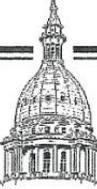




Senate Fiscal Agency  
P.O. Box 30036  
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-2768  
Fax: (517) 373-1986

## **CONTENT**

Article II of the conference report for HB 5294 includes an FY 2015-16 appropriation of \$501,500 for 16 new capital outlay planning authorization line items and \$100 for a construction authorization for Ferris State University. The planning authorizations include projects at eight universities, six community colleges, and two State agency projects. The two State agency projects consist of Department of Natural Resources coolwater rearing hatchery improvements at the Little Manistee River Weir and Thompson; and the Department of Health and Human Services modernization project for the Caro Center. All of the planning authorizations are appropriated at \$100, except the Caro project, which is appropriated at \$500,000. The actual cost of the Caro project will be determined after the planning process reviews all possible alternatives. Table 1 lists all of the planning projects included in the conference report and includes estimated total costs and the projected State share.

The conference report also includes a construction authorization for the Ferris State University Swan Building Annex Renovation project. That project received planning authorization in Public Act 241 of 2015. The total cost of the Ferris project is \$30.0 million, with a State share of \$22.5 million and university share of \$7.5 million. Boilerplate (Sec. 301) provides authorization for the mechanism that funds the State share of project costs through the State Building Authority (SBA) pursuant to the requirements of 1964 PA 183, MCL 830.411 to 830.425.

For specific project descriptions, see the Senate Fiscal Agency Publication: FY 2015-16 & FY 2016-17 CAPITAL OUTLAY BUDGET, February 2016. The document can be obtained at the following website:

[http://www.senate.michigan.gov/sfa/Departments/DataCharts/DCCap\\_GovsRecDetail.pdf](http://www.senate.michigan.gov/sfa/Departments/DataCharts/DCCap_GovsRecDetail.pdf)

## **FISCAL IMPACT**

Article II of HB 5294 contains 16 planning authorization line items. Planning costs for university and community college projects are initially borne entirely by the institution. Planning authorizations are not a commitment on the part of the Legislature to appropriate funds for the completion of any project. The State eventually pays a share of these planning costs only if the project is subsequently approved for construction. After planning documents are reviewed and approved by the Department of Technology, Management, and Budget (DTMB), the Joint Capital Outlay Subcommittee (JCOS) and the Legislature may authorize the project for final design and construction with a line-item appropriation in an appropriation bill. If all of the planning authorizations contained House Bill 5294 eventually received construction authorizations, the total cost of the projects would be \$491.7 million, with a State share of \$232.7 million (Table 1).<sup>1</sup> Annual State Building Authority (SBA) rent payments (debt service) would total between \$16.3 million and \$20.9 million until the bonds are retired (approximately 17 years). This cost estimate does not include an estimate for the DHHS Caro project because a total estimated cost will be determined after the DTMB reviews all of its options through the planning process.

---

<sup>1</sup> Amount does not include yet to be determined cost of the Caro modernization project.

The construction authorization for the Ferris State University Swan Building project will result in a State cost of \$22.5 million. Annual State Building Authority (SBA) rent payments (debt service) for that project will total between \$1.6 million and \$2.0 million until the bonds are retired (approximately 17 years).

Date Completed: 6-30-16

Fiscal Analyst: Bill Bowerman

**Table 1: House Bill 5294 - Article II Capital Outlay**

	<b>Total Cost</b>	<b>State Share</b>	<b>Institution Share</b>	<b>HB 5294 Appropriation</b>
<b><u>Planning Authorizations</u></b>				
Central - Center for Integrated Health Studies	\$26,000,000	\$19,500,000	\$6,500,000	\$100
Eastern - Strong Hall Renovation	39,536,000	29,652,000	9,884,000	100
Grand Valley - Health & Medical Sciences Laboratory & Classroom Building	70,000,000	29,000,000	41,000,000	100
Lake Superior - Center for Freshwater Research and Education	11,800,000	8,850,000	2,950,000	100
U of M - Ann Arbor - School of Dentistry Renovation and Addition	122,000,000	30,000,000	92,000,000	100
U of M - Dearborn - Engineering Laboratory Building Replacement	90,000,000	30,000,000	60,000,000	100
U of M Flint - Murchie Science Building Addition	39,000,000	29,250,000	9,750,000	100
Western - College of Aviation Renovation & Addition	<u>20,000,000</u>	<u>15,000,000</u>	<u>5,000,000</u>	<u>100</u>
<b>Subtotal - Universities:</b>	<b>\$418,336,000</b>	<b>\$191,252,000</b>	<b>\$227,084,000</b>	<b>\$800</b>
Delta - Saginaw Center	\$12,739,000	\$6,369,500	\$6,369,500	\$100
Kellogg - Regional Manufacturing Technology Center Renovation & Addition	4,300,000	2,150,000	2,150,000	100
Monroe - Renovation of East & West Technology Buildings	7,500,000	3,750,000	3,750,000	100
Muskegon - Health and Wellness Center	14,100,000	5,640,000	8,460,000	100
Northwestern - West Hall Innovation Center Renovation & Expansion	14,499,400	7,249,700	7,249,700	100
Southwestern - Nursing & Health Education Building Renovation & Expansion	<u>8,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>100</u>
<b>Subtotal - Community Colleges:</b>	<b>\$61,138,400</b>	<b>\$29,159,200</b>	<b>\$31,979,200</b>	<b>\$600</b>
DNR- Coolwater Rearing Hatchery Improvements	\$12,242,500	\$12,242,500	\$0	\$100
DHHS - Caro Center Modernization	<u>N/A</u>	<u>N/A</u>	<u>0</u>	<u>500,000</u>
<b>Subtotal - State Agencies:</b>	<b>\$12,242,500</b>	<b>\$12,242,500</b>	<b>\$0</b>	<b>500,100</b>
<b>Total SBA Planning Projects:</b>	<b>\$491,716,900</b>	<b>\$232,653,700</b>	<b>\$259,063,200</b>	<b>\$501,500</b>
<b><u>Construction Authorizations</u></b>				
Ferris State University - Swan Building Annex Renovation	\$30,000,000	\$22,500,000	\$7,500,000	\$100
<b>HB 5294 - Total Planning and Construction Authorizations:</b>	<b>\$521,716,900</b>	<b>\$255,153,700</b>	<b>\$266,563,200</b>	<b>\$501,600</b>

**NOTES**

Match variations: Grand Valley and Muskegon are funding more than the standard match requirement, thereby reducing the State Share. Monroe Community College reduced the total estimated cost of their request from \$12.0 million to \$7.5 million on April 27, 2016. The cost for the Caro Center project has not been determined. The budget includes \$500,000 for Caro Center planning costs.