



**MICHIGAN
HOUSE OF REPRESENTATIVES
P.O. Box 30014
LANSING, MICHIGAN 48909-7514**

MINUTES OF THE JOINT CAPITAL OUTLAY SUBCOMMITTEE

Wednesday, March 11, 2015

4:00 p.m.

Room 352, State Capitol

The Joint Capital Outlay Subcommittee was called to order by the Chair, Representative Nancy Jenkins.

Members present: Representatives Jenkins, Pscholka, Bumstead, Potvin, Aaron Miller, Zemke and Dillon.
Senators Booher, Nofs, Schuitmaker, Hansen, MacGregor, Gregory, and Hertel.

Members absent/excused: None.

Representative Potvin moved to approve the minutes of March 4, 2015. There being no objection, the motion prevailed by unanimous consent.

The Chair laid House Bill 4095 (H-1) Draft A – FY 2014-15 Capital Outlay Appropriations Bill before the subcommittee:

House Bill 4095 (H-1) Draft A – FY 2014-15 Capital Outlay Appropriation Bill

DTMB Letter: February 11, 2015

House Bill 4095 (H-1) Draft A contains \$300 GF/GP in planning authorizations for Ferris State University, Lake Michigan College, and West Shore Community College, and \$100 GF/GP for a planning grant authorization for Michigan State Police. These 4 projects match those that were included in the FY 2014-15 capital outlay supplemental request 2015-4 from the State Budget Office. Traditionally, universities finance 25% of a project's costs and the state finances 75%; community colleges finance 50% of a project's costs and the state finances 50%. In recent years, the state share has been capped at \$30.0 million.

The total cost of the university and community college projects contained within HB 4095 (H-1) Draft A is \$51.3 million, with a state share of \$33.1 million (See **Table 1**). The current available capacity below the statutory bond cap is approximately \$932.9 million. Rental rates are usually between 7% and 9% per year. With the total state share being \$33.1 million, the annual debt service payments for the university and community college projects would be between \$2.3 million and \$3.0 million GF/GP over 15 to 17 years.

**Table 1
FY 2014-15 Capital Outlay Project Supplemental Requests**

| <u>Project</u> | <u>Total Cost</u> | <u>State Share</u> | <u>Institution Share</u> |
|----------------------------------|-------------------|--------------------|--------------------------|
| <i>Ferris State University –</i> | \$30,000,000 | \$22,500,000 | \$7,500,000 |

| | | | |
|--|---------------------|---------------------|---------------------|
| Swan Building Annex Renovations | | | |
| <i>Lake Michigan College – Napier Academic Building Renovation and Upgrade</i> | 16,954,600 | 8,477,300 | 8,477,300 |
| <i>West Shore Community College – Technical Center Renovation and Addition</i> | 4,302,600 | 2,151,300 | 2,151,300 |
| <i>Michigan State Police – Grand Rapids Forensic Laboratory, Rockford Post, 6th dist.</i> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |
| TOTAL | \$51,257,200 | \$33,128,600 | \$18,128,600 |

In addition, the bill contains an authorization for a planning grant for the Michigan State Police Grand Rapids Forensic Laboratory, Rockford Post, and 6th District Headquarters consolidation. Boilerplate associated with the planning grant authorization specifies that appropriations authorized in the FY 2014-15 budget acts for the Departments of Technology, Management, and Budget and State Police would cover the planning grant cost. No current cost estimate exists for the project; however, once a suitable space was identified a project cost would be estimated.

Ben Gielczyk, representing House Fiscal Agency, gave an overview of the planning authorizations up for approval by the subcommittee.

Senator Booher moved to approve the Capital Outlay Request in HB 4095 (H-1) Draft A.

Representative Bumstead seconded the motion.

FAVORABLE ROLL CALL:

Yeas: Representatives Jenkins, Pscholka, Bumstead, Potvin, Aaron Miller, Zemke, and Dillon.

Senators Booher, Nofs, Schuitmaker, Hansen, MacGregor, Gregory, and Hertel.

Nays: None.

Pass: None.

The motion prevailed 14-0-0.

Representative Potvin addressed the subcommittee on the State Police Capital Outlay request.

There being no further business before the subcommittee and seeing no objection, the Chair adjourned the meeting, the time being 4:07 p.m.

Representative Nancy Jenkins, Chairperson _____

Angie Lake, Committee Clerk
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