

Central Michigan University

Capital Budget 2002-2003

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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 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, 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 2002-2003 capital budget for administrative and Board approval. Approval of this document includes the 2002-2003 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 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 and updated in 2001. Beginning with 1998-99, \$4,500,000 per year was to be 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 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, 2000 the estimated replacement value of University facilities was estimated to be \$631,108,170. 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 the State capital outlay process, bond proceeds from the bond issues of April 1997 & 2002, reserves set up for the Library expansion 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 required 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 and substantial completion and opening of the library addition in FY 2001-2002. Punch list items remain for completion in FY 2002-03.

State capital outlay for the Health Professions Building is also shown, based on the approved level of \$37,500,000, with University matching funds of twenty-five percent (\$12,500,000). Gifts from The Herbert H. and Grace A. Dow Foundation, The Carls Foundation, and The Rollin M. Gerstacker Foundation and several other sources have been secured toward this match. Construction commenced in July 2001.

Construction of the new Residence Halls began in FY 2001-02 with an anticipated completion date of Fall 2003. Sources of funds include the 2002 bond issue with an approved level for the residence halls construction of \$33,000,000 and \$3,500,000 for modifications and renovation.

Other University 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. There are also repayments to the capital budget from items previously funded.

Specific funding for deferred maintenance is as follows.

	2002-03	2003-04	2004-05	2005-2006
Capital Budget	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000
General Fund	1,400,000	1,400,000	1,400,000	1,400,000
Auxiliary Rm. & Bd	900,000	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 is comprised of \$2.2 million from capital budget, \$1.4 million from the general fund and \$900,000 from Auxiliary Services.

The deferred maintenance expenditure detail includes a contingency of approximately \$100,000 to \$600,000 per year as an estimate of the flexibility needed in this program.

The years beyond 2002-2003 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 seventh 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 pre-funded. There is one project for 2002-03 that falls 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. 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 SOURCES AND USES OF FUNDS**

	Total Estimate	Prior Year Projects In Process	2002-03	2003-04	2004-05	2005-06
<u>FUNDING SOURCES</u>						
State Capital Outlay	\$75,000,000	\$47,500,000	\$27,500,000	\$0	\$0	\$0
Reserve for Library Project	800,000	800,000	0	0	0	0
Bond Funds	51,750,000	51,750,000	0	0	0	0
Est Interest on Bond Funds	1,700,000	1,700,000	0	0	0	0
Health Professions Building Foundation Gifts	7,250,000	2,240,000	1,670,000	1,170,000	1,170,000	1,000,000
Parking Services	5,202,000	0	1,300,500	1,300,500	1,300,500	1,300,500
Residences and Auxiliary Services	6,482,400	0	1,620,600	1,620,600	1,620,600	1,620,600
General Fund	10,956,800	0	3,414,200	2,514,200	2,514,200	2,514,200
Carry Forward from Prior Year	3,050,000	3,050,000	0	0	0	0
Repayments to Capital Budget	250,000	0	250,000	0	0	0
Total Sources	\$162,441,200	\$107,040,000	\$35,755,300	\$6,605,300	\$6,605,300	\$6,435,300
<u>USES OF FUNDS</u>						
Restricted Projects	\$136,500,000	\$73,600,000	\$60,900,000	\$2,000,000	\$0	\$0
Other Projects	22,938,000	0	6,584,000	5,474,000	5,440,000	5,440,000
Total Uses	\$159,438,000	\$73,600,000	\$67,484,000	\$7,474,000	\$5,440,000	\$5,440,000
	Net Surplus (Deficit)	\$33,440,000	(\$31,728,700)	(\$868,700)	\$1,165,300	\$995,300
	Cumulative Surplus (Deficit)	\$3,003,200	\$1,711,300	\$842,600	\$2,007,900	\$3,003,200

RESTRICTED SOURCES AND USES OF FUNDS

	Location	Total Estimate	Prior Year Projects In Process	2002-03	2003-04	2004-05	2005-06	
FUNDING SOURCE								
	State Capital Outlay - Library	\$37,500,000	\$37,500,000	\$0	\$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	10,000,000	27,500,000	0	0	0	
	Gifts/Bond Funds - Health Professions Bldg	5,250,000	5,250,000	0	0	0	0	
	Health Professions Building Foundation Gifts	7,250,000	2,240,000	1,670,000	1,170,000	1,170,000	1,000,000	
	Bond Funds for Residence Halls & Related Proj	36,500,000	36,500,000	0	0	0	0	
	Total Resources	\$136,500,000	\$103,990,000	\$29,170,000	\$1,170,000	\$1,170,000	\$1,000,000	
USES OF FUNDS								
	Library Project	\$50,000,000	\$49,000,000	\$1,000,000	\$0	\$0	\$0	
	Health Professions Building	50,000,000	18,000,000	32,000,000	0	0	0	
	Residence Halls	33,000,000	6,300,000	26,100,000	600,000	0	0	
	Residence Halls - Sprinkler System	1,600,000	300,000	800,000	500,000			
	Residence Hall - Carey Dining Commons	1,900,000	0	1,000,000	900,000			
	Total Uses	\$136,500,000	\$73,600,000	\$60,900,000	\$2,000,000	\$0	\$0	
	Net Available Resources		\$0	\$30,390,000	(\$31,730,000)	(\$830,000)	\$1,170,000	\$1,000,000
	Cumulative Surplus (Deficit)			\$30,390,000	(\$1,340,000)	(\$2,170,000)	(\$1,000,000)	\$0

UNRESTRICTED SOURCES OF FUNDS

Line No	Funding Source	Account Number	Total Estimate	2002-03	2003-04	2004-05	2005-06
1	Parking Services	50130	\$5,202,000	\$1,300,500	\$1,300,500	\$1,300,500	\$1,300,500
2							
3	General Fund	27030	10,956,800	3,414,200	2,514,200	2,514,200	2,514,200
4							
5	Residences and Auxiliary Services	74998	6,482,400	1,620,600	1,620,600	1,620,600	1,620,600
6							
7	Merrill Dining Commons Payback		250,000	250,000	0	0	0
8							
9	Carry Forward Funding from 2001-02	70215	3,050,000	0	0	0	0
10							
11							
12							
13	Total Resources		<u>\$25,941,200</u>	<u>\$6,585,300</u>	<u>\$5,435,300</u>	<u>\$5,435,300</u>	<u>\$5,435,300</u>
14							
15							

OTHER PROJECTS

Line No.	Project	University Priority	Location	Total Estimate	2002-03	2003-04	2004-05	2005-06
<u>DEFERRED MAINTENANCE PROJECTS</u>								
1	Replace pipe supports in tunnels	1	Campus	20,000	\$20,000			
2	Modify chilled water system pump in Library	2	Central Energy Fac	66,000	66,000			
3	Replace heating hot water heat exchanger bundle	3	IET Building	10,000	10,000			
4	Replace remaining siding (bldgs. 6,7,8,9,10)	4	Kewadin Village	99,000	99,000			
5	Modify crawl space ventilation	5	Kewadin Village	60,000	60,000			
6	Reinsulated crawl space pipe lines	6	Kewadin Village	45,000	45,000			
7	AHU replacement and pumps	7	Public Broadcasting	130,000	130,000			
8	HVAC retrofit	8	Sloan	813,800	813,800			
9	Replace domestic water piping (also WH. M01-2, CA.M01-02)	9	Towers	1,600,000	1,600,000			
10	Replace roof - M Building	10	Washington Court	75,000	75,000			
11	Replace drain and waste piping	11	Woldt Dining Comm	116,000	116,000			
12	Upgrade main transformers and relocate transformers	12	Anspach	208,000	208,000			
13	Replace condensate line (partial funding only --contingency)	13	Campus	20,000	20,000			
14	Replace isolation valves	14	Carey Hall	26,400	26,400			
15	Replace unit ventilators	15	Carey Hall	52,800	52,800			
16	Install refrigerant monitor	16	Central Energy Fac	20,000	20,000			
17	Install chiller controls (CI)	17	Central Energy Fac	198,000	198,000			
18	Inspect boilers #1, #2, & #5	18	Central Energy Fac	59,400	59,400			
19	Replace isolation valves	19	Merrill Hall	21,100	21,100			
20	Replace waste piping	20	Merrill Dining Commons	148,500	148,500			
21	Replace 8" sanitary sewer along 400, 900, 1300	21	Northwest Apartments	97,500	97,500			
22	Replace 4" sanitary sewer near bldgs	22	Washington Court	58,500	58,500			
23	Replace isolation valves	23	Wheeler Hall	26,400	26,400			
24	Replace unit ventilators	24	Wheeler Hall	52,800	52,800			
25	Replace unsatisfactory Res. Hall fire doors (Carry Forward from 01-02)	25	Campus	115,000	115,000			
26	Replace 10" sanitary sewer	26	Robinson Hall	20,500	20,500			
27	Replace windows	27	Wightman	60,000	60,000			
28	Install storm sewer and lift station	28	Woldt Hall Comp Lab	157,200	157,200			
29	Roofing			1,500,000	-	500,000	500,000	500,000
30	Masonry			900,000	-	300,000	300,000	300,000
31	Mechanical and plumbing			1,200,000	-	400,000	400,000	400,000
32	Electrical			5,550,000	-	1,850,000	1,850,000	1,850,000
33	Architectural			2,550,000	-	850,000	850,000	850,000
34	Contingency			1,923,100	123,100	600,000	600,000	600,000
35	SUBTOTAL DEFERRED MAINTENANCE			\$18,000,000	\$4,500,000	4,500,000	4,500,000	4,500,000
36								
37								
38	<u>OTHER PROJECTS</u>							
39	Paving of parking lots #56 & #63 (advance funded in FY2002)	29	Campus	900,000	900,000			
40	Upton Drain, Phase 2	30	Campus	10,000	10,000			
41	Add Purlin Bracing (insurer/FM Global recommendation)	31	CHIP Facility	15,000	15,000			
42	Classroom renovation/upgrade	32	Campus	400,000	100,000	100,000	100,000	100,000
43	Purchase police car fully equipped	33	CMU Police	68,000	34,000	34,000		
44	Replace stainless steel ram, recreation pool moveable floor	34	SAC	35,000	35,000			
45	Annual ADA urgent changes-mandated	35	Campus	1,000,000	100,000	300,000	300,000	300,000
46	Annual fire safety repairs, maintenance or improvements	36	Campus	360,000	90,000	90,000	90,000	90,000

OTHER PROJECTS

Line No.	Project	University Priority	Location	Total Estimate	2002-03	2003-04	2004-05	2005-06
47	Annual utility/mechanical asbestos abatement (Federal mandates & safety)	37	Campus	360,000	90,000	90,000	90,000	90,000
48	Annual roofing repair & preventative maintenance program	38	Campus	400,000	100,000	100,000	100,000	100,000
49	Annual asphalt repair (parking lots, roads sealing and repairs)	39	Campus	400,000	100,000	100,000	100,000	100,000
50	Annual sidewalk repairs	40	Campus	140,000	20,000	40,000	40,000	40,000
51	Annual wood floor maintenance	41	Campus	80,000	20,000	20,000	20,000	20,000
52	Annual outdoor and parking lot lighting improvements	42	Campus	170,000	20,000	50,000	50,000	50,000
53	Reserve for emergencies	43	Campus	200,000	50,000	50,000	50,000	50,000
54	Broomfield Road safety project	44	Campus	400,000	400,000			
56								
57								
58	SUBTOTAL OTHER PROJECTS			\$4,938,000	\$2,084,000	\$974,000	\$940,000	\$940,000
59								
60	TOTAL PROJECTS			\$22,938,000	\$6,584,000	\$5,474,000	\$5,440,000	\$5,440,000
61								
62	ANNUAL SURPLUS (DEFICIT)				\$1,300	(\$38,700)	(\$4,700)	(\$4,700)
63	CUMULATIVE SURPLUS (DEFICIT)				* \$3,051,300	\$3,012,600	\$3,007,900	\$3,003,200
64								
65								
66								

* 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						Total Repayment
				2001-02	2002-03	2003-04	2004-05	2005-06	
Merrill Food Commons (a)	1,200,000	500,000	2000-01	250,000	250,000	-	-	-	\$ 500,000
Totals	<u>\$ 1,200,000</u>	<u>\$ 500,000</u>		<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,000</u>

(a) 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 2002-2003 CAPITAL BUDGET DOCUMENT**

Line No	Project	Location	Total Estimate	Prior Year Projects In Process	2002-03	2003-04	2004-05	2005-06
1								
2	Restricted Fund Projects							
3								
4	Library Project	Park Library	\$50,000,000	\$49,000,000	\$1,000,000	\$0	\$0	\$0
5	Health Professions Building		50,000,000	18,000,000	32,000,000	0	0	0
7	Residence Halls		33,000,000	6,300,000	26,100,000	600,000	0	0
8	Residence Halls - Sprinkler System		1,600,000	300,000	800,000	500,000	0	0
9	Residence Halls - Carey Dining Commons		1,900,000	0	1,000,000	900,000	0	0
10	SUBTOTAL RESTRICTED PROJECTS		\$136,500,000	\$73,600,000	\$60,900,000	\$2,000,000	\$0	\$0
11								
12								
13	TOTAL PROJECTS		\$136,500,000	\$73,600,000	\$60,900,000	\$2,000,000	\$0	\$0