

Central Michigan University

Capital Budget 2001-2002

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**Central Michigan University
Capital Budget**

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Capital Budget

Overview and Process

The capital budgeting 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 handicap safety
- 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, 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 2001-2002 capital budget for administrative and Board approval. Approval of this document includes the 2001-2002 projects and the multi-year projects included on page 11. 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 only items that can likely be done in the four-year future window covered by this budget.

The campus has many deferred maintenance needs as documented in a detailed audit of each building that was done in 1997 (another audit will be completed during the summer of 2001). Beginning with 1998-99, \$4,500,000 per year was

dedicated toward addressing these needs. The plan that was approved is a fifteen-year plan. Funding will be 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 Budget and Planning Office and forwarded to the Capital Planning Committee, the Budget Review Advisory 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.

As of June 30, 2000 the cost of University facilities was estimated to be \$631,108,170. This includes over 100 buildings, some of which date back to the early part of the century. 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 are coming from the State capital outlay process, bond proceeds from the bond issue of April 1997, reserves set up for the Library expansion and baseball field relocation projects, and gifts for the athletic and Health Professions projects.

The State capital outlay for the Library addition and remodeling is shown, based on the approved level of \$37,500,000. The project requires a twenty-five percent match or \$12,500,000 from the University. Site preparation began in FY 1998-99, with construction commencing in FY 1999-2000. This project includes approximately \$220,000 of additional unrestricted 1998-99 funds for projects related to the Library addition and remodeling. This is over and above the original budget of \$50,000,000.

State capital outlay for the Health Professions Building is also shown, based on the approved level of \$37,500,000. University matching of twenty-five percent (\$12,500,000) is

also required for this project. Gifts from The Herbert H. and Grace A. Dow Foundation, The Carls Foundation, and The Rollin M. Gerstacker Foundation have been secured toward this match. Construction is scheduled to commence in July, 2001.

The location selected for the Health Professions Building will require demolition of the current baseball stadium. This budget includes capital reserve funding of \$4,000,000 for this demolition and the construction of a new baseball stadium, to be located at the south end of the campus.

Other University Resources

There are several sources of University dollars being brought together 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. There are also repayments to the capital budget from items previously funded.

Specific funding for deferred maintenance is as follows.

	2001-02	2002-03	2003-04	2004-2005
Capital Budget	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000
General Fund	1,500,000	1,400,000	1,400,000	1,400,000
Auxiliary Rm. & Bd	800,000	900,000	900,000	900,000
	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000

The \$4.5 million funding for deferred maintenance stabilizes in 2002-03 with \$900,000 from Auxiliary Services and \$1.4 million from the general fund.

The deferred maintenance expenditure detail includes a contingency of approximately \$600,000 to \$900,000 per year as an estimate of the flexibility needed for this program

The years beyond 2001-2002 include estimates of the amount of funding that will be spent in 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

This is the sixth year that the 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 fronted for the projects. There are two projects that currently 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 the 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. Facilities Management has been allocated \$50,000 each year from this budget to address the small maintenance and

emergency projects under \$25,000 each. Other small projects under this threshold are to be accommodated via the departmental budgets within the University operating budget. This \$25,000 threshold was increased from \$10,000 effective July 1, 1999. This change is due to the additional flexibility that centers have under the operating budget due to Budget Restructuring.

The projected carry forward surplus at the end of the four-year window is at the level indicated to allow some flexibility for unforeseen projects that may arise during the year.

**CENTRAL MICHIGAN UNIVERSITY
CAPITAL BUDGET
SUMMARY OF REVENUE AND EXPENDITURES**

	Total Estimate	Prior Year Projects In Process	2001-02	2002-03	2003-04	2004-05
<u>REVENUE/FUNDING</u>						
State Capital Outlay	\$75,000,000	\$30,500,000	\$25,800,000	\$18,700,000	\$0	\$0
Gifts for Athletic Projects	1,936,000	1,547,000	248,000	140,000	1,000	0
Reserve for Library Project	800,000	800,000	0	0	0	0
Bond Funds	15,500,000	10,000,000	5,500,000	0	0	0
Est Interest on Bond Funds	1,700,000	1,700,000	0	0	0	0
The Herbert H. & Grace A. Dow Foundation *	4,000,000	0	1,000,000	1,000,000	1,000,000	1,000,000
The Carls Foundation	1,500,000	500,000	500,000	500,000	0	0
Parking Services	5,202,000	0	1,300,500	1,300,500	1,300,500	1,300,500
Residences and Auxiliary Services	6,382,400	0	1,520,600	1,620,600	1,620,600	1,620,600
Reserve for Baseball Stadium	4,000,000	1,000,000	3,000,000	0	0	0
General Fund	10,056,800	0	2,514,200	2,514,200	2,514,200	2,514,200
Carry Forward from Prior Year	2,373,000	2,373,000	0	0	0	0
Campus Improvement Fee	3,200,000	0	800,000	800,000	800,000	800,000
Repayments to Capital Budget	600,000	0	350,000	250,000	0	0
Total Revenue/Funding	\$132,250,200	\$48,420,000	\$42,533,300	\$26,825,300	\$7,236,300	\$7,235,300
<u>CAPITAL EXPENDITURES</u>						
Restricted Projects	\$104,231,000	\$45,931,000	\$34,300,000	\$24,000,000	\$0	\$0
Other Projects	23,663,030	0	6,463,640	5,733,130	5,733,130	5,733,130
Total Capital Expenditures	\$127,894,030	\$45,931,000	\$40,763,640	\$29,733,130	\$5,733,130	\$5,733,130
Net Surplus (Deficit)		\$2,489,000	\$1,769,660	(\$2,907,830)	\$1,503,170	\$1,502,170
Cumulative Surplus (Deficit)	\$4,356,170	\$2,489,000	\$4,258,660	\$1,350,830	\$2,854,000	\$4,356,170

* Total grant from The Herbert H. & Grace A. Dow Foundation to be \$5,000,000 over a five year period, starting in 2001-02

RESTRICTED SOURCES AND USES OF FUNDS

	Location	Total Estimate	Prior Year Projects In Process	2001-02	2002-03	2003-04	2004-05
FUNDING SOURCE							
State Capital Outlay - Library		\$37,500,000	\$30,500,000	\$7,000,000	\$0	\$0	\$0
Bond Funds for Library		10,000,000	10,000,000	0	0	0	0
Interest on Bond Funds - Library		1,700,000	1,700,000	0	0	0	0
Reserve for Library Project		800,000	800,000	0	0	0	0
State Capital Outlay - Health Professions Bldg		37,500,000	0	18,800,000	18,700,000	0	0
Gifts/Bond Funds - Health Professions Bldg		5,500,000	0	5,500,000	0	0	0
The Herbert H. & Grace A. Dow Foundation (A)		4,000,000	0	1,000,000	1,000,000	1,000,000	1,000,000
The Carls Foundation - Health Professions Bldg		1,500,000	500,000	500,000	500,000	0	0
Reserve for Baseball Stadium Relocation		4,000,000	1,000,000	3,000,000	0	0	0
Gifts for Football Stadium/IAC		1,936,000	1,547,000	248,000	140,000	1,000	0
Total Resources		\$ 104,436,000	\$46,047,000	\$36,048,000	\$20,340,000	\$1,001,000	\$1,000,000
USES OF FUNDS							
Library Project	(B) Park Library	\$50,000,000	\$43,000,000	\$7,000,000	\$0	\$0	\$0
Health Professions Building		50,000,000	2,000,000	24,000,000	24,000,000	0	0
Relocation of Baseball Stadium		4,000,000	700,000	3,300,000	0	0	0
Football Stadium/IAC		231,000	231,000	0	0	0	0
Total Uses		\$104,231,000	\$45,931,000	\$34,300,000	\$24,000,000	\$0	\$0
Net Available Resources		\$205,000	\$116,000	\$1,748,000	(\$3,660,000)	\$1,001,000	\$1,000,000
Cumulative Surplus (Deficit)			\$116,000	\$1,864,000	(\$1,796,000)	(\$795,000)	\$205,000

(A) Total grant from the Herbert H. & Grace A. Dow Foundation to be \$5,000,000 over a five year period, starting in 2001-2002.

(B) In addition to this project budget, an additional \$220,000 from 1998-99 unrestricted capital funds have been allocated for related work.

Unrestricted Sources of Funds

Line No	Funding Source	Account Number	Total Estimate	2001-02	2002-03	2003-04	2004-05
1	Parking Services	50130	\$5,202,000	\$1,300,500	\$1,300,500	\$1,300,500	\$1,300,500
2							
3	General Fund	27030	10,056,800	2,514,200	2,514,200	2,514,200	2,514,200
4							
5	Residences and Auxiliary Services	74998	6,382,400	1,520,600	1,620,600	1,620,600	1,620,600
6							
7	Food Court Payback from Auxiliary Services	74998	100,000	100,000	0	0	0
8							
9	Merrill Dining Commons Payback		500,000	250,000	250,000	0	0
10							
11	Campus Improvement Fee	14445	3,200,000	800,000	800,000	800,000	800,000
12							
13	Carry Forward Funding from 2000-01	70215	2,373,000	0	0	0	0
14							
15							
16							
17	Total Resources		<u>\$27,814,200</u>	<u>\$6,485,300</u>	<u>\$6,485,300</u>	<u>\$6,235,300</u>	<u>\$6,235,300</u>
18							
19							

General Uses of Funds

Line No.	Project	University Priority	Location	Total Estimate	2001-02	2002-03	2003-04	2004-05
DEFERRED MAINTENANCE PROJECTS								
1	Replace roof (section 3)	1	Brooks	\$96,000	\$96,000			
2	Replace leaking and pitted pipes	2	Merrill	250,000	250,000			
3	Replace leaking and pitted pipes	3	Woldt	310,000	310,000			
4	New potable water supply	4	Beaver Island	110,000	110,000			
5	Replace lodge roof	5	Beaver Island	147,000	147,000			
6	Replace roof (section 2)	6	Special Olympics	89,700	89,700			
7	Replace leaking and pitted pipes	7	Trout	260,000	260,000			
8	Renovate parking lot #22 (advance funded)	8	Campus	275,000	275,000			
9	Replace fire alarm in southeast quad (advance funded)	9	Woldt Dining	210,000	210,000			
10	Woodchip boiler startup costs	10	Central Energy	250,000	250,000			
11	Replace failing condensate line	11	Campus	30,000	30,000			
12	Repair steam line supports	12	Campus	50,000	50,000			
13	Repair portion of project	13	Merrill Dining	200,000	200,000			
14	Tunnel expansion loop (south of Foust)	14	Campus	95,000	95,000			
15	Replace 12 windows and repair masonry	15	Wightman	60,000	60,000			
16	Replace outdated boiler controls	16	Central Energy	30,000	30,000			
17	Replace elevator doors	17	Northwest Quad	15,000	15,000			
18	Replace unsatisfactory fire doors	18	Residence Halls	230,000	230,000			
19	Replace roof (section 3)	19	Industrial Tech	6,300	6,300			
20	Replace roof (section 1)	20	Herrig	42,300	42,300			
21	Replace roof (section 2)	21	Herrig	74,000	74,000			
22	Replace roof (section 3)	22	Herrig	54,700	54,700			
23	Replace roof (section 2)	23	West	37,000	37,000			
24	Replace roof (section 11)	24	Rose Center	600,600	600,600			
25	Classroom upgrade/remodel/refurbish	25	Campus	100,000	100,000			
26	Roofing			1,500,000	-	500,000	500,000	500,000
27	Masonry			900,000	-	300,000	300,000	300,000
28	Mechanical and plumbing			1,200,000	-	400,000	400,000	400,000
29	Electrical			5,550,000	-	1,850,000	1,850,000	1,850,000
30	Architectural			2,550,000	-	850,000	850,000	850,000
31	Contingency			2,677,400	877,400	600,000	600,000	600,000
32	SUBTOTAL DEFERRED MAINTENANCE			\$18,000,000	\$4,500,000	4,500,000	4,500,000	4,500,000
33								
34								
35	OTHER PROJECTS							
36	Annual ADA urgent changes - mandate	26	Campus	1,200,000	300,000	300,000	300,000	300,000
37	Annual utility/mechanical asbestos abatement (Fed. mandate & safety)	27	Campus	360,000	90,000	90,000	90,000	90,000
38	Reserve for emergencies	28	Campus	200,000	50,000	50,000	50,000	50,000
39	Annual wood floor maintenance	29	Campus	80,000	20,000	20,000	20,000	20,000
40	Annual sidewalk repairs	30	Campus	160,000	40,000	40,000	40,000	40,000
41	Upton Drain, Phase 2	31	Campus	26,500	26,500			
42	Annual asphalt repair (parking lots & roads)	32	Campus	400,000	100,000	100,000	100,000	100,000
43	Counterweight system upgrade	33	Bush Theatre	36,300	36,300			

General Uses of Funds

Line No.	Project	University Priority	Location	Total Estimate	2001-02	2002-03	2003-04	2004-05
44	Listserve replacement	34	Foust	30,500	30,500			
45	Police car replacements	35	Campus	132,520	33,130	33,130		33,130
46	Landscaping of mall area	36	Anspach/Pearce	300,000	300,000			
47	Landscaping of south entrance area	37	University Center	50,000	50,000			
48	Preston Street pedestrian crossing	38	University Center	60,000	60,000			
49	Administrative student system replacement	39	Foust	2,000,000	500,000	500,000	500,000	500,000
50	Web based course instructional management system	40	Campus	172,210	172,210			
51	Classroom renovation/upgrade	41	Campus	400,000	100,000	100,000	100,000	100,000
52	Tower painting and reguying	42	Public Broadcasting	55,000	55,000			
53								
54								
55		SUBTOTAL OTHER PROJECTS		\$5,663,030	\$1,963,640	\$1,233,130	\$1,233,130	\$1,233,130
56								
57		TOTAL PROJECTS		\$23,663,030	\$6,463,640	\$5,733,130	\$5,733,130	\$5,733,130
58								
59		ANNUAL SURPLUS (DEFICIT)			\$21,660	\$752,170	\$502,170	\$502,170
60		CUMULATIVE SURPLUS (DEFICIT)		*	\$2,394,660	\$3,146,830	\$3,649,000	\$4,151,170
61								
62								
63								

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

Summary of Projects With a Repayment to the Capital Budget

Project Name	Total Project Amount	Amount Funded by Capital Budget	When Funded	Repayment Schedule						Total Repayment			
				1996-97	1997-98	1998-99	1999-00	2000-01	2001-02		2002-03	2003-04	2004-05
Foodcourt Renovation	\$ 1,600,000	\$ 800,000	1994-95	\$ 185,700	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ 800,000
Barnard/Tate Demolition (a)	1,445,000	1,445,000	1995-96	260,000	260,000	260,000	260,000	-	-	-	-	-	\$ 1,040,000
Mainframe Purchase (b)	1,359,500	787,500	1995-96	15,800	15,800	15,800	192,000	144,000	-	-	-	-	\$ 583,400
Robinson Food Commons (c)	975,000	740,000	1998-99	-	-	210,000	210,000	-	-	-	-	-	\$ 420,000
Merrill Food Commons (d)	1,200,000	500,000	2000-01	-	-	-	-	-	250,000	250,000	-	-	\$ 500,000
Totals	\$ 6,579,500	\$ 4,272,500		\$ 461,500	\$ 375,800	\$ 585,800	\$ 762,000	\$ 244,000	\$ 350,000	\$ 250,000	\$ -	\$ -	\$ 3,343,400

- (a) The net capital budget contribution for this project equals \$405,000 for the landscaping and relocation of ROTC as a result of this demolition.
- (b) The net capital budget contribution for this project equals \$204,100
- (c) The funding for this project includes \$340,000 of the funds earmarked for deferred maintenance, \$235,000 from Auxiliary maintenance, renovation and remodeling, and the remaining \$400,000 from the general capital budget. Estimated interest charges of \$20,000 will flow to the General Fund interest income account.
- (d) The funding for this project includes \$200,000 of the funds earmarked for deferred maintenance, \$500,000 from Auxiliary maintenance, renovation and remodeling, and the remaining \$500,000 from the general capital budget.

**MULTI-YEAR PROJECTS
PROJECT APPROVAL TO BE GRANTED WITH THE APPROVAL OF
THE 2001-2002 CAPITAL BUDGET DOCUMENT**

Line No	Project	Location	Total Estimate	Prior Year Projects In Process	2001-02	2002-03	2003-04	2004-05
1								
2	Restricted Fund Projects							
3								
4	Library Project	Park Library	\$50,000,000	\$43,000,000	\$7,000,000	\$0	\$0	\$0
5	Health Professions Building		50,000,000	2,000,000	24,000,000	24,000,000	0	0
6	Baseball Stadium		4,000,000	1,000,000	3,000,000	0	0	0
7	SUBTOTAL RESTRICTED PROJECTS		\$104,000,000	\$46,000,000	\$34,000,000	\$24,000,000	\$0	\$0
8								
9								
10	Unrestricted Fund Projects							
11								
12	Administrative student system replacement	Foust	\$5,023,670	\$3,023,670	\$500,000	\$500,000	\$500,000	\$500,000
13	SUBTOTAL UNRESTRICTED PROJECTS		\$5,023,670	\$3,023,670	\$500,000	\$500,000	\$500,000	\$500,000
14								
15								
16	TOTAL PROJECTS		\$109,023,670	\$49,023,670	\$34,500,000	\$24,500,000	\$500,000	\$500,000