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House Concurrent Resolutions 17-23 (as reported without amendment)
Sponsor: Representative Scott Shackleton
House Committee: Appropriations
Senate Committee: Appropriations

CONTENT

The Joint Capital Outlay Subcommittee (JCOS) has approved House Concurrent Resolutions 17-23, which would convey land and establish lease agreements among the State, the State Building Authority (SBA), and various colleges, universities, and State agencies. The lease agreements create a contractual obligation requiring the State to make rental payments to the SBA on behalf of the institutions for use of the facilities. The SBA will use the rental payments to make debt service payments on bonds that will be sold to finance the project construction.

The projects have met the planning and approval requirements of the JCOS, the Management and Budget Act (PA 431 of 1984), and the State Building Authority Act (PA 183 of 1964). The estimated annual rental amount is provided pursuant to the requirements of the SBA Act. An actual rental amount will be determined by an appraiser once the facility is complete. Legislative approval of the resolutions would commit the State to make annual rental payments for the project until the SBA debt obligations are satisfied.

FISCAL IMPACT

Annual rental (debt service) payments for the current fiscal year are appropriated in the Capital Outlay budget at \$291,311,700. These projects represent new bond debt obligations by the SBA of \$61.0 million. Approval would require the State to make annual rental payments to the SBA estimated between \$4.6 million and \$5.9 million.

Project	HCR No.	Total Authorized Cost	SBA Share	Estimated Annual Rental Range
Kellogg Community College - Career Development Center/Science Building Renovations. The project entails the total renovation of the 21,640 sq. ft. Career Development Center for conversion to the college's science program.	HCR 17	\$3,750,000	\$1,874,800	\$140,000 to \$185,000

Project	HCR No.	Total Authorized Cost	SBA Share	Estimated Annual Rental Range
<p>Jackson Community College - Lenawee Extension Center. The project entails the construction of a new 2-story, 26,900 sq. ft. instructional facility in Adrian. The project includes 9 general classrooms, a science lab, and 2 computer labs.</p>	HCR 18	\$4,400,000	\$1,499,900	\$110,000 to \$150,000
<p>Southwestern Michigan College - Instructional Resource Center. The project entails the construction of 11,000 sq. ft. addition to the college's library and renovating 33,000 sq. ft. of space. This will upgrade the library, computer labs, offices, conference rooms and multimedia space.</p>	HCR 19	\$2,500,000	\$1,249,800	\$90,000 to \$120,000
<p>Northwestern Michigan College - West Bay Reconstruction Project. The project entails the demolition of the old West Bay Campus buildings and construction of a new 73,000 sq. ft. instructional facility. The new building will house the Maritime Academy, Fresh Water Studies Program, Culinary Arts, and the Professional Development Center.</p>	HCR 20	\$16,249,200	\$8,124,200	\$620,000 to \$790,000
<p>Department of Natural Resources - State Fish Hatchery Renovations - Platte River. The project includes installation of water flow and quality monitoring systems and replacement of components like fish raceways, underground pipes, and operational systems. This is the State's main salmon hatchery.</p>	HCR 21	\$8,199,000	\$8,199,000	\$620,000 to \$800,000

Project	HCR No.	Total Authorized Cost	SBA Share	Estimated Annual Rental Range
Western Michigan University - Health and Human Services Building. This project entails the construction of a new 196,000 sq. ft. instructional facility to house 9 different health-related programs, including nursing.	HCR 22	\$48,170,000	\$36,127,900	\$2,740,000 to \$3,510,000
Lake Michigan College - Van Buren Center Project. This project entails the construction of a new 42,000 sq. ft. instructional facility to be shared with Western Michigan University. WMU will occupy 2 classrooms and a computer lab. The facility will serve as the college's new satellite site in South Haven.	HCR 23	\$7,800,000	\$3,899,800	\$295,000 to \$380,000
TOTALS		\$91,068,200	\$60,975,400	\$4,615,000 to \$5,935,000

Date Completed: 7-1-03

Fiscal Analyst: Mike Hansen

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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.