

**APPROVED**

**JAN 24 2017**

**RECOMMENDATION FOR ADOPTION OF A RESOLUTION**  
Department of Technology, Management and Budget, State Facilities Administration

**MICHIGAN STATE  
ADMINISTRATIVE BOARD**

**RECOMMENDATION FOR ADOPTION OF A RESOLUTION IN CONSTRUCTION CONTRACTS**  
(This resolution is the newly adopted threshold limits, and will replace previous resolution dated December 10, 1997.)

The State Administrative Board has historically granted the Director of the Department of Technology, Management and Budget authority for the award of certain professional services and construction contracts, the release of funds from lump sums appropriations and defined construction contract revisions. This authority enables DTMB to expeditiously carry out its responsibilities in the state building, remodeling and repair arena. The State Administrative Board's last action relative to this was a May 6, 1997, adoption of a resolution.

The Department of Technology, Management and Budget is now recommending a revision to the delegated authority to reflect current construction process and operational need.

Meeting the needs of state agencies in a continuously changing environment and responding to field conditions in an expedited manner are essential to a timely, cost effective construction program. The proposed resolution includes the following changes:

- A. The addition of language in item (1) granting DTMB the authority to award contracts less than \$500,000.
- B. Changing the limits in item (4) on when the director may authorize contract revisions.

**RECOMMENDATION FOR REPLACEMENT OF RESOLUTIONS APPROVED  
BY THE STATE ADMINISTRATIVE BOARD ON MARCH 19, 1996, MAY 6, 1997 AND  
DECEMBER 16, 1997, except as provided on Section 9 below as to the December 16, 1997  
Resolution**

WHEREAS, pursuant to the provisions of Act No. 2 of the Public Acts of 1921, the State Administrative Board was created to promote efficiency of State Government, and

WHEREAS, pursuant to the powers and duties vested by law to the State Administrative Board, the Board in the exercising of its powers and duties conferred and imposed by virtue of the Act creating it, adopted rules and regulations which provided for all contracts for construction, alternations, or repairing of buildings, structures, and leased facilities to be submitted to the Administrative Board for final determination; and

WHEREAS, the Department of Technology, Management and Budget, is desirous of carrying out its responsibilities in the awarding of contracts for professional services, construction and leased space and making changes thereto in the most efficient and expedient manner in order to avoid delays and increased costs resulting therefrom; now, therefore, be it

**RESOLVED BY THE STATE ADMINISTRATIVE BOARD** of the State of Michigan as follows:

1. Contracts for professional services awarded by the Department of Technology, Management and Budget and concurred with by the Joint Capital Outlay Subcommittee of the Senate and House of Representatives for preliminary planning, other than the contracts for institutions of higher education which have not specifically designated the

Department of Management and Budget as their agent for that specific purpose on the project, may be extended by the Director, Department of Technology, Management and Budget, through the final planning phase and the construction stage. The Director, Department of Technology, Management and Budget, or an authorized representative, is authorized to award construction contracts of less than \$500,000.

2. The Director, Department of Technology, Management and Budget, is authorized to release funds from lump sum appropriations for Special Maintenance, Remodeling and Additions, Energy, Environmental, Agency Projects and Fire Protection projects for all required professional service and construction contracts.
3. The Director, Department of Technology, Management and Budget, or an authorized representative, is authorized to award professional services and construction contracts to study, plan, construct and equip projects authorized from operating appropriations and lump sum appropriations for Special Maintenance, Remodeling and Additions, Energy, Environmental, and Fire Protection projects. Construction contracts shall be awarded to the, "*Responsive and responsible best value bidder*," after being advertised publicly.
4. Authorizations for construction contract revisions shall be made by the State Administrative Board, except that the Director, Department of Technology, Management and Budget, or an authorized representative, may authorize those revisions which come under the following categories:
  - a. The aggregate cost of such revisions does not exceed 5 percent of the original contract amount or \$500,000 whichever is greater.
  - b. Notwithstanding the requirements of a above, any revision of less than \$10,000.
  - c. Notwithstanding the requirements of a and b above, any contract revision resulting in a reduction in the contract amount, or when aggregate contract is less than the original contract amount.
  - d. All extensions of contract time for weather-related delays, authorized additional work, or late delivery of materials or documents.
5. Authorization for tenant improvements to leased facilities shall be made by the State Administrative Board, except that the Director, Department of Technology, Management and Budget, or authorized representative, may authorize revisions on leased facilities wherein the aggregate cost of such revisions shall not exceed \$50,000, in a fiscal year, for leased facilities over 12,000 rentable square feet and \$25,000, in a fiscal year, for leased facilities having less than 12,000 rentable square feet.
6. All contracts and revisions to the contracts indicated in items 3 and 4, and revisions to leased facilities indicated in item 5, shall be reported quarterly through the Building Committee to the State Administrative Board.
7. This resolution shall take immediate effect and shall apply with regards to existing contracts and leases as well as contracts and leases approved after the date of this resolution.

8. This resolution shall supersede and void the resolution approved by the State Administrative Board on March 19, 1996, and May 6, 1997.
9. The December 16, 1997 resolution's threshold amounts shall apply to any new/existing contracts for the City of Flint owned infrastructure.

This Resolution is effective January 24, 2017.

**APPROVED**

AUG 30 2011

MICHIGAN STATE  
ADMINISTRATIVE BOARD

**STATE ADMINISTRATIVE BOARD  
RESOLUTION 2011-1  
INCREASING THE THRESHOLD FOR CONTRACTS AND GRANTS  
AND  
RESCINDING RESOLUTION 2003-1**

WHEREAS, the State Administrative Board (Board) exercises general supervisory control over the functions and activities of all administrative departments, boards, commissioners, and officers of this State, and of all State institutions pursuant to 1921 PA 2, MCL 17.3;

WHEREAS, on March 4, 2003 the Board adopted Resolution 2003-1 reducing the monetary threshold, for all contracts and grants for the purchase of materials or services requiring the Board's approval prior to their execution by the State, to \$25,000 or more; and

WHEREAS, recognizing the Board's duty to promote efficiency of State government the Board resolves as follows:

1. Resolution 2003-1 is rescinded;
2. For contracts for materials and services adopts approval thresholds of \$250,000 or more for the initial contract and \$125,000 or more for contract amendments, regardless of the source of funding or duration;
3. For State grants adopts approval thresholds of \$250,000 or more for the initial grant and \$125,000 or more for grant amendments, regardless of the source of funding or duration;
4. Excepts from Board approval legislatively authorized grants;
5. Excepts from Board approval contracts for materials and services approved by the Governor; and
6. Excepts from Board approval emergency contracts and grants entered in cases involving public health or safety. All emergency contracts and grants of \$250,000 or more, must be reported to the Board within 30 days of the grant or contract date.

This Resolution is effective August 30, 2011.

**APPROVED**

**AUG 30 2011**

**MICHIGAN STATE  
ADMINISTRATIVE BOARD**

**STATE ADMINISTRATIVE BOARD**

**RESOLUTION 2011-2**

**PROCEDURES APPLICABLE TO MDOT CONTRACTS AND GRANTS  
AND  
RESCISSION OF RESOLUTIONS 2003-2 and 2005-2**

WHEREAS, the State Administrative Board ("Board") exercises general supervisory control over the functions and activities of all administrative departments, boards, commissioners, and officers of this State, and of all State institutions pursuant to Section 3 of 1921 PA 2, MCL 17.3;

WHEREAS, the Board may adopt rules governing its procedures and providing for the general conduct of its business and affairs pursuant to Section 2 of 1921 PA 2, MCL 17.2;

WHEREAS, exercising its power to adopt rules, the Board adopted Resolution 2003-1 on March 4, 2003, lowering the threshold for Board approval of all new contracts, grants and amendments to \$25,000 or more for the purchase of materials or services unless specifically approved by the Governor, and simultaneously adopted Resolution 2003-2 setting forth certain exceptions to Resolution 2003-1;

WHEREAS, the Board has adopted Resolution 2011-1, raising the threshold for Board approval of all new contracts and grants to \$250,000 or more and of all amendments to \$125,000 or more, and rescinding Resolution 2003-1;

WHEREAS, the Michigan Department of Transportation ("MDOT") is a party to a considerable number of contracts, the majority of which are funded via grants administered by federal agencies including the U.S. Department of Transportation's Federal Highway Administration, Federal Transit Administration, Federal Railroad Administration and Federal Aviation Administration, which oversee MDOT's administration of such contracts and amendments thereto;

WHEREAS, MDOT has implemented internal procedures to assure the proper expenditure of state and federal funds and is subject to financial and performance audits by the Office of Commission Audits pursuant to 1982 PA 438, MCL 247.667a;

WHEREAS, MDOT is a party to a significant number of contracts which by their nature involve substantial consideration and often require amendments arising out of changes in scope, differing field conditions and design errors and omissions;

WHEREAS, delays in the approval of amendments to contracts can result in: postponement of payments to subcontractors and suppliers; work slow downs and stoppages; delays in the completion of projects; exposure to additional costs; and exposure to litigation arising out of contractor claims; and

WHEREAS, recognizing the Board's duty to promote the efficiency of State Government, the Board resolves as follows:

1. Resolution 2003-2 is rescinded.
2. Resolution 2005-2 is rescinded.
3. A contract for professional design, engineering or consulting services requiring MDOT prequalification in connection with the construction or physical improvement of a street, road, highway, bridge, transit or rail system, airport or other structure congruous with transportation ("Professional Engineering Consultant Contract") or a contract for the construction or physical improvement of a street, road, highway, bridge, transit or rail system, airport or other structure congruous with transportation ("Construction Contract") must be approved by the Board prior to execution by MDOT if the amount of the contract is \$500,000 or more. MDOT may obtain approval of the solicitation of a Professional Engineering Consultant Contract or a Construction Contract which, based on the estimate prepared by an engineer employed by the State of Michigan, is estimated to be \$500,000 or more. A contract arising out of such solicitation must be approved by the Board prior to execution by MDOT if the amount of the contract exceeds 110% of the State engineer's estimate.
4. An amendment to a Professional Engineering Consultant Contract or a Construction Contract must be approved by the Board prior to execution by MDOT if the amount of the amendment and the sum of all previous amendments exceeds 10% of the original contract, except that an amendment to a Professional Engineering Consultant Contract or a Construction Contract need not be approved by the Board if: a) approved in accordance with applicable federal law or procedure by a representative of a federal agency contributing funds to the project that is the subject of the contract; or b) approved in accordance with MDOT's internal procedures provided the procedures include approval by at least one MDOT employee who has managerial responsibility and is neither the project manager nor directly involved in the administration of the project.
5. A contract for services not requiring MDOT prequalification ("Service Contract") in the amount of \$250,000 or more must be approved by the Board prior to execution by MDOT. A Service Contract does not include a Professional Engineering Consultant Contract or a Construction Contract.
6. An amendment to a Service Contract must be approved by the Board prior to execution by MDOT if the amount of the amendment and the sum of all previous amendments total \$125,000 or more. Thereafter, an amendment to a Service Contract must be approved by the Board if the amount of the amendment and the sum of all amendments executed after the most recent Board approval total \$125,000 or more.
7. A contract involving the conveyance of any real property interest under the jurisdiction of MDOT must be approved by the Board prior to execution by MDOT if the fair market value of the interest is \$250,000 or more. Fair market value must be determined in accordance with procedures approved by the State Transportation Commission.

8. MDOT may enter into a contract with a sub-recipient without approval of the Board if: a) the purpose of the contract is to provide federal or state matching funds for a project; b) MDOT has been authorized by an agency administering any federal funds to award them to the sub-recipient; and c) the sub-recipient has agreed to fully reimburse the State in the event the sub-recipient does not use the funds in accordance with the purpose of the funding. A sub-recipient includes, but is not limited to, a local unit of government, a governmental authority, a private non-profit entity, a railroad or a rail service provider.

9. MDOT may enter into a cost participation contract with a local unit of government without approval of the Board if: a) the contract involves the construction or physical improvement of a street, road, highway, bridge or other structure congruous with transportation; b) the construction or improvement is funded by federal, state or local funds; and c) the contract is approved by each entity providing funds or in accordance with applicable law.

10. MDOT may enter into a contract in connection with the award of a grant, including state matching funds, to a local unit of government, a governmental authority, a private non-profit entity, a railroad or a rail service provider, without approval of the Board if the contract provides that the recipient will fully reimburse the State in the event grant funds are not used in accordance with the terms of the grant.

11. MDOT may enter into a contract with an airport sponsor without approval of the Board if the contract has been approved by the Michigan Aeronautics Commission.

12. MDOT may enter into a contract or award a grant without approval of the Board in situations where emergency action is required. For all emergency contracts or grants of \$250,000 or more, MDOT must transmit to the Board a written report setting forth the nature of the emergency and the key terms of the contract or grant within 30 days of executing the contract or awarding the grant.

13. Notwithstanding any provision of this resolution, the Board may require MDOT to report the status of any project and may require MDOT to obtain Board approval of any contract, grant or any amendment to a contract.

This Resolution is effective August 30, 2011.

*Rescinded 8-30-2011*

**APPROVED**

March 4, 2003

Michigan State  
Administrative Board

**STATE ADMINISTRATIVE BOARD**

**RESOLUTION 2003-1**

**REDUCE THRESHOLD FOR CONTRACT APPROVAL**

WHEREAS, under Section 3 of 1921 PA 2, MCL 17.3, the State Administrative Board ("Board") exercises general supervisory control over the functions and activities of all administrative departments, boards, commissioners, and officers of this State, and of all State institutions;

WHEREAS, under Section 2 of 1921 PA 2, MCL 17.2, the Board may adopt rules governing its procedures and providing for the general conduct of its business and affairs;

WHEREAS, exercising its power to adopt rules, the Board adopted a resolution on February 15, 1983 and amended that resolution on May 2, 1995 to require that all contracts and grants of \$250,000 or more for the purchase of materials or services, and all contract and grant amendments of \$125,000 or more, be approved by the Board prior to execution, unless specifically approved by the Governor;

WHEREAS, the current state budget crisis increases the need for the Board to monitor state contract and grant expenditures and reinforces the Board's duty to promote the efficiency of State Government;

NOW THEREFORE, the State Administrative Board reduces the threshold for State contracts and grants from \$250,000 to \$25,000 and the threshold for State contract and grant amendments from \$125,000 to \$25,000 regardless of the source of funding or duration. All State contracts and grants of \$25,000 or more, except statutory State grants, and contract and grant amendments of \$25,000 or more, shall be approved by the Board prior to execution. Prior approval by the Board is not required in emergency cases involving threats to public health or safety. All grants and contracts of \$25,000 or more and contract and grant amendments of \$25,000 or more executed in the event of an emergency shall be reported to the Board as soon as practicable.

This Resolution is effective March 25, 2003.



**APPROVED**

March 4, 2003

Michigan State  
Administrative Board

*Rescinded 8-30-2011*

**STATE ADMINISTRATIVE BOARD**

**RESOLUTION No. 2003-2**

**EXCEPTIONS TO THRESHOLD FOR CONTRACT APPROVAL  
ESTABLISHED BY RESOLUTION 2003-1**

WHEREAS, under Section 3 of 1921 PA 2, MCL 17.3, the State Administrative Board ("Board") exercises general supervisory control over the functions and activities of all administrative departments, boards, commissioners, and officers of this state, and of all state institutions;

WHEREAS, under Section 2 of 1921 PA 2, MCL 17.2, the Board may adopt rules governing its procedure and providing for the general conduct of its business and affairs;

WHEREAS, the Board adopted Resolution No. 2003-1 on March 4, 2003, setting forth a general policy for all contracts, grants, or amendments that must come before the Board and reducing the threshold for state contracts and grants from \$250,000 to \$25,000 and the threshold for state contract and grant amendments from \$125,000 to \$25,000 regardless of the source of funding or duration;

WHEREAS, exceptions to the general policy set forth in Resolution No. 2003-1 are necessary to comply with statutory requirements, are in the interests of efficient and effective administration of state government, and may avoid delays or increased costs to the State of Michigan;

NOW THEREFORE, the State Administrative Board resolves that the requirements of Resolution No. 2003-1 do not apply to any of the following:

1. A Michigan Department of Transportation contract, grant, or amendment exempt from approval by the Board under Section 2 of 1925 PA 17, MCL 250.62.
2. A Michigan Department of Transportation construction or maintenance contract exempt from Board approval under the resolution of the Board dated May 1, 1979, as amended on December 2, 1980, April 7, 1981, August 18, 1981, May 15, 1984, April 7, 1987, December 15, 1987, January 5, 1988, May 2, 1989, September 13, 1996, and July 3, 2001.

3. A Michigan Department of Transportation Indefinite Delivery of Services contract for professional design consulting services exempt from Board approval under the resolution of the Board dated November 18, 1997.

4. A Michigan Department of Transportation Indefinite Delivery of Services contract for professional traffic and safety consulting services exempt from Board approval under the resolution of the Board dated July 21, 1998.

5. A Michigan Department of Transportation Indefinite Delivery of Services contract for professional construction engineering consulting services for maintenance purposes exempt from Board approval under the resolution of the Board dated August 4, 1998.

6. A Michigan Department of Transportation Indefinite Delivery of Services contract for professional construction engineering consulting services exempt from Board approval under the resolution of the Board dated December 1, 1998.

7. A professional service contract or construction contract to study, plan, construct, or equip projects authorized from operating appropriations and lump sum appropriations for special maintenance, energy, environmental, or fire protection projects, if approved by the Director of the Department of Management and Budget or an authorized representative of the Director. Any contract award under this paragraph shall be awarded to the lowest acceptable bidder after being publicly advertised.

8. A construction contract revision approved by the Director of the Department of Management and Budget or an authorized representative of the Director for any of the following:

a. The aggregate cost of the construction contract revision does not exceed the greater of 5% of the original contract amount or \$ 100,000.

b. A construction contract revision of less than \$10,000.

c. A construction contract revision resulting in a reduction in the contract amount or an aggregate contract amount less than the original contract amount.

Contracts approved under Paragraphs 7 and 8 shall be reported quarterly to the Board through its Building Committee.

This Resolution is effective March 25, 2003.

Approved at the  
12-16-1997  
SAB

12-10-1997

Building

## SUPPLEMENTAL AGENDA

BUILDING COMMITTEE STATE ADMINISTRATIVE BOARD

December 10, 1997, Meeting, 11:00 a.m. - State Treasurer's Conference Room

### RECOMMENDATION FOR ADOPTION OF A RESOLUTION Department of Management and Budget, Office of Facilities

#### RECOMMENDATION FOR ADOPTION OF A RESOLUTION IN CONSTRUCTION CONTRACTS

The State Administrative Board has historically granted the Director of the Department of Management and Budget authority for the award of certain professional services and construction contracts, the release of funds from lump sums appropriations and defined construction contract revisions. This authority enables DMB to expeditiously carry out its responsibilities in the state building, remodeling and repair arena. The State Administrative Board's last action relative to this was a May 6, 1997, adoption of a resolution.

The Department of Management and Budget is now recommending a revision to the delegated authority to reflect current construction process and operational need.

Meeting the needs of state agencies in a continuously changing environment and responding to field conditions in an expedited manner are essential to a timely, cost effective construction program. The proposed resolution includes the following changes:

- A. The addition of language in item (1) granting DMB the authority to award contracts less than \$250,000.
- B. Changing the limits in item (4) on when the director may authorize contract revisions.

#### RECOMMENDATION FOR REPLACEMENT OF RESOLUTIONS APPROVED BY THE STATE ADMINISTRATIVE BOARD ON MARCH ~~8~~<sup>19</sup>, 1996, AND MAY 6, 1997

WHEREAS, pursuant to the provisions of Act No. 2 of the Public Acts of 1921, the State Administrative Board was created to promote efficiency of State Government, and

WHEREAS, pursuant to the powers and duties vested by law to the State Administrative Board, the Board in the exercising of its powers and duties conferred and imposed by virtue of the Act creating it, adopted rules and regulations which provided for all contracts for construction, alterations, or repairing of buildings, structures, and leased facilities to be submitted to the Administrative Board for final determination; and

WHEREAS, the Department of Management and Budget, is desirous of carrying out its responsibilities in the awarding of contracts for professional services, construction and leased space and making changes thereto in the most efficient and expedient manner in order to avoid delays and increased costs resulting therefrom; now, therefore, be it

RESOLVED BY THE STATE ADMINISTRATIVE BOARD of the State of Michigan as follows:

1. Contracts for professional services awarded by the Department of Management and Budget and concurred with by the Joint Capital Outlay Subcommittee of the Senate and House of Representatives for preliminary planning, other than the contracts for institutions of higher education which have not specifically designated the Department of Management and Budget as their agent for that specific purpose on the project, may be extended by the Director, Department of Management and Budget, through the final planning phase and the construction stage. The Director, Department of Management and Budget, or an authorized representative, is authorized to award construction contracts of less than \$250,000.
2. The Director, Department of Management and Budget, is authorized to release funds from lump sum appropriations for Special Maintenance, Remodeling and Additions, Energy, Environmental, and Fire Protection projects for all required professional service and construction contracts.
3. The Director, Department of Management and Budget, or an authorized representative, is authorized to award professional services and construction contracts to study, plan, construct and equip projects authorized from operating appropriations and lump sum appropriations for Special Maintenance, Remodeling and Additions, Energy, Environmental, and Fire Protection projects. Construction contracts shall be awarded to the lowest acceptable bidder after being advertised publicly.
4. Authorizations for construction contract revisions shall be made by the State Administrative Board, except that the Director, Department of Management and Budget, or an authorized representative, may authorize those revisions which come under the following categories:
  - a. The aggregate cost of such revisions does not exceed 5 percent of the original contract amount or \$100,000 whichever is greater.
  - b. Notwithstanding the requirements of a. above, any revision of less than \$10,000.
  - c. Notwithstanding the requirements of a and b above, any contract revision resulting in a reduction in the contract amount, or when the aggregate contract is less than the original contract amount.
  - d. All extensions of contract time for weather-related delays, authorized additional work, or late delivery of materials or documents.
5. Authorization for tenant improvements to leased facilities shall be made by the State Administrative Board, except that the Director, Department of Management and Budget, or authorized representative, may authorize revisions on leased facilities wherein the aggregate cost of such revisions shall not exceed \$50,000 for leased facilities over 12,000 rentable square feet and \$25,000 for leased facilities having less than 12,000 rentable square feet.
6. All contracts and revisions to the contracts indicated in items 3 and 4, and revisions to leased facilities indicated in item 5, shall be reported quarterly through the Building Committee to the State Administrative Board.
7. This resolution shall take immediate effect and shall apply with regard to existing contracts and leases as well as contracts and leases approved after the date of this resolution.
8. This resolution shall supersede and void the resolution approved by the State Administrative Board on March 6, 1996, and May 6, 1997.

*Replaced by the  
Dec 16, 1997  
Resolution*

**APPROVED**

MAY 6 - 1997

SUPPLEMENTAL AGENDA #2

BUILDING COMMITTEE . . STATE ADMINISTRATIVE BOARD **MICHIGAN STATE  
ADMINISTRATIVE BOARD**

April 30, 1997 Meeting, 11:00 A.M. - State Treasurer's Conference Room

The following items are recommended by the Department of Management and Budget:

S1.

**RECOMMENDATION FOR ADOPTION OF A RESOLUTION  
Office of Facilities, Department of Management and Budget**

**RECOMMENDATION FOR THE ADOPTION OF A RESOLUTION WHICH ALLOWS FOR  
REMODELING WORK IN LEASED FACILITIES WITHOUT A CHANGE IN THE LEASE**

The State Administrative Board, on November 16, 1993, approved a resolution granting the Director of the Department of Management and Budget authority to authorize the expenditure of up to \$10,000.00 over the lifetime of a lease for remodeling projects in leased facilities. This authorization enhanced the ability of the Department of Management and Budget to meet small project remodeling needs of state agencies occupying leased facilities while significantly reducing the administrative time necessary to authorize small remodeling work projects.

The current Director's Agenda item approval level of \$10,000.00 is insufficient to accomplish the necessary and normal small remodeling projects of the various state agencies occupying leased facilities, particularly work projects involving heating, ventilation, air conditioning and electrical upgrade work. Therefore, the Department of Management and Budget is requesting an increase in the lump-sum payment to lessors or third party contractors to pay for remodeling work during the lifetime of a lease. The Department is requesting an increase in the Director's Agenda item authority delegated to the Director of the Department of Management and Budget in the amount of \$50,000.00 for leased facilities over 12,000 rentable square feet and \$25,000.00 for leased facilities having less than 12,000 rentable square feet.

All other review steps will be retained in the process of accomplishing remodeling in leased facilities, including the approval of plan and specifications for remodeling by the Office of Facilities, Department of Management and Budget.

The Department of Management and Budget, therefore, recommends approval by the State Administrative Board of adoption of the following resolution to increase the Director's approval authority for leased facilities, subject to the following conditions:

1. For a facility leased for state agencies having 12,000 or less rentable square feet, remodeling may be authorized with an aggregate value not-to-exceed \$25,000.00 by the Director, Department of Management and Budget.
2. For a facility leased for state agencies having over 12,000 rentable square feet, remodeling may be authorized with an aggregate value not-to-exceed \$50,000.00 by the Director, Department of Management and Budget.
3. All approvals will be reported quarterly to the State Administrative Board.

APPROVED

APR 15 1997

RECOMMENDATION FOR ACQUISITION OF REAL PROPERTY AND IMPROVEMENTS  
Office of Facilities, Department of Management and Budget

DEPARTMENT OF AGRICULTURE - METROLOGY LABORATORY - WILLIAMSTON

On April 15, 1997, the State Administrative Board approved, Item No. 16, the acquisition of the E.C. Heffron Metrology Laboratory, located in Williamston, Michigan, for the sum of Two Million One Hundred Sixty Thousand and no/100 dollars (\$2,160,000.00), subject to an additional supplemental appropriation of \$160,000.00.

Since that time, a change order for certain construction work has been submitted and approved by the Department of Management and Budget and the Department of Agriculture in the amount of Forty-Two Thousand Eight Hundred Sixty-Nine and 72/100 (\$42,869.72). The cost of these change orders needs to be recognized in the total purchase price of the property.

Additionally, the Department of Management and Budget, Office of the Budget, has submitted a request to the Legislature for a \$160,000.00 supplemental appropriation for the acquisition of the property. This supplemental is pending approval of the Legislature. In order not to delay the closing of the property, the Department of Management and Budget and the Department of Agriculture have identified other funds within the Department of Agriculture's budget that can be used to fund the acquisition of the property until such time as the supplemental is approved.

RECOMMENDATION: That for and in consideration of payment of Two Million Two Hundred Two Thousand Eight Hundred Sixty-Nine and 72/100 dollars (\$2,202,869.72), the State Administrative Board authorizes the acquisition of the E.C. Heffron Metrology Laboratory located in the Township of Wheatfield, Ingham County, Michigan.

*Replaced by the  
Dec. 16, 1997  
Resolution*

March 19, 1996 No. 17

8. **RECOMMENDATION FOR ADOPTION OF A RESOLUTION  
Department of Management and Budget, Office of Facilities**

**RECOMMENDATION FOR ADOPTION OF A RESOLUTION TO DELEGATE MINOR CHANGES IN  
CONSTRUCTION CONTRACTS**

The State Administrative Board on August 1, 1972, approved a resolution granting the Director of the Department of Management and Budget authority for the award of certain professional services and construction contracts, the release of funds from lump sum appropriations and limited authorization for approval of construction contract revisions. This resolution was instrumental in permitting the Department of Management and Budget to act promptly and expeditiously in carrying out its responsibilities for the administration of the state building program. All contract awards and revisions approved by the director have been reported quarterly through the Building Committee to the State Administrative Board. Subsequent to the approval of this resolution, the Legislature has included in 1984 PA 431 and various capital outlay budget acts, authorization for the Director of the Department of Management and Budget to allocate lump sum funds and award contracts for professional services and construction.

On November 16, 1993, the State Administrative Board, in consideration of the inflationary impact on construction since 1972, approved a resolution increasing the Director's authority to approve contract changes. The Department of Management and Budget is now recommending a revision to that resolution to allow all changes less than \$2,500, no-cost changes, or changes resulting in a credit to the state, to be approved by the Director.

**RECOMMENDATION FOR REPLACEMENT TO RESOLUTION APPROVED BY  
THE STATE ADMINISTRATIVE BOARD NOVEMBER 16, 1993.**

**RESOLUTION**

WHEREAS, pursuant to the provisions of Act No. 2 of the Public Acts of 1921, the State Administrative Board was created to promote efficiency of State Government; and

WHEREAS, pursuant to the powers and duties vested by law to the State Administrative Board, the Board in the exercising of its powers and duties conferred and imposed by virtue of the Act creating it, adopted rules and regulations which provided for all contracts for construction, alterations, or repairing of buildings, structures, and leased facilities to be submitted to the Administrative Board for final determination; and

WHEREAS, the Department of Management and Budget, is desirous of carrying out its responsibilities in the awarding of contracts for professional services, construction and leased space and making changes thereto in the most efficient and expedient manner in order to avoid delays and increased costs resulting therefrom; now, therefore, be it

RESOLVED BY THE STATE ADMINISTRATIVE BOARD of the State of Michigan as follows:

1. Contracts for professional services awarded by the Department of Management and Budget and concurred with by the Joint Capital Outlay Subcommittee of the Senate and House of Representatives for preliminary planning, other than the contracts for institutions of higher education which have not specifically designated the Department of Management and Budget as their agent for that specific purpose on the project, may be extended by the Director, Department of Management and Budget, through the final planning phase and the construction stage.
2. The Director, Department of Management and Budget, is authorized to release funds from lump sum appropriations for Special Maintenance, Remodeling and Additions, Energy, Environmental, and Fire Protection projects for all required professional service and construction contracts.
3. The Director, Department of Management and Budget, or an authorized representative, is authorized to award professional services and construction contracts to study, plan, construct and equip projects authorized from operating appropriations and lump sum appropriations for Special Maintenance, Remodeling and Additions, Energy, Environmental, and Fire Protection projects. Construction contracts shall be awarded to the lowest acceptable bidder after being advertised publicly.
4. Authorizations for construction contract revisions shall be made by the State Administrative Board, except, that the Director, Department of Management and Budget, or an authorized representative, may authorize those revisions which come under the following categories:
  - a. On contracts equal to or less than \$100,000, the aggregate cost of such revisions shall not exceed \$10,000.
  - b. On contracts of more than \$100,000 and equal to or less than \$2,000,000, the aggregate cost of such revisions shall not exceed \$10,000 or 5% of the contract amount, whichever is greater.
  - c. On contracts of more than \$2,000,000, the aggregate cost of such revisions shall not exceed \$100,000 or 2% of the contract amount, whichever is greater.
  - d. Notwithstanding the requirements of a, b, and c, above any revision of less than \$2,500.00.
  - e. Notwithstanding the requirements of a, b, c, and d, above any contract revision resulting in a reduction in the contract amount.
  - f. All extensions of contract time for weather-related delays, authorized additional work, or late delivery of materials or documents.
5. Authorization for tenant improvements to leased facilities shall be made by the State Administrative Board, except that the Director, Department of Management and Budget, or authorized representative, may authorize revisions on leased facilities wherein the aggregate cost of such revisions shall not exceed \$10,000 per lease.



March 19, 1996 No. 19

6. All contracts and revisions to the contracts indicated in Items 3 and 4, and revisions to leased facilities indicated in Item 5, shall be reported quarterly through the Building Committee to the State Administrative Board.
7. This resolution shall take immediate effect and shall apply with regard to existing contracts and leases as well as contracts and leases approved after the date of this resolution.
8. This resolution shall supersede and void the resolution approved by the State Administrative Board on November 16, 1993.

*Replaced by the  
March 19, 1996  
Resolution*

## A G E N D A

### BUILDING COMMITTEE STATE ADMINISTRATIVE BOARD

November 10, 1993 Meeting, 11:00 a.m. - Office of the Secretary of State

The following items are recommended by the Department of Management and Budget:

1. **RECOMMENDATION FOR ADOPTION OF A RESOLUTION**  
Office of Facilities, Department of Management and Budget

#### RECOMMENDATION FOR ADOPTION OF A RESOLUTION TO REFLECT INFLATION IN CONSTRUCTION COSTS AND PROVISION FOR CHANGES IN LEASE CONTRACT

The State Administrative Board, on August 1, 1972, approved a resolution granting the director of the Department of Management and Budget authority for the award of certain professional services and construction contracts, the release of funds from lump sum appropriations and limited authorization for approval of construction contract revisions. This resolution was instrumental in permitting the Department of Management and Budget to act promptly and expeditiously in carrying out its responsibilities for the administration of the state building program. All contract awards and revisions approved by the director have been reported quarterly through the Building Committee to the State Administrative Board. Subsequent to the approval of this resolution, the Legislature has included in 1984 PA 431 and various capital outlay budget acts, authorization for the director of the Department of Management and Budget to allocate lump sum funds and award contracts for professional services and construction.

During the preceding twenty years that the department has operated under the provisions of this resolution, substantial increases have occurred in the cost of building construction and remodeling. The "Engineering News-Record Construction Cost Index" has recorded an increase of 281 percent. This rapid inflation has drastically reduced the number of miscellaneous revisions that now qualify for approval by the director. For example: On a typical contract of \$500,000, the director may approve revisions up to an aggregate cost of \$25,000. At 1992 prices, that \$25,000 aggregate will purchase less than \$8,900 of additional construction when compared to 1972 costs.

Along with inflation, the department has also experienced a dramatic increase in the number of environmental cleanup projects. Often these projects are delaying other construction, dealing with unknown quantities, and exposing toxic or hazardous materials that must be dealt with immediately. Delays in authorizing changes can be very costly and in most instances, the additional work will be determined by the regulatory agency outside of the control of the Department of Management and Budget. Granting approval of such changes is often a matter of complying with the existing law.

In addition, the department, with the approval of the State Administrative Board, has found it advantageous to enter into long-term lease contracts with successful developers for certain properties. Contracts with 10-20 year duration have created a market for new building construction that can be customized to meet the state's needs at a competitive cost with remodeling. New construction allows leased space to be custom designed to meet the special operational needs of the agencies being serviced. We have implemented the same change order procedures in leases that are now applicable to state-funded construction projects. The procedure was approved by the State Administrative Board on July 18, 1989, by amendment to the August 1, 1972 Resolution.

The Department of Management and Budget is requesting the support of the State Administrative Board for the adoption of the following resolution that will adjust the dollar value for change orders that may be approved by the director of the Department of Management and Budget to reflect the impact of inflation over the previous twenty years and includes the provision for changes in lease contracts for state facilities to be administered in a similar manner.

RECOMMENDATION FOR REPLACEMENT TO RESOLUTION APPROVED BY THE  
STATE ADMINISTRATIVE BOARD AUGUST 1, 1972, AND AMENDED BY BOARD  
ACTION OF JULY 18, 1989.

RESOLUTION

WHEREAS, pursuant to the provisions of Act No. 2 of the Public Acts of 1921, the State Administrative Board was created to promote efficiency of State Government; and

WHEREAS, pursuant to the powers and duties vested by law to the State Administrative Board, the Board in the exercising of its powers and duties conferred and imposed by virtue of the Act creating it, adopted rules and regulations which provided for all contracts for construction, alterations, or repairing of buildings, structures, and leased facilities to be submitted to the Administrative Board for final determination; and

WHEREAS, the Department of Management and Budget, is desirous of carrying out its responsibilities in the awarding of contracts for professional services, construction and leased space and making changes thereto in the most efficient and expedient manner in order to avoid delays and increased costs resulting therefrom; now, therefore, be it

RESOLVED BY THE STATE ADMINISTRATIVE BOARD of the State of Michigan as follows:

1. Contracts for professional services awarded by the Department of Management and Budget and concurred with by the Joint Capital Outlay Subcommittee of the Senate and House of Representatives for preliminary planning, other than the contracts for institutions of higher education which have not specifically designated the Department of Management and Budget as their agent for that specific purpose on the project, may be extended by the Director, Department of Management and Budget, through the final planning phase and the construction stage.

2. The Director, Department of Management and Budget, is authorized to release funds from lump sum appropriations for Special Maintenance, Remodeling and Additions, Energy, Environmental, and Fire Protection projects for all required professional service and construction contracts.
3. The Director, Department of Management and Budget, or an authorized representative, is authorized to award professional services and construction contracts to study, plan, construct and equip projects authorized from operating appropriations and lump sum appropriations for Special Maintenance, Remodeling and Additions, Energy, Environmental, and Fire Protection projects. Construction contracts shall be awarded to the lowest acceptable bidder after being advertised publicly.
4. Authorizations for construction contract revisions shall be made by the State Administrative Board, except, that the Director, Department of Management and Budget, or an authorized representative, may authorize those revisions which come under the following categories:
  - a. On contracts equal to or less than \$100,000.00 the aggregate cost of such revisions shall not exceed \$10,000.00.
  - b. On contracts of more than \$100,000.00 and equal to or less than \$2,000,000.00 the aggregate cost of such revisions shall not exceed \$10,000.00 or 5% of the contract amount, whichever is greater.
  - c. On contracts of more than \$2,000,000.00, the aggregate cost of such revisions shall not exceed \$100,000.00 or 2% of the contract amount, whichever is greater.
5. Authorization for tenant improvements to leased facilities shall be made by the State Administrative Board, except that the Director, Department of Management and Budget, or authorized representative, may authorize revisions on leased facilities wherein the aggregate cost of such revisions shall not exceed \$10,000.00 per lease.
6. All contracts and revisions to the contracts indicated in Items 3 and 4, and revisions to leased facilities indicated in Item 5, shall be reported quarterly through the Building Committee to the State Administrative Board.
7. This resolution shall take immediate effect and shall apply with regard to existing contracts and leases as well as contracts and leases approved after the date of this resolution.
8. This resolution shall supersede and void the resolution approved by the State Administrative Board on August 1, 1972, as amended by State Administrative Board action of July 18, 1989.

Replaced by the  
November 16, 1993  
Resolution

STATE ADMINISTRATIVE BOARD

RESOLUTION

July 18, 1989

(Amending Resolution Adopted 8/1/72)

WHEREAS, Pursuant to the provisions of Act No. 2 of the Public Acts of 1921, the State Administrative Board was created to promote efficiency of State Government; and

WHEREAS, pursuant to the powers and duties vested by law to the State Administrative Board, the Board in the exercising of its powers and duties conferred and imposed by virtue of the Act creating it, adopted rules and regulations which provided for all contracts for construction, alterations, or repairing of buildings, structures, and leased facilities to be submitted to the Administrative Board for final determination; and

WHEREAS, the Department of Management and Budget, Office of Facilities, is desirous of carrying out its responsibilities in the awarding of contracts for professional services, construction and leased space and making changes thereto in the most efficient and expedient manner in order to avoid delays and increased costs resulting therefrom; now, therefore, be it

RESOLVED BY THE STATE ADMINISTRATIVE BOARD of the State of Michigan as follows:

1. Contracts for professional services awarded by the Department of Management and Budget and concurred with by the Joint Capital Outlay Subcommittee of the Senate and House of Representatives for preliminary planning, other than the contracts for institutions of higher education which have not specifically designated the Department of Management and Budget as their agent for that specific purpose on the project, may be extended by the Director, Department of Management and Budget, through the final planning phase and the construction stage.
2. The Director, Department of Management and Budget, is authorized to release funds from lump-sum appropriations for Special Maintenance, Remodeling and Additions, and Fire Protection projects, which are made in order of program priority as determined jointly with the State Budget Director and the Director of the Department of Management and Budget, for the award of professional services and construction contracts.
3. The Director, Department of Management and Budget, or his authorized representative, is authorized to award professional services and construction contracts to study, plan, construct and equip projects authorized from operating appropriations and lump-sum appropriations for Special Maintenance, Remodeling and Additions, and Fire Protection projects. Construction contracts shall be awarded to the lowest acceptable bidder after being advertised publicly.

4. Authorizations for construction contract revisions shall be made by the State Administrative Board, except, that the Director, Department of Management and Budget, or his authorized representative, may authorize those revisions which come under the following categories:

- (a) On contracts of less than \$10,000.00, the aggregate cost of such revisions shall not exceed \$1,000.00.
- (b) On contracts less than \$50,000.00, the aggregate cost of such revisions shall not exceed 10% of the contract amount.
- (c) On contracts of more than \$50,000.00, the aggregate cost of such revisions shall not exceed 5% of the contract amount.
- (d) On contracts of more than \$1,000,000.00, the aggregate cost of such revisions shall not exceed \$50,000.00.

5. Authorization for tenant improvements to leased facilities shall be made by the State Administrative Board, except that the Director, Department of Management and Budget, or authorized representative, may authorize revisions on leased facilities wherein the aggregate cost of such revisions shall not exceed \$5,000.00 per lease.

6. All contracts and revisions to contracts indicated in Items 3 and 4, and revisions to leased facilities indicated in Item 5, shall be reported quarterly through the Building Committee to the State Administrative Board.

7. This resolution and amendments hereto shall take immediate effect and shall apply with regard to existing contracts and leases as well as contracts and leases approved after the date of this resolution.

*Replaced by the  
July 18, 1989  
Resolution*

STATE ADMINISTRATIVE BOARD

RESOLUTION

August 1, 1972

WHEREAS pursuant to the provisions of Act No. 2 of the Public Acts of 1921, the State Administrative Board was created to promote efficiency of State government; and

WHEREAS pursuant to the powers and duties vested by law to the State Administrative Board, the Board in the exercising of its powers and duties conferred and imposed by virtue of the Act creating it, adopted rules and regulations which provided for all contracts for construction, alterations or repairing of buildings and structures to be submitted to the Administrative Board for final determination; and

WHEREAS the Department of Administration, Building Division, is desirous of carrying out its responsibilities in the awarding of contracts for professional services and construction and making changes thereto in the most efficient and expedient manner in order to avoid delays and increased costs resulting therefrom; now, therefore, be it

RESOLVED by the State Administrative Board of the State of Michigan as follows:

1. Contracts for professional services awarded by the Department of Administration and concurred with by the Joint Capital Outlay Subcommittee of the Senate and House of Representatives for preliminary planning, other than the contracts for institutions of higher education which have not specifically designated the Department of Administration as their agent for that specific purpose on the project, may be extended by the Director, Department of Administration, through the final planning phase and the construction stage.
2. The Director, Department of Administration, is authorized to release funds from lump sum appropriations for Special Maintenance, Remodeling and Additions, and Fire Protection projects, which are made in order of program priority as determined jointly with the State Budget Director and the Director of the Department of Administration, for the award of professional services and construction contracts.
3. The Director, Department of Administration, or his authorized representative, is authorized to award professional services and construction contracts to study, plan, construct and equip projects authorized from operating appropriations and lump sum appropriations for Special Maintenance, Remodeling and Additions, and Fire Protection projects. Construction contracts shall be awarded to the lowest acceptable bidder after being advertised publicly.

4. Authorizations for construction contract revisions shall be made by the State Administrative Board, except, that the Director, Department of Administration, or his authorized representative, may authorize those revisions which come under the following categories:
  - (a) On contracts of less than \$10,000.00, the aggregate cost of such revisions shall not exceed \$1,000.00.
  - (b) On contracts less than \$50,000.00, the aggregate cost of such revisions shall not exceed 10% of the contract amount.
  - (c) On contracts of more than \$50,000.00, the aggregate cost of such revisions shall not exceed 5% of the contract amount.
  - (d) On contracts of more than \$1,000,000.00, the aggregate cost of such revisions shall not exceed \$50,000.00.
5. All contracts and revisions to contracts indicated in Items 3 and 4 shall be reported quarterly through the Building Committee to the State Administrative Board.
6. This resolution shall take immediate effect and shall apply with regard to existing contracts as well as to contracts approved after the date of this resolution.