

**Floor Substitute Summary
CAPITAL OUTLAY/Supplemental
FY 2004-05 House Bill 5510 (H-1)**



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	FY 2003-04 YTD (as of 8/20/04)*	Executive (Revised)*	JCOS*	House Committee*	House Passed*	Difference: JCOS from FY 2003-04 YTD	
						Amount*	%
IDG/IDT	\$2,000,000	\$2,000,000	\$2,000,000			\$0	0.0
Federal	206,952,000	215,380,200	215,380,200			8,428,200	4.1
Local	22,789,600	42,790,000	22,790,000			400	- -
Private	0	0	0			0	0.0
Restricted	66,400,900	49,147,500	43,147,500			(23,253,400)	(35.0)
GF/GP	2,000,500	2,000,000	6,193,800			4,193,300	209.6
Gross	\$300,143,000	\$311,317,700	\$289,511,500			(\$10,631,500)	(3.5)

*Does not include SBA Rent appropriations

Overview

The Michigan Capital Outlay process encompasses the *budgetary and administrative functions devoted to the financing and planning for the acquisition, construction/renovation, and maintenance of facilities used by a state agency, public university, or community college*. General operational practices and procedures are contained in the Management and Budget Act (1984 PA 431), the State Building Authority Act (1964 PA 183), the annual Capital Outlay Appropriations Act (2003 PA 193), and the formal policies of the Joint Capital Outlay Subcommittee (JCOS). Act 431 contains numerous oversight and approval action steps that define the respective roles of the Executive and Legislative Branches.

Most major state-owned facility renovations and new construction projects are financed by the State Building Authority (SBA). This is accomplished through the issuance of revenue bonds. Debt service on these bonds is provided annually in the Capital Outlay budget bill's SBA rent line items. Rent is often referred to as "true" rent because it is based on the facility's economic or market value. The SBA has a statutory bonded indebtedness ceiling, currently set at \$2.7 billion.

Summary of FY 2004-05 Major Budget Issues

State Building Authority Rent

Included is a funding shift from the CMRS Emergency Telephone Fund of \$6 million to GF/GP monies.

Military Construction

Included are authorizations to renovate over 190,000 sq. ft. of space at a cost of \$13 million at the Baker-Olin complex to consolidate military administrative and maintenance staffs; and, \$18.5 million to construct a new company headquarters building at Camp Grayling. Federal monies provide all but \$500,000 of this financing.

Department of Transportation Facilities

State Trunkline Fund monies will finance a new Houghton maintenance garage at \$2.2 million and, \$1.8 million to complete the Atlanta maintenance garage expansion.

State Agency Major Special Maintenance

Per target agreement, all \$2 million of GF/GP appropriations have been eliminated.

Budget Changes from FY 2003-04 YTD Appropriations:		FY 2003-04 YTD (as of 8/20/04)	JCOS Change
1. DEPARTMENT OF MANAGEMENT AND BUDGET			
a. Major Special Maintenance			
The recommendation is that GF/GP appropriations for special maintenance for the departments of Corrections, Community Health, State Police, Management and Budget, and the FIA be transferred to a single undesignated line item.	Gross	\$5,403,300	(\$2,603,300)
	IDG	2,000,000	0
	Restricted	2,000,000	(1,200,000)
	GF/GP	\$1,403,300	(\$1,403,300)
<ul style="list-style-type: none"> • Corrections, (\$711,700) • Management and Budget, (\$244,100) • Family Independence Agency, (\$188,400) • Community Health, (\$171,300) • State Police, (\$87,800) <p>It would then be DMB policy to only expend funds for emergency repairs that involve health and safety issues. This will be the third year that this policy is in effect regardless of line item designation.</p> <p>Per target agreements, the JCOS recommends elimination of GF/GP items.</p>			
b. Grant to Michigan International Speedway			
Provides funds for the pedestrian access project.	Gross	\$0	\$1,000,000
	Restricted	0	1,000,000
The JCOS recommends appropriating these funds.			
c. Grant to Detroit			
Provides funds for infrastructure repairs, demolition and major special maintenance relating to preparations for the 2005 major league all-star baseball game to be held at Comerica Park.	Gross	\$0	\$1,000,000
	Restricted	0	1,000,000
The JCOS recommends appropriating these funds.			
2. DEPARTMENT OF MILITARY AND VETERANS AFFAIRS			
a. Construction Authorizations			
<ul style="list-style-type: none"> • Camp Grayling, new company headquarters building, \$18,500,000 (100% Federal) • North Lansing (Baker-Olin) complex renovations for administrative and maintenance staffs, \$13,000,000 (96% Federal/4% State) • Camp Grayling, new machine gun range, \$2,000,000 (100% federal). • Grand Rapids Veterans Home, life-safety renovations, \$1,134,000 (65% Federal/35% State) • Jacobetti Veterans Home, life-safety renovations, \$1,232,500 (65% Federal/35% State) 	Gross	\$0	\$35,866,500
	Federal	0	34,538,200
	Restricted	0	1,328,300
b. Army Aviation Support Facility			
The budget provides final phase funding for construction of a new 110,500 sq. ft. helicopter support/maintenance/storage facility at Grand Ledge. More than 98% of the cost will be funded by federal monies. The Department anticipates receiving up to 22 additional Blackhawk helicopters requiring a new support facility.	Gross	\$20,800,000	(\$11,600,000)
	Federal	20,460,000	(11,260,000)
	Restricted	340,000	(340,000)

Budget Changes from FY 2003-04 YTD Appropriations:		FY 2003-04 YTD (as of 8/20/04)	JCOS Change
3. DEPARTMENT OF NATURAL RESOURCES			
a. Boating Program			
Eliminate One-Time Construction Authorizations			
<ul style="list-style-type: none"> Trout Lake, boating access site, \$310,000 Traverse City, boating access site, \$135,000 South Haven, marina dock system improvements, \$625,000 Harrisville, restroom/shower building, \$600,000 Detroit, St. Aubin Marina improvements, \$1,000,000. 	Gross Restricted	\$2,670,000 2,670,000	(\$2,670,000) (2,670,000)
b. Boating Program, State Boating Access Sites			
Crystal Lake Boating Access Site			
Continuing appropriation to construct a new boating access site on this lake in Benzie County. The total project cost is now estimated at \$1.4 million.	Gross Restricted	\$550,000 550,000	(\$350,000) (350,000)
c. Boating Program, Local Boating Access Sites			
Kollen Park Boating Access Site, Grant-In-Aid			
Provide equally matching state funds for the relocation of this BAS.	Gross Restricted	\$0 0	\$650,000 650,000
d. Boating Program, State Boating Facilities			
Field Initiatives			
This provides a lump sum account to support small to medium sized projects at state-owned boating access sites and harbors and docks. Anticipated projects include: <ul style="list-style-type: none"> Cheboygan Forks, new boating access site, \$410,000 Fairhaven, access site renovations, \$500,000 Jasper Dairy Road, access site renovations, \$300,000 Bergland-Ontonagon, access site renovations, \$200,000 Saginaw River, access site ramp and dredging, \$100,000 Lump sum contingency account, \$490,000. 	Gross Restricted	\$0 0	\$2,000,000 2,000,000
e. Boating Program, Local Harbors & Docks			
St. Clair Marina Rehabilitation, Grant-In-Aid			
Provides for federal matching funds to rehabilitate and upgrade this 40-year old marina. Apparently, the docking structure is rotting and needs to be replaced and the facility is not ADA compliant.	Gross Federal	\$0 0	\$3,000,000 3,000,000
f. Boating Program, Local Harbors & Docks			
Charlevoix Marina Expansion, Grant-In-Aid			
Provide equally matching state funds for the expansion of this great lakes marina and replacing the existing seawall and dock. Project also entails construction of a new restroom/shower building and for utility upgrades.	Gross Restricted	\$0 0	\$1,000,000 1,000,000
g. Boating Program, Local Harbors & Docks			
Naubinway Marina Rehabilitation, Grant-In-Aid			
Provide equally matching state funds for the replacement of docks and pilings, a new ice suppression system, and harbor dredging.	Gross Restricted	\$0 0	\$300,000 300,000
h. Boating Program, Local Harbors & Docks			
St. Ignace Lighthouse/Structure Relocation , Grant-In-Aid			
Provide funds to construct a concrete base and re-assemble a lighthouse that was recently gifted to the city from the MDOT.	Gross Restricted	\$0 0	\$100,000 100,000

The JCOS recommends appropriating these funds.

Budget Changes from FY 2003-04 YTD Appropriations:		FY 2003-04 YTD (as of 8/20/04)	JCOS Change
i. Boating Program, State Harbors & Docks			
Infrastructure Improvements & Engineering Studies		Gross	\$880,000
Lump sum account for infrastructure improvements and engineering studies. These monies are used for preventive and special maintenance, electrical/utility upgrades, and engineering work at state-owned harbors and docks along the great lakes.		Restricted	880,000
			\$770,000
			770,000
The JCOS recommends a decrease of \$100,000 from the Executive recommendation.			
j. Boating Program, Local Harbors & Docks			
Infrastructure Improvements & Engineering Studies		Gross	\$400,000
Lump sum account for grants-in-aid to local units for infrastructure improvements and engineering studies. These monies are used for preventive and special maintenance, electrical/utility upgrades, and engineering work at locally owned harbors and docks along the great lakes.		Restricted	400,000
			\$700,000
			700,000
4. DEPARTMENT OF TRANSPORTATION			
a. Buildings and Facilities			
Eliminate One-Time Construction Authorizations		Gross	\$6,545,000
<ul style="list-style-type: none"> Detroit, Transportation Service Center, \$3,300,000 Gaylord, Regional Office Building, \$1,800,000 L'Anse, new equipment storage building, \$815,000 New Buffalo Welcome Center, water/sewer, \$500,000 Mackinac Island, British Landing Dock, \$130,000. 		Restricted	6,545,000
			(\$6,545,000)
			(6,545,000)
b. Airport Safety and Protection Plan			
State Aeronautics Fund		Gross	\$200,889,600
Recommendation is to maintain the FY 2004 local funding level and also provide a 6% increase for State matching funds to support security/general improvement projects at more than 100 local and State airports.		Federal	160,000,000
		Local	22,789,600
		Restricted	18,100,000
			\$1,156,600
			0
			400
			1,156,200
c. Buildings and Facilities			
New Houghton Maintenance Garage		Gross	\$0
Authorize the construction of a new 22,000 sq. ft. facility to house MDOT employees and equipment. Houghton County is no longer maintaining the state trunkline in that county.		Restricted	0
			\$2,230,000
			2,230,000
d. Buildings and Facilities			
Mio Maintenance Garage Renovation/Expansion		Gross	\$0
Authorize the construction of a building addition and renovation of the existing maintenance facility.		Restricted	0
			\$1,471,000
			1,471,000
e. Buildings and Facilities			
Atlanta Maintenance Garage Renovation/Expansion, Phase II		Gross	\$550,000
Final phase funding for expanding the Atlanta Maintenance Garage due to the re-location of the Alpena and Hillman crews, equipment, supplies, and materials.		Restricted	550,000
			\$1,826,000
			1,826,000
f. Buildings and Facilities			
Aeronautics Facility Security		Gross	\$0
Authorizes renovations/repairs for the facility apron, roof, parking lot, and security improvements.		Restricted	0
			\$400,000
			400,000

Budget Changes from FY 2003-04 YTD Appropriations:		FY 2003-04 YTD (as of 8/20/04)	JCOS Change
g. Buildings and Facilities			
Equipment Storage Buildings			
Allows for the construction various sized buildings as follows:		Gross	\$0
<ul style="list-style-type: none"> Brighton cold storage building, \$350,000 Atlanta cold storage building, \$300,000 L'Anse bulk material facility, \$200,000 Detroit electronic equipment maintenance facility, \$100,000 Bay County pole building, \$56,000 		Restricted	0
			\$1,006,000
			1,006,000
The JCOS recommends appropriating the above named projects as line items.			
h. Buildings and Facilities			
Salt Storage Buildings, Contract Agencies			
Authorizes an additional \$500,000 to continue constructing salt and sand/salt mixture storage buildings, and brine run-off control systems for county and municipal maintenance garages across the state. The MDOT finances a portion of these costs depending on how much of the state trunkline the county or city maintains.		Gross	\$1,400,000
		Restricted	1,400,000
			\$500,000
			500,000
i. Buildings and Facilities			
Reroof MDOT Facilities, Fence MDOT Properties, etc.			
These funds will be used for completing site development of the new Detroit Maintenance Garage that was originally authorized for construction in FY 2001.		Gross	\$265,000
		Restricted	265,000
			\$265,000
			265,000
The JCOS recommends appropriating the above project as a line item at the full \$530,000.			
5. STATE BUILDING AUTHORITY RENT/GRANTS			
a. State Building Authority Rent – Funding Shift			
The CMRS Emergency Telephone Fund is not a viable funding source for rent payments for the State Police radio towers and equipment. A shift back to the General Fund is recommended per the target agreement.		Gross	NA
		Restricted	
		GF/GP	
			\$0
			(6,000,000)
			\$6,000,000
b. Grant to Lake Superior State University			
Per target agreements, a grant to LSSU for Infrastructure, Technology, Equipment and Maintenance (ITEM) is provided.		Gross	\$0
		GF/GP	\$0
			\$192,700
			\$192,700

Budget Changes from FY 2003-04 YTD Appropriations:		FY 2003-04 YTD (as of 8/20/04)	JCOS Change
6. STATE AGENCY, COMMUNITY COLLEGE, AND UNIVERSITY PLANNING PROJECTS			
a. Planning Project Authorizations	Gross	\$0	\$1,000
	GF/GP	\$0	\$1,000
<ul style="list-style-type: none"> Alpena CC, Instructional Addition/Renovations Project Bay De Noc CC, New West Campus Facility Lansing CC, Vocational Tech Center North Central, University and Science Center SW Michigan College, Information Tech Center West Shore CC, New Student Learning Center CMU, Education Building Project FSU, Optometry Building Project LSSU, South Hall Addition and Renovations Project WMU, Brown Building Renovations 			

The **JCOS recommends** these planning authorizations. Upon enactment the institutions can hire professionals to do programming and develop schematic/preliminary planning documents.

7. STATE BUILDING AUTHORITY FINANCED CONSTRUCTION PROJECTS

a. Eliminate One-Time Construction Authorizations	Gross	\$500	(\$400)
	GF/GP	\$500	(\$400)
<ul style="list-style-type: none"> Kinross Correctional Facility, New Power Plant, \$100 Riverside Correctional Facility, Power Plant Automation, \$100 Huron Valley Correctional Facility, Food Service Addition & Renovations, \$100 Capitol Complex Renovations, \$100 Kellogg Community College – Roll Building Renovations, \$100 			

The **JCOS recommends** cost and construction authorizations for the Glen Oaks CC Science Building renovation project. This is a \$3.2 million project with the financing split evenly between the State and College.

Boilerplate Changes from FY 2003-04 YTD Appropriations:

1. GENERAL SECTIONS

Sec. 204. Michigan Goods and Services – DELETED

Prohibits purchase of non-Michigan goods and services if comparably priced Michigan goods and services are available.

The **Executive** deletes this language.

The **JCOS recommends** restoration of current language.

2. DEPARTMENT OF CORRECTIONS

Sec. 301. Watchtowers at Maximum Correctional Facilities – DELETED

New maximum security prisons are to include manned and operational watchtowers.

The **Executive** deletes this language.

The **JCOS recommends** restoration of current language.

Boilerplate Changes from FY 2003-04 YTD Appropriations:

Sec. 302. Prison Facility Locations – DELETED

Requires Joint Capital Outlay Subcommittee approval of the siting of a correctional facility if not specified in an appropriations act.

The **Executive** deletes this language.

The **JCOS recommends** restoration of current language.

3. LUMP SUMS AND SPECIAL MAINTENANCE

Sec. 602. State Owned Building Demolitions – MODIFIED

The Department of Management and Budget may demolish any state owned building as designated by law. Also, each state agency, university, and community college is to annually report to DMB the status of authorized building demolition projects.

The **Executive** amends this to provide that each state agency, university, and community college will provide notification to the Joint Capital Outlay Subcommittee (JCOS) of a planned building demolition. If not disapproved by the JCOS within 30 days, the demolition will be deemed authorized.

The **JCOS recommends** eliminating universities and colleges from the requirement and that the 30 day disapproval period is not valid when the Legislature is out of session for at least 15 days.

4. DEPARTMENT OF MANAGEMENT & BUDGET

Sec. 902. (New) Prohibits Expenditures for Leased Facilities, Various State Agencies – NEW

Prohibits various departments from expending operational funds for specific leases of non-State owned facilities unless the DMB Director objects. This covers 23 lease agreements spread among the departments of Civil Service, Community Health, Labor and Economic Growth, State Police, DMB, and the FIA. The DMB Director must report any exceptions, and justification for, to the appropriations committees, fiscal agencies, and State Budget Director by the end of the fiscal year.

The **Executive** recommends this language.

The **JCOS recommends** concurrence.

5. DEPARTMENT OF TRANSPORTATION

Sec. 1201 (2). Airport Improvement Projects, Local Match – MODIFIED

The federal government has lowered the required local match from 10% to 5% for almost all airport improvement/safety projects. This replacement language reflects the new federal matching requirement.

The **Executive** recommends this language.

The **JCOS recommends** concurrence.

Sec. 1205. Handicap Bus Lifts Maintenance Reporting Requirement

Provides a reporting requirement related to maintenance of wheelchair lifts by transit agencies; provides sanctions for failure to repair nonoperational lifts by certain milestone dates. This section is largely identical to Section 732 of Public Act 361 of 2004 (HB 5528), the FY 2004-05 state transportation budget act. However, the new section exempts nonoperational wheelchair lifts from reporting requirements if the transit agency documents that the lifts will be replaced with new vehicles by August 1, 2005.

The bill contains a repealer of Section 732 of Public Act 361 of 2004.