



Senate Fiscal Agency  
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BILL ANALYSIS

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Senate Concurrent Resolutions 30, 31, and 32 (as reported without amendment)  
Sponsor: Senator Shirley Johnson  
Committee: Appropriations

### **CONTENT**

The Joint Capital Outlay Subcommittee (JCOS) has approved Senate Concurrent Resolutions 30, 31, and 32, which would convey property and establish a lease agreement between the State, the State Building Authority (SBA), and the University of Michigan – Dearborn and the University of Michigan – Ann Arbor for three new construction projects. Approval of the resolutions would allow bonds to be sold to finance project construction.

The projects have met all of the planning approval requirements of the JCOS, and the Management and Budget Act. Approval of the resolutions would set up a contractual obligation between the State and the SBA requiring the State to make annual rental payments to the SBA. The SBA would use the rental payments to pay off the bonds sold to finance construction. Once the debt obligations were satisfied, the SBA would transfer title back to the schools. The estimated annual rental amount is provided pursuant to the requirements of the State Building Authority Act.

### **FISCAL IMPACT**

The project represents new bond debt obligations by the SBA of \$31.4 million. Approval of the resolutions would require the State to make annual rental payments to the SBA estimated to be between \$2.2 million and \$2.8 million until the bonds were retired, expected to be in approximately 12-15 years. Annual rental (debt service) payments for the current fiscal year are appropriated in Public Act 146 of 2005 at \$272.8 million, and include the costs of these projects.

<b><u>SCR</u></b>	<b><u>Project</u></b>	<b><u>Total Cost</u></b>	<b><u>State Share</u></b>	<b><u>Univ. Share</u></b>	<b><u>Rental Range</u></b>
30	<b>U of M – Dearborn: Engineering Laboratory Building Addition.</b> Project adds 44,500 gross square feet of lab, office, and research space to meet the expanded needs of graduate and undergraduate engineering programs.	\$12,600,000	\$9,450,000	\$3,150,000	\$648,000 - \$847,000

31	<b>U of M – Dearborn: Science Building Addition.</b> Project adds 29,000 gross square feet of lab and research space in a new three-story building, the third story containing a telescope dome to house a 16"-lens telescope and roof area for smaller telescopes.	\$9,600,000	\$7,200,000	\$2,400,000	\$494,000 - \$646,000
32	<b>U of M – Ann Arbor: Literature, Science and the Arts Building.</b> Project will renovate 126,000 gross square feet in this 57-year-old building to update mechanical, electrical, and fire detection/suppression systems.	\$26,000,000	\$14,769,231	\$11,230,769	\$1,013,000 - \$1,324,000
	<b>Totals</b>	<b>\$48,200,000</b>	<b>\$31,419,231</b>	<b>\$16,780,769</b>	<b>\$2,155,000 - \$2,817,000</b>

Date Completed: 10-10-05

Fiscal Analyst: Michael Hansen

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.