



# Capital Budget

2011-2012

**Central Michigan University  
Capital Budget**

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**Central Michigan University**  
**2011 - 2012 Capital Budget Narrative**

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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, in its support of the operating needs of the university.

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 shows the restricted funds, 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 2011 - 2012 capital budget for administrative and board approval. Approval of this document includes the 2011 - 2012 capital projects, including deferred maintenance, campus improvement and 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, updated in 2001 and is currently being updated. Starting with fiscal year 1998 - 1999, the Board of Trustees authorized \$4.5 million dollars per year toward addressing these needs. Beginning with fiscal year 2006 - 2007 the Board of Trustees authorized an increase to \$5.5 million dollars. Starting in 2010 - 2011 base funds for deferred maintenance was increased to \$5.7 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, 2010 the estimated replacement value of University facilities was estimated to be \$898,264,307. 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 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 Event Center addition and renovation is in the final stages of construction. The building housed the first basketball game on December 1, 2010. The final phase of the project included the Student Athletic Complex fitness room expansion and it will be completed in April 2011. Sources of funds include university reserves and gifts for a total project cost of \$22.5 million dollars.

The Health Profession's Building Addition commenced construction in May 2010. The project is a 60,625 square foot addition that will house the College of Medicine. Substantial completion is scheduled for September 2011 with occupancy in January 2012. The first class will commence in June 2013. Total cost of the project is \$19.4 million dollars from university reserves and gifts.

The Bovee University Center renovation project commenced renovations in November of 2010 and includes over 37,000 square feet over all three floors of the facility. The building will continue to operate during construction and be completed in December of 2011. Total cost of the project is \$5 million dollars from university reserves and donations.

## **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 \$5.7 million dollars for fiscal year 2011 - 2012. The years beyond 2011 - 2012 maintain the \$5.7 million dollars and 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.

The campus improvement expenditure detail includes \$1.4 million dollars for fiscal year 2011 - 2012 and beyond. 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 2011- 2012 that fall into this category. The details of the amount funded and the repayment stream are shown on the schedule provided.

## **CAPITAL EXPENDITURES**

The capital budget is designed to address projects in the amount of \$25,000 or more except for the deferred maintenance projects. 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 \$5.7 million dollar level through fiscal year 2014 - 2015. Strategic planning for capital expenditures requires allocating resources to meet the ever increasing needs of deferred maintenance.

## CAPITAL BUDGET

	COST CENTER / INTERNAL ORDER	TOTAL ESTIMATE	PRIOR YR PROJECTS IN PROGRESS	2011 - 12	2012 - 13	2013 - 14	2014 - 15
<b>FUNDING SOURCES</b>							
<b>RESTRICTED SOURCES</b>							
GIFTS - EVENTS CENTER		8,037,783	8,037,783	0	0	0	0
UNIVERSITY RESERVES - EVENTS CENTER		14,462,217	14,312,217	150,000	0	0	0
GIFTS - HP BUILDING ADDITION - CMED		383,917	383,917	0	0	0	0
UNIVERSITY RESERVES - HP BUILDING ADDITION - CMED		19,046,083	8,616,083	10,430,000	0	0	0
UNIVERSITY RESERVES/FUTURE GIFTS - UC RENOVATION		4,877,825	1,977,825	2,900,000	0	0	0
GIFTS - UC RENOVATION		122,175	122,175	0	0	0	0
		46,930,000	33,450,000	13,480,000	0	0	0
<b>UNRESTRICTED SOURCES</b>							
PARKING SERVICES	50130	4,052,520	0	1,013,130	1,013,130	1,013,130	1,013,130
GENERAL FUND	27030	11,025,144	0	2,756,286	2,756,286	2,756,286	2,756,286
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	70226	902,432	264,919	154,984	154,984	154,984	172,561
ATHLETICS - EVENTS CENTER ADDITIONAL FUNDING	55004	260,000	0	65,000	65,000	65,000	65,000
ATHLETICS - KELLY/SHORTS STADIUM LIGHTING	55072	342,423	0	90,000	90,000	90,000	72,423
		23,064,919	264,919	5,700,000	5,700,000	5,700,000	5,700,000
<b>TOTAL SOURCES</b>		69,994,919	33,714,919	19,180,000	5,700,000	5,700,000	5,700,000
<b>USES OF FUNDS</b>							
<b>RESTRICTED USES</b>							
EVENTS CENTER	652865	22,500,000	22,350,000	150,000	0	0	0
HP BUILDING ADDITION - COLLEGE OF MEDICINE	653167	19,430,000	9,000,000	10,430,000	0	0	0
UC RENOVATION	652987	5,000,000	2,100,000	2,900,000	0	0	0
		46,930,000	33,450,000	13,480,000	0	0	0
<b>UNRESTRICTED USES</b>							
DEFERRED MAINTENANCE & OTHER PROJECTS		22,800,000	0	5,700,000	5,700,000	5,700,000	5,700,000
		22,800,000	0	5,700,000	5,700,000	5,700,000	5,700,000
<b>TOTAL USES</b>		69,730,000	33,450,000	19,180,000	5,700,000	5,700,000	5,700,000
<b>NET SURPLUS (DEFICIT)</b>		264,919	264,919	0	0	0	0
<b>CUMULATIVE SURPLUS (DEFICIT)</b>			264,919	264,919	264,919	264,919	264,919

## DEFERRED MAINTENANCE

PROJECT	LOCATION	TOTAL ESTIMATE	2011 - 12	2012 - 13	2013 - 14	2014 - 15
<b>DEFERRED MAINTENANCE PROJECTS</b>						
INFRASTRUCTURE IMPROVEMENTS	ANSPACH	1,000,000	1,000,000			
ROOF REPLACEMENTS	BEAVER ISLAND	110,000	110,000			
ANNUAL - CHILLED WATER VALVE REPLACEMENT	CAMPUS	25,000	25,000			
ANNUAL - CURBING AND STORM SEWER REPLACEMENT	CAMPUS	330,000	330,000			
ANNUAL - DOWNSPOUTS/DRAIN TILES	CAMPUS	330,000	330,000			
ANNUAL - ELEVATOR MAINTENANCE	CAMPUS	17,000	17,000			
ANNUAL - ENVIRONMENTAL	CAMPUS	25,400	25,400			
ANNUAL - EXTERIOR DOORS REPLACEMENT - ACADEMIC	CAMPUS	45,000	45,000			
ANNUAL - FLOOR REPLACEMENT (HARD SURFACE)	CAMPUS	10,000	10,000			
ANNUAL - MASONRY RESTORATION	CAMPUS	265,000	265,000			
ANNUAL - MOSAIC TILE REPLACEMENT PROGRAM	CAMPUS	30,000	30,000			
ANNUAL - PARKING LOT ASPHALT CRACK SEALING	CAMPUS	20,000	20,000			
ANNUAL - PARKING LOT ASPHALT RESTORATION	CAMPUS	51,000	51,000			
ANNUAL - PREVENTATIVE MAINTENANCE	CAMPUS	120,000	120,000			
ANNUAL - ROAD REPAIR	CAMPUS	78,600	78,600			
ANNUAL - ROOF PREVENATIVE MAINTENANCE	CAMPUS	140,000	140,000			
ANNUAL - ROOF REPLACEMENT	CAMPUS	808,000	808,000			
ANNUAL - SANITARY SEWER MAINTENANCE & RESTORATION	CAMPUS	150,000	150,000			
ANNUAL - SIDEWALK REPAIR	CAMPUS	225,000	225,000			
ANNUAL - TUNNEL REPAIR	CAMPUS	138,000	138,000			
ANNUAL - WOOD FLOOR MAINTENANCE	CAMPUS	52,000	52,000			
BOILER REPLACEMENT PROGRAM	CAMPUS	50,000	50,000			
DOMESTIC WATER PIPE REPLACEMENT	CAMPUS	225,000	225,000			
EXTERIOR LIGHTING IMPROVEMENTS	CAMPUS	100,000	100,000			
FLAME RETARDANTS	CAMPUS	50,000	50,000			
GROUND SOUTH BUILDING DOORS	CAMPUS	25,000	25,000			
IRRIGATION UPGRADE - YEAR 4	CAMPUS	89,000	89,000			
INVESTIGATE AND REPAIR WATER INFILTRATION	CAMPUS	150,000	150,000			
PRIMARY DISTRIBUTION REPAIR	CAMPUS	275,000	275,000			
STEAM AND CONDENSATE REPAIR	CAMPUS	150,000	150,000			
WATER HEATER STORAGE TANKS	CAMPUS	100,000	100,000			
WINDOW CAULKING	CAMPUS	11,000	11,000			
REPLACE MAKE-UP AIR UNIT COIL	CAREY DINING	50,000	50,000			
REPAINT WOOD DELIVERY SYSTEM	CEF	50,000	50,000			
REPAIR CONDENSER WATER PUMPS	CEF	100,000	100,000			
WINDOW REPLACEMENT/BLOCKING	FOUST HALL	30,000	30,000			
SHOWER VALVE REPLACEMENT	SAC	50,000	50,000			
NEW EMERGENCY GENERATOR	WOLDT HALL	225,000	225,000			



## DEFERRED MAINTENANCE

PROJECT	LOCATION	TOTAL ESTIMATE	2011 - 12	2012 - 13	2013 - 14	2014 - 15
ARCHITECTURAL	CAMPUS	3,078,000		1,026,000	1,026,000	1,026,000
CONTINGENCY	CAMPUS	564,300		188,100	188,100	188,100
ELECTRICAL	CAMPUS	2,530,800		843,600	843,600	843,600
MASONRY	CAMPUS	564,300		188,100	188,100	188,100
MECHANICAL	CAMPUS	5,318,100		1,772,700	1,772,700	1,772,700
PREVENTATIVE MAINTENANCE	CAMPUS	2,103,300		701,100	701,100	701,100
ROOFING	CAMPUS	2,804,400		934,800	934,800	934,800
STRUCTURAL	CAMPUS	136,800		45,600	45,600	45,600
<b>TOTAL DEFERRED MAINTENANCE</b>				<b>5,700,000</b>	<b>5,700,000</b>	<b>5,700,000</b>
		<b>22,800,000</b>	<b>5,700,000</b>	<b>5,700,000</b>	<b>5,700,000</b>	<b>5,700,000</b>

## CAMPUS IMPROVEMENT

	COST CENTER	TOTAL ESTIMATE	PRIOR YR PROJECTS IN PROGRESS	2011 - 12	2012 - 13	2013 - 14	2014 - 15
<b><u>FUNDING SOURCES</u></b>							
CARRY FORWARD FROM PRIOR YEAR	74999	146,743	146,743	0	0	0	0
GENERAL FUND*	14445	5,600,000	0	1,400,000	1,400,000	1,400,000	1,400,000
<b>TOTAL SOURCES</b>		5,746,743	146,743	1,400,000	1,400,000	1,400,000	1,400,000
<b><u>USES OF FUNDS</u></b>							
<b>FACILITY CONSTRUCTION/RENOVATION**</b>							
UTILITIES SUPPLY UPGRADE DEBT	77050	2,800,000	0	700,000	700,000	700,000	700,000
EDUCATION BUILDING DEBT	77045	1,000,000	0	250,000	250,000	250,000	250,000
		3,800,000	0	950,000	950,000	950,000	950,000
<b>OTHER PROJECTS</b>							
CLASSROOM IMPROVEMENTS		1,100,000	0	275,000	275,000	275,000	275,000
CAMPUS LANDSCAPING		200,000	0	50,000	50,000	50,000	50,000
CAMPUS SIGNAGE		200,000	0	50,000	50,000	50,000	50,000
AUDITORIUM UPGRADES		300,000	0	75,000	75,000	75,000	75,000
		1,800,000	0	450,000	450,000	450,000	450,000
<b>TOTAL USES</b>		5,600,000	0	1,400,000	1,400,000	1,400,000	1,400,000
<b>NET SURPLUS (DEFICIT)</b>		146,743	146,743	0	0	0	0
<b>CUMULATIVE SURPLUS (DEFICIT)</b>			146,743	146,743	146,743	146,743	146,743

\*Increased based on tuition increase.

\*\*The annual projected budget amounts for facility construction/renovation projects are for total project costs, including a 30 year debt service.

## REPAYMENT SCHEDULE TO THE CAPITAL BUDGET

PROJECT	AMOUNT		WHEN FUNDED	FINANCE TERMS															TOTAL REPAYMENT
	TOTAL PROJECT AMOUNT	FUNDED BY CAPITAL BUDGET			2007 - 08	2008 - 09	2009 - 10	2010 - 11	2011 - 12	2012 - 13	2013 - 14	2014 - 15	2015 - 16	2016 - 17	2017 - 18	2018 - 19	2019 - 20	2020 - 21	
EVENTS CENTER ADDITIONAL FUNDING	650,000	650,000	2010 - 11	10 YRS					65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	650,000
KELLY/SHORTS STADIUM LIGHTING	622,423	622,423	2005 - 06	8 YRS	55,894	74,106	60,000	90,000	90,000	90,000	90,000	72,423							622,423
<b>TOTAL</b>	<b>1,272,423</b>	<b>1,272,423</b>			<b>55,894</b>	<b>74,106</b>	<b>60,000</b>	<b>90,000</b>	<b>155,000</b>	<b>155,000</b>	<b>155,000</b>	<b>137,423</b>	<b>65,000</b>					<b>65,000</b>	<b>1,272,423</b>