

Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

## BILL ANALYSIS

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

House Concurrent Resolutions 15 through 25 (as introduced 5-4-11)  
 Sponsor: Representative Eileen Kowall  
 House Committee: Appropriations

Date Completed: 5-5-11

**CONTENT**

House Concurrent Resolutions 15 through 25 would approve the conveyance of property and approve leases between the State and the State Building Authority (SBA) for projects that the Legislature previously approved for construction, in Public Act 10 of 2005, Public Act 297 of 2005, and Public Act 278 of 2008. The projects are part of the State Facility Preservation Projects included in Phase I (\$56,220,000), Phase II (\$70,000,000), and Phase III (\$42,221,000). The authorizations included roof repairs, security upgrades, energy conservation measures, lighting, heating, ventilation, ceilings, fire systems, drainage repairs, electrical improvements, fire detection and suppression systems, ADA compliance, exterior repairs, HVAC upgrades, and miscellaneous repairs at various State facilities. Due to the number of projects and cost variances, some authorizations previously included in concurrent resolutions are being resubmitted to align projects with specific buildings.

<b>STATE FACILITY PRESERVATION PROJECTS PHASE I, II, AND III</b>			
HCR	Project	Total Cost	Rental Range
15	<b>Group E - Special Maintenance Projects.</b> Projects funded 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. A complete listing of the renovation projects is included in Exhibit A of the lease.	\$26,470,000	\$2,094,000 to \$2,653,000
16	<b>Group F - Van Wagoner Building.</b> The project involves renovations to the Van Wagoner Building, including replacement of the roof, windows, air handling equipment, and switchgear and motor control centers.	\$12,797,000	\$1,013,000 to \$1,283,000

<b>STATE FACILITY PRESERVATION PROJECTS PHASE I, II, AND III</b>			
HCR	Project	Total Cost	Rental Range
17	<b>Group G - Special Maintenance Projects.</b> The project involves 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. A complete listing of the renovation projects is included in Exhibit A of the lease.	\$9,412,000	\$745,000 to \$943,000
18	<b>Group H - Special Maintenance Projects.</b> The project involves 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. A complete listing of the renovation projects is included in Exhibit A of the lease.	\$25,536,000	\$2,021,000 to \$2,559,000
19	<b>Group I - Michigan Library and Historical Center.</b> This project involves renovations to the Michigan Library and Historical Center, including roof replacement, installation of roof fall protection, upgrades to the fire detection system, replacement of the fire suppression system, plaza renovations, and the addition of the Law Library.	\$10,776,000	\$853,000 to \$1,080,000
25	<b>Group J - Huron Valley Special Maintenance Projects.</b> This project involves perimeter consolidation, unit expansions, unit modifications, shower installation, and upgrades to camera and security systems, energy, and HVAC controls at the Huron Valley complex. A complete listing of the renovation projects is included in Exhibit A of the lease.	\$14,400,000	\$1,139,000 to \$1,443,000
24	<b>Group K - Huron Valley Drop Ship Building and Sewage Pump Station.</b> 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. The Sewage Pump Station is a new masonry sanitary sewage pumping station connected to the Pittsfield Township Wastewater Treatment and Disposal System.	\$3,155,000	\$216,000 to \$283,000
23	<b>Group L - Maxey Special Maintenance Projects.</b> The project includes installation of sprinklers and replacement of fire alarm systems and steam heat pipes at the Maxey complex. A complete listing of the renovation projects is included in Exhibit A of the lease.	\$7,543,000	\$597,000 to \$756,000

22	<b>Group M - Maxey Transition (Green Oaks Addition, Huron Center, and Woodland Infirmary).</b> The Green Oaks Addition involves the demolition of a two-story housing unit and construction of a new, single-story, 80-bed pod style facility. The Huron Center component converts the W.J. Maxey Training Facility into a Department of Corrections facility. The project includes renovation of a 19,000-square-foot, 80-bed cell block facility. The Woodland Infirmary involves the renovation and conversion of the old gymnasium.	\$13,325,000	\$914,000 to \$1,195,000
21	<b>Group N - Huron Valley Food Service Building.</b> The project involves a new 23,142-sq.-ft. single-story building with loading dock to be used for all meal preparation and dining for the inmates at the Women's Huron Valley Correctional Facility. 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.	\$5,775,000	\$396,000 to \$518,000
20	<b>Group O - Special Maintenance Projects.</b> This project involves heating system decentralization, roof replacements, and upgrades to electrical systems, television security systems, and acute care upgrades at various State-owned facilities. A complete listing of the renovation projects is included in Exhibit A of the lease.	\$6,085,000	\$481,000 to \$610,000
	<b>TOTAL</b>	<b>\$135,274,000</b>	<b>\$10,469,000 to \$13,323,000</b>

Approval of the resolutions would enable the SBA to issue bonds to finance the State's construction costs and 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 the State.

### **FISCAL IMPACT**

The above projects total \$135.3 million in new bond debt obligations for the State. Annual rental payments to the SBA are estimated at \$10.5 million to \$13.3 million until the bonds are retired (approximately 15 to 17 years). Annual rental (debt service) payments to the SBA appropriated in the FY 2010-11 General Government appropriation bill total \$241.9 million.

Fiscal Analyst: Bill Bowerman

SASIS1112\shcr15sa

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.