

MINUTES OF THE JOINT CAPITAL OUTLAY SUBCOMMITTEE

Senate Appropriations Room,
Third Floor, State Capitol,
100 S. Capitol Ave.
Lansing, Michigan 48933

Wednesday, March 20, 2013

4:00 p.m.

The Joint Capital Outlay Subcommittee was called to order by the Chair, Senator Darwin L. Booher at 4:34 p.m.

Members present:

Senators: Booher, Schuitmaker, Jansen, Green, Moolenaar, Hood, and Anderson.

Representatives: Kowall, Muxlow, Potvin, Forlini, Howrylak, Zemke, and Durhal.

Members absent/excused: None

Chair Booher placed agenda item number 1 before the subcommittee.

1. Minutes of Meeting No. 1 – Wednesday, February 27, 2013

Representative Kowall moved adoption of the minutes, supported by Senator Schuitmaker. The motion passed on a favorable voice vote.

Chair Booher placed agenda item number 2 before the subcommittee.

2. Construction Authorization for Lake Superior State University - School of Business Building.
DTMB Letter Date: 2/7/13

The planning authorization contained in Public Act 329 of 2010 included a new \$20.0 million building consisting of approximately 50,000 square feet. Lake Superior State University (LSSU) 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-conscience design, and barrier-free access. The renovations and additions to South Hall for the LSSU 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. The project includes the renovation of 32,526 square feet in South Hall, and the addition of 12,600 square feet that connects the original two building wings to support the learning environment for business education programs. The changes result in a revised project cost of \$12.0 million, \$8.0 million below the planning authorization of \$20.0 million. The Department of Technology, Management, and Budget (DTMB) is therefore recommending construction authorization for the LSSU School of Business Building with a total authorized cost of \$12.0 million, State Building Authority share \$8,999,800, State General Fund Share \$200, and university share \$3,000,000. Pursuant to recent changes to the Management and Budget Act, the recommendation includes \$900,000 in State Building Authority Rent payments to reflect annual debt service costs. Testimony from LSSU was provided by Dr. Tony McLain, LSSU President, and Dr. David Finley, Dean for the School of Business

Senator Jansen moved approval of the construction authorization for LSSU, supported by Representative Potvin.

The motion passed 14-0

FAVORABLE ROLL CALL

Yeas:

Senators: Booher, Schuitmaker, Jansen, Green, Moolenaar, Hood, and Anderson

Representatives: Kowall, Muxlow, Potvin, Forlini, Howrylak, Zemke, and Durhal

Nays: None

Pass: None

Chair Booher placed agenda item number 3 before the subcommittee.

3. Michigan State University - Bioengineering Facility Cost/Scope Increase

DTMB Letter Date: 10/25/12

As provided for in the construction authorization (2012 PA 192), the Bio-engineering facility project consisted of a new 67,505-square-foot facility focused on multidisciplinary research in bio-engineering and engineering health sciences with a total authorized cost of \$40,340,200 (State share \$30.0 million/University share \$10,340,200). The projected completion date was projected to be January 2015 and annual operating costs were estimated at \$409,000.

Michigan State University (MSU) has requested that the scope of the project be increased by 61,045 gross square feet and \$17,359,800 with the increase funded entirely by MSU. The revised total authorized cost would be \$57.7 million (State share \$30.0 million/University share \$27.7 million). The revised project would consist of 128,550 square feet and include four floors instead of the three floors included in the planning documents. MSU is requesting the change due to the "favorable construction climate" and projected future space needs for research and instructional activities. The top two floors will be unfinished space available for future build-out. The projected completion date is revised to January 2016 and annual operating costs are estimated at \$779,201 (when the facility is fully built-out). Testimony from MSU was provided by Mark Burnham, MSU Vice President for Government Affairs.

Senator Schuitmaker moved approval of the cost/scope increase, supported by Representative Kowall.

The motion passed 14-0

FAVORABLE ROLL CALL

Yeas:

Senators: Booher, Schuitmaker, Jansen, Green, Moolenaar, Hood, and Anderson.

Representatives: Kowall, Muxlow, Potvin, Forlini, Howrylak, Zemke, and Durhal.

Chair Booher placed an amendment to the 2013-2014 JCOS Rules before the subcommittee.

Senator Booher offered the following amendment to the 2013-2014 Joint Capital Outlay Subcommittee Rules:

1. Amend page1, Rule 3, following subsection (e), by inserting:

"f. FOR EXCUSED ABSENCES THE MEMBERS SHALL NOTIFY THE CHAIR OF THEIR INTENDED ABSENSE PRIOR TO THE START OF THE SUBCOMMITTEE MEETING. MOTIONS MADE TO EXCUSE A MEMBER FROM ATTENDING A SUBCOMMITTEE MEETING SHALL BE MADE BY THE CHAIR. THE CHAIR OF THE JOINT CAPITAL OUTLAY SUBCOMMITTEE SHALL NOTIFY THE SENATE MAJORITY LEADER OF SENATORS WITH THREE OR MORE UNEXCUSED ABSENCES AND THE SPEAKER OF THE HOUSE FOR REPRESENTATIVES WITH THREE OR MORE UNEXCUSED ABSENCES FROM SUBCOMMITTEE MEETINGS."

Representative Kowall moved approval of the proposed amendment to the 2013-2014 JCOS Rules, supported by Senator Schuitmaker.

The motion passed 10-1-3

FAVORABLE ROLL CALL

Yeas:

Senators: Booher, Schuitmaker, Jansen, Green, and Moolenaar.

Representatives: Kowall, Muxlow, Potvin, Forlini, and Howrylak

Nays: Representative Durhal.

Pass: Senators Hood and Anderson, and Representative Zemke.

Chair Booher placed agenda item number 4 before the subcommittee.

4. DTMB Real Estate Division – Overview of State Leases of Private Property.

Pursuant to the Management and Budget Act, when the DTMB Director proposes to lease space or a facility for which the annual base cost of the proposed lease is more than \$500,000.00, approval of the JCOS is required. The Act also provides that at least 2 weeks prior to a State lease proposal being included on a JCOS meeting agenda, the DTMB shall provide a detailed request to JCOS that includes information regarding the lessor, total square footage and use of space, costs, comparisons of costs to the previous lease, renovation costs, utility costs, management fees, ad valorem property taxes, operating costs, lease terms, the bid process, and other information as required by MCL 18.1221b and JCOS Rules. An overview of the private lease process was provided by Bob Burns, Director of the Real Estate Division, DTMB. Chris Harkins, DTMB Legislative Liaison and Policy Advisor, was also available for questions.

There being no further business before the Subcommittee, Chair Booher adjourned the meeting, the time being 5:26 p.m.

Senator Darwin L. Booher, Chair _____
Bill Bowerman, Senate Fiscal Agency, (517) 373-2768