

MEMORANDUM



DATE: June 9, 2011
TO: Interested Parties
FROM: Robin R. Risko, Senior Fiscal Analyst
RE: Bay City State Police Post

Senate Bill 138 (S-1) contains boilerplate language which authorizes the total project cost for the Bay City State Police Post capital outlay project to be increased, resulting in a revised total project cost of \$3.7 million. This memorandum provides background information on the project and information on financing for the project. Please contact me if you have any questions.

The Bay City State Police Post project initially was authorized for construction in Public Act 278 of 2008 with an estimated total project cost of \$2.9 million.

According to the Department of Technology, Management, and Budget and a space and site needs analysis conducted by Bernath-Coakley Associates Architects, Inc. in February 2009, the building is inadequate and obsolete and the site design layout is antiquated. There is inadequate space allocation for present and anticipated levels of staff; inadequate space for support services and equipment; inadequate space for electrical power and data distribution, resulting in inability to readily accommodate advancements in electronic technology; and inefficient distribution of space. Mechanical equipment, air delivery systems, and air temperature control systems are obsolete and worn. The building does not offer barrier free accessibility for personnel or guests with disabilities. Building system components such as floors, doors, walls, ceilings, trim, finishes, lighting, etc. are old, worn, and obsolete. Toilet, shower, and changing facilities are inadequate and obsolete. There is inadequate space for performing minor work on patrol cars and inadequate garage space for impounded vehicle evidence evaluation and documentation. The building is located on a busy thoroughfare which hinders ingress and egress to the site. Traffic back-ups result in delayed access to the thoroughfare which slows response times to emergencies. There is limited guest parking outside beyond the confines of the secured fenced area designated for Post and employee vehicles and there is no protected area on site for Meth Trailer, Mobilization Trailer, or ES Vehicle.

During the planning phase of the project, it became evident that the original authorization provided for only minimal site development costs. As a result, the total project cost was increased by \$311,000 in Public Act 27 of 2010 bringing the total project cost to \$3.2 million. The cost increase was due to additional project site development costs for excavation, utility connections, drainage, asphalt paving, and perimeter fencing.

There have been two significant areas of local investment for this project: Dow Corning donated approximately 20 acres of land for the project site (estimated value of \$240,000); and Williams Township invested money to extend utilities, water and sewer, to the project site (estimated value of \$330,000).

Construction bids for the project were let in spring of 2011. Twenty-one bidders submitted cost proposals. The bids were higher than anticipated due to increased fuel prices driving up the cost of fabrication and shipping of building materials (estimated additional cost of \$290,000), and to the impact of recently enacted legislation, Public Act 22 of 2010, which requires a preference of up to 10% of the amount of a contract to be given to a qualified disabled veteran (estimated additional cost of \$210,000).

On May 25, 2011, the State Budget Office requested the total cost for the project to be increased by \$500,000, to a revised total project cost of \$3.7 million, as a result of the bids being higher than anticipated. Boilerplate language authorizing the \$500,000 cost increase is included in SB 138 (S-1), Section 250. The Department of Technology, Management, and Budget indicates bids will be expiring soon and must be accepted by July 14, 2011. This will allow for construction to commence and for the new facility to be enclosed prior to the onset of winter conditions, thus, avoiding further increased costs.

Construction projects for state agencies are managed by the Department of Technology, Management, and Budget and are financed solely by the state. The State Building Authority (SBA) finances capital outlay projects through the issuance of revenue bonds, which are limited obligations of the SBA and not general obligations of the state. The SBA is limited by statute (State Building Authority Act, PA 183 of 1964) to total outstanding debt at any one time of \$2.7 billion. Below is a project cost summary provided by the State Budget Office:

**Bay City State Police Post
Project Cost Summary**

DTMB Administration Fee (1.5%)	\$48,000
Architectural/Engineering Fees (actual contract)	175,900
Surveys and Site Investigation (actual cost)	5,200
Quality Control Testing (estimate)	45,000
Building Construction and Site Improvements (actual bid amount)	2,975,800
Telecommunications and Security (estimate)	50,000
Furnishings and Equipment (estimate)	150,000
DTMB Field Supervision (1.5%)	48,000
Contingency (5.5% of project cost)	202,100
Total Estimated Cost of Project	\$3,700,000
Current Authorization (2010 PA 27)	\$3,200,000
Difference	(\$500,000)

c: Mitch Bean, HFA Director