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BILL ANALYSIS

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Senate Concurrent Resolution 46 (as reported without amendment)

Sponsor: Senator Michelle A. McManus

Committee: Appropriations

CONTENT

Senate Concurrent Resolution 46 would approve the conveyance of property and approve leases between the State, the State Building Authority (SBA), and West Shore Community College for a construction project that the Legislature has previously approved for planning and construction. Approval of the resolution would enable the SBA to issue bonds to finance the State's share of construction costs.

The project has met all of the planning approval requirements of the Joint Capital Outlay Subcommittee and the Management and Budget Act. Approval of the resolution 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 West Shore Community College.

The West Shore Community College Arts and Sciences Center/Remodeling & Additions project includes remodeling a former library into space for art and music programs, renovation of existing classrooms and offices, addition of classrooms and new faculty offices, and remodeling and expansion of the theater and theater support spaces. The estimated completion date of the project is September 30, 2010.

FISCAL IMPACT

The project represents new bond debt obligations of \$3.5 million. Annual rental payments to the SBA are estimated at \$237,000 to \$309,000 until the bonds are retired (approximately 15 to 17 years). Annual rental (debt service) payments to the SBA appropriated in the FY 2009-10 General Government appropriation bill total \$235.4 million.

SCR	Project	Total Cost	State Share	Institution Share	Rental Range
46	West Shore Community College - Arts and Sciences Center/Remodeling & Additions	\$6,900,000	\$3,450,000	\$3,450,000	\$237,000 to \$309,000

Date Completed: 7-2-10

Fiscal Analyst: Bill Bowerman

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Bill Analysis @ www.senate.michigan.gov/sfa

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