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BILL ANALYSIS

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House Concurrent Resolution 54 (as reported without amendment)
Sponsor: Representative Eileen Kowall
House Committee: Appropriations
Senate Committee: Appropriations

CONTENT

House Concurrent Resolution 54 would approve the conveyance of property and approve a lease between the State, the State Building Authority (SBA), and Wayne County Community College for the Wayne County Community College Northwest Campus Replacement Construction project that the Legislature approved for construction in Public Act 278 of 2008.

The project replaces aging, obsolete, and deteriorating buildings. New facilities include a 93,000-gross-square-foot, three-story addition to the existing Health Sciences Building and a 7,000-gross-square-foot, one-story addition to the existing General Arts Building. The renovation and expansion will provide multiple-use lecture classrooms, flexible instructional laboratories, and student support services to meet present and future enrollment requirements. The central energy plant is being replaced with a new energy efficient central plant. The total cost of the facility is $42.0 million, with a State share of $21.0 million, and a college share of $21.0 million.

Approval of the resolution would enable the SBA to issue bonds to finance the State's share of construction costs and 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 Wayne County Community College.

FISCAL IMPACT

The resolution would result in $21.0 million in new bond debt obligations for the State. Annual rental payments to the SBA are estimated at $1,440,000 to $1,883,000 until the bonds are retired (approximately 15 to 17 years). Annual rental (debt service) payments to the SBA appropriated in the FY 2011-12 General Government appropriation bill total $256.9 million.

Date Completed: 5-16-12 Fiscal Analyst: Bill Bowerman