

Central Michigan University

Capital Budget 2003-2004

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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 2003-2004 capital budget for administrative and Board approval. Approval of this document includes the 2003-2004 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 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, 2002 the estimated replacement value of University facilities was estimated to be \$579,605,755. 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 Health Professions project.

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 2003-04.

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 FY 2001 and substantial completion and opening of the Health Professions Building is scheduled for Fall 2003.

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 2003-2004 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 eighth 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 2003-04 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. 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 deficit at the end of the four-year window is at the level indicated based on continuing the \$4.5 million deferred maintenance program and including the identified unrestricted projects known to date.

**CENTRAL MICHIGAN UNIVERSITY
CAPITAL BUDGET
SUMMARY OF SOURCES AND USES OF FUNDS**

	Total Estimate	Prior Year Projects In Process	2003-04	2004-05	2005-06	2006-07
<u>FUNDING SOURCES</u>						
State Capital Outlay	\$75,000,000	\$75,000,000	\$0	\$0	\$0	\$0
Reserve for Library Project	800,000	800,000	0	0	0	0
Bond Funds	50,735,000	50,735,000	0	0	0	0
Est Interest on Bond Funds	1,700,000	1,700,000	0	0	0	0
Health Professions Building Foundation Gifts	8,265,000	4,150,000	2,040,000	1,210,000	865,000	0
Parking Services	5,562,000	0	1,390,500	1,390,500	1,390,500	1,390,500
Residences and Auxiliary Services	6,482,400	0	1,620,600	1,620,600	1,620,600	1,620,600
General Fund	6,222,800	0	1,680,200	1,514,200	1,514,200	1,514,200
Carry Forward from Prior Year	3,400,000	3,400,000	0	0	0	0
Total Sources	\$158,167,200	\$135,785,000	\$6,731,300	\$5,735,300	\$5,390,300	\$4,525,300
<u>USES OF FUNDS</u>						
Restricted Projects	\$136,500,000	\$134,500,000	\$2,000,000	\$0	\$0	\$0
Other Projects	\$24,839,840		5,611,000	5,538,840	5,590,000	8,100,000
Total Uses	\$161,339,840	\$134,500,000	\$7,611,000	\$5,538,840	\$5,590,000	\$8,100,000
Net Surplus (Deficit)		\$1,285,000	(\$879,700)	\$196,460	(\$199,700)	(\$3,574,700)
Cumulative Surplus (Deficit)	(\$3,172,640)	\$1,285,000	\$405,300	\$601,760	\$402,060	(\$3,172,640)

RESTRICTED SOURCES AND USES OF FUNDS

	Location	Total Estimate	Prior Year Projects In Process	2003-04	2004-05	2005-06	2006-07
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	37,500,000	0	0	0	0
	Gifts/Bond Funds - Health Professions Bldg	4,235,000	4,235,000	0	0	0	0
	Health Professions Building Foundation Gifts	8,265,000	4,150,000	2,040,000	1,210,000	865,000	0
	Bond Funds for Residence Halls & Related Proj	36,500,000	36,500,000	0	0	0	0
	Total Resources	136,500,000	\$132,385,000	\$2,040,000	\$1,210,000	\$865,000	\$0
USES OF FUNDS							
	Library Project	50,000,000	\$50,000,000	\$0	\$0	\$0	\$0
	Health Professions Building	50,000,000	50,000,000	0	0	0	0
	Residence Halls	33,000,000	32,400,000	600,000	0	0	0
	Residence Halls - Sprinkler System	1,600,000	1,100,000	500,000	0	0	0
	Residence Hall - Carey Dining Commons	1,900,000	1,000,000	900,000	0	0	0
	Total Uses	136,500,000	\$134,500,000	\$2,000,000	\$0	\$0	\$0
	Net Available Resources	\$0	(\$2,115,000)	\$40,000	\$1,210,000	\$865,000	\$0
	Cumulative Surplus (Deficit)		(\$2,115,000)	(\$2,075,000)	(\$865,000)	\$0	\$0

UNRESTRICTED SOURCES OF FUNDS

Line No	Funding Source	Account Number	Total Estimate	2003-04	2004-05	2005-06	2006-07
1	Parking Services	50130	\$5,202,000	\$1,300,500	\$1,300,500	\$1,300,500	\$1,300,500
2							
3	General Fund	27030	\$6,222,800	1,680,200	1,514,200	1,514,200	1,514,200
4							
5	Residences and Auxiliary Services	74998	\$6,482,400	1,620,600	1,620,600	1,620,600	1,620,600
6							
7	Carry Forward Funding from 2002-03	70219	\$3,400,000	0	0	0	0
8							
9	Parking Services Parking Lot Repayment	70219	\$360,000	\$90,000	\$90,000	\$90,000	\$90,000
10							
11							
12	Total Resources		\$21,667,200	\$4,691,300	\$4,525,300	\$4,525,300	\$4,525,300
13							
14							

OTHER PROJECTS

Line No.	Project	University Priority	Location	Total Estimate	2003-04	2004-05	2005-06	2006-07
DEFERRED MAINTENANCE PROJECTS								
1	Repair/ Replace Exterior Lights	1	Campus	125,000	125,000			
2	Retrofit HVAC system	2	Brooks	2,485,000	2,485,000			
3	Upgrade and repair electrical distribution system	3	Robinson (Northwest)	450,000	450,000			
4	Pool Drain Line Replacement*	4	Rose	300,000	300,000			
5	Revise/upgrade 480V electric system	5	Central Energy Facility	150,000	150,000			
6	Install new economizer in wood boiler	6	Central Energy Facility	110,000	110,000			
7	Upgrade dual electrical distribution systems and provide emergency power	7	Brooks	400,000	400,000			
8	Replace galvanized domestic water lines	8	Dow Science	250,000	250,000			
9	Replace roof-level 2 (over dance studio)	9	Rose	230,000	230,000			
10	Roofing			1,500,000		500,000	500,000	500,000
11	Masonry			900,000		300,000	300,000	300,000
12	Mechanical and plumbing			1,200,000		400,000	400,000	400,000
13	Electrical			5,550,000		1,850,000	1,850,000	1,850,000
14	Architectural			2,550,000		850,000	850,000	850,000
15	Contingency			1,800,000		600,000	600,000	600,000
16	SUBTOTAL DEFERRED MAINTENANCE			\$18,000,000	\$4,500,000	4,500,000	4,500,000	4,500,000
17								
18								
OTHER PROJECTS								
19	Environmental health & safety	1	Campus	600,000	150,000	150,000	150,000	150,000
21	Annual ADA urgent changes-mandated	2	Campus	400,000	100,000	100,000	100,000	100,000
22	Annual fire safety repairs, maintenance or improvements	3	Campus	160,000	40,000	40,000	40,000	40,000
23	Annual carpet replacement	4	Campus	40,000	10,000	10,000	10,000	10,000
24	Annual asphalt repair (parking lots, roads sealing and repairs)	5	Campus	200,000	50,000	50,000	50,000	50,000
25	Annual wood floor maintenance	6	Campus	80,000	20,000	20,000	20,000	20,000
26	Annual masonry repairs	7	Campus	80,000	20,000	20,000	20,000	20,000
27	Build new commuter parking lot (300 spaces)	8	Campus	450,000	450,000			
28	Moore hall 4th floor: remodel for student media move from Anspach hall	9	Moore	105,000	105,000			
29	Bike Paths	11	Campus	166,000	166,000			
30	Replace SAC fitness track	12	SAC	48,840		48,840		
31	Kitchen equipment upgrades	13	Dining Services	600,000		600,000		
32	New retail location-center campus	14	Campus	700,000			700,000	
33	Northwest apartments electric upgrade	15	Northwest	200,000				200,000
34	Washington Ct. electric upgrade	16	Washington Ct.	200,000				200,000
35	Remodel food court & goodies areas	17	UC Food court	600,000				600,000
36	UC window replacement	18	UC	2,010,000				2,010,000
37	UC front Entrance	19	UC	200,000				200,000
38	SUBTOTAL OTHER PROJECTS			\$6,839,840	\$1,111,000	\$1,038,840	\$1,090,000	\$3,600,000
39								
40	TOTAL PROJECTS			\$24,839,840	\$5,611,000	\$5,538,840	\$5,590,000	\$8,100,000
41								
42	ANNUAL SURPLUS (DEFICIT)				(\$919,700)	(\$1,013,540)	(\$1,064,700)	(\$3,574,700)
43	CUMULATIVE SURPLUS (DEFICIT)			**	\$2,480,300	\$1,466,760	\$402,060	(\$3,172,640)
<p>* Total project cost \$353,000 - \$53,000 to come from DM Contingency - Approved BDT 03-0219 **Includes prior year carryforward plus current year sources, less current year projects.</p>								

Summary of Projects with a Repayment to the Capital Budget

Project Name	Amount Funded		When Funded						Total Repayment
	Total Project Amount	by Capital Budget		2003-04	2004-05	2005-06	2006-07	2007-08	
Commuter Parking Lot (300 spaces)	450,000	450,000	2003-04	90,000	90,000	90,000	90,000	90,000	450,000
Totals	\$450,000	\$450,000		\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$450,000

**MULTI-YEAR PROJECTS
PROJECT APPROVAL TO BE GRANTED WITH THE APPROVAL OF
THE 2003-2004 CAPITAL BUDGET DOCUMENT**

Line No	Project	Location	Total Estimate	Prior Year Projects In Process	2003-04	2005-06	2005-06	2006-07
1								
2	Restricted Fund Projects							
3								
4	Library Project	Park Library	\$50,000,000	\$50,000,000	\$0	\$0	\$0	\$0
5	Health Professions Building		50,000,000	50,000,000	0	0	0	0
7	Residence Halls		33,000,000	32,400,000	600,000	0	0	0
8	Residence Halls - Sprinkler System		1,600,000	1,100,000	500,000	0	0	0
9	Residence Halls - Carey Dining Commons		1,900,000	1,000,000	900,000	0	0	0
10	SUBTOTAL RESTRICTED PROJECTS		\$136,500,000	\$134,500,000	\$2,000,000	\$0	\$0	\$0
11								
12								
13	TOTAL PROJECTS		\$136,500,000	\$134,500,000	\$2,000,000	\$0	\$0	\$0