



Introduction

Public Act 201 of 2017 contained construction authorizations for seven State Building Authority-financed projects that were authorized for planning in previous appropriation acts. The authorization of projects by the State is a two-step process. Both stages require implementation through authorization in an appropriation act. Planning authorization, the first step, authorizes the development of program statements and schematic planning documents that are then submitted to the Department of Technology, Management, and Budget (DTMB) for approval. If the project is approved by the DTMB, the Department submits the project to the Joint Capital Outlay Subcommittee (JCOS) for its approval. The Legislature then may authorize the project for final design and construction in an appropriation bill. This article provides an overview of projects authorized for construction in Public Act 201, and summarizes current planning authorizations that are still pending construction authorization.

State Funding

The State Building Authority (SBA) is the mechanism the State uses to fund its share of costs for State agency, university, and community college capital outlay projects. Bonds are issued by the SBA. To enable the SBA bonding, the property is conveyed to the SBA and leased back to the State. Pursuant to the SBA Act (Public Act 183 of 1964), the conveyance and lease are subject to prior approval by the State Administrative Board, the Attorney General, the governing body of the institution of higher education (if applicable), and the Legislature. While the SBA holds title to the property, the State, through annual appropriations, pays rent to the SBA to fund annual debt service costs of SBA bonds. After the bonds are paid off, the property is transferred back to the State (in the case of State agency projects) or the educational institution (in the case of university and community college projects).

The State share of costs for university projects has traditionally been based on a 75/25 State/institution match. The match for university projects has been limited to a maximum State share of \$30.0 million since 2010. Community college projects traditionally have a 50/50 State/institution match. Cost increases subsequent to the initial planning authorization are normally funded entirely by the educational institution. The SBA funds 100% of the cost of State agency projects, unless other sources of funding for a State project (e.g., Federal funds) are available.

Pursuant to Section 8(15) of the SBA Act, the SBA may not at any one time have obligations outstanding in a principal amount totaling more than \$2.7 billion. Interest and costs of borrowing are not included in this limit. The remaining available bond capacity in fiscal year (FY) 2018-19 is currently estimated at \$506.91 million.¹

¹ SBA, 12/18/2017. This amount does not include the planning authorization for the Department of Health and Human Services' New Northern Satellite Psychiatric Facility because no cost estimate was available at the time of the planning authorization.

Public Act 201 of 2017

Table 1 lists the seven new construction authorizations contained in Public Act 201 of 2017.²

Table 1

Institution	Project	Total Cost	State Share ¹	Institution Share	Estimated Debt Service
Saginaw Valley	College of Business & Management .	\$18,458,100	\$9,800,000	\$8,658,100	\$735,000
Kellogg	Regional Manufacturing Tech. Center	4,300,000	2,150,000	2,150,000	161,300
Lake Michigan	Napier Academic Building	33,000,000	8,477,300	24,522,700	635,800
Monroe	East & West Tech. Buildings	8,959,600	3,750,000	5,209,600	281,300
St. Clair	Health Sciences AJT-Building	9,800,000	4,900,000	4,900,000	367,500
Natural Resources	Coolwater Rearing Hatchery	12,242,500	12,242,500	0	918,200
State Police	Grand Rapids Consolidation	56,998,500	56,998,500	0	4,274,900
Total Construction Authorizations		\$143,758,700	\$98,318,300	\$45,440,400	\$7,374,000

The total cost of the projects authorized for construction is \$143.8 million. The State share of that cost is \$98.3 million. Annual costs to the State from funding the projects through SBA bonding will be approximately \$7.4 million until the bonds are retired (usually 17 years). The following provides a brief description of each project.

Saginaw Valley State University: College of Business & Management Expansion. The \$18.5 million project includes a 38,500-square-foot addition to the 236,000-square-foot Business & Professional Development Center. The project includes creating various experiential and active learning labs, gathering space, academic centers, and offices. It will facilitate the consolidation of programs and services serving the regional business community into one multifunctional space. The university did not request the customary 75% State match and is using university resources to fund approximately 47% of the project cost.

Kellogg Community College: Regional Manufacturing Technology Center. The \$4.3 million, 17,048-square-foot renovation project will replace the existing decentralized heating, ventilation, and air conditioning (HVAC) system with a new, energy-efficient central HVAC system; replace the current original electrical infrastructure; update plumbing and mechanical systems; address deficiencies in the facility's envelope and security; and expand student classroom and training lab areas by reconfiguring classroom, administration, and support spaces. The project also will address lifecycle issues with building finishes (e.g., flooring and wall coverings). Along with the 17,048-square-foot major renovation, there will be minor renovations (painting walls, floors, roof structure elements, and selected equipment) to an additional 21,921 square feet of existing space.

Lake Michigan College: Napier Academic Building Renovation & Upgrade. At the time of the planning authorization, the proposed 307,997-square-foot renovation project was based on a cost estimate of \$17.0 million, with a State share of \$8.5 million. Lake Michigan College requested that the total authorized cost be increased to \$33.0 million, with the College covering the entire cost increase and the State share remaining at \$8.5 million. The College recently passed a capital millage to expand the scope of this project to a more "in depth" renovation of the over-50-year-old facility, including enhanced technology and equipment improvements. The updated \$33.0 million/299,116-square-foot project includes renovation of approximately 50

² Public Act 201 also included a scope change for a project that was previously authorized for construction, which is not discussed in this article.

classrooms and two lecture halls; a new service center to assist faculty with redesigning curricula, and identifying and learning new technologies; new collaborative learning spaces; replacement of heating and cooling plant and air handling units, along with ceilings and energy-saving lighting; bringing building facilities to current ADA standards; upgrading safety and security; and providing a Student Success Center to support student success in the classroom and successful transition into the workforce.

Monroe County Community College: Renovation of East & West Technology Buildings.

The \$9.0 million/60,000-square-foot renovation project includes repurposing of 1960s space previously used for industrial technology instructional facilities to usable classroom and laboratory space for high-growth, high-demand instructional programs and expansion of student support services. The project includes relocation of the Learning Assistance Lab and Disability Services to an accessible and visible location, repurposing of the existing computer center to be a testing center, creation of a Technology Assistance Lab that will provide help desk services, an open computer lab, and two Media Studios, renovation of four existing CIS (computing and information services) classrooms and labs that support the graphic design and cybersecurity programs, renovation of vacant shop space into an Innovation Lab and Prep Room and the addition of a co-working entrepreneur center, renovation of four traditional classrooms into active learning classrooms, creation of a new art classroom/lab and infrastructure improvements to existing art spaces, and the addition of an Academic Commons providing open and collaborative spaces and technology for use by all learners. Scope adjustments (more complex renovations) resulted in cost increases from the \$7.5 million cost estimate at the time of the planning authorization. The College is funding the entire \$1.5 million cost increase.

St. Clair County Community College: Health Sciences AJT - Building Renovation.

The \$9.8 million project includes upgrading infrastructure and remodeling 41,750 square feet in the existing AJ Theisen Building. An additional 460 gross square feet will be enclosed in order to relocate the existing west entrance. The building was constructed as an industrial technology learning center in 1969. The renovation will convert this facility into a state-of-the-art instructional space while establishing a “virtual health care environment” to support programs in high-demand, high-wage health sciences careers. The building’s energy efficiency will be improved with new high-performance windows and doors. Plumbing, HVAC, and lighting updates will increase efficiency and extend the life of the building. The College estimates a 28% reduction in electrical use and 20% savings in gas consumption. The project also includes renovation of the interior for faculty offices, dedicated spaces designed for simulated, specialized skills training, and health science instruction support space to be used by the current and emerging health sciences programs.

Department of Natural Resources: Coolwater Rearing Hatchery Improvements.

The \$12.3 million project will address needs at Thompson State Fish Hatchery and Little Manistee Weir. It includes the construction of a 3,000-square-foot fully outfitted coolwater fish production facility at Thompson State Fish Hatchery as well as new rearing ponds to improve and consolidate walleye fingerling production. Completion of this project will result in an increase of up to 250,000 walleye spring fingerlings, the ability to produce millions of additional walleye fry, and increases in the production of other coolwater species (e.g., increasing fall fingerling muskellunge production by 15,000). A series of improvements also will be made at the Thompson hatchery to upgrade critical life support systems (e.g., replacing failing automated fish feeders, upgrading water supplies, and improving facility heating technology). The project also includes large-scale maintenance needs that will be addressed at the Little Manistee River Weir (e.g., replacing the backup generator, replacing concrete holding ponds, and upgrading/modernizing electrical service). These actions are projected to collectively sustain and increase production of smotling-sized steelhead by 200,000, bringing production closer to demand.

Michigan State Police - Grand Rapids Consolidation: Forensic Laboratory, 6th District Headquarters, & Rockford Post Project. The \$57.0 million/100,308-gross-square-foot project will consolidate the Grand Rapids Forensic Lab (currently located at 720 Fuller Ave., Grand Rapids, MI); and the 6th District Headquarters and the Rockford Post (currently located at 345 Northland Drive, Rockford, MI) to a new facility located on a 17-acre site in Walker, MI. The current facilities date back to 1951 and 1936, respectively, and have had only minor renovations and emergency repairs since originally constructed. The new facility occupant design capacity is 149 people. The estimated completion/move-in date is November-December 2020.

Pending Construction Authorization

There are 10 projects that have received planning authorization from the State, but have not yet been authorized for construction. Nine of the pending projects received planning authorization in Public Act 107 of 2017, and one project (Lake Superior State University) received planning authorization in Public Act 268 of 2016. Table 2 provides a summary of these pending projects, and the following information provides a brief description of each project as it existed at the time of the planning authorization. The scope of these projects could be refined or changed by the time they are recommended for construction authorization.

Table 2

University	Project	Total Cost	State Share	Institution Share	Estimated Debt Service
Lake Superior	Center for Freshwater Research & Education ...	\$11,800,000	\$8,850,000	\$2,950,000	\$663,800
Michigan State	STEM Teaching and Learning Facility	72,500,000	29,870,000	42,630,000	2,240,300
Wayne State	STEM Innovation Learning Center	29,500,000	14,750,000	14,750,000	1,106,300
Subtotal Universities		\$113,800,000	\$53,470,000	\$60,330,000	\$4,010,400
Community College					
Alpena	Center for Health Sciences & Student Success	\$6,700,000	\$3,350,000	\$3,350,000	\$251,300
Grand Rapids	Applied Technology Center.....	12,734,500	6,367,200	6,367,300	477,500
Mott	Southern Lakes Branch Center	8,112,200	4,056,100	4,056,100	304,200
North Central	Administration/Classroom Building	6,800,000	3,400,000	3,400,000	255,000
Schoolcraft	Applied Science Renovation & Expansion.....	20,000,000	10,000,000	10,000,000	750,000
Washtenaw	Advanced Transportation Center	4,000,000	2,000,000	2,000,000	150,000
Subtotal Community Colleges		\$58,346,700	\$29,173,300	\$29,173,400	\$2,188,000
State Agency					
DHHS	New Northern Satellite Psychiatric Facility ¹	N/A	N/A	0	N/A
Subtotal State Agencies		\$0	\$0	\$0	\$0
Total Construction Authorizations.....		172,146,700	\$82,643,300	\$89,503,400	\$6,198,400

¹ No cost estimate was available at the time of planning authorization.

Lake Superior State University: Center for Freshwater Research and Education (CFRE). The renovation and expansion will provide 16,000 square feet compared to the current location (3,500 square feet). The CFRE building will have three floors that will be renovated in one phase at a cost of \$11.8 million. The building will include a visitor center, classroom space for K-12 groups, modern research space, a fish health laboratory, additional hatchery space, office space for visiting scientists, space to expand community outreach programs, ADA compliance, and high-speed data capabilities. The project was ranked Number 1 among FY 2015-16 university requests by the DTMB.

Michigan State University: STEM Teaching and Learning Facility. The \$72.5 million new facility will support laboratory-based instruction associated with courses in science, technology, engineering, and mathematics (STEM). The project consists of the construction of an approximate 120,000-gross-square-foot facility that will house undergraduate teaching laboratories for biological related sciences, chemistry, neuroscience, physics, and engineering disciplines in a central campus location. In addition to wet bench teaching laboratories, the facility will include computer labs, informal study areas, breakout spaces, and potentially a campus-wide computerized testing center.

Wayne State University: STEM Innovation Learning Center. The \$29.5 million project consists of the renovation of the eight-floor/100,000-square-foot Science and Engineering Library that was closed in January 2014. The renovated facility will allow for new technology and teaching methodologies, and the integration and re-assignment of existing and redesigned STEM courses that are currently housed in dated facilities and teaching labs. The university is pledging to fund 50.0% of the project cost instead of the customary 25.0% university match.

Alpena Community College: Center for Health Sciences and Student Success. The \$6.7 million project includes the renovation and repurposing of 36,000 square feet, and 7,500 square feet of new construction. The project will provide space and updated technology to house an enhanced nursing program, centralize critical student support services in a center for student success, and include a second-floor Foundation-Alumni community gathering space. Improvements include replacement of an existing steam boiler system installed in 1952 with a high-efficiency HVAC system (geothermal, forced air, or hot water), construction of a second story occupying approximately 10,000 square feet located in the middle of the building, ADA compliance for access to the second floor, redesign of the main entrance and outdoor courtyard, renovation of restrooms, installation of smart rooms and technology, furnishing and equipping the new Center for Student Success, removal of a nonfunctional chimney, and signage updates.

Grand Rapids Community College: Applied Technology Center Renovation and Expansion. The Applied Technology Center is 25 years old and the existing configuration no longer supports current classroom/laboratory learning requirements. The \$12.7 million project includes renovation of approximately 20,000 square feet within the existing facility, and an expansion of approximately 20,000 square feet. Existing space will be reconfigured to meet program needs and expanded where necessary to support new program development. The college recently completed infrastructure improvements in the Applied Technology Center that brought all life safety issues to code, replaced the atrium skylight roof, and replaced the elevators. The proposed project is specifically focused on instructional spaces.

Mott Community College: Southern Lakes Branch Center (SLBC): Rehabilitation/Renovation. The SLBC is a facility consisting of three wings totaling 57,575 net square feet. The Center houses general education academic classrooms, academic occupational therapy and physical therapy programs, continuing education programs, police training, EMT and fire safety training, and the Institute for Medical Simulation. The \$8.1 million project will include replacement of exterior wall panels, doors, and windows on two wings; boiler and chiller replacements with complete control replacements; replacement of the fire suppression pump and all controls; replacement of the fire alarm system; replacement of the water well and water treatment system; replacement/addition of emergency generators; replacement of HVAC systems and reflooring; addition of shower/locker facilities and muster room; renovations and upgrades to classroom and training laboratories; and site modifications and improvements, including repavement of the driver training area, construction of a shooting range and obstacle course, and site safety lighting replacements.

North Central Michigan College: Administration/Classroom Renovation and Collaboration Center. The \$6.8 million project includes the renovation of 15,000 square feet and the construction of a 3,000-square-foot addition. Two existing classrooms will be renovated into one state-of-the-art computer lab, and four state-of-the-art classrooms will be created. Along with instructional space, the project will include space for students and faculty to meet and collaborate and also provide students with access to support services that are centrally located. Renovations will include significant maintenance and repair, including mechanical and plumbing upgrades.

Schoolcraft College: Applied Sciences Renovation and Expansion. The \$20.0 million project includes renovation of a portion of the existing 74,109 square feet and the addition of approximately 34,200 square feet to repurpose, update, and expand spaces in the Applied Science Building following the relocation of STEM programs. The building will support allied health field programs that will move to the Applied Science Building. The 34,200 square feet of new space will expand and reorganize the Nursing Program; include a relocated and expanded Medical Assisting Program; include the addition of two Biology/Anatomy & Physiology Labs; house displaced lecture spaces that are adapted for current class sizes; and add social spaces for students to study.

Washtenaw Community College: Advanced Transportation Center Addition and Renovation. The \$4.0 million project includes the construction of a 12,000-square-foot addition to the Whitworth Occupational Education Building along with renovations to the existing building. The new space will be dedicated to teaching Science, Technology, Engineering and Mathematics; additive manufacturing; and Genetics, Robotics, Information Technology and Nano-Technology related advanced transportation; and advanced manufacturing technology courses in a laboratory setting. The addition will include five instructional laboratories, large active-learning classrooms and support spaces, CAD-CAM (computer assisted design and manufacturing), CAE (computer assisted engineering), and meeting space.

Department of Health and Human Services (DHHS): New Northern Satellite Psychiatric Facility. The project envisions a small-scale psychiatric facility to serve the Upper Peninsula and the northern Lower Peninsula. A location, exact size of the facility, and cost have not been determined.

Conclusion

The State still has the remaining bond capacity to approve up to approximately \$500.0 million in new SBA projects. The issue to be confronted, however, is whether the State can commit future funding to debt service costs that would result from new projects. The State will incur \$13.6 million in additional SBA rental costs in the future for projects approved for construction in Public Act 201 of 2017 and pending construction authorizations (if approved):

- The State share of capital outlay project costs in Public Act 201 of 2017 totaled \$93.8 million with annual SBA rental payments estimated at \$7.4 million.
- There are 10 previously authorized SBA planning projects that are still pending construction authorization with a total State cost of \$82.6 million and annual SBA rental payments of \$6.2 million (exclusive of the DHHS New Northern Satellite Psychiatric Facility).

Using the balance of the bond capacity for new projects would result in additional annual SBA rental payments of approximately \$37.5 million from the State General Fund.