Public Act 207 of 2018 Capital Outlay Construction Authorizations
By Bill Bowerman, Associate Director

Introduction/Background

Capital outlay is a two-step legislative process that is delineated in Section 242 of the Management and Budget Act (Public Act 431 of 1984). Planning and construction authorizations are implemented through $100 line items in appropriation bills. Planning authorizations are not a commitment on the part of the Legislature to appropriate funds for the completion of any project. A $100 line item planning authorization effectively gives permission for an institution or State agency to develop program statements and schematic planning documents. These documents are then submitted to the Department of Technology, Management, and Budget (DTMB) for review and approval. Projects that are approved for construction by the DTMB are then submitted to the Joint Capital Outlay Subcommittee (JCOS) for its approval. Subsequent to DTMB and JCOS approval, the Legislature may authorize a project for final design and construction with a line item appropriation in an appropriation bill (construction authorization). Eight of 10 outstanding planning projects have been approved and recommended for construction by the DTMB. The recommended construction authorizations were approved by the Legislature in Public Act 207 of 2018.

Community college projects are based on a 50/50 State/college match. University projects are based on a 75/25 State/university match; however, the State contribution is capped at $30.0 million per project. Institution match rates also can vary based on the institution's request and project cost increases that occur subsequent to planning authorization. Such cost increases are traditionally funded entirely by the institutions, and this is the case with four of the institutions approved for construction in Public Act 207 of 2018 (Lake Superior State University, Wayne State University, Alpena Community College, and Washtenaw Community College).

Table 1 provides information on the total project cost, State share, institution share, estimated annual State Building Authority (SBA) rental payment to fund debt service costs for the State share of costs, planning authorization legislation, and date of the DTMB letter recommending construction authorization.

Table 1

FY 2017-18 Capital Outlay Supplemental: Construction Authorizations

Institution/Project	Total Cost	State Share	Institution Share	Estimated Debt Service	Planning Authorization	DTMB Const. Rec. Letter
Lake Superior: Center for Freshwater Research & Education	$13,200,000	$8,850,000	$4,350,000	$663,800	2016 PA 268	05/01/18
Michigan State: STEM Teaching and Learning Facility	72,500,000	29,870,000	42,630,000	2,240,300	2017 PA 107	04/10/18
Wayne State: STEM Innovation Learning Center	40,000,000	14,750,000	25,250,000	1,106,300	2017 PA 107	05/01/18
Subtotal Universities	**$125,700,000**	**$53,470,000**	**$72,230,000**	**$4,010,400**		
Alpena: Center for Health Sciences & Student Success	$8,695,000	$3,350,000	$5,345,000	$251,300	2017 PA 107	05/01/18
Grand Rapids: Applied Technology Center Renovation & Expansion	12,734,500	6,367,200	6,367,300	477,500	2017 PA 107	04/10/18
Mott: Southern Lakes Branch Center: Rehabilitation/Renovation	8,112,200	4,056,100	4,056,100	304,200	2017 PA 107	04/24/18
North Central: AD/CL Classroom Renovation & Expansion	6,800,000	3,400,000	3,400,000	255,000	2017 PA 107	04/10/18
Washtenaw: Advanced Transportation Center	5,670,700	2,000,000	3,670,700	150,000	2017 PA 107	05/01/18
Subtotal Community Colleges	**$42,012,400**	**$19,173,300**	**$22,839,100**	**$1,438,000**		
Total Construction Authorizations	**$167,712,400**	**$72,643,300**	**$95,069,100**	**$5,448,400**		

The following paragraphs provide a short summary of each project and an explanation of cost increases.

Lake Superior State University: Center for Freshwater Research and Education (CFRE). The $13.2 million project cost is $1.4 million more than the $11.8 million planning request due to changing from a renovation project to a new stand-alone facility. The university is funding the entire $1.4 million cost increase. The facility will consist of approximately 17,664 square feet located along the St. Marys River at Alford Park in Sault Ste. Marie. It will include a two-story Great Lakes Discovery and Visitor Center, a Discovery Classroom adjacent to the Great Lakes Discovery and Visitor Center, a Discovery Lab, and research facilities for visiting scientists, LSSU researchers, and undergraduates.

Michigan State University: STEM Teaching and Learning Facility. The new facility will support laboratory-based instruction associated with courses in science, technology, engineering, and mathematics. The $72.5 million project consists of the construction of an approximately 117,300-gross-square-foot facility that will house undergraduate teaching laboratories for biology-related sciences, chemistry, neuroscience, physics, and engineering disciplines in a central campus location. In addition to dry labs and wet bench teaching laboratories, the facility will include computer labs, informal study areas, and break-out spaces. The new facility will be paired with the renovation of the former Shaw Lane Power Plant, which will be self-funded by MSU. The north and south wings of the new facility will be connected to the existing building on multiple floors. The resulting size of the total project is estimated at 160,000 gross square feet.

Wayne State University: STEM Innovation Learning Center. The $40.0 million project is $10.5 million more than the authorized planning request due to the inclusion of additional laboratories that require installation of fume hoods and extra specialized ventilation and other advanced technological elements. The university is covering the entire $10.5 million cost increase. Originally, the university was proposing to fund 50% of the entire project cost, instead of the traditional 25% university match. With the $10.5 million cost increase, WSU will be funding 63.1% of the total project cost. The project consists of the complete renovation of the 109,270-square-foot underutilized former Science and Engineering Library which currently houses library stacks, two computer laboratories and the STEM Commons. The renovated facility will allow for new technology and teaching methodologies, and the integration and re-assignment of existing and redesigned STEM courses that are currently housed in dated facilities and teaching labs. The building will include flexible and convertible general-purpose classrooms and instructional laboratories, innovation labs, collaboration spaces, and space for a K-12 STEM outreach coordinator.

Alpena Community College: Center for Health Sciences and Student Success. The $8.7 million project is $2.0 million higher than the $6.7 million estimate at the time of the planning authorization due to changes in HVAC, electrical, and fire suppression systems. The college is funding the entire cost increase. The project includes the renovation and repurposing of 24,709 square feet of the existing 37,013-square-foot Van Lare Hall. The project also includes the addition of approximately 4,754 square feet, including 505 square feet of exterior canopies. Renovations will include mechanical, electrical, and technology upgrades, new windows, exterior improvements, and restroom upgrades. New and repurposed space will provide advanced nursing labs, specialized classroom space, general classrooms, study spaces, and office space.

Grand Rapids Community College: Applied Technology Center Renovation and Expansion. The Applied Technology Center is 25 years old and the existing configuration no longer supports current classroom/laboratory learning requirements. The $12.7 million project includes renovation of approximately 43,066 square feet within the existing facility, and a two-story expansion of approximately 18,416 square feet. Existing space will be reconfigured to meet program needs and expand where necessary to support new program development. The college recently completed infrastructure improvements in the Applied Technology Center which brought all life-safety issues to code, replaced the atrium skylight roof, and replaced the elevators. The proposed project is specifically focused on instructional spaces. Improvements will include: adding a new Data Center Lab suite, expanding and updating the Machine Tool Lab, redeveloping the Material Testing Hydraulics/Pneumatics labs, and increasing student study and meeting places.

Mott Community College: Southern Lakes Branch Center (SLBC): Rehabilitation/Renovation. The SLBC is a facility consisting of three wings totaling 61,600 net square feet situated on 31 acres in Fenton Township. The Center houses general education academic classrooms, the Occupational Therapy Assistant (OTA) and Physical Therapy Assistant (PTA) programs, Continuing Education programs, and the Law Enforcement Regional Training Academy (LERTA). The purpose of the $8.1 million project is to selectively renovate portions of the facility focused on the OTA/PTA and LERTA programs as well as infrastructure replacement and upgrades. Renovations will include replacement of exterior wall panels, doors and windows on two wings; boiler and chiller replacements with complete controls replacements; replacement of the fire suppression pump and all controls; replacement of the fire alarm system; replacement of the water well and water treatment system; replacement/addition of emergency generators; replacement of HVAC systems and re-flooring; addition of shower/locker facilities and muster room; and renovations and upgrades to classroom and training laboratories.

North Central Michigan College: AD/CL Classroom Renovation and Expanded Learning Space. The $6.8 million project includes the renovation and repurposing of space within a 63,610-square-foot facility originally constructed in 1966, and two small additions. A 4,920-square-foot addition on the south side of the building will include three active-learning state-of-the-art classrooms on the first floor. The second floor of the addition will include collaboration space for students and faculty. A 1,740-square-foot addition on the north side of the building will provide for a new "One-stop Shop" Student Service Center. The renovations will right-size and modernize existing classrooms, provide flexible and adaptable learning space, and facilitate collaboration for students and faculty. Renovations also will include significant mechanical and plumbing upgrades.

Washtenaw Community College: Advanced Transportation Center. The $5.7 million project is $1.7 million more than the $4.0 million cost estimate at the time of the planning authorization. This is due to changing the project from an addition to an existing building, to a new stand-alone facility. The college is funding the entire $1.7 million cost increase. The new 12,348-square-foot facility will include collaborative multi-use space dedicated to teaching cyber security, programming, data science, and related advanced transportation and advanced manufacturing technology courses. Space will include five instructional laboratories, large active-learning classrooms and support spaces, CAD-CAM, CAE, convening and meeting space, additive manufacturing, and Computer Measurement.

Conclusion

The DTMB reviewed and approved eight capital outlay projects for construction pursuant to the requirements of Section 242 of the Management and Budget Act. The Legislature approved the construction authorizations in Public Act 207 of 2018 by establishing the total project cost for each project and thereby authorizing the final design and construction of these projects to commence. Table 1 delineates costs for each project. Project costs total $167.7 million and have a total institution share of $95.1 million. The State share for the eight projects totals $72.6 million. Annual SBA rent payments to fund debt service costs will total approximately $5.4 million until the bonds are retired (approximately 17 years).