

DTMB - State Facility Preservation Projects Phases I, II, and III, Groups E - O

House Concurrent Resolutions 15 - 25 As Introduced

Sponsor: Representative Kowall

Analysis Completed: May 10, 2011

BRIEF SUMMARY:

House Concurrent Resolutions 15 - 25 would approve the conveyances of property and approve leases between the state and the State Building Authority (SBA) for projects previously approved by the Legislature in Public Act 10 of 2005, Public Act 297 of 2005, and Public Act 278 of 2008. These projects are part of the Department of Technology, Management, and Budget's State Facility Preservation Projects, Phases I, II, and III, Groups E - O.

Approval of the resolutions would enable the SBA to issue bonds to finance the state's construction costs and would create contractual obligations between the state and the SBA, requiring the state to make annual rent payments to the SBA. The SBA uses the rent payments to pay off the bonds sold to finance the construction. Once the debt obligations are satisfied, the SBA will transfer titles back to the state.

Projects include roof repairs and replacements; security system upgrades; equipment purchases and installation; energy conservation measures; lighting upgrades; replacement of floors, pipe insulation, heating, ventilation, and air conditioning systems, windows, diesel tanks, boilers, and switch gears and motor controls; electrical system improvements; elevator upgrades; new and upgraded fire detection and suppression systems; exterior repairs; work to meet ADA requirements; and other miscellaneous repairs at a number of state-owned facilities. The facilities include state office buildings, Michigan State Police posts, correctional facilities, veterans' homes, a psychiatric hospital, and a residential treatment facility for juveniles.

FISCAL IMPACT:

Projects in House Concurrent Resolutions 15 - 25 total \$135.3 million in new bond debt obligations for the state. Annual rent payments to the SBA are estimated at between \$10.5 million and \$13.3 million 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 \$241.9 million for FY 2011.

STATE FACILITY PRESERVATION PROJECTS

<u>HCR</u>	<u>Project</u>	<u>Total Cost</u>	<u>Rental Range</u>
15	Phases I and II, Group E - Special Maintenance Projects. Projects include equipment purchase and installation, basement renovations, energy conservation measures, upgrades to fire alarm systems and lighting, and replacement of floors, pipe insulation, HVAC systems, roofs, windows, diesel tanks, boilers, and switch gears and motor controls at various state-owned facilities. For a complete listing of the renovation projects and facilities, please refer to Exhibit A in the lease.	\$26,470,000	\$2,094,000 to \$2,653,000
16	Phases I and II, Group F - VanWagoner Building. Project involves replacement of the roof, windows, air handling equipment, and switchgear and motor control centers.	\$12,797,000	\$1,013,000 to \$1,283,000
17	Phases I and II, Group G - Special Maintenance Projects. Projects include installation of a new air conditioning system, fire safety improvements, floor renovations, HVAC upgrades, and replacement of boilers, energy center economizers, roofs, and windows at various state-owned facilities. For a complete listing of the renovation projects and facilities, please refer to Exhibit A in the lease.	\$9,412,000	\$745,000 to \$943,000
18	Phases I and II, Group H - Special Maintenance Projects. Projects include upgrades of HVAC controls, security systems, elevators, and electrical systems, lobby renovations, window seal replacements, boiler replacement, and roof replacements/repairs at various state-owned facilities. For a complete listing of the renovation projects and facilities, please refer to Exhibit A in the lease.	\$25,536,000	\$2,021,000 to \$2,559,000
19	Phases I and II, Group I - Michigan Library and Historical Center. Project involves roof replacement, installation of roof fall protection, upgrades to the fire detection system, replacement of the fire suppression system, plaza renovations, and addition of the Law Library.	\$10,776,000	\$853,000 to \$1,080,000
20	Phase III, Group O - Special Maintenance Projects. Projects include heating system decentralization, roof replacements, and upgrades to electrical systems, television security systems, and to acute care at various state-owned facilities. For a complete listing of the renovation projects and facilities, please refer to Exhibit A in the lease.	\$6,085,000	\$481,000 to \$610,000

STATE FACILITY PRESERVATION PROJECTS

<u>HCR</u>	<u>Project</u>	<u>Total Cost</u>	<u>Rental Range</u>
21	<p>Phase III, Group N - Huron Valley Food Service Building. Project involves a new 23,142 sq. ft. single-story building with loading dock to be used for all meal preparation and dining for inmates. The building includes several walk-in refrigerators and freezers, a dry produce storage area, all new kitchen appliances, a food preparation area, and a large dining room. The attic space houses various electrical, mechanical, and plumbing distribution lines. The exterior is composed of concrete block and metal siding.</p>	\$5,775,000	\$396,000 to \$518,000
22	<p>Phases II and III, Group M - Maxey Transition (Green Oaks Addition, Huron Center, and Woodland Infirmary). The Green Oaks Addition component involves the demolition of a two-story housing unit and the construction of a new, single-story, 80-bed pod style detention facility. The new facility, consisting of approximately 32,260 sq. ft., will have new security systems and an enclosed ramp that connects the facility to the existing administration space, classrooms, and kitchen.</p> <p>The Huron Center component converts the W.J. Maxey Training Facility into a Department of Corrections facility. The project involves complete renovation of the existing 19,000 sq. ft., 80-bed cell block facility. New mechanical, electrical, plumbing, and security systems will be installed, in addition to high security detention cells with new detention doors, frames, and hardware. The renovation will bring this facility up to current codes and will provide security requirements necessary for a state correctional facility.</p> <p>The Woodland Infirmary component involves the renovation and conversion of the 7,000 sq. ft. old gymnasium area at the W.J. Maxey Training Facility into a new infirmary. This project involves selective demolition throughout the building and the installation of new mechanical, electrical, plumbing, and security systems. The Infirmary will have high security detention cells with new detention doors, frames, and hardware. Renovations will bring this facility up to current codes and will provide security requirements necessary for a state correctional facility.</p>	\$13,325,000	\$914,000 to \$1,195,000
23	<p>Phases I and III, Group L - Maxey Special Maintenance Projects. Projects include installation of sprinklers and replacement of fire alarm systems and steam heat pipes.</p>	\$7,543,000	\$597,000 to \$756,000

STATE FACILITY PRESERVATION PROJECTS

<u>HCR</u>	<u>Project</u>	<u>Total Cost</u>	<u>Rental Range</u>
24	<p>Phase III, Group K - Huron Valley Drop Ship Building and Sewage Pump Station.</p> <p>The Drop Ship Building project involves a new 5,935 sq. ft. single-story warehouse building with a walk-in freezer, administrative offices, lavatory facilities, loading dock, and access ramp.</p> <p>The Sewage Pump Station project involves a new masonry sanitary sewage pumping station with submersible chopper pumps, a mechanical bar screen, instrumentation and controls, explosion-proof heating, ventilation and plumbing equipment, ductile iron sewage force main, and parking lot construction.</p>	\$3,155,000	\$216,000 to \$283,000
25	<p>Phases I, II, and III, Group J - Huron Valley Special Maintenance Projects.</p> <p>Projects include perimeter consolidation, unit expansions, unit modifications, shower installation, and upgrades to camera and security systems, energy, and HVAC controls.</p>	\$14,400,000	\$1,139,000 to \$1,443,000
	TOTAL	\$135,274,000	\$10,469,000 to \$13,323,000

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.