

Southwestern Michigan College Technology Building Renovation and Expansion

Senate Concurrent Resolution 44 - As Passed by the Senate

Sponsor: Senator Ron Jelinek

Analysis Completed: June 28, 2010

BRIEF SUMMARY:

Senate Concurrent Resolution 44 approves the conveyance of property and a standard State Building Authority (SBA) lease between the SBA, the state, and Southwestern Michigan 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 Southwestern Michigan College.

The project involves renovation of 8,780 sq. ft. of classroom space in the A.C. Kairis Building and the addition of 2,304 sq. ft. which will provide additional automotive repair bays. The renovated classroom space will include a flexible area that can be transformed into two classrooms, with one being a "car in the classroom" design, providing visual and hands-on instruction. A large vocational technology lab will be created, providing flexible instructional laboratory space (plumbing, electronics, etc.), and a physics/math classroom, faculty offices, and a small meeting area will be provided as well.

FISCAL IMPACT:

The total cost of the project is \$3.2 million, with the state share being \$1.6 million and the college share being \$1.6 million. Annual rent payments to the SBA are estimated at \$110,000 to \$143,000 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 \$235.4 million for FY 2010.

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