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 BILL ANALYSIS

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House Concurrent Resolutions 36, 37 and 38 (as introduced 10-18-11)

Sponsor: Representative Al Pscholka (H.C.R. 36)

Representative John Walsh (H.C.R. 37)

Representative Mark Ouimet (H.C.R. 38)

House Committee: Appropriations

Date Completed: 10-20-11

CONTENT

House Concurrent Resolutions 36, 37, and 38 would approve the conveyance of property and approve leases between the State, the State Building Authority (SBA), and various institutions for projects that the Legislature previously approved for planning and construction.

HCR	Project	Total Cost	State Share	Rental Range
36	Western Michigan University – Sangren Hall Replacement. The new building consists of 214,800 gross square feet (141,585 square feet of net assignable area) and includes classrooms, clinics, conference rooms, dining services, file rooms, laboratories, library, offices, and storage rooms. Planning Authorization: 2008 PA 278 Construction Authorization: 2010 PA 111 Cost Share Adjustment: 2011 SCR 8	\$60,000,000	\$30,000,000	\$2,057,000 to \$2,690,000
37	Henry Ford Community College – Science Building Improvements. The project consists of renovations to the existing 49,344-sq.-ft. building including the complete replacement of the HVAC and electrical systems, renovations to existing classrooms and laboratories, and new finishes. The project also includes a new 18,000 sq. ft. addition that will include four new laboratories, two new classrooms, offices, and support spaces. Planning Authorization: 2008 PA 278 Construction Authorization: 2010 PA 329	\$15,000,000	\$7,500,000	\$514,000 to \$673,000

38	Washtenaw Community College – Skilled Trades Training Program Renovations. The project includes renovations and building system upgrades to two existing instructional buildings. The Occupational Education Building renovation includes updates for mechanical/HVAC, electrical, lighting and ceiling systems, interior finishes, and a new roofing system. Space will be reconfigured to provide new classroom space for the radiography program as well as providing four additional general purpose classrooms. Two dedicated labs will be provided for newly developed curricula in environmental studies and sustainability. The Skilled Trades Annex will provide new classroom and lab instructional space including hydraulics, pneumatics, advanced manufacturing, and tensile strength labs, classroom spaces, and faculty offices. Planning Authorization: 2008 PA 278 Scope Change: 2009 PA 64 Construction Authorization: 2010 PA 27	\$14,800,000	\$7,400,000	\$507,000 to \$664,000
	TOTAL	\$89,800,000	\$44,900,000	\$3,078,000 to \$4,027,000

Approval of the resolutions would enable the SBA to issue bonds to finance the State's construction costs and would create a contractual obligation between the State and the SBA, requiring the State to make annual rental payments to the SBA. The SBA will use the rental payments to pay off the bonds sold to finance construction. Once the debt obligations are satisfied, the SBA will transfer title back to the institutions.

FISCAL IMPACT

The above projects total \$44.9 million in new bond debt obligations for the State. Annual rental payments to the SBA are estimated at \$3.1 million to \$4.0 million until the bonds are retired (approximately 15 to 17 years). Annual rental (debt service) payments to the SBA appropriated in the FY 2011-12 General Government appropriation bill total \$256.9 million.

Fiscal Analyst: Bill Bowerman

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.