

DTMB - State Facility Preservation Project Phase III, Group N Huron Valley Food Service Building

House Concurrent Resolution 21 - As Introduced

Sponsor: Representative Kowall

Analysis Completed: May 10, 2011

BRIEF SUMMARY:

House Concurrent Resolution 21 would approve the conveyance of property and a lease between the state and the State Building Authority relative to the Department of Technology, Management, and Budget State Facility Preservation Project, Phase III, Group N Huron Valley Food Service Building. The project was approved for planning and construction by the Legislature at a total cost of \$5,775,000. Approval of the resolution would enable the SBA to issue bonds to finance the costs. The resolution would create a contractual obligation 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 title back to the state.

This 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. The exterior is composed of concrete block and metal siding.

FISCAL IMPACT:

The total cost of the project is \$5,775,000. Annual rent payments to the SBA are estimated at \$396,000 to \$518,000 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 \$241.9 million for FY 2011.

Fiscal Analyst: Robin R. Risko

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