

DTMB - State Facility Preservation Project Phase III, Group K Huron Valley Drop Ship Building and Sewage Pump Station

House Concurrent Resolution 24 - As Introduced
Sponsor: Representative Kowall
Analysis Completed: May 10, 2011

BRIEF SUMMARY:

House Concurrent Resolution 24 would approve 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 K Huron Valley Drop Ship Building and Sewage Pump Station. The project was approved for planning and construction by the Legislature at a total cost of \$3,155,000. 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.

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 project involves a new masonry sanitary sewage pumping station with submersible chopper pumps, a mechanical bar screen, instrumentation and controls, explosion-proof heating, ventilation and plumbing equipment, ductile iron sewage force main, and parking lot construction.

FISCAL IMPACT:

The total cost of the project is \$3,155,000. Annual rent payments to the SBA are estimated at \$216,000 to \$283,000 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.

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