,000,000
STRUCTURAL	CAMPUS	150,000		50,000	50,000	50,000
<b>SUBTOTAL DEFERRED MAINTENANCE</b>		<b>22,000,000</b>	<b>5,500,000</b>	<b>5,500,000</b>	<b>5,500,000</b>	<b>5,500,000</b>
<b>OTHER PROJECTS</b>						
VIDEO SURVEILLANCE FOR PARKING LOTS (\$50,000 FROM FAS DIVISION RESOURCES)	CAMPUS	100,000	100,000			
BROOKS 168 & 169 - INSTALLATION OF LAB BENCHES AND HOOD	BROOKS	39,823	39,823			
MUSEUM STUDIES HVAC REPLACEMENT & AREA RENOVATIONS (\$52,700 FROM ACADEMIC DIVISION RESOURCES)	ROWE	105,400	105,400			
SWEENEY HALL FIRE PROTECTION SYSTEM (\$425,000 FROM FAS DIVISION RESOURCES)	SWEENEY HALL	425,000	425,000			
<b>SUBTOTAL OTHER PROJECTS</b>		<b>670,223</b>	<b>670,223</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL PROJECTS</b>		<b>22,670,223</b>	<b>6,170,223</b>	<b>5,500,000</b>	<b>5,500,000</b>	<b>5,500,000</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>			<b>(88,412)</b>	<b>44,111</b>	<b>44,111</b>	<b>(6,289)</b>
<b>CUMULATIVE SURPLUS (DEFICIT)</b>			<b>** 327,103</b>	<b>371,214</b>	<b>415,325</b>	<b>409,036</b>

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

## UNFUNDED PROJECTS (1)

PROJECT	BUDGET CENTER	LOCATION	TOTAL ESTIMATE
NEW POLICE AND PARKING SERVICES FACILITY	FINANCE & ADMIN SVCS	CAMPUS WIDE	3,162,629
CMU CAMPUS MASTER PLAN UPDATE	FACILITIES MANAGEMENT	CAMPUS WIDE	300,000
CMU BOOKSTORE EXPANSION	RESIDENCES & AUX SVCS	BOVEE UC	1,500,000
BOVEE UC MAIN ENTRY REPLACEMENT	RESIDENCES & AUX SVCS	BOVEE UC	250,000
CONVENIENCE STORE / FITNESS CENTER - NORTH	RESIDENCES & AUX SVCS	NORTH RES. HALLS	2,000,000
ROBINSON DINING REMODEL	RESIDENCES & AUX SVCS	ROBINSON DC	4,500,000
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
WIGHTMAN HALL 116 RENOVATION	EDUCATION & HUMAN SVCS	WIGHTMAN HALL	184,230
CLASSROOM RENOVATION & UPGRADES	ACADEMIC ADMINISTRATION	CAMPUS WIDE	100,000
CAMPUS IRRIGATION SYSTEM	FACILITIES MANAGEMENT	WARRINER MALL	140,000
OUTDOOR SPORTS COMPLEX RENOVATIONS	UNIVERSITY RECREATION	THEUNISSEN STADIUM	360,000
BROOKS 172 & 173 - INSTALLATION OF LAB BENCHES AND HOODS	SCIENCE & TECHNOLOGY	BROOKS	36,422
BUSH THEATER STAGE FLOOR	COMMUNICATION & FINE ARTS	MOORE/BUSH	173,231
BUSH THEATER PIT HYDRAULICS	COMMUNICATION & FINE ARTS	MOORE/BUSH	250,000
RENOVATIONS FOR HISTORY DEPARTMENT	HUMANITIES, SOC & BEHAV SCI	POWERS	91,371
IMPROVEMENTS TO FINCH 113	EDUCATION & HUMAN SVCS	FINCH	78,491
<b>TOTAL UNFUNDED PROJECTS</b>			<b><u>26,745,124</u></b>

(1) These projects were requested during the fiscal year 2008 and prior capital budget request process. While funding was not available for FY 2007-08, 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 FUNDED BY CAPITAL BUDGET	WHEN FUNDED	FINANCE TERMS													TOTAL REPAYMENT	
					2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15		
COMMUTER PARKING LOT (300 SPACES)	450,000	450,000	2003-04	5 YRS	90,000	90,000	180,000	90,000	0									450,000
ATHLETIC FIELD HOCKEY	402,000	402,000	2004-05	5 YRS			80,400	80,400	80,400	80,400	80,400							402,000
KELLY/SHORTS STADIUM LIGHTING	636,034	636,036	2005-06	8 YRS					70,000	60,000	60,000	90,000	90,000	90,000	90,000	86,036		636,036
<b>TOTAL</b>	<b>1,488,034</b>	<b>1,488,036</b>			<b>90,000</b>	<b>90,000</b>	<b>260,400</b>	<b>170,400</b>	<b>150,400</b>	<b>140,400</b>	<b>140,400</b>	<b>90,000</b>	<b>90,000</b>	<b>90,000</b>	<b>90,000</b>	<b>86,036</b>		<b>1,488,036</b>

## MULTI-YEAR PROJECTS

PROJECT	TOTAL ESTIMATE	PRIOR YR PROJECTS IN PROGRESS	2007-08	2008-09	2009-10	2010-11
<b><u>RESTRICTED FUND PROJECTS</u></b>						
EAST COMPLEX	30,000,000	30,000,000	0	0	0	0
SATELLITE ENERGY FACILITY	27,000,000	16,838,028	10,161,972	0	0	0
BEAVER ISLAND ACADEMIC CENTER	3,800,000	3,254,471	545,529	0	0	0
EDUCATION BUILDING	50,000,000	3,162,056	29,051,383	17,292,490	494,071	0
<b>SUBTOTAL RESTRICTED FUND PROJECTS</b>	<b>110,800,000</b>	<b>53,254,555</b>	<b>39,758,884</b>	<b>17,292,490</b>	<b>494,071</b>	<b>0</b>
<b>TOTAL PROJECTS</b>	<b>110,800,000</b>	<b>53,254,555</b>	<b>39,758,884</b>	<b>17,292,490</b>	<b>494,071</b>	<b>0</b>