

Saginaw Valley State University Health Sciences Facility Project

Senate Concurrent Resolution 19 - As Reported by the House Appropriations Committee

Sponsor: Senator Roger Kahn, M.D.

Committee: Appropriations

Analysis Completed: May 5, 2010

BRIEF SUMMARY:

Senate Concurrent Resolution 19 approves the conveyance of property and a standard State Building Authority (SBA) lease between the SBA, the state, and Saginaw Valley State University for a construction project previously approved for planning and construction by the Legislature.

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 Saginaw Valley State University.

The project involves the construction of an 89,980 sq. ft. building that will accommodate 1,267 occupants at full capacity. The building will house the departments of Nursing, Kinesiology, Occupational Therapy, Health Sciences, and Social Work. The building will have connections on each level to the Regional Education Center, which will allow for sharing of food service, lab space, and large auditorium space.

FISCAL IMPACT:

The total cost of the project is \$28.0 million, with the state share being \$21.0 million and the university share being \$7.0 million. Annual rent payments to the SBA are estimated at \$1,440,000 to \$1,883,000 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 \$235.4 million for FY 2010.

Fiscal Analyst: Robin R. Risko

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.