



# Capital Budget 2012-2013

**Central Michigan University  
University Capital Budget**

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**Central Michigan University  
2012-13 University Capital Budget Narrative**

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**OVERVIEW AND PROCESS**

**Overview**

The University capital budget process is designed to provide a long-term perspective of the capital needs for 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 University 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 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 University 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 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 fiscal year 2012-13 University capital budget for administrative and board approval. Approval of this document includes the 2012-13 capital projects, including deferred maintenance 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 1998-99, the Board of Trustees (Board) authorized \$4.5 million per year toward addressing these needs. Beginning with fiscal year 2006-07 the Board of Trustees authorized an increase to \$5.5 million. Starting in fiscal year 2010-11, base funds for deferred maintenance increased to \$5.7 million. Funding is from a variety of sources, including the capital budget, the general fund, and Residences and Auxiliary Services.

As of June 30, 2011 the estimated replacement value of university facilities was estimated to be \$880,148,124. This includes over 100 buildings, some of which date back to the early 1900s. Most of the utilities link into a utility infrastructure providing heat, ventilation, and in some cases, air conditioning. A number of these facilities also include elevators.

## **Process**

The University 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 along with the president for final review and university prioritization.
- After the president has reviewed and approved the document, a final recommendation is forwarded to the Board for approval.

Board approval of this University 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**

Anspach Hall is the most heavily used classroom building on campus and is in serious need of HVAC and overall building renovations. Anspach Hall's deferred maintenance renovations begin summer 2012 with an anticipated completion in summer 2013. Major renovation items include ceilings, lighting, first floor corridor flooring, office carpet, updating 22 classrooms and one lecture hall, restrooms upgraded to meet ADA requirements, electrical equipment upgrades, new doors with ADA hardware, replacement of the office wing roof, emergency lighting, new west entrance and the addition of a new student lounge. In December 2011, the Board approved the project not to exceed a total cost of \$14.1 million; funded with university reserves, deferred maintenance and departmental reserves.

CMU's Data Center is currently housed in the basement of Foust Hall, which has been subject to flooding. To alleviate the continual flooding risk, CMU will construct a new data center at a total cost not to exceed \$5.4 million. The new data center will provide state-of-the-art, secure, cost effective data and information technology solutions for students, faculty and staff and will be substantially completed by summer 2013. The December 2011 Board approved project is funded with University reserves.

CMU is in the construction phase of a new graduate student apartment housing facility located west of the Carlin Alumni House on Bellows Street. The project was approved by the Board in September 2011. The new apartment complex

will house 94 new apartments, consisting of one, two and four bedroom units. The total cost of the project is \$28.5 million funded from Residences and Auxiliary Services' capital reserves and local bank loans.

The College of Medicine building addition, a 60,625 square foot addition, commenced construction in May 2010. The project was approved by the Board in September 2009 and will house the College of Medicine. The addition was substantially complete in September 2011 with occupancy in January 2012. The first class will commence in June 2013. Total cost of the project is \$19.4 million funded from University reserves and gifts.

The Towers Real Food on Campus dining renovation project, approved by the Board in September 2011, will replace and update a high volume dining facility to better serve the students. The project will include new state-of-the-art cooking and serving destinations, flexibility for menu expansion and efficiencies for food preparation and distribution. It will include updating some amenities and equipment and provide for energy-efficient enhancements and technology improvements. The total cost of the project is \$1.5 million funded from Residences and Auxiliary Services replacement and renovation funds.

CMU has requested a Bioscience Building as a future project through the State's Capital Outlay process. The Governor has approved the project as part of the 2012-13 Capital Outlay budget. The Board approved this project as part of our Capital Outlay submittal in December 2011. The facility will be 157,934 gross square foot and will provide flexible, state-of-the-art research and learning spaces that will house the laboratories, instruments, and teaching facilities essential for modern bioscience programs. The facility will also foster an important contribution to Michigan's economic goals by emphasizing cell and molecular biology, biotechnology and other emerging disciplines. It will also enhance the existing strong programs in the biosciences at CMU, including those in the new Institute for Great Lakes Research, which plays a major role in promoting the sustainable use of these critical natural ecosystems.

### **Unrestricted Resources**

There are several sources of university funds shown in this section of the University capital budget. Sources include funding from Parking Services, the general fund, Residences and Auxiliary Services, and unused funds from the prior year's capital budget. Funds also include repayments to the capital budget from previously funded items.

The deferred maintenance/capital expenditure detail includes an annual \$5.7 million for fiscal years 2012-13 through 2014-15. The individual projects for both deferred maintenance and capital will be identified each year.

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

The University 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 fiscal year 2012-13 that fall into this category. The details of the amount funded and the repayment stream are shown on the schedule provided.

### **UNIVERSITY CAPITAL EXPENDITURES**

The University capital budget is designed to fund 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 funds available 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 level through fiscal year 2015-16. Strategic planning for capital expenditures requires allocating resources to meet the ever increasing needs of deferred maintenance.

## UNIVERSITY CAPITAL BUDGET

	COST CENTER / INTERNAL ORDER	TOTAL ESTIMATE	PRIOR YR PROJECTS IN PROGRESS	2012-13	2013-14	2014-15	2015-16
<b><u>FUNDING SOURCES</u></b>							
<b>RESTRICTED</b>							
ANSPACH HALL RENOVATION - UNIV RESERVES/DEFERRED MAINT/GF DEPT		\$ 14,075,000	\$ 2,850,000	\$ 7,725,000	\$ 3,500,000	\$ -	\$ -
COLLEGE OF MEDICINE BUILDING ADDITION - GIFTS/UNIV RESERVES		19,430,000	15,780,000	3,050,000	600,000	-	-
DATA CENTER - UNIVERSITY RESERVES		5,400,000	315,000	4,000,000	1,085,000	-	-
GRADUATE STUDENT HOUSING - LOCAL BANK LOANS/RES & AUX RESERVES		28,500,000	9,100,000	18,800,000	600,000	-	-
TOWERS REAL FOOD ON CAMPUS - RES & AUX RESERVES		1,500,000	355,000	1,145,000	-	-	-
		\$ 68,905,000	\$ 28,400,000	\$ 34,720,000	\$ 5,785,000	\$ -	\$ -
<b>UNRESTRICTED</b>							
ATHLETICS - EVENTS CENTER SIGNAGE & VIDEO	55049	\$ 392,543	\$ 61,175	\$ 82,842	\$ 82,842	\$ 82,842	\$ 82,842
ATHLETICS - KELLY/SHORTS STADIUM LIGHTING	55072	622,423	370,000	90,000	90,000	72,423	-
FUNDS AVAILABLE FROM PRIOR YEARS	70233	1,361,713	1,361,713	-	-	-	-
GENERAL FUND	27030	11,025,144	-	2,756,286	2,756,286	2,756,286	2,756,286
PARKING SERVICES	50130	4,052,520	-	1,013,130	1,013,130	1,013,130	1,013,130
RES & AUX SERVICES	74949	6,482,400	-	1,620,600	1,620,600	1,620,600	1,620,600
		\$ 23,936,743	\$ 1,792,888	\$ 5,562,858	\$ 5,562,858	\$ 5,545,281	\$ 5,472,858
<b>TOTAL FUNDING SOURCES</b>		\$ 92,841,743	\$ 30,192,888	\$ 40,282,858	\$ 11,347,858	\$ 5,545,281	\$ 5,472,858
<b><u>USES OF FUNDS</u></b>							
<b>RESTRICTED</b>							
ANSPACH HALL RENOVATION	653873	\$ 14,075,000	\$ 2,850,000	\$ 7,725,000	\$ 3,500,000	\$ -	\$ -
COLLEGE OF MEDICINE BUILDING ADDITION	653167	19,430,000	15,780,000	3,050,000	600,000	-	-
DATA CENTER	653869	5,400,000	315,000	4,000,000	1,085,000	-	-
GRADUATE STUDENT HOUSING	653877	28,500,000	9,100,000	18,800,000	600,000	-	-
TOWERS REAL FOOD ON CAMPUS	653208	1,500,000	355,000	1,145,000	-	-	-
		\$ 68,905,000	\$ 28,400,000	\$ 34,720,000	\$ 5,785,000	\$ -	\$ -
<b>UNRESTRICTED</b>							
DEFERRED MAINTENANCE & OTHER PROJECTS		\$ 33,000,000	\$ -	\$ 5,700,000	\$ 5,700,000	\$ 5,700,000	\$ 5,700,000
TRANSFER TO CAPITAL CONSTRUCTION RESERVE		932,124	431,175	172,842	172,842	155,265	-
		\$ 33,932,124	\$ 431,175	\$ 5,872,842	\$ 5,872,842	\$ 5,855,265	\$ 5,700,000
<b>TOTAL USES OF FUNDS</b>		\$ 102,837,124	\$ 28,831,175	\$ 40,592,842	\$ 11,657,842	\$ 5,855,265	\$ 5,700,000
<b>NET SURPLUS (DEFICIT)</b>		\$ (9,995,381)	\$ 1,361,713	\$ (309,984)	\$ (309,984)	\$ (309,984)	\$ (227,142)
<b>CUMULATIVE SURPLUS (DEFICIT)</b>		\$ 1,361,713	\$ 1,051,729	\$ 741,745	\$ 431,761	\$ 204,619	



## DEFERRED MAINTENANCE/OTHER PROJECTS

LOCATION	PROJECTS	TOTAL ESTIMATE	2012-13	2013-14	2014-15	2015-16
<b>DEFERRED MAINTENANCE</b>						
ANSPACH	INFRASTRUCTURE IMPROVEMENTS	1,000,000	1,000,000	-	-	-
BEAVER ISLAND	MAIN LODGE DOOR AND WINDOW REPLACEMENT	220,000	220,000	-	-	-
CAMPUS	ANNUAL - CARPET REPLACEMENT PROGRAM	60,000	60,000	-	-	-
CAMPUS	ANNUAL - ELEVATOR MAINTENANCE	25,000	25,000	-	-	-
CAMPUS	ANNUAL - ENVIRONMENTAL	25,000	25,000	-	-	-
CAMPUS	ANNUAL - EXTERIOR LIGHTING IMPROVEMENTS	310,000	310,000	-	-	-
CAMPUS	ANNUAL - FLOOR REPLACEMENT	30,000	30,000	-	-	-
CAMPUS	ANNUAL - MANHOLE MAINTENANCE	62,000	62,000	-	-	-
CAMPUS	ANNUAL - MASONRY RESTORATION	170,000	170,000	-	-	-
CAMPUS	ANNUAL - MOSAIC TILE REPLACEMENT PROGRAM	30,000	30,000	-	-	-
CAMPUS	ANNUAL - PARKING LOT ASPHALT CRACK SEALING	34,000	34,000	-	-	-
CAMPUS	ANNUAL - PREVENTATIVE MAINTENANCE	103,000	103,000	-	-	-
CAMPUS	ANNUAL - ROOF REPLACEMENT	820,000	820,000	-	-	-
CAMPUS	ANNUAL - SANITARY SEWER MAINTENANCE	75,000	75,000	-	-	-
CAMPUS	ANNUAL - SIDEWALK REPAIR	188,000	188,000	-	-	-
CAMPUS	ANNUAL - WINDOW CAULKING	37,750	37,750	-	-	-
CAMPUS	ANNUAL - WINDOW REPLACEMENT PROGRAM	20,000	20,000	-	-	-
CAMPUS	ANNUAL - WOOD FLOOR MAINTENANCE	25,000	25,000	-	-	-
CAMPUS	DOMESTIC WATER PIPE REPLACEMENT	450,000	450,000	-	-	-
CAMPUS	ELECTRICAL ENERGY QUALITY AND EFFICIENCY IMPROVEMENTS	100,000	100,000	-	-	-
CAMPUS	ELECTRICAL SYSTEM UPGRADE FOR BUILDINGS	25,000	25,000	-	-	-
CAMPUS	PRIMARY DISTRIBUTION REPAIR	150,000	150,000	-	-	-
CAMPUS	REPLACE BRICK TUNNEL	50,000	50,000	-	-	-
CAMPUS	STEAM AND CONDENSATE REPAIR	365,250	365,250	-	-	-
CAREY DINING	EXHAUST FANS	50,000	50,000	-	-	-
CAREY DINING	REPLACE GALVANIZED PIPE	30,000	30,000	-	-	-
CEF	FLOOR DRAIN REPLACEMENT	50,000	50,000	-	-	-
CEF	POWERHOUSE CONTROL UPGRADE	300,000	300,000	-	-	-
PUBLIC BROADCASTING	ANNUAL - TOWER MAINTENANCE	455,000	455,000	-	-	-
ROSE	REPLACE FLOOR IN ROSE TRAINING ROOM 145	50,000	50,000	-	-	-
ROSE	ROSE LOCKER ROOM UPGRADES	90,000	90,000	-	-	-
ROSE	ROSE POND PATH	50,000	50,000	-	-	-
SMITH	REPLACE BRANCH CIRCUIT WIRING	225,000	225,000	-	-	-
UNIVERSITY CENTER	3RD FLOOR AIR HANDLING HOUSE	25,000	25,000	-	-	-
CAMPUS	DEFERRED MAINTENANCE PROJECTS	\$ 17,100,000	\$ -	\$ 5,700,000	\$ 5,700,000	\$ 5,700,000
<b>TOTAL DEFERRED MAINTENANCE</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>
<b>OTHER</b>						
		\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL OTHER</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL</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>

## REPAYMENT SCHEDULE TO THE UNIVERSITY CAPITAL BUDGET

PROJECT	TOTAL	AMOUNT	WHEN	FINANCE	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	TOTAL	
	PROJECT	FUNDED											BY CAPITAL	REPAYMENT
	AMOUNT	BUDGET	FUNDED	TERMS										
KELLY/SHORTS STADIUM LIGHTING	\$ 622,423	\$ 622,423	2005-2006	8 YRS	\$ 55,894	\$ 74,106	\$ 60,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 72,423	\$ 622,423
<b>TOTAL</b>	<b>\$ 622,423</b>	<b>\$ 622,423</b>			<b>\$ 55,894</b>	<b>\$ 74,106</b>	<b>\$ 60,000</b>	<b>\$ 90,000</b>	<b>\$ 90,000</b>	<b>\$ 90,000</b>	<b>\$ 90,000</b>	<b>\$ 90,000</b>	<b>\$ 72,423</b>	<b>\$ 622,423</b>

PROJECT	TOTAL	AMOUNT	WHEN	FINANCE	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	TOTAL
	PROJECT	FUNDED													BY CAPITAL
	AMOUNT	BUDGET	FUNDED	TERMS											
EVENTS CENTER SIGNAGE & VIDEO	\$ 650,000	\$ 650,000	2010-2011	10 YRS	\$ 61,175	\$ 82,842	\$ 82,842	\$ 82,842	\$ 82,842	\$ 82,842	\$ 82,842	\$ 82,842	\$ 82,842	\$ 82,842	\$ 806,753
<b>TOTAL</b>	<b>\$ 650,000</b>	<b>\$ 650,000</b>			<b>\$ 61,175</b>	<b>\$ 82,842</b>	<b>\$ 82,842</b>	<b>\$ 82,842</b>	<b>\$ 82,842</b>	<b>\$ 82,842</b>	<b>\$ 82,842</b>	<b>\$ 82,842</b>	<b>\$ 82,842</b>	<b>\$ 82,842</b>	<b>\$ 806,753</b>