



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986

House Bill 5541 (Substitute H-1 as passed by the House)
Sponsor: Representative Eileen Kowall
House Committee: Appropriations

Date Completed: 6-8-12

CONTENT

The bill includes construction authorizations for 18 of 20 projects that received planning authorizations in Public Act 329 of 2010. This is consistent with the Governor's recommendation.¹ Macomb County Community College and Lake Superior State University were not included because neither institution submitted program statements and schematics to the Department of Technology, Management, and Budget by the November 2011 deadline.² The projects included in the bill have met all of the requirements of the Management and Budget Act, and were approved for construction by the Joint Capital Outlay Subcommittee on June 6, 2012. The original planning authorizations for the 20 projects included in Public Act 329 of 2010 totaled \$909.3 million (State share \$327.1 million/institution share \$582.2). The 18 projects included in the bill total \$613.1 million (State share \$304.5/institution share \$308.6). The lower amount contained in the bill reflects substantial cost/scope reductions to the projects submitted by Michigan State University, the University of Michigan-Ann Arbor, and Wayne State University. Cost increases were included for the Central Michigan University project (\$14.4 million) and Grand Rapids Community College (\$4.3 million). Cost increases are funded entirely by the institution. Cost reductions are shared by the State and institution proportionately, based on 75/25 State/university (with a \$30.0 million cap for the State share), and 50/50 State/community college allocation.

Table 1 provides a comparison of original planning authorizations and the recommended construction authorization for each university/college. Table 2 provides an overview of each project, including changes in scope and cost from the original planning authorization.

FISCAL IMPACT

The construction authorizations included in the bill total \$613.1 million. The State share of project costs totals \$304.5 million and will be funded through the State Building Authority. Annual debt service costs for the projects will range from \$21.3 million to \$27.4 million for 15 to 17 years depending on the bond interest rates and when the projects come on line.

Fiscal Analyst: Bill Bowerman

¹) The Governor included his recommendation in the FY 2012-13 General Government appropriation bill. The Legislature did not include this funding in the FY 2012-13 budget. House Bill 5541 (H-1) is an FY 2011-12 appropriation bill.

²) State Budget Director April 1, 2011, letter to university and college presidents stating that institutions that seek FY 2012-13 consideration for construction authorizations must submit required planning documents no later than November 4, 2011.

Table 1

Governor's Recommendation for University and Community College Construction Authorizations									
Project	Public Act 329 of 2010			HB 5541/Governor's Recommendation			Change		
	Total Cost	State Share	Institution Share	Total Cost	State Share	Institution Share	Total Cost	State Share	Institution Share
Central - Bio-Sciences Bldg.....	\$75,000,000	\$30,000,000	\$45,000,000	\$89,420,000	\$30,000,000	\$59,420,000	\$14,420,000	\$0	\$14,420,000
Grand Valley - Science Lab. Classroom & Office Bldg.*	55,000,000	30,000,000	25,000,000	55,000,000	30,000,000	25,000,000	0	0	0
Lake Superior - School of Business Bldg.	20,000,000	15,000,000	5,000,000	0	0	0	(20,000,000)	(15,000,000)	(5,000,000)
Michigan State - Bioengineering Facility*	193,600,000	30,000,000	163,600,000	40,340,200	30,000,000	10,340,200	(153,259,800)	0	(153,259,800)
Northern - Jamrich Hall Replacement*	33,900,000	25,425,000	8,475,000	33,400,000	25,050,000	8,350,000	(500,000)	(375,000)	(125,000)
Oakland - Engineering Center	74,551,739	30,000,000	44,551,739	74,551,700	30,000,000	44,551,700	(39)	0	(39)
U of M-Ann Arbor - G.G. Brown Memorial Lab. Renovation	64,000,000	30,000,000	34,000,000	47,000,000	30,000,000	17,000,000	(17,000,000)	0	(17,000,000)
U of M-Dearborn - Science & Computer Info. Bldg. Renovations	51,000,000	30,000,000	21,000,000	51,000,000	30,000,000	21,000,000	0	0	0
U of M-Flint - Murchie Science Lab. Bldg. Renovations.....	22,170,000	16,627,500	5,542,500	22,170,000	16,627,500	5,542,500	0	0	0
Wayne State - Multi-disciplinary Biomedical Research Bldg.	200,000,000	30,000,000	170,000,000	90,414,700	30,000,000	60,414,700	(109,585,300)	0	(109,585,300)
Subtotal Universities	\$789,221,739	\$267,052,500	\$522,169,239	\$503,296,600	\$251,677,500	\$251,619,100	(\$285,925,139)	(\$15,375,000)	(\$270,550,139)

Table 1

Governor's Recommendation for University and Community College Construction Authorizations									
Project	Public Act 329 of 2010			HB 5541/Governor's Recommendation			Change		
	Total Cost	State Share	Institution Share	Total Cost	State Share	Institution Share	Total Cost	State Share	Institution Share
Alpena - Electrical Power Technology & Training Center ..	\$4,997,500	\$2,498,750	\$2,498,750	4,989,600	\$2,494,800	\$2,494,800	(7,900)	(3,950)	(3,950)
Bay de Noc - Nursing Lab/Lecture Hall Remodeling	1,500,000	750,000	750,000	1,500,000	750,000	750,000	0	0	0
Delta - Health and Wellness - F Wing Renovations.....	19,984,000	9,992,000	9,992,000	19,984,000	9,992,000	9,992,000	0	0	0
Gogebic - Bldg. Renovation	1,500,000	750,000	750,000	1,500,000	750,000	750,000	0	0	0
Grand Rapids - Cook Academic Hall Renovation.....	10,000,000	5,000,000	5,000,000	14,255,400	5,000,000	9,255,400	4,255,400	0	4,255,400
Jackson - Bert Walker Hall Renovations*	19,500,000	9,750,000	9,750,000	19,500,000	9,750,000	9,750,000	0	0	0
Lansing - Arts & Sciences Bldg. Renovation	19,950,000	9,975,000	9,975,000	19,950,000	9,975,000	9,975,000	0	0	0
Macomb - Health Science & Technology Bldg., Phase II.	14,500,000	7,250,000	7,250,000	0	0	0	(14,500,000)	(7,250,000)	(7,250,000)
Mid Michigan - Mt. Pleasant Campus Unification	17,704,500	8,852,250	8,852,250	17,704,600	8,852,300	8,852,300	100	50	50
North Central - Health Education & Science Center Project	10,428,400	5,214,200	5,214,200	10,428,400	5,214,200	5,214,200	0	0	0
Subtotal Community Colleges.....	\$120,064,400	\$60,032,200	\$60,032,200	\$109,812,000	\$52,778,300	\$57,033,700	(\$10,252,400)	(\$7,253,900)	(\$2,998,500)
TOTAL SBA PROJECTS.....	\$909,286,139	\$327,084,700	\$582,201,439	\$613,108,600	\$304,455,800	\$308,652,800	(\$296,177,539)	(\$22,628,900)	(\$273,548,639)

* Revised Project Titles

Table 2

Construction Authorizations as Recommended by the Governor			
Project	Total Cost	State Share	Institution Share
Universities:			
Central Michigan University - Bio-Sciences Building. The new 157,934-gross-square-foot four-story facility would provide state-of-the-art research and learning spaces to house laboratories, instrumentation, and teaching facilities. The University states that the new facility will have the required infrastructure and technology to promote joint projects involving basic and medical sciences. The projected completion date for the project is January 2016 and the annual operating budget of the new facility is estimated at \$1.0 million. The original planning authorization was for a 126,000-gross-square-foot facility with a total cost of \$75.0 million. The \$14.2 million cost increase is due to additional lab space and equipment needs. The cost increase will be funded entirely by the university.	\$89,420,000	\$30,000,000	\$59,420,000
Grand Valley State University - Science Lab, Classroom and Office Building. The project includes construction of a new 144,713-square-foot instructional facility that will support teaching and research laboratories, general classrooms, and faculty office space on the Allendale campus. The projected completion date is August 2015 and annual operating costs are estimated at \$922,500. The original request included renovation of vacated space and a new 100,000-square-foot facility. The title of the project was changed from "Classroom/Office Additions" to more specifically identify the project.	55,000,000	30,000,000	25,000,000

Construction Authorizations as Recommended by the Governor

Project	Total Cost	State Share	Institution Share
<p>Lake Superior State University - School of Business Building. The planning authorization included a new \$20.0 million building consisting of approximately 50,000 square feet. The Governor did not recommend the project for construction because planning documents were not submitted by the university. Lake Superior State University has revised the project from the construction of a new building to an adaptive reuse of the abandoned South Hall that was being considered for demolition. The adaptive reuse maintains a building that is center to the campus core while incorporating flexible program spaces, smart technology, energy-conscious design, and barrier-free access. The university completed programing and schematic design documents and submitted the revised project to the DTMB in April 2012. The revised South Hall project includes approximately 32,500 square feet of renovation, and additions totaling 12,500 square feet. The revised project cost is \$12.5 million, \$7.5 million below the planning authorization of \$20.0 million. The renovations and additions to South Hall for the School of Business will consist of smart classrooms and seminar rooms, project labs for business, industry and community collaborations, student study, breakout and collaboration spaces, community presentation space, a café and commons, and faculty offices.</p>	0	0	0
<p>Michigan State University - Bioengineering Facility. The project includes the construction of a new 67,505-square-foot facility focused on multidisciplinary research in bio-engineering and engineering health sciences. The projected completion date is January 2015 and annual operating costs are estimated at 409,000. The original MSU request was entitled "Plant Science Facilities - Bioeconomy-Additions and Renovations" and consisted of several separate projects (totaling \$193.6 million) including Plant Biology addition of 90,000 gross square feet at a cost of \$40.0 million; Greenhouses addition of 30,000 gross square feet at a cost of \$4.1 million; Plant Biology Teaching and Research Facilities renovation at a cost of \$89.6 million; EIW Range Greenhouses renovation at a cost of \$4.0 million; and Engineering addition of 90,500 gross square feet at a cost of \$55.9 million.</p>	40,340,200	30,000,000	10,340,200

Construction Authorizations as Recommended by the Governor

Project	Total Cost	State Share	Institution Share
<p>Northern Michigan University - Jamrich Hall Replacement. The original request included the renovation of Jamrich Hall to provide a modern, high-quality classroom facility to support active learning and provide academic department office space within the facility close to classrooms and other departments. During the design process, the University concluded that greater efficiencies would be achieved through the construction of a new facility. The project ties into the University's master plan which includes the demolition of Gries Hall. The new facility will reduce the overall net square footage on campus by 17,000 square feet, reduce construction costs by \$500,000, and reduce operating costs by \$100,000. The title of the project is adjusted to reflect the new facility instead of a renovation project. The projected completion date is July 2014.</p>	33,400,000	25,050,000	8,350,000
<p>Oakland University - Engineering Center. The project includes the construction of a new 128,428-square-foot Engineering Center and the renovation of 15,000 square feet of vacated space in Dodge Hall, Hannah Hall, and the Science and Engineering Building. This will provide for the consolidation of engineering and computer science programs, which were previously located in five campus facilities. The new facility will include five new general classrooms and 32 new laboratories. The projected completion date is December 2014 and annual operating costs are estimated at \$806,800.</p>	74,551,700	30,000,000	44,551,700
<p>University of Michigan-Ann Arbor - G. G. Brown (GGB) Memorial Laboratories Renovation. The original project request (\$64.0 million) included renovation of 45,000 gross square feet of the Department of Mechanical Engineering's space in GGB to substantially reconfigure and upgrade instructional facilities, offices, and support service facilities. The project also included replacing and upgrading building infrastructure, including HVAC, laboratory and mechanical systems, electrical services, plumbing, fire alarm and suppressions systems, exterior wall repairs, and window repairs, encompassing approximately 120,000 gross square feet. The project cost has been reduced by \$17.0 million by reducing the scope of the project to replacing only portions of the roof affected by the HVAC replacement, reducing interior finishes, and reducing the renovation area from 45,000 to 27,400 square feet. The projected completion date is April 2015 and annual operating costs are estimated at \$2,062,200.</p>	47,000,000	30,000,000	17,000,000

Construction Authorizations as Recommended by the Governor

Project	Total Cost	State Share	Institution Share
<p>University of Michigan-Dearborn - Science and Computer Information Building Renovations. The project includes renovation of the Science building and the Computer Information Science building. These two buildings share mechanical and electrical infrastructure and therefore are submitted as one project. The scope of the project includes replacement of roofs, walls (interior and exterior), ceilings, and floor finishes. A new mechanical penthouse will be constructed, increasing the assignable space in the basement, and all major mechanical systems will be replaced. The projected completion date is August 2015 and annual operating costs are estimated at \$806,300.</p>	51,000,000	30,000,000	21,000,000
<p>University of Michigan-Flint - Murchie Science Laboratory Building (MSB) Renovations. The project includes the selective renovation of 50,499 square feet, focusing primarily upon wet laboratories located in the East Wing of the facility. It is the first phase of a multiphase effort to transform the 117,000-square-foot building into a modern facility for science instruction and research. The projected completion date is April 2015 and annual operating costs are estimated at \$1,322,700.</p>	22,170,000	16,627,500	5,542,500
<p>Wayne State University - Multidisciplinary Biomedical Research Building. Originally proposed as a \$200.0 million project, the facility would have encompassed approximately 360,000 square feet to provide basic science research infrastructure, including small animal facilities, an appropriate environment for sensitive major scientific instruments, and advanced imaging technology, as well as "one stop shopping" for clinician scientists and research participants, including a clinical trials office. The project was downscaled to a \$90.4 million, 196,500-square-foot facility to address inadequate and antiquated infrastructure related to the University's medical research facilities. The original plan was based on a 50/50 partnership between the University and Henry Ford Health System. Henry Ford Health System subsequently decided to scale back its participation in the project. The projected completion date is January 2015 and annual operating costs are estimated at \$1,965,500.</p>	90,414,700	30,000,000	60,414,700
Subtotal Universities.....	\$503,296,600	\$251,677,500	\$251,619,100

Construction Authorizations as Recommended by the Governor

Project	Total Cost	State Share	Institution Share
Community Colleges:			
<p>Alpena Community College - Electrical Power Technology and Training Center. The project as designed includes the construction of a 19,459-square-foot addition and 1,500-square-foot renovation to the World Center for Concrete Technology to expand classroom and laboratory capacity for the Utility Technology Program. The new facility addition will allow for additional curriculum expansion in areas of renewable energy and other emerging technologies. The project as designed totals \$7,900 less than the planning authorization of \$4,997,500. The initial planning proposal included the renovation of 8,800 square feet and new construction of 9,700 square feet. The facility will include four classrooms, three equipment labs, faculty offices, and bays for four bucket trucks or other pieces of heavy equipment. The projected completion date is February 2013 and annual operating costs are estimated at \$74,200.</p>	\$4,989,600	\$2,494,800	\$2,494,800
<p>Bay de Noc College - Nursing Lab/Lecture Hall Remodeling. The project includes the renovation of 11,685 square feet of existing space in the Health and Applied Technology Center for the purpose of creating two new nurse laboratories, a simulation laboratory, renovated classrooms, lecture hall, and support areas. The projected completion date is based on a 12-month design and construction schedule.</p>	1,500,000	750,000	750,000
<p>Delta College - Health and Wellness Program-F Wing Renovation. The renovation addresses the College's facility needs to support Allied Health and Nursing programs. The project consists of 91,484 square feet of renovated space and an approximately 950-square-foot addition for a hospital-size elevator to service the building and programs. The project also addresses several facility inadequacies that cross programs. Other facility upgrades are also included (accessibility, signage, site lighting, and upgrades to the emergency/essential power and lighting systems). The projected completion date is August 2013 and annual operating costs are not expected to increase.</p>	19,984,000	9,992,000	9,992,000
<p>Gogebic - Building Renovation. The renovation will add a second floor (6,860 square feet) to create four new multipurpose classrooms to handle increased student needs across disciplines, three faculty offices, and a conference room. The projected completion date is March 2014 and annual operating costs related to the renovations are estimated at \$16,750.</p>	1,500,000	750,000	750,000

Construction Authorizations as Recommended by the Governor

Project	Total Cost	State Share	Institution Share
<p>Grand Rapids Community College - Cook Academic Hall Renovation. The project includes the renovation of 98,370 square feet on the second through fifth floors of the Cook Academic Hall. The project will provide learning environments for the College's nursing and allied health programs, as well as general purpose classrooms. The scope of the project includes code upgrades, replacement of mechanical chiller, and electrical equipment. The project as originally proposed was a \$10.0 million, 83,000-square-foot renovation project. The projected completion date is September 2014 and annual operating costs are expected to be reduced due to energy efficiencies.</p>	14,255,400	5,000,000	9,255,400
<p>Jackson Community College - Bert Walker Hall Renovations. The project includes renovation of 57,000 square feet and the addition of 29,750 square feet to Bert Walker Hall on the Jackson campus. The facility is the former home of JCC's library. The renovation and expansion will re-purpose the space to support student services functions (advising, assessment, financial aid, records, academic support, disability services, student organizations, recruitment, job placement services, registration, and counseling). It will also include additional general purpose classrooms, adjunct faculty offices, and foundation services. The original title for this project was "Student Services and Instructional Classrooms" and it included renovations and expansion for two College buildings (Bert Walker Hall and the JCC@LISD TECH facility on the Adrian Campus). The College chose to focus on the Bert Walker Hall project to increase the investment in that building. The projected completion date is September 2013 and annual savings due to HVAC improvements are estimated at \$75,000.</p>	19,500,000	9,750,000	9,750,000
<p>Lansing Community College - Arts and Sciences Building Renovation. The project will provide for the renovation of 151,000 square feet of the Arts and Sciences Building to increase the number of science classrooms, laboratories, and general classrooms to meet increasing enrollment in science and general education programs in the Arts and Sciences Division of the College. Energy saving systems that are part of the project will result in operational savings. The projected completion date is August 2013.</p>	19,950,000	9,975,000	9,975,000

Construction Authorizations as Recommended by the Governor

Project	Total Cost	State Share	Institution Share
<p>Macomb Community College - Health Science and Technology Building, Phase II. The first phase of the Health Science and Technology Classroom Building was included in Public Act 10 of 2005 and completed in June 2008. The project was split into two phases due to the availability of State funding. Phase II would be a 30,000-square-foot state-of-the-art facility, which would provide specialized laboratories for the emerging health information technology field, classrooms to support health and information technology occupations, and additional laboratories for basic science. As of this date, the college has not submitted planning documents to the DTMB.</p>	0	0	0
<p>Mid Michigan Community College - Mt. Pleasant Campus Unification. The project includes the construction of a new 101,015-square-foot Center for Academic and Business Studies facility at the College's South Campus in Mt. Pleasant. The construction will facilitate the relocation of arts and business instruction, academic support services, library and media services, and specific occupational instruction. The project will finalize the unification of the southern Mt. Pleasant campus. The building that will be vacated is located in a commercial area directly on M-20 and is need of repair. The College has a potential buyer who continues to express interest in that property. The projected completion date is August 2014 and annual operating costs are estimated at \$833,374.</p>	17,704,600	8,852,300	8,852,300

Construction Authorizations as Recommended by the Governor

Project	Total Cost	State Share	Institution Share
<p>North Central College - Health Education and Science Center. The project includes the 17,000-square-foot renovation of two facilities (Science and Chemistry Buildings) and a new 28,420-square-foot addition that will connect both facilities into a new Health Education & Science Center. Current facilities do not meet standards for equipment or ventilation and do not provide the capacity needed based on demand. The College has explored leasing space in facilities off campus and in local public schools. In May 2011, the College notified the State Budget Office that due to the critical nature of its facility needs, it was proceeding with the project, with the hope that State would eventually support the project. Design plans were submitted pursuant to State requirements in the hope that construction authorizations would eventually be approved by the DTMB and the Legislature. The College has started construction of the new portion of the building. This may affect the State's ability to finance a portion of the total cost of the building. The projected completion date of the new construction is August 2012 and the renovated space should be completed by December 2012. The anticipated opening of the entire facility is January 2013. The annual operating costs are estimated at \$142,952.</p>	10,428,400	5,214,200	5,214,200
Subtotal Community Colleges	\$109,812,000	\$52,778,300	\$57,033,700
TOTAL SBA UNIVERSITY/COLLEGE PROJECTS.....	\$613,108,600	\$304,455,800	\$308,652,800

S1112\5541sa.

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.