

Kirtland Community College Well Water System Upgrade

House Concurrent Resolution 13 - As Reported by the House Appropriations Committee
Sponsor: Representative Rendon
Analysis Completed: June 8, 2011

BRIEF SUMMARY:

House Concurrent Resolution 13 would approve the conveyance of property and a standard State Building Authority (SBA) lease between the SBA, the state, and Kirtland Community College for a construction project previously approved for planning and construction by the Legislature.

Approval of this resolution is the final remaining legal requirement to enable the SBA to issue bonds to finance the state's share of the project's construction costs. The project has met all of the approval requirements of the Joint Capital Outlay Subcommittee and the Management and Budget Act, 1984 PA 431. Approval would create a contractual obligation between the state and the SBA, requiring the state to make annual rent payments to the SBA. The SBA will use the rent payments to pay off the bonds sold to finance the construction. Once the debt obligations are satisfied, the SBA will transfer title back to Kirtland Community College.

The project involves replacing the existing Type I and Type II Systems as required by the Department of Environmental Quality. Three test wells and an underground water distribution system will be installed to connect the new wells to the existing campus facilities. A 320 sq. ft. well house will be constructed to house pressure tanks and related plumbing.

FISCAL IMPACT:

The total cost of the project is \$1,005,000, with the state share being \$502,500 and the college share being \$502,500. Annual rent payments to the SBA are estimated at \$40,000 to \$50,000 until the bonds are retired (approximately 15 to 17 years). The actual true market rent amount, within or below the respective range, will be determined when the project is completed and has been independently appraised. Annual rent payments to the SBA are appropriated in the General Government appropriations bill and total \$241.9 million for FY 2011.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.