



# SENATE MAJORITY POLICY OFFICE

## BILL ANALYSIS

**Bill Number:** SB 509 (RICHARDVILLE)

**Analyst:** Peter Langley

**Date:** 10/1/2013

### HIGHLIGHTS

- Allows the Secretary of the Senate to sell the Farnum Building and corresponding parking lot.
- Directs the use of the revenue from the sale of the Farnum Building for the acquisition of new office space for the Michigan Senate.

### SHORT SUMMARY:

The bill authorizes the Michigan Secretary of the Senate to sell the Farnum Building and parking lot. It further directs the use of the proceeds of the sale to be used in the acquisition of new office space for the Michigan State Senate.

### BACKGROUND:

The Farnum Building was built in 1959. In 1978 it was acquired by the State of Michigan at a cost of \$3 million. In 1984, the Senate was given authority to manage the Farnum Building and its grounds. The building was appraised in the summer of 2013 at \$5.4 million.

The Farnum Building is in need of major renovations including the removal of asbestos, various updates to meet building code requirements, and modernization of the office space. The last major

renovation of the Farnum Building included work on the 2nd floor to fix the air conditioning and remove the asbestos. The cost of the 2nd floor project in 2012 was a little over \$1 million.

It is anticipated that the cost of renovation of the Farnum Building to address the various issues noted above would cost approximately \$20.68 million. The ongoing annual cost to operate the building is \$2 million. Along with these costs it is anticipated that the current Senate staff would need to be relocated for the duration of the construction. The approximate cost for 2 years of rent at another location is \$3.3 million.

### SENATE ANALYSIS:

#### SB 509:

- Allows the Secretary of the Senate to convey the Farnum Building and its parking lot for “not less than fair market value.”
- Requires all State agencies and departments to work with the Secretary of the Senate to convey the property.
- Requires the Secretary of the Senate to use the net revenue from the sale of the Farnum Building to acquire or lease office space for Michigan Senate staff and operations.
- Requires any future owners of the property where the Farnum Building is located to pay the State one-half of the gross revenue generated from the development of oil, gas, or minerals to the Natural Resources Trust Fund, if such development occurs.
- Requires the Secretary of the Senate to preserve any aboriginal antiquities that are discovered within, on, or under the property.

### SUPPORT:

### OPPOSITION: