

HCR 36: Western Michigan University - Sangren Hall Replacement

Sponsor: Representative Al Pscholka

HCR 37: Henry Ford Community College - Science Building Improvements

Sponsor: Representative John Walsh

HCR 38: Washtenaw Community College - Skilled Trades Training Program Renovations

Sponsor: Representative Mark Ouimet

Analysis Completed: November 2, 2011

BRIEF SUMMARY:

House Concurrent Resolution 36 would approve the conveyance of property and a standard State Building Authority (SBA) lease between the SBA, the state, and Western Michigan University for a construction project previously approved by the Legislature for planning in Public Act 278 of 2008 and for construction in Public Act 111 of 2010. (SCR 8 of 2011 contained revisions to the university's share and the state's share of costs for the project.)

House Concurrent Resolution 37 would approve the conveyance of property and a standard SBA lease between the SBA, the state, and the school district of the City of Dearborn relative to Henry Ford Community College for a construction project previously approved by the Legislature for planning in Public Act 278 of 2008 and for construction in Public Act 329 of 2010.

House Concurrent Resolution 38 would approve the conveyance of property and a standard SBA lease between the SBA, the state, and Washtenaw Community College for a construction project previously approved by the Legislature for planning in Public Act 278 of 2008 and for construction in Public Act 27 of 2010. (Public Act 64 of 2009 contained revisions to the scope of the project.)

Approval of these resolutions is the final remaining legal requirement to enable the SBA to issue bonds to finance the state's share of the projects' construction costs. The projects have 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 the institutions.

FISCAL IMPACT:

Projects in House Concurrent Resolutions 36 - 38 total \$44.9 million in new bond debt obligations for the state. Annual rent payments to the SBA are estimated at between \$3.1 million and \$4.0 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 \$256.9 million for FY 2012.

| <u>HCR</u> | <u>Project</u> | <u>Total Cost</u> | <u>State Share</u> | <u>Rental Range</u> |
|------------|--|---------------------|---------------------|-----------------------------------|
| 36 | Western Michigan University - Sangren Hall Replacement. Project involves construction of a new multi-story building which consists of 214,800 gross sq. ft. and includes classrooms, clinics, common spaces, locations for student and academic support services, conference rooms, dining services, file and other storage areas, laboratories, offices, and a library. | \$60,000,000 | \$30,000,000 | \$2,057,000 to \$2,690,000 |
| 37 | Henry Ford Community College - Science Building Improvements. Project involves renovating the existing 49,344 sq. ft. Science Building and construction of an 18,000 sq. ft. expansion. Renovations include complete replacement of the heating, ventilation, air conditioning, electrical, and laboratory exhaust systems; installation of a new service entrance, power distribution system, emergency lighting system to comply with life safety codes, fire alarm system with strobes and a voice evacuation speaker system, security cameras, and card-access reader; asbestos abatement; architecture modifications to floors, walls, and ceilings; and finishing improvements in classrooms, corridors, and offices. Expansion will provide four new laboratories, two new classrooms for life sciences, offices, and support spaces. | \$15,000,000 | \$7,500,000 | \$514,000 to \$673,000 |
| 38 | Washtenaw Community College - Skilled Trades Training Program Renovations. Project involves renovations at the Occupational Education Building which include roof replacement; upgrades to mechanical, heating, ventilation, air conditioning, electrical, lighting, and ceiling systems; interior renovations; and space reconfiguration which will provide four additional classrooms and two dedicated laboratories. Also, project involves renovations at the Skilled Trades Annex which include new classroom, instructional lab, and faculty office space. | \$14,800,000 | \$7,400,000 | \$507,000 to \$664,000 |
| | TOTAL | \$89,800,000 | \$44,900,000 | \$3,078,000 to \$4,027,000 |

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.