

Fiscal Analysis
State Building Authority Leases
9/11/2007



Bill/Sponsor HCR's 30, 31, 32, 34, 35, 37, 44 & 45 Rep's. M. Hood III, et al

House Committee Appropriations

Analysis **Summary**

To approve standard State Building Authority (SBA) lease agreements among the SBA, the State and the respective universities and colleges for Capital Outlay projects as shown in the table below. These properties are also conveyed to the SBA by the resolutions. Each of these projects received planning, cost, and construction authorizations under previous Capital Outlay budget acts. The projects are under construction.

Approval of these resolutions is the final remaining legal requirement to allow the SBA to issue both short and long-term debt instruments to finance the State's share of each project's construction costs.

The **Joint Capital Outlay Subcommittee** (JCOS) approved these resolutions, with recommendation. The Department of Management and Budget also recommends approval.

State Fiscal Impact

Legislative adoption of these resolutions commits the State to annually pay rent to the SBA until its debt obligations are fully satisfied. The cumulative annual GF/GP low-to-high rent payment range of **\$8,833,000 to \$11,244,000** is provided consistent with the State Building Authority Act (PA 183 of 1964). The actual rental amount, within or below the respective ranges, will be determined by an independent appraiser when each project is completed. Payments to the SBA begin after the long-term bonds have been issued.

Project	Total Authorized Project Cost	State Building Authority Funds	GF/GP Rent Estimate on SBA Financing
HCR 30 (Rep. Robert Jones). Western Michigan University – Brown Hall Renovations & Addition. This project entails the renovation of this 38-year old, 55,500 sq. ft. instructional facility. This project received cost/construction authorizations under PA 297 of 2005.	\$14,800,000	\$9,499,800	\$633,000 to \$828,000
HCR 31 (Rep. Miller). Macomb Community College – Health Science & Technology Classroom Building. This project entails the construction of a 35,000 sq. ft. addition for the Health Sciences Department. This project received cost/construction authorizations under PA 297 of 2005.	\$12,000,000	\$5,999,800	\$404,000 to \$528,000

HCR 32 (Rep. Miller). Macomb Community College – Emergency Services Training Facility. This project entails the construction of a 30,000 sq. ft. addition to the Fire Training Center and gun range. This project received cost/construction authorizations under PA 45 of 2001.	\$8,683,000	\$3,272,300	\$218,000 to \$285,000
HCR 34 (Rep. Hood). Alpena Community College – Instructional Addition & Renovation. This project consists of 3 components; a new fine arts facility, renovated computer technology labs, and lab renovations for natural and biological sciences. This project received cost/construction authorizations under PA 297 of 2005.	\$4,105,500	\$1,667,300	\$111,000 to \$145,000
HCR 35 (Rep. Hood). State Facility Preservation Projects, Phases I & II – Group E Special Maintenance Projects. This provides funding for 42 minor and major special maintenance projects ranging in cost of \$50,000 to \$9.2 million. (Please refer to Exhibit A for specific projects.) Cost/construction authorizations were provided under PA's 10 & 297 of 2005.	\$47,296,000	\$47,296,000	\$3,636,000 to \$4,605,000
HCR 37 (Rep. Warren). University of Michigan-Ann Arbor – Observatory Lodge Renovations. This project entails renovating a 1930's era, 30,000 sq. ft. facility to house the Division of Kinesiology. This project received cost/construction authorizations under PA 345 of 2006.	\$11,500,000	\$7,819,800	\$521,000 to \$681,000
HCR 44 (Rep. Hood). Department of Information Technology – Public Safety Communications System Critical Platform Upgrades. This project entails the construction of a new southeast Michigan tower and software/hardware upgrades to existing towers. This project received cost/construction authorizations under PA 10 of 2005.	\$13,525,382	\$13,525,382	\$1,420,000 to \$1,700,000
HCR 45 (Rep. Hood). Department of Management & Budget – Capitol Complex Renovations. This project entails renovating and upgrading the Williams, Ottawa, Hannah, and Treasury buildings in downtown Lansing. This project received cost/construction authorizations under PA 237 of 2003.	\$27,563,300	\$27,563,200	\$1,890,000 to \$2,472,000
Totals	\$139,473,182	\$116,643,582	\$8,833,000 to \$11,244,000

Local Fiscal Impact

Community colleges typically finance 50% of these project costs.

Analyst(s)

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