

Central Michigan University

Capital Budget 2004-2005

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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 2004-2005 capital budget for administrative and Board approval. Approval of this document includes the 2004-2005 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 items identified as needed over the four-year future window.

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, 2003 the estimated replacement value of University facilities was estimated to be \$598,163,992. 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. Substantial completion of the project came under budget so additional items have been approved and are scheduled for completion in FY 2004-05.

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 occurred this Fall 2003. Punch list items remain for completion in FY 2004-05.

Construction of the new Residence Halls began in FY 2001-02 and was completed in time for the opening 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 \$3,600,000 for modifications and renovation. Punch list items remain and completion is scheduled for FY 2004-05.

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. Also included are repayments to the capital budget from items previously funded.

Specific funding for deferred maintenance is as follows.

	2004-05	2005-06	2006-07	2007-2008
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 \$300,000 per year to provide flexibility needed in this program.

The years beyond 2004-2005 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.

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 2004-05 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, making reductions to general fund contributions 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	2004-05	2005-06	2006-07	2007-08
<u>FUNDING SOURCES</u>						
State Capital Outlay	75,000,000	66,034,000	8,966,000	0	0	0
Bond Funds	51,800,000	50,858,000	942,000	0	0	0
Health Professions Building Foundation Gifts	8,200,000	6,556,000	1,644,000	0	0	0
Library Expansion	1,500,000	1,500,000	0	0	0	0
Parking Services	5,698,000	0	1,424,500	1,424,500	1,424,500	1,424,500
Residences and Auxiliary Services	6,562,400	80,000	1,620,600	1,620,600	1,620,600	1,620,600
General Fund	6,225,144	0	1,556,286	1,556,286	1,556,286	1,556,286
Carry Forward from Prior Year	1,391,913	1,391,913	0	0	0	0
Total Sources	\$156,377,457	\$126,419,913	\$16,153,386	\$4,601,386	\$4,601,386	\$4,601,386
<u>USES OF FUNDS</u>						
Restricted Projects	\$136,580,000	\$128,845,000	\$7,735,000	\$0	\$0	\$0
Other Projects	\$38,468,850		4,729,150	6,218,400	20,046,300	7,475,000
Total Uses	\$175,048,850	\$128,845,000	\$12,464,150	\$6,218,400	\$20,046,300	\$7,475,000
	Net Surplus (Deficit)	(\$2,425,087)	\$3,689,236	(\$1,617,014)	(\$15,444,914)	(\$2,873,614)
	Cumulative Surplus (Deficit)	(\$18,671,393)	\$1,264,149	(\$352,865)	(\$15,797,779)	(\$18,671,393)

RESTRICTED SOURCES AND USES OF FUNDS

			Prior Year Projects In Process	2004-05	2005-06	2006-07	2007-08
Location	Total Estimate						
FUNDING SOURCE							
State Capital Outlay - Health Professions Bldg	37,500,000	30,152,000		7,348,000	0	0	0
Gifts/Bond Funds - Health Professions Bldg	4,300,000	4,300,000		0	0	0	0
Health Professions Building Foundation Gifts	8,200,000	6,556,000		1,644,000	0	0	0
State Capital Outlay - Library	37,500,000	35,882,000		1,618,000	0	0	0
Bond Funds/Interest Income for Library	11,000,000	11,000,000		0	0	0	0
CMU Funded for Library Project (GF & Capital Bud)	1,500,000	1,500,000		0	0	0	0
Residence Halls and Related Projects - SLMR Funds	80,000	80,000		0	0	0	0
Bond Funds for Residence Halls & Related Proj	36,500,000	35,558,000		942,000	0	0	0
Total Resources	136,580,000	\$125,028,000		\$11,552,000	\$0	\$0	\$0
USES OF FUNDS							
Health Professions Building	50,000,000	43,447,000		6,553,000	0	0	0
Park Library Addition	50,000,000	49,759,000		241,000	0	0	0
Residence Halls	32,980,000	32,156,000		824,000	0	0	0
Residence Halls - Sprinkler System	1,700,000	1,599,000		101,000	0	0	0
Residence Hall - Carey Dining Commons	1,900,000	1,884,000		16,000	0	0	0
Total Uses	136,580,000	\$128,845,000		\$7,735,000	\$0	\$0	\$0
Net Available Resources	\$0	(\$3,817,000)		\$3,817,000	\$0	\$0	\$0
Cumulative Surplus (Deficit)		(\$3,817,000)		\$0	\$0	\$0	\$0

UNRESTRICTED SOURCES OF FUNDS

Line No	Funding Source	Account Number	Total Estimate	2004-05	2005-06	2006-07	2007-08
1	Parking Services	50130	\$5,338,000	\$1,334,500	\$1,334,500	\$1,334,500	\$1,334,500
2							
3	General Fund	27030	\$6,225,144	1,556,286	1,556,286	1,556,286	1,556,286
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 2003-04	70219	\$1,391,913	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		\$19,797,457	\$4,601,386	\$4,601,386	\$4,601,386	\$4,601,386
13							
14							

OTHER PROJECTS

Line No.	Project	University Priority	Location	Total Estimate	2004-05	2005-06	2006-07	2007-08
<u>DEFERRED MAINTENANCE PROJECTS</u>								
1	Rotating Equipment PM Program	PM1	Campus	100,000	100,000			
2	ADA Automatic Door PM Program	PM1	Campus	16,000	16,000			
3	Wood Boiler Grates Spare Parts	PM1	CEF	56,000	56,000			
4	Hot Water Burner Replacement	PM1	Rowe	16,000	16,000			
5	Fire Extinguisher Bar Code	PM1	Campus	21,000	21,000			
6	Roof PM Program	PM1	Campus	100,000	100,000			
7	Ice Melt System PM Program	PM1	Campus	100,000	100,000			
8	Hot Water Heat Systems-side filters-Brooks, Pearce, Anspach, Powers, Barnes	PM1	Campus	10,500	10,500			
9	Exterior Painting	PM1	CEF	15,500	15,500			
10	BFW Water Softners	PM1	CEF	20,500	20,500			
11	Tornado Shelter Signage	1	Campus	72,000	72,000			
12	Water Intrusion	1	North Art Studio	16,000	16,000			
13	Replace Football Field Turf	1	Kelly Shorts	975,000	975,000			
14	Added Fire Alarms	1	Music	98,000	98,000			
15	Roof Replacement	1	Barnes	220,000	220,000			
16	Tower 1 - Guy Wires and Paint	1	PBS	90,000	90,000			
17	Replace Hydronic Underground Piping	1	NW Apartments	31,000	31,000			
18	Environmental Chamber	1	Brooks	100,000	100,000			
19	Annual - Condensate Piping Replacement	1	Campus	10,000	10,000			
20	Annual - Environmental, Health, and Safety	1	Campus	155,000	155,000			
21	Annual - Carpet Replacement	1	Campus	10,000	10,000			
22	Annual - Fire Safety Repairs/Improvements	1	Campus	45,000	45,000			
23	Annual - Asphalt Repair	1	Campus	50,000	50,000			
24	Annual - Sidewalk Repairs	1	Campus	20,000	20,000			
25	Annual - Masonary Repairs	1	Campus	20,000	20,000			
26	Annual - Woodfloor Maintenance	1	Campus	20,000	20,000			
27	Replace Corroded Electrical Equipment	1	Brooks Greenhouse	10,000	10,000			
28	Leaking Skylight Repairs	2	North Art Studio	60,000	60,000			
29	Repair Structural Members	2	Art Gallery	40,000	40,000			
30	HVAC	2	Brooks Hall	1,850,000	1,850,000			
31	Condensate Return Upgrade	2	Carey Dining	52,000	52,000			
32	Replace Water Heater	2	Finch	21,000	21,000			
33	HVAC Auto Seasonal Switchover for Unit Ventilators	2	Pearce	16,000	16,000			
34	Sanitary Sewer - Direct Connection	2	Barnes Kitchen	35,000	35,000			
35	Reinsulate Hot Box Area	2	Rose	11,000	11,000			
36	Replace HVAC Coil	2	IAC	12,000	12,000			
37	Roofing			1,593,000		515,000	531,000	547,000
38	Masonry			1,113,000		360,000	371,000	382,000
39	Mechanical and plumbing			3,183,000		1,030,000	1,061,000	1,092,000
40	Electrical			3,183,000		1,030,000	1,061,000	1,092,000
41	Architectural			2,397,000		775,000	799,000	823,000
42	Preventive Maintenance			1,437,000		465,000	479,000	493,000
43	Contingency			594,000		325,000	198,000	71,000
44	SUBTOTAL DEFERRED MAINTENANCE			17,994,500	4,494,500	4,500,000	4,500,000	4,500,000
45								

OTHER PROJECTS

Line No.	Project	University Priority	Location	Total Estimate	2004-05	2005-06	2006-07	2007-08
46								
47	OTHER PROJECTS							
48	Pearce Hall - Remodel 4th Floor Laboratories & Offices	1	Pearce Hall	87,900	87,900			
49	Anspach Hall - Remodel former Journalism Department	2	Anspach Hall	39,600	39,600			
50	Pearce Hall - Remodel Foreign Language Class Rooms Into Larger Rooms	3	Pearce Hall	22,150	22,150			
51	CEF Cooling Tower Upgrade	4	Energy Facility	75,000	75,000			
52	Alumni House Stairway Enclosure	5	Alumni House	10,000	10,000			
53	Softball Backstop	7	Softball Stadium	13,300		13,300		
54	Indoor Track Resurfacing	8	Indoor Track	200,000		200,000		
55	Rose Arena Storage	9	Rose Arena	30,000		30,000		
56	Power For Football Stadium Bench Area	10	Kelly Shorts	10,200		10,200		
57	Softball Field Maintenance	11	Softball Stadium	7,400		7,400		
58	Women's Soccer/Gymnastics Locker Room Restroom	12	Rose Arena	35,000		35,000		
59	Wrestling Room Renovation/Expansion	13	Rose Arena	22,500		22,500		
60	Bovee Venue Upgrade / Barnes Equipment and Ventilation	14	Bovee UC / Barnes	800,000		800,000		
61	Kitchen Equipment Replacement - Residential Dining	15	Campus	600,000		600,000		
62	Bovee University Center & Bookstore Expansion	16	Bovee UC	14,025,000			14,025,000	
63	Remodel Down Under Food Court and Goodies To Go	17	Bovee UC	700,000			700,000	
64	University Center - Remodel Former Lounge Into IEO office, meeting, and activit	18	University Center	36,800			36,800	
65	New Police Vehicle	19	Campus	34,500			34,500	
66	New Police and Parking Services Facility	20	Campus	1,500,000			750,000	750,000
67	Bovee UC Window Replacement	21	Bovee UC	2,225,000				2,225,000
SUBTOTAL OTHER PROJECTS				20,474,350	234,650	1,718,400	15,546,300	2,975,000
TOTAL PROJECTS				38,468,850	4,729,150	6,218,400	20,046,300	7,475,000
ANNUAL SURPLUS (DEFICIT)					(127,764)	(1,617,014)	(15,444,914)	(2,873,614)
CUMULATIVE SURPLUS (DEFICIT)				**	1,264,149	(352,865)	(15,797,779)	(18,671,393)
**Includes prior year carryforward plus current year sources, less current year projects.								

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	2004-05	2005-06	2006-07	2007-08
1								
2	Restricted Fund Projects							
3								
4	Health Professions Building		50,000,000	43,447,000	6,553,000	0	0	0
5	Park Library Addition		50,000,000	49,759,000	241,000	0	0	0
6	Residence Halls		32,980,000	32,156,000	824,000	0	0	0
7	Residence Halls - Sprinkler System		1,700,000	1,599,000	101,000	0	0	0
8	Residence Halls - Carey Dining Commons		1,900,000	1,884,000	16,000	0	0	0
9	SUBTOTAL RESTRICTED PROJECTS		\$136,580,000	\$128,845,000	\$7,735,000	\$0	\$0	\$0
10								
11								
12	TOTAL PROJECTS		\$136,580,000	\$128,845,000	\$7,735,000	\$0	\$0	\$0