

Washtenaw Community College Skilled Trades Training Program Renovations

House Concurrent Resolution 38 - As Introduced

Sponsor: Representative Mark Ouimet

Analysis Completed: October 18, 2011

BRIEF SUMMARY:

House Concurrent Resolution 38 would approve the conveyance of property and a standard State Building Authority (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 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 Washtenaw Community College.

The Skilled Trades Training Program Renovations project involves renovating the Occupational Education Building and the Skilled Trades Annex to upgraded skilled trades training facilities. Renovations at the Occupational Education Building include roof replacement; upgrades to mechanical, HVAC, electrical, lighting, and ceiling systems; interior renovations; and space reconfiguration which will provide four additional classrooms and two dedicated laboratories. Renovations at the Skilled Trades Annex include new classroom, instructional lab, and faculty office space.

FISCAL IMPACT:

The total cost of the project is \$14.8 million, with the state share being \$7.4 million and the college share being \$7.4 million. Annual rent payments to the SBA are estimated at between \$507,000 and \$664,000 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 \$256.9 million for FY 2012.

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