

DTMB - State Facility Preservation Projects Phase I and III, Group P State Surplus Facility Special Maintenance

House Concurrent Resolution 53 - As Reported by the House Appropriations Committee
Sponsor: Representative Kowall
Analysis Completed: May 2, 2012

BRIEF SUMMARY:

House Concurrent Resolution 53 would approve a lease between the state and the State Building Authority (SBA) relative to the Department of Technology, Management, and Budget State Facility Preservation Projects, Phase I and III, Group P State Surplus Facility Special Maintenance. The projects were previously approved for construction by the Legislature in Public Act 10 of 2005 and Public Act 278 of 2010.

Approval of this resolution is the final remaining legal requirement to enable the SBA to issue bonds to finance the state'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 which are sold to finance the construction. Once the debt obligations are satisfied, the SBA will transfer title back to the state.

The projects at the State Surplus Facility include renovating the men's and women's bathrooms; converting raw warehouse space to new office areas, including new gypsum board walls, carpet, tile, acoustical ceilings, light fixtures, heating, ventilation, and air conditioning system, plumbing, and fire protection; upgrading existing warehouse space with new masonry walls; painting floors and ceilings; installing new lighting, electrical power, and heating and ventilating systems; repairing exterior masonry walls; removing and replacing the existing roof; and repairing the asphalt parking lot. The State Surplus Facility is located on St. Joseph Highway in Lansing Township, Lansing, Michigan.

FISCAL IMPACT:

The total cost of the projects is \$1,702,300. Annual rent payments to the SBA are estimated to be between \$135,000 and \$171,000 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 projects are completed and have been independently appraised. Annual rent payments to the SBA are appropriated in the General Government appropriations bill and total \$256.9 million for FY 2012.

Fiscal Analyst: Robin R. Risko

■ 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.