

**Bill/Sponsor** HCR's 90, 91, 92, & 93 - Various

**House Committee** Appropriations

**Analysis** **Summary**

To approve standard State Building Authority (SBA) lease agreements among the SBA, the State and the respective universities 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, or some cases completed

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 Department of Management and Budget 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 **\$7,285,000 to \$9,386,000** 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 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|--------------------------------|--------------------------------------|
| <b>HCR 90 (Rep. R. Dean). State Facility Preservation Projects, Phases I &amp; II – Group E Special Maintenance Projects (Revised).</b> HCR 35 of 2007 provided a total authorized cost of \$47,296,000; while HCR 81 of 2008 decreased it by \$9,233,000. As a result the new total project cost is \$38,063,000. This resolution authorizes a project cost increase of \$900,000 due to higher than anticipated costs of the HVAC project at the Huron Valley Correctional Complex. Cost/construction authorizations were provided under PA's 10 & 297 of 2005. | \$38,963,000                  | \$38,963,000                   | \$3,083,000 to \$3,905,000           |

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|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|---------------------|-----------------------------------|
| <b>HCR 91 (Rep. M. Simpson). Egeler Correctional Facility - Fire Safety Improvements.</b> This provides funding for federal court ordered and approved fire safety improvements of cell blocks 1, 2, and 3 as well as housing units A and B.<br>Cost/construction authorizations were provided under PA 345 of 2006.                                                 | \$8,300,000          | \$8,299,900         | \$601,000 to \$773,000            |
| <b>HCR 92 (Rep. B. Caul). Central Michigan University – Education &amp; Human Services Building.</b> This project entails the construction of a new 141,000 sq. ft. instructional facility to support academic programs such as Education, Child Development, and Human Development.<br>This project received cost/construction authorizations under PA 345 of 2006. | \$50,000,000         | \$37,499,800        | \$2,572,000 to \$3,363,000        |
| <b>HCR 93 (Rep. M. Cheeks). Wayne State University – Engineering Building Addition.</b> This project entails the construction of an 81,000 sq. ft., 4-story addition for new classrooms, laboratories, lecture halls, and faculty/administrative offices.<br>This project received cost/construction authorizations under PA 345 of 2006.                            | \$27,350,000         | \$14,999,800        | \$1,029,000 to \$1,345,000        |
| <b>Totals</b>                                                                                                                                                                                                                                                                                                                                                        | <b>\$124,613,000</b> | <b>\$99,762,500</b> | <b>\$7,285,000 to \$9,386,000</b> |

#### Local Fiscal Impact

None.

#### Analyst(s)

Al Valenzio

Mitchell Bean, Director - House Fiscal Agency  
124 N. Capitol Avenue, Lansing, MI 48909  
Phone: (517)373-8080, Fax: (517)373-5874  
<http://www.house.mi.gov/hfa>