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Senate Concurrent Resolution 5 (as introduced 3-4-09)
Sponsor: Senator Gerald Van Woerkom
Senate Committee: Appropriations

Date Completed: 3-4-09

CONTENT

Senate Concurrent Resolution 5 would approve the conveyance of property and approve leases between the State, the State Building Authority (SBA), and Muskegon Community College for a construction project that the Legislature has previously approved for planning and construction. Approval of the resolution would enable the SBA to issue bonds to finance the State's share of construction costs.

The project has met all of the planning approval requirements of the Joint Capitol Outlay Subcommittee and the Management and Budget Act. Approval of the resolution 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 institution.

The project involves renovation of existing space to consolidate all student services, including registration, records, counseling, testing career services, student placement, recruitment, financial aid, and student life. These student services functions will be on one level in a prominent location adjacent to the lobby of the main building. The project also includes nursing classrooms and other student support areas.

FISCAL IMPACT

The total cost of the project is \$5.0 million and the State share is \$2.5 million. Annual rental payments to the SBA are estimated at \$171,000 to \$224,000 until the bonds are retired (approximately 15 to 17 years). Annual rental (debt service) payments to the SBA appropriated in the FY 2008-09 General Government appropriation bill total \$231.8 million.

Fiscal Analyst: Bill Bowerman

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