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Senate Concurrent Resolution 20 (as reported without amendment)

Sponsor: Senator Shirley Johnson

Committee: Appropriations

CONTENT

The Joint Capital Outlay Subcommittee (JCOS) has approved Senate Concurrent Resolution 20, which would convey property and establish a lease agreement between the State, the State Building Authority (SBA), and Kellogg Community College for the Roll Building renovation project. The project was authorized for planning in Public Act 746 of 2002, and received construction authorization in Public Act 237 of 2003.

The project has met the approval requirements of the JCOS, the Department of Management and Budget, and the Management and Budget Act. Legislative approval of the resolution creates a contractual obligation requiring the State to make rental payments to the SBA for use of the building. The SBA will use the rental payments to make debt service payments on bonds that will be sold to finance construction. The resolution commits the State to make annual rental payments for the building until the bonds are paid off. Once the debt obligations are satisfied, the SBA will transfer the title back to the college.

The estimated annual rental amount is provided pursuant to the requirements of the State Building Authority Act. A true rental amount will be determined by an appraiser once the building is complete.

FISCAL IMPACT

This project represents \$1,625,000 in new bond debt obligations of the SBA. Approval of the resolution would require the State to make annual rental payments to the SBA estimated to be between \$110,000 and \$145,000 until the bonds are retired, expected to be in approximately 12-15 years. Annual rental (debt service) payments for the current fiscal year are appropriated in Public Act 309 of 2004 at \$250.8 million, and include the cost of this resolution.

Project	SCR	State Share	College Share	Total Cost	Annual Rental Range
Roll Building Renovations - Project entails the total reconfiguration of the existing building to house health occupation programs, including upgrades to the electrical, mechanical, and plumbing systems.	20	\$1,625,000	\$3,375,000	\$5,000,000	\$100,000-\$145,000

Date Complete: 5-25-05

Fiscal Analyst: Michael Hansen