

SENATE BILL NO. 906

EXECUTIVE BUDGET BILL

February 24, 1998, Introduced by Senators GAST, MC MANUS, GOUGEON, GEAKE and STEIL and referred to the Committee on Appropriations.

A bill to make appropriations for a capital outlay program for the fiscal year ending September 30, 1999; to implement the appropriations within the budgetary process; to make appropriations for planning and construction at state agencies; to make appropriations for state building authority rent and insurance; to make a grant for state building authority rent; to provide for the acquisition of land and buildings; to provide for the elimination of fire hazards; to provide for special maintenance, remodeling and addition, alteration, renovation, demolition, and other projects; to provide for elimination of occupational safety and health hazards; to provide for the award and implementation of contracts; to provide for the purchase of furnishings and equipment relative to occupancy of a project; to provide for certain advances from the general fund; to prescribe powers and duties of

certain state officers and agencies; to require certain reports, plans, and agreements; to provide for leases; to provide for transfers; to prescribe standards and conditions relating to the appropriations; and to provide for the expenditure of appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 101. There is appropriated for certain capital outlay projects
2 at the various state agencies for the fiscal year ending September 30,
3 1999, from the following funds:

4 CAPITAL OUTLAY

5 APPROPRIATIONS SUMMARY:

6 GROSS APPROPRIATION	\$	389,659,400
7 Interdepartmental grant revenues:		
8 Total interdepartmental grants and		
9 intradepartmental transfers		4,000,000
10 ADJUSTED GROSS APPROPRIATION	\$	385,659,400
11 Federal revenues:		
12 Total federal revenues		72,216,000
13 Special revenue funds:		
14 Total local funds		23,129,000
15 Total private funds		0
16 Total other state restricted revenues		31,553,200
17 State general fund/general purpose	\$	258,761,200
18 DEPARTMENT OF MANAGEMENT AND BUDGET		
19 Lump sum projects:		
20 Major special maintenance and remodeling		
21 for state agencies	\$	4,000,000
22 Major special maintenance and remodeling		
23 for department of community health special		

1	maintenance and remodeling and additions	
2	projects at various ICF/MR and state	
3	psychiatric facilities	2,000,000
4	Major special maintenance and remodeling for	
5	department of corrections	3,000,000
6	Major special maintenance and remodeling for	
7	department of community health	1,500,000
8	Major special maintenance and remodeling for	
9	family independence agency	2,000,000
10	Major special maintenance and remodeling for	
11	department of management and budget	<u>2,500,000</u>
12	GROSS APPROPRIATION	\$ 15,000,000
13	Appropriated from:	
14	Interdepartmental grant revenues:	
15	IDG from building occupancy charges	4,000,000
16	Federal revenues:	
17	HHS-HCFA, title XIX - intermediate care	
18	facilities for the mentally retarded and state	
19	psychiatric facilities	2,000,000
20	State general fund/general purpose	\$ 9,000,000
21	DEPARTMENT OF MILITARY AFFAIRS	
22	Lump sum projects:	
23	Department of military affairs remodeling and	
24	additions and special maintenance projects . . .	<u>2,175,000</u>
25	GROSS APPROPRIATIONS	\$ 2,175,000
26	Appropriated from:	
27	DOD, department of the army, national guard	
28	bureau	1,548,000

1	State general fund/general purpose	\$	627,000
2	DEPARTMENT OF NATURAL RESOURCES		
3	State park remodeling and additions:		
4	Buildings, utilities, and site work,		
5	various state parks and recreation areas	\$	1,500,000
6	State park improvements:		
7	Buildings, utilities, and site work - various		
8	state park and recreation areas		1,000,000
9	Swan River salmon egg take facility (total		
10	project cost not to exceed \$1,500,000)		<u>750,000</u>
11	GROSS APPROPRIATION	\$	3,250,000
12	Appropriated from:		
13	Federal revenues:		
14	DOI federal, U.S. fish and wildlife, Dingell-		
15	Johnson		375,000
16	Special revenue funds:		
17	Game and fish protection fund		375,000
18	Park improvement fund		1,000,000
19	State park endowment fund		1,500,000
20	State general fund/general purpose	\$	0
21	DEPARTMENT OF NATURAL RESOURCES		
22	Waterways projects:		
23	Boating access site program:		
24	Equipment repairs allotment - various counties . .		40,000
25	Paving projects - various counties		625,000
26	Routine maintenance - various counties		55,000
27	Small projects allotment - various counties . . .		335,000
28	State facilities - boating access sites		1,810,000

1	Grants-in-aid - boating access sites:	
2	Small grants program - various counties	100,000
3	Cheboygan county restroom building	90,000
4	Harbors and docks program:	
5	Emergency repairs - various counties	250,000
6	Engineering studies - various counties	100,000
7	Utilities upgrades - various counties	250,000
8	Preventative maintenance - various counties . . .	100,000
9	Iosco county - East Tawas mooring restroom	
10	building	425,000
11	Huron county - Port Austin mooring expansion	
12	(total project cost not to exceed \$2,750,000) .	1,420,000
13	Mackinac county - Mackinac Island mooring	
14	expansion (total project cost not to exceed	
15	\$5,500,000)	4,766,700
16	Cheboygan county - Mackinaw City marina building	
17	(total not to exceed \$222,000, state	
18	share \$110,000)	111,000
19	Delta county - Escanaba pier anchorage	
20	(total project cost not to exceed \$45,000,	
21	state share \$22,500)	22,500
22	Mackinac county - Naubinway mooring	
23	redevelopment (total project cost not to	
24	exceed \$850,000)	<u>650,000</u>
25	GROSS APPROPRIATION	\$ 11,150,200
26	Appropriated from:	
27	Federal revenues:	
28	DOI, U.S. fish and wildlife service, Dingell-	

1	Johnson	1,082,000
2		
3	Special revenue funds:	
4	Michigan state waterways fund	10,068,200
5	State general fund/general purpose \$	0
6	DEPARTMENT OF TRANSPORTATION	
7	STATE TRUNKLINE FUND	
8	Department buildings and facilities:	
9	New maintenance facility - Battle Creek,	
10	district 7 (total cost not to exceed \$3,000,000) \$	650,000
11	Salt storage buildings and brine run-off	
12	control - contract agencies locations	1,000,000
13	Construct, renovate, and/or replace salt	
14	storage buildings, various maintenance	
15	garage locations	600,000
16	New project offices - various statewide	
17	locations (total cost not to exceed \$10,000,000)	1,740,000
18	Equipment storage buildings - various	
19	statewide locations	425,000
20	Research vehicle building - Dimondale (total	
21	cost not to exceed \$200,000)	200,000
22	Remodeling and additions:	
23	Building renovation and expansion,	
24	metro district office - Southfield (total	
25	cost not to exceed \$4,120,000)	1,470,000
26	Environmental pollution control measures:	
27	Site investigation and toxic cleanup-	
28	various locations	100,000

1	A & E repair addition - St. Ignace maintenance	
2	garage (total cost not to exceed \$500,000) . . .	500,000
3	ADA modifications - various MDOT facilities . . .	500,000
4	Energy savings modifications upgrade:	
5	Lighting and electrical systems at older	
6	maintenance facilities - various locations . . .	450,000
7	Reroof MDOT facilities, fence MDOT properties, and	
8	install bituminous surface/resurfacing -	
9	various locations	440,000
10	Install/replace hydraulic floor hoists-	
11	various locations	450,000
12	MIOSHA projects and asbestos removal-	
13	various locations	140,000
14	Restroom and lunchroom modifications-	
15	various locations	100,000
16	Institutional and agency roads	750,000
17	Purchase property-various locations	75,000
18	Miscellaneous projects	<u>200,000</u>
19	GROSS APPROPRIATION	\$ 9,790,000
20	Appropriated from:	
21	Special revenue funds:	
22	State trunkline fund	9,790,000
23	State general fund/general purpose	\$ 0
24	DEPARTMENT OF TRANSPORTATION	
25	AERONAUTICS FUND:AERONAUTICS PROGRAMS	
26	Airport improvement programs	\$ <u>97,640,000</u>
27	GROSS APPROPRIATION	\$ 97,640,000
28	Appropriated from:	

1	Federal revenues:	
2	DOT-FAA	65,511,000
3	Special revenue funds:	
4	Local aeronautics match	23,129,000
5	State aeronautics fund	4,000,000
6	State general fund/general purpose \$	5,000,000
7	STATE BUILDING AUTHORITY RENT	
8	State building authority rent - state agencies . . \$	36,445,700
9	State building authority rent - department of	
10	corrections	86,183,800
11	State building authority rent - universities . . .	116,203,900
12	State building authority rent - community	
13	colleges	<u>11,820,800</u>
14	GROSS APPROPRIATION \$	250,654,200
15	Appropriated from:	
16	Federal funds-grand tower facility	1,700,000
17	Special revenue funds:	
18	State building authority - University of	
19	Michigan, medicare and medicaid programs	3,300,000
20	State lottery funds	1,520,000
21	State general fund/general purpose \$	244,134,200

22 GENERAL SECTIONS

23 Sec. 201. (1) Pursuant to section 30 of article IX of the state
 24 constitution of 1963, total state spending from state sources for fiscal
 25 year 1998-99 is estimated at \$290,314,400.00 in this bill and state
 26 spending from state sources paid to local units of government for fiscal
 27 year 1998-99 is estimated at \$9,973,500.00. The itemized statement
 28 below identifies appropriations from which spending to units of local

1 government will occur:

2 CAPITAL OUTLAY

3	Department of natural resources - waterways	\$	973,500
4	State transportation department - state		
5	aeronautics program		9,000,000
6	Total	\$	9,973,500

7 (2) If it appears to the principal executive officer of a department
 8 or branch that state spending to local units of government will be less
 9 than the amount that was projected to be expended under subsection (1),
 10 the principal executive officer shall immediately give notice of the
 11 approximate shortfall to the state budget director.

12 Sec. 202. As used in this bill:

13 (a) "ADA" means the Americans with disability act.

14 (b) "Appropriations committees" means the appropriations committee
 15 of the senate and the appropriations committee of the house of
 16 representatives.

17 (c) "A & E" means automotive and equipment.

18 (d) "Board" means the state administrative board.

19 (e) "Community college" does not include a state agency or
 20 university.

21 (f) "Department" means the department of management and budget.

22 (g) "Director" means the director of the department of management
 23 and budget.

24 (h) "DOD" means the United States department of defense.

25 (i) "DOI" means the United States department of the interior.

26 (j) "DOT-FAA" means the United States department of transportation
 27 federal aviation administration.

28 (k) "Fiscal agencies" means the senate fiscal agency and the house
 29 fiscal agency.

(l) "HHS-HCFA" means the United States department of health and human services, health care financing administration.

(m) "ICF/MR" means intermediate care facilities for the mentally retarded.

(n) "IDG" means interdepartmental grant.

(o) "JCOS" means the joint capital outlay subcommittee of the appropriations committees.

(p) "MDOT" means the Michigan department of transportation.

(q) "MIOSHA" means the Michigan occupational safety and health act.

(r) "Self-liquidating project" means a project constructed by a community college or university with money raised through the use of a debt instrument, which is expected to generate revenues to amortize the loan; a project constructed by a community college or university with money derived from gifts or grants; or a project constructed with money of the community college or university. A self-liquidating project may or may not be a self-supporting project.

(s) "Self-supporting project" means a project of a community college or university that will house a function or activity from which revenue is generated that will cover all the direct and indirect operating costs of the project without the additional transfer of any other general fund money of the community college or university.

(t) "State agency" means an agency of state government. State agency does not include a community college or university.

(u) "State building authority" means the authority created under 1964 PA 183, MCL 830.411 to 830.425.

(v) "University" means a 4-year university supported by the state. University does not include a community college or a state agency.

(w) "Utility system" means a utility supply or distribution system, or a combination utility supply and distribution system.

(x) "VA-DMS" means the United States veterans administration,
department of medicine and surgery.

Sec. 203. The expenditures and funding sources authorized under this
bill are subject to the management and budget act, 1984 PA 431, MCL
18.1101 to 18.1594.

DEPARTMENT OF MANAGEMENT AND BUDGET

Sec. 301. Pursuant to section 242(9) of the management and budget
act, 1984 PA 431, MCL 18.1242, projects authorized for planning and/or
construction in PA 116 of 1997; PA 114 of 1997; PA 480 of 1997; and PA
321 of 1996 are exempted from requirements contained in section 242 of
the management and budget act, PA 431, MCL 18.1242.

Sec. 302. Each capital outlay project for which appropriations are
provided in this bill shall include sufficient funds for state agency
projects and from institution funds for college and university projects
to provide for professionally developed program statements and schematic
plans.

Sec. 303. (1) For projects listed in sections 301 and 302, the
department shall select professional services for the development of
program statements, planning, and design and construction for state
agency projects, shall provide standards for the selection of
professional services for college and university projects, and shall
provide review and approval of completed programming, planning, design
and construction processes.

(2) Completed program statements and schematic planning documents
shall be submitted to JCOS. Project authorization including a line-item
for design and construction must be approved by JCOS and the legislature
through an appropriation process.

(3) For state agency funded projects, the department shall manage
all aspects of design and construction.

1 (4) For community college and university projects, the department
2 shall develop and implement a review and approval process for design and
3 construction, to which community colleges and universities must adhere.

4 (5) Bid results for all authorized projects shall be submitted to
5 JCOS by the department.

6 (6) Appropriations made for studies and plans shall not be
7 considered a commitment on the part of the legislature to appropriate
8 funds for the completion of plans or construction of any project.

9 Sec. 304. (1) Before proceeding with final planning and
10 construction for projects at community colleges and universities
11 included in an appropriations bill, the community college or university
12 must sign an agreement with the department of management and budget that
13 includes the following provisions:

14 (a) The university or community college agrees to construct the
15 project within the total authorized cost established by the legislature
16 pursuant to the management and budget bill, 1984 PA 431, MCL 18.1101 to
17 18.1594, and an appropriations bill.

18 (b) The design and program scope of the project will not deviate
19 from the design and program scope represented in the program statement
20 and preliminary planning documents approved by the department of
21 management and budget.

22 (c) Any other items as identified by the department that are
23 necessary to complete the project.

24 (2) The department of management and budget retains the authority
25 and responsibility normally associated with the prudent maintenance of
26 the public's financial and policy interests relative to the state-
27 financed construction projects managed by a community college or
28 university.

29 Sec. 305. (1) A state agency, university, or community college

1 shall not let a contract for new construction of a self-liquidating
2 project estimated to cost more than \$1,000,000.00 unless the project is
3 authorized by the JCOS. The request for legislative authorization shall
4 be initially submitted for review to the JCOS and the department. A
5 nonstate-funded project request shall include a complete use and
6 financing statement as defined by a policy adopted by the JCOS. The use
7 and financing statement for a self-liquidating or self-supporting
8 project shall contain the estimated total construction cost and all
9 associated estimated operating costs including a statement of
10 anticipated revenues. As used in this section, "new construction"
11 includes land or property acquisition, remodeling and additions, and
12 maintenance projects.

13 (2) A self-liquidating project that is constructed in violation of
14 this section shall not receive state appropriations for purposes of
15 operating the project, or support for future infrastructure enhancements
16 that are necessitated, in part or in total, by construction of the
17 project.

18 (3) A state agency, including the department of military affairs,
19 shall not let a contract for a direct federally funded capital outlay
20 construction or major maintenance project that is estimated to cost more
21 than \$1,000,000.00 and is to be constructed on state-owned lands unless
22 the project is approved by the department and by the JCOS. For projects
23 over \$1,000,000.00, the state agency shall submit a use and finance
24 statement as required for community colleges and universities in
25 subsection (1). As used in this subsection, "direct federally funded"
26 refers to a project for which federal payments are made directly to the
27 construction vendor and not to the state of Michigan.

28 (4) Universities, community colleges, and state agencies shall report
29 to the department and to the JCOS on a quarterly basis all projects

1 costing between \$500,000.00 and \$1,000,000.00.

2 Sec. 306. A statement of a proposed facility's operating cost
3 shall be included with the facility's program statement, schematic
4 plans, and preliminary plans when the plans are presented to JCOS.

5 Sec. 307. (1) In carrying out this bill and other bills containing
6 appropriations for preliminary studies and planning, repair,
7 maintenance, remodeling and additions, fire protection, occupational
8 safety and health act requirements, or new construction, the department
9 may obtain appropriated operating funds for professional services and
10 administration of projects. Money may also be transferred from
11 appropriations made in this bill to the department for the
12 administration of a special maintenance, remodeling and addition,
13 demolition, fire protection, or occupational safety and health act
14 project. A transfer for this purpose shall not exceed 5% of the amount
15 appropriated for each lump-sum appropriation and is available for 3
16 complete fiscal years from the beginning of this bill's fiscal year.
17 After 3 complete fiscal years, any unused balance shall lapse. Money
18 may also be used for administration of projects from line item
19 construction projects for which the department is an agent, but these
20 transfers shall not exceed 1.5% of the amount appropriated for each
21 individual project. Any unused balance from these projects shall not
22 lapse at the end of each fiscal year, but shall carry over into
23 succeeding fiscal years to be used for the purpose authorized. The
24 department shall submit to the appropriations committees, JCOS, and the
25 fiscal agencies a report of these transfers at the end of each fiscal
26 year.

27 (2) Except as provided in subsection (1) and section 244(1) of the
28 management and budget act, 1984 PA 431, MCL 18.1244, an expenditure
29 shall not be made for salaries and wages from any appropriation in

1 section 101.

2 Sec. 308. A state agency or university shall take steps necessary
3 to make available federal and other money indicated in this bill, to
4 make available federal or other money that may become available for the
5 purposes for which appropriations are made in this bill, and to use any
6 part or all of the appropriations to meet matching requirements that are
7 considered to be in the best interest of this state. However, the
8 purpose, scope, and total estimated cost of a project shall not be
9 altered to meet the matching requirements.

10 Sec. 309. (1) The director shall allocate lump-sum appropriations
11 made in this bill for remodeling and addition, special maintenance,
12 major special maintenance, energy conservation, demolition, ICF/MR,
13 air-conditioning, and fire protection projects. The director shall
14 allocate other lump sums, in order of program priority and need of the
15 various state agencies or as otherwise based on actual building
16 inspection reports by regulatory agencies. The director may award or
17 approve the award of suitable professional services and construction
18 contracts to study, plan, construct, and equip the projects authorized.
19 Construction contracts approved by the director shall be awarded to the
20 lowest acceptable bidders after being advertised publicly. A project
21 authorized from a lump-sum appropriation has 3 fiscal years from the
22 beginning of this bill's fiscal year for the award of contracts after
23 which any unencumbered balance of the appropriation or of any
24 allocations made to a project from the appropriation shall revert to the
25 fund from which it was appropriated. For purposes of this subsection, a
26 balance for a project shall not be considered encumbered unless the
27 project is bid.

28 (2) Any remaining balances from allocations made in this section
29 lapse to the fund from which it was appropriated pursuant to the lapsing

1 of lump sums as provided in the management and budget act, 1984 PA 431,
2 MCL 18.1101 to 18.1594.

3 (3) Before August 15, 1999, the department shall submit a report to
4 the JCOS and the fiscal agencies indicating the total cost and status of
5 all lump-sum projects funded under this bill and any previous bill that
6 have been designated as proposed, designed, bid, under construction, or
7 completed within the current fiscal year.

8 (4) A planning project or construction project appropriated for the
9 airport program shall be considered the same as a capital outlay account
10 and shall be subject to the requirements and restrictions stated in this
11 bill relative to all capital outlay accounts for construction unless
12 otherwise expressly provided. This subsection does not apply to an
13 operating account otherwise established by law. . Sec. 310. (1)
14 The department shall provide the JCOS and the fiscal agencies with
15 reports as considered necessary relative to the status of each planning
16 or construction project financed by the state building authority, by
17 this bill, or by previous acts.

18 (2) Before August 15, 1999, the department shall report to the JCOS
19 and the fiscal agencies for each construction project other than lump
20 sums all of the following:

21 (a) The appropriation number and name of each construction project.

22 (b) The balance remaining in each appropriation.

23 (c) The date of the last expenditure from the appropriation.

24 (d) The anticipated date of occupancy if the project is under
25 construction.

26 (e) The appropriations history for the project.

27 (f) The professional service contractor.

28 (g) The amount of a project financed with federal funds.

29 (h) The amount of a project financed through the state building

1 authority.

2 (i) The total authorized cost for the project and the state
3 authorized share if different than the total.

4 (3) Before August 15, 1999, the department shall report the
5 following for each project by a state agency, university, or community
6 college that is authorized for planning and design but is not yet
7 authorized for construction:

8 (a) The name of the project and appropriation number.

9 (b) Whether a program statement is approved.

10 (c) Whether schematics are approved by the department.

11 (d) Whether preliminary plans are approved by the department.

12 (e) The name of the professional service contractor.

13 (4) As used in this section, "project" includes appropriation line
14 items made for purchase of real estate.

15 Sec. 311. (1) This section applies only to projects for community
16 colleges.

17 (2) State support is directed towards the remodeling and additions,
18 special maintenance, or construction of certain community college
19 buildings. The community college shall obtain or provide for site
20 acquisition and initial main utility installation to operate the
21 facility. Funding shall be comprised of local and state shares, and the
22 state share shall include 50% of any federal money awarded for projects
23 appropriated in this bill.

24 (4) Upon completion of the final planning documents for the project
25 and before bidding, the community college shall submit final planning
26 documents to the department for its review, approval, and certification
27 that the purpose and scope described in the final planning documents do
28 in fact correlate with and reflect the approved program statement and
29 preliminary planning documents.

(5) An expenditure under this bill is authorized when the release of the appropriation is approved by the board upon the recommendation of the director. The director may recommend to the board the release of any appropriation only after the director is assured that the legal entity operating the community college to which the appropriation is made has complied with this bill and has matched the amounts appropriated as required by this bill, and the director has received a certified report of the advertised competitive bids for the project and the proposed budget based on the amounts of the lowest acceptable bids. A release of funds shall not exceed 50% of the total cost of planning and construction of any project, or of any campus master plan. Further planning and construction of a project authorized by this bill shall be in accordance with the purpose and scope as defined and delineated in the approved program statements and preliminary planning documents. This bill is applicable to all projects for which planning appropriations were made in previous bills.

(6) The community colleges shall take the steps necessary to secure available federal construction and equipment money for projects funded for construction in this bill if an application was not previously made. If there is a reasonable expectation that a prior year unfunded application may receive federal money in a subsequent year, the college shall take whatever action necessary to keep the application active. If federal money is received, the state share shall be adjusted accordingly as provided by this bill.

(7) Not more than 50% of a capital outlay project for a community college shall be appropriated from state and federal funds.

Sec. 312. If matching revenues are received in an amount less than the appropriations contained in this bill, the state funds of the appropriation shall be reduced in proportion to the amount of matching

1 revenue received.

2 Sec. 313. (1) Subject to the provisions of section 242 of the
3 management and budget bill, 1984 PA 431, MCL 18.1242, and upon the
4 approval of the state building authority, the department may expend from
5 the general fund of the state during the fiscal year ending September
6 30, 1999 an amount to meet the cash flow requirements of those state
7 building authority projects solely for lease to a state agency
8 identified in both section 101 and this section, and for which state
9 building authority bonds or notes have not been issued, and for the sole
10 acquisition by the state building authority of equipment and furnishings
11 for lease to a state agency as permitted by 1964 PA 183, MCL 830.411 to
12 830.425, for which the issuance of bonds or notes is authorized by a
13 legislative concurrent resolution that is effective for the fiscal year
14 ending September 30, 1999. Any general fund advances for which state
15 building authority bonds have not been issued shall bear an interest
16 cost to the state building authority at a rate not to exceed that earned
17 by the state treasurer's common cash fund during the period in which the
18 advances are outstanding and are repaid to the general fund of the
19 state.

20 (2) Upon sale of bonds or notes for the projects or for equipment as
21 authorized by legislative concurrent resolution, and in this section,
22 the state building authority shall credit the general fund of the state
23 an amount equal to that expended from the general fund plus interest, if
24 any, as defined in this section.

25 (3) For state building authority projects for which bonds or notes
26 have been issued and upon the request of the state building authority,
27 the state treasurer shall make advances without interest from the
28 general fund as necessary to meet cash flow requirements for the
29 projects which advances shall be reimbursed by the state building

1 authority when the investments earmarked for the financing of the
2 projects mature.

3 (4) In the event that a project is terminated after final design is
4 complete, advances made on behalf of the state building authority for
5 the costs of final design shall be repaid to the general fund in a
6 manner recommended by the director and approved by the JCOS.

7 (5) Before December 1, 1999, the department shall provide a report
8 to the JCOS on the status of any consent order outlining the problem
9 statement, the administrative activities to correct the problem, the
10 total estimated cost as compared to any established total authorized
11 cost, and the current and future funding obligations and sources. Any
12 change in the purpose and scope of a consent order requires JCOS
13 approval as required by section 246 of the management and budget act,
14 1984 PA 431, MCL 18.1246.

15 Sec. 314. (1) State building authority funding to finance
16 construction or renovation of a facility that collects revenue in excess
17 of money required for the operation of that facility shall not be
18 released to a university or community college unless the institution
19 agrees to reimburse that excess revenue to the state building authority.
20 The excess revenue shall be credited to the general fund to offset rent
21 obligations associated with the retirement of bonds issued for that
22 facility. The auditor general shall annually identify and present an
23 audit of those facilities that are subject to this section. Costs
24 associated with the administration of the audit shall be charged against
25 money recovered pursuant to this section. . . . (2) As used in
26 this section, "revenue" includes state appropria- tions, facility
27 opening money, other state aid, indirect cost reimbursement, and other
28 revenue generated by the activities of the facility.

29 Sec. 315. The director may provide that state buildings on state-

1 owned land be demolished when it is determined to be in the best
2 interest of the state due to health and safety concerns or major
3 disrepair.

4 Sec. 316. (1) The department may expend from the lump-sum special
5 maintenance account amounts necessary to demolish any building that is
6 specifically authorized to be demolished.

7 (2) Before July 15, 1999, each state agency, community college, and
8 university shall report each year to the department and to JCOS the
9 status of and planned schedule for demolition projects already
10 authorized but not yet started, the estimated cost of the projects, and
11 the anticipated sources of financing of the projects.

12 Sec. 317. (1) If a capital outlay appropriation is contained in a
13 public act that was not reviewed by the JCOS during the legislative
14 process, the director shall notify the JCOS of an expenditure of that
15 capital outlay appropriation not less than 60 days before the
16 expenditure.

17 (2) For the purposes of this section, "capital outlay appropriation"
18 means an appropriation that provides for the construction, renovation,
19 or repair of a capital facility or acquisition or development of land
20 and that is normally reviewed by the JCOS.

21 Sec. 318. From a capital outlay appropriation authorizing the
22 completion of final plans and start of construction, or an appropriation
23 to complete plans and construction, the department shall reimburse the
24 lump-sum planning account an amount equal to the releases made from the
25 lump-sum planning account for studies, schematic plans, or preliminary
26 plans for that project, after the JCOS has approved the project for
27 final planning and start or completion of construction. This section
28 only applies to new construction projects authorized for start of
29 construction for the fiscal year beginning after October 1, 1988.

1 Sec. 319. (1) If the amount appropriated in section 101 for state
2 building authority rent is not sufficient to pay the rent obligations
3 and insurance premiums and deductibles identified in subsection (2) for
4 state building authority projects, there is appropriated from the
5 general fund of the state the amount necessary to pay such obligations.

6
7 (2) The state building authority rent appropriations in section 101
8 may also be expended for the payment of required premiums for insurance
9 on facilities owned by the state building authority or payment of costs
10 that may be incurred as the result of any deductible provisions in such
11 insurance policies.

12 Sec. 320. The department shall provide the JCOS and the fiscal
13 agencies a report, 15 days after the reporting date, relative to the
14 status of construction projects associated with state building authority
15 bonds on March 31 and September 30 of each year, or 30 days after a
16 refinancing or restructuring bond issue is sold. The report shall
17 include, but is not limited to, the following:

18 (a) A list of all completed construction projects for which state
19 building authority bonds have been sold, and which bonds are currently
20 active.

21 (b) A list of all projects under construction for which sale of
22 state building authority bonds are pending.

23 (c) A list of all projects authorized for construction or identified
24 in an appropriations bill for which approval of schematic/preliminary
25 plans or total authorized cost is pending that have state building
26 authority bonds identified as a source of financing.

27 Sec. 321. The University of Michigan shall take the necessary
28 actions to ensure that eligible interest reimbursements from medicare
29 and medicaid programs are made available to the state to satisfy part of

1 the amount appropriated for the University of Michigan adult general
2 hospital facility rent appropriation of \$27,917,000.00 contained within
3 the state building authority rent appropriation in section 101. To the
4 extent of a difference between the estimated and actual amount received,
5 there is appropriated from the general fund of the state the amounts
6 necessary to satisfy the hospital rental requirements of the state
7 building authority's 1986 revenue refunding bonds, series I. To the
8 extent payments made to the state by the University of Michigan are
9 required to be reimbursed pursuant to the agreement with the University
10 of Michigan, there is appropriated from the general fund the amount
11 necessary for such reimbursement.

12 Sec. 322. If the JCOS approves, the department, for purposes of
13 administrative and fiscal efficiency, may consolidate or discontinue
14 federal surplus property warehouses administered pursuant to 1961 PA
15 139, MCL 18.251 to 18.261.

16 Sec. 323. (1) Before money is released for the construction of a
17 capital outlay project costing over \$1,000,000.00, at the request of the
18 JCOS, the department shall submit to the JCOS, with preliminary planning
19 documents, a detailed comparative cost analysis. The cost analysis
20 shall include a comparison of the financial and other benefits of
21 construction, financing, operation, and maintenance of the proposed
22 facility between all of the following:

23 (a) The state.

24 (b) The private sector.

25 (c) A combination of the state and the private sector.

26 (d) A lease agreement.

27 (2) If the department's recommendation for financing is inconsistent
28 with the findings of the comparative cost analysis, the department shall
29 present written documentation to the JCOS outlining the rationale for

1 the recommendation.

2 (3) For purposes of this section, "capital outlay project" means a
3 construction project requiring JCOS approval including, but not limited
4 to, a general office facility, special use facility, warehouse,
5 institutional facility, or utility system designed for use by a state
6 agency or university. Capital outlay project does not include a special
7 maintenance and remodeling project, grant-in-aid project, prison
8 facility, legislative facility, judicial facility, community college
9 facility, or self-liquidating facility constructed by a university.

10
11 Sec. 324. Pursuant to department policy, state agencies may expend
12 not more than \$1,000,000.00 from their operating budget for special
13 maintenance purposes.

14 (2) Expenditures from operating budgets for special maintenance or
15 other capital outlay purposes greater than \$1,000,000.00 are prohibited
16 unless appropriated by the legislature.

17 Sec. 325. (1) The department shall provide the JCOS and the fiscal
18 agencies a report, 15 days after the reporting date, of privately-owned
19 leased space by state agencies, by March 31 and September 30 of each
20 year, consisting of the following:

21 (a) Department.

22 (b) Agency division and leased number.

23 (c) Building location (address and city).

24 (d) Type of building.

25 (e) County.

26 (f) Name and address of lessor.

27 (g) Square footage and net square footage rate.

28 (h) Monthly and annual cost.

29 (i) Date lease started and expires.

1 (j) Options and services.

2 (2) The lease report shall be summarized for office space, group
3 homes, and other space for the Lansing area and statewide, except the
4 Lansing area.

5 Sec. 326. Money received for reimbursement from the Michigan
6 underground storage tank financial assurance fund for environmental
7 cleanup at state facilities shall be deposited in the environmental
8 cleanup account established in fiscal year 1992-93.

9 Sec. 327. (1) The director may require that community colleges and
10 universities that have an authorized project submit documentation
11 regarding the project match and governing board approval of the
12 authorized project.

13 (2) If the documentation required by the director under subsection
14 (1) is not submitted, or does not adequately authenticate the
15 availability of the project match or board approval of the authorized
16 project, the authorization may terminate. The authorization terminates
17 30 days after the director notifies the JCOS of the intent to terminate
18 the project unless the JCOS convenes to extend the authorization.

19 Sec. 328. (1) The state building authority, on behalf of the state,
20 with the approval of the board, for the purpose of providing office and
21 warehouse space for state agencies, may acquire for not more than the
22 market value, subject to an independent fee appraisal, including
23 estimated real estate taxes, various lease projects which contain
24 purchase options in an aggregate cost not to exceed \$45,000,000.00. The
25 state building authority is also authorized to pay any ancillary costs,
26 other than the market value, that the state is required to pay under an
27 option to purchase.

28 (2) All documents regarding the acquisition of the property
29 described in subsection (1) shall be approved by the attorney general.

1 (3) The acquisition and subsequent conveyance to the state building
2 authority shall conform to the provisions of 1964 PA 183, M.C.L. 830.411
3 to 830.425.

4 (4) Upon completion of the purchase of the grand tower, the
5 authorization for the acquisition of various lease projects that contain
6 purchase options will be renewed at \$35,000,000.00.

7 **DEPARTMENT OF NATURAL RESOURCES**

8 Sec. 401. The appropriation made in this bill for the harbors and
9 docks program is for the purpose of participating with the federal
10 government and assisting political entities and subdivisions of this
11 state in the construction and improvement of recreational boating
12 facilities within this state. Subject to the approval of the board,
13 this money shall be allocated by the department of natural resources to
14 the federal government, or to the political entities or local units of
15 government involved in the particular projects. An allocation shall not
16 exceed the state portion as listed with each project description. The
17 department of natural resources shall take the steps necessary to match
18 federal money available for the construction and improvement of
19 recreational boating facilities within this state, and to meet
20 requirements of the federal government.

21 Sec. 402. (1) Before August 15, 1999, the department of natural
22 resources shall report each year to the JCOS the status of each project
23 that received an appropriation in any capital outlay bill, if the
24 project is either not completed or has a balance remaining in its
25 account. The report shall be in the same form and contain the
26 information as required under section 310. The report shall be
27 separated into the following areas, by fund sources:

28 (a) Waterways projects.

29 (b) Urban recreation projects.

1 (c) State park projects.

2 (d) Wildlife and fisheries projects.

3 (e) Other projects.

4 **STATE TRANSPORTATION DEPARTMENT**

5 Sec. 501. (1) From federal-state-local project appropriations
6 contained in section 101 for the purpose of assisting political entities
7 and subdivisions of this state in the construction and improvement of
8 publicly used airports and landing fields within this state, the state
9 transportation department may permit the award of contracts on behalf of
10 units of local government for the authorized locations not to exceed the
11 indicated amounts, of which the state allocated portion shall not exceed
12 the amount appropriated in section 101.

13 (2) Political entities and subdivisions shall provide not less than
14 5% of the cost of any project under this section. State money shall not
15 be allocated until local money is allocated, and state money for any 1
16 project shall not exceed 1/3 of the total appropriation in section 101
17 from state funds for airport improvement programs.

18 (3) The Michigan aeronautics commission may take those steps necessary
19 to match federal money available for airport construction and
20 improvement within this state, and to meet the matching requirements of
21 the federal government. Whether acting alone or jointly with another
22 political subdivision or public agency or with this state, a political
23 subdivision or public agency of this state shall not submit to any
24 agency of the federal government a project application for airport
25 planning or development unless it is authorized in this bill and the
26 project application is approved by the governing body of each political
27 subdivision or public agency making the application, and by the Michigan
28 aeronautics commission.

29 (4) From appropriations contained in section 101 for airport

1 improvement programs, \$4,300,000.00 of the state funds shall be used as
2 state resources for state funded components of the comprehensive
3 northwest airlines midfield terminal project. The \$4,300,000.00 of
4 state funds shall be subject to audit by the auditor general.

5 Sec. 502. On or before November 15 of each year, the state
6 transportation department shall report to the JCOS the projects funded
7 from the previous fiscal year capital outlay bill and the proposed
8 projects with the estimated dollars for the current fiscal year. If
9 there has to be a delay in reporting, the department shall notify JCOS
10 in writing of the date the report can be received.

11 Sec. 503. An aeronautics project proposed for funding with
12 federal-state-local appropriations contained in section 101 that
13 includes acquisition of an airport facility from a private owner or
14 political subdivision for operation by the state or by a political
15 subdivision requires line-item authorization in an appropriations bill
16 and is not fundable with appropriations from the federal/local airport
17 discretionary contingencies account.

18 Sec. 504. (1) Before August 15, 1999, the state transportation
19 department shall report each year to the JCOS the status of each project
20 that received an appropriation in any capital outlay bill, if the
21 project is either not completed or has a balance remaining in its
22 account. The report shall be in the same form and contain the
23 information as required under section 310. The report shall be
24 separated into all the following areas:

25 (a) Highway programs, including each of the following:

26 (i) Lump sums.

27 (ii) Construction.

28 (b) Airport programs, including each of the following:

29 (i) Lump sums.

1 (ii) Construction.

final page