

Capital Outlay

Summary

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OSPB: Bret Cloninger

JCCR Chairman: Pearce

JCCR Vice-Chairman: Burns

DESCRIPTION	FY 2005	
	OSPB	JLBC
BUILDING RENEWAL		
ADOA Building System		5,131,600
ADOT Building System		3,280,900
SUBTOTAL		8,412,500
NEW PROJECTS		
ADOA Building System		535,000
ADOT Building System		231,695,000
SUBTOTAL		232,230,000
TOTALS		
ADOA Building System		5,666,600
ADOT Building System		234,975,900
TOTAL - ALL PROJECTS		240,642,500

FUND SOURCES

Other Appropriated Funds

Capital Outlay Stabilization Fund	3,500,000
Arizona Exposition and State Fair Fund	1,247,400
State Lottery Fund	41,200
Game and Fish Fund	343,000
Game and Fish Capital Improvement Fund	435,000
Waterfowl Conservation Fund	100,000
State Aviation Fund	13,605,900
State Highway Fund	221,370,000
SUBTOTAL - Other Appropriated Funds	240,642,500
SUBTOTAL - Appropriated Funds	240,642,500
TOTAL - ALL SOURCES	240,642,500

DESCRIPTION — *The Capital Outlay Budget consists of one-time appropriations to maintain, expand, or enhance the state's capital stock which includes office buildings, service centers, residential treatment centers, state parks, prisons, highways, and other facilities which support the missions of the various state agencies. For the purposes of capital management and planning, the state is divided into 3 building systems, the Arizona Department of Administration (ADOA) Building System, the Arizona Department of Transportation (ADOT) Building System, and the Arizona Board of Regents (ABOR) Building System. Capital appropriations are typically made through the Capital Outlay Bill, but may be made through other bills as well.*

JLBC Recommendations – The following amounts are one-time appropriations.

Capital Outlay OF \$240,642,500

The Capital Outlay recommendation consists of 3 main categories: 1) Building Renewal 2) Advance Appropriations and 3) New Projects.

The JLBC recommends total funding of \$8,412,500 from Other Funds for Building Renewal in FY 2005. This amount includes:

Arizona Department of Administration	
Capital Outlay Stabilization Fund @17.6%	\$3,500,000
Exposition and State Fair Fund @ 100%	1,247,400
Game and Fish Fund @ 100%	343,000
State Lottery Fund @ 100%	41,200
Subtotal – ADOA	\$5,131,600
Arizona Department of Transportation	
State Highway Fund @ 100%	\$3,215,000
State Aviation Fund @ 100%	65,900
Subtotal – ADOT	\$3,280,900

See the individual building systems write-ups for more information.

The JLBC recommends total funding of \$232,230,000 from Other Funds for new capital projects in FY 2005. This amount includes \$535,000 from Game and Fish Department funds for Game and Fish Department projects within the ADOA Building System, and \$218,155,000 from the State Highway Fund and \$13,540,000 from the State Aviation Fund for the ADOT Building System. (See the individual building systems write-ups for more information.)

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Bonding Summary

The Arizona Board of Regents (ABOR), on behalf of the universities, the Arizona Department of Transportation (ADOT), and the School Facilities Board (SFB) have issued bonds to renovate, acquire and construct facilities, as well as purchase equipment.

SFB has also issued Qualified Zone Academy Bonds (QZABs). The QZAB program, enacted through federal legislation, allows state and local agencies to issue QZABs at low interest rates by providing federal tax credits to bond holders. SFB issued \$20,000,000 in QZABs in FY 2003. The debt service on QZABs is paid from Permanent State School Fund revenues.

The following table shows the original bond issuance and the payment for FY 2005 for current bond issuances.

Bonding Summary		
	Original Issue	FY 2005 Payment
Arizona Board of Regents		
Arizona State University	\$ 172,166,000	\$14,333,000
Northern Arizona University	112,270,000	13,647,000
University of Arizona	325,530,000	22,547,000
Subtotal – ABOR	\$609,966,000	\$50,527,000
Department of Transportation	\$3,115,273,000 ^{1/}	\$387,946,000
School Facilities Board		
Proposition 301	\$800,000,000	\$65,814,700
State Land Trust	247,100,000	23,753,900
QZABs	20,000,000	70,000
Subtotal – SFB	\$1,067,100,000	\$89,638,600
Total	\$4,792,339,000	\$528,111,600

^{1/} Includes \$491,845,000 in Grant Anticipation Notes and Board Funding Obligations which will require \$60,386,000 debt service in FY 2005.

Lease-Purchase Facilities

Under a traditional lease-purchase agreement, the state issues Certificates of Participation (COPs) to generate proceeds to finance capital projects. ADOA, the Arizona Health Care Cost Containment System, the Industrial Commission, and the universities have entered into lease-purchase agreements for the acquisition and construction of state facilities. The following table provides information related to current state lease-purchase agreements.

Lease-Purchase Summary		
	Original Issue	FY 2005 Payment
<u>ABOR Building System</u>		
Arizona State University	\$291,741,000	\$28,605,000
Northern Arizona University	4,437,000	476,000
University of Arizona	330,324,000	23,527,000
Subtotal – ABOR	\$626,502,000	\$52,608,000
<u>ADOA Building System</u>		
Records Management – 1993	\$2,180,000	\$185,700
Library for the Blind – 1993	1,150,000	107,000
ASDB Projects – 1993	14,370,000	1,244,500
1616 West Adams – 1993	6,595,000	624,500
Tonto Natural Bridge – 1993	4,285,000	374,800
AHCCCS Buildings – 1995	12,641,800	1,656,100
Prisons/ENSCO – 1991/2001	33,662,848	5,309,300
Revenue Building – 1992/2001	12,958,367	2,043,800
DES Homes – 1992/2001	1,656,120	261,200
Capital Center – 1992/2001	9,652,664	1,522,400
16th Ave. Parking – 1992/2002	2,714,186	280,100
Courts Building – 1992/2002	24,238,426	2,487,300
Historical Museum – 1992/2002	8,919,462	914,400
ASDB Food Svc. – 1992/2002	2,679,325	272,200
DES West – 1992/2002	21,374,836	2,194,600
Tucson Building – 1992/2002	15,368,766	1,578,200
Health Laboratory – 2002	30,000,000	2,318,100
Subtotal – ADOA	\$204,446,800	\$23,374,200
Industrial Commission	\$17,500,000	\$1,500,000
School Facilities Board	\$617,340,000	\$45,204,400
Total	\$1,465,788,800	\$122,686,600

Privatized Lease-to-Own Facilities

Under a privatized lease-to-own agreement, a private entity finances and constructs a building and leases it to the state. At the end of the lease term, the state takes possession of the building.

ADOA has entered into privatized lease-to-own (PLTO) agreements with private entities for 3 office buildings on the Capitol Mall. The 3 buildings will house ADOA, the Department of Environmental Quality and the Department of Health Services. The following table provides information on current lease-to-own agreements.

Privatized Lease to Own Summary		
	Original Issue	FY 2005 Payment
Department of Environmental Quality	NA	\$4,916,300
Department of Administration	NA	2,879,100
Department of Health Services	NA	2,481,400
Total	NA	\$10,276,800

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