

Capital Outlay Summary

JLBC Analyst: Lorenzo Martinez

DESCRIPTION	FY 2007 Approved
BUILDING RENEWAL	
ADOA Building System	9,242,000
ADOT Building System	3,702,900
ABOR Building System	20,000,000
SUBTOTAL	32,944,900
INDIVIDUAL PROJECTS	
ADOA Building System	58,921,000
ADOT Building System	564,170,000
SUBTOTAL	623,091,000
TOTALS	
ADOA Building System	68,163,000
ADOT Building System	567,872,900
ABOR Building System	20,000,000
TOTAL - ALL PROJECTS	656,035,900
FUND SOURCES	
General Fund	80,354,200
General Fund - Statewide Transportation Acceleration Needs Account	245,000,000
<u>Other Appropriated Funds</u>	
State Aviation Fund	23,240,000
Capital Outlay Stabilization Fund	3,400,000
Corrections Fund	2,189,000
Arizona Exposition and State Fair Fund	1,508,400
Game and Fish Fund	812,800
Game and Fish Capital Improvement Fund	850,000
State Lottery Fund	53,600
State Highway Fund	236,527,900
State Highway Fund - Statewide Transportation Acceleration Needs Account	62,000,000
Waterfowl Conservation Fund	100,000
SUBTOTAL - Other Appropriated Funds	330,681,700
SUBTOTAL - Appropriated Funds	656,035,900
TOTAL - ALL SOURCES	656,035,900

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.

Capital Outlay – The Capital Outlay budget provides a total of \$656,035,900 in FY 2007. Of the total, \$325,354,200 is from the General Fund and \$330,681,700 is from Other Funds. The budget consists of 2 main categories: 1) Building Renewal and 2) Individual Projects.

Building Renewal – Building Renewal appropriations provide for the major maintenance and repair of state-owned buildings. The appropriations are based on support

of a formula determined by the Joint Committee on Capital Review (JCCR). The formula takes into account the replacement value, age, and life-cycle of a building. Available appropriations are administered by the Arizona Department of Administration (ADOA) or individual agencies within the ADOA Building System that have their own funding source for building renewal, the Arizona Department of Transportation (ADOT), and the Arizona

Board of Regents (ABOR) for their respective building systems.

The budget provides total funding of \$32,944,900 for Building Renewal in FY 2007. Of the total, \$23,849,200 is from the General Fund and \$9,095,700 is from Other Funds. These amounts include:

Arizona Department of Administration	
General Fund @ 15%	\$3,849,200
Capital Outlay Stabilization Fund @ 14%	3,400,000
Exposition and State Fair Fund @ 100%	1,508,400
Game and Fish Fund @ 100%	430,800
State Lottery Fund @ 100%	<u>53,600</u>
Subtotal – ADOA	\$9,242,000
Arizona Department of Transportation	
State Highway Fund @ 100% (of FY 2006)	\$3,627,100
State Aviation Fund @ 100% (of FY 2006)	<u>75,800</u>
Subtotal – ADOT	\$3,702,900
Arizona Board of Regents	
General Fund @ 29%	\$20,000,000

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

Individual Projects – The budget provides a total of \$623,091,000 for individual capital projects in FY 2007. Of the total, \$301,505,000 comes from the General Fund and \$321,586,000 comes from Other Funds. (See the individual building systems write-ups for more information.)

Long-Term Financing Summary

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 entered into privatized lease-to-own (PLTO) agreements with private entities for 3 office buildings on the Capitol Mall. The 3 buildings house ADOA, the Department of Environmental Quality and the Department of Health Services. *Table 1* provides information on current lease-to-own agreements.

	Privatized Lease to Own Summary		
	Original Issue	FY 2007 Payment	Lease Completion
DEQ	NA	\$ 5,166,700	FY 2027
ADOA	NA	3,025,700	FY 2027
DHS	NA	2,626,900	FY 2028
Total	NA	\$10,819,300	NA

Lease-Purchase Facilities – Under a traditional lease-purchase agreement, the state issues Certificates of Participation (COPs) to generate proceeds to finance capital projects. ADOA and the universities have entered

into lease-purchase agreements for the acquisition and construction of state facilities.

The School Facilities Board also entered into lease-purchase agreements between FY 2003 and FY 2005 for the construction of new schools. Beginning in FY 2006, new school construction was financed on a cash basis.

The state has also committed to participating in repayment of \$300,000,000 for the expansion of the Phoenix Civic Plaza. The City of Phoenix issued \$600,000,000 in COPs in FY 2005. The state is not required to begin repayment of its share of \$300,000,000, plus interest, until the project is completed in 2009.

Table 2 provides information related to current state lease-purchase agreements.

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.

Table 2 also shows the outstanding bond balances and the payment for FY 2007 for current bond issuances.

Table 2	Lease-Purchase Summary	
	Balance ^{1/}	FY 2007 Pymt
<u>ADOA Building System</u>		
2001A/B Issuance/Refinance:		
Prisons/ENSCO	24,342,100	5,329,400
Revenue Building	9,370,400	2,051,500
DES Homes	1,197,600	262,200
Capital Center	6,980,000	1,528,200
Subtotal	41,890,100	9,171,300
2002A Issuance:		
Health Laboratory	27,470,000	2,317,500
2002B Issuance/Refinance:		
16th Ave. Parking	2,563,000	418,200
Courts Building	22,888,000	3,755,800
Historical Museum	8,422,500	1,381,800
ASDB Food Service	2,530,000	412,100
DES West	20,184,000	3,305,600
Tucson Building	14,512,500	2,376,600
Subtotal	71,100,000	11,650,100
2004A Issuance/Refinance:		
Records Management	1,251,200	188,600
Library for the Blind	520,200	99,100
ASDB Projects	8,280,300	1,233,000
1616 West Adams	3,074,100	627,400
Tonto Natural Bridge	2,474,300	370,500
Subtotal	15,600,100	2,518,600
2004B Issuance		
DOC Prison Expansions	31,965,000	3,191,200
Other:		
AHCCCS Buildings	1,500,000 ^{2/}	0
Industrial Commission	3,100,000 ^{2/}	0
Subtotal- ADOA	192,625,200	28,848,700
<u>School Facilities Board</u>		
New School Construction	838,850,000	75,733,500
<u>ABOR Building System</u>		
Arizona State University	398,326,000	18,950,000
Northern Arizona University	39,604,000	17,897,000
University of Arizona	776,677,000	64,143,000
Subtotal- ABOR	1,214,607,000	100,990,000
Phoenix Civic Plaza Expansion	0 ^{3/}	0
TOTAL- Lease-Purchase	2,246,082,200	205,572,200
Bonding Summary		
	Balance ^{1/}	FY 2007 Pymt
<u>School Facilities Board</u>		
Deficiencies Correction:		
Proposition 301	669,905,000	63,018,100
QZABs-Proposition 301	3,810,000	1,278,900
State Land Trust – FY 2004	232,860,000	25,433,800
QZABs – State Land Trust	20,000,000	1,608,500
Subtotal - SFB	926,575,000	91,339,300
Department of Transportation	1,805,700,000 ^{4/}	171,779,000
<u>ABOR Building System</u>		
Arizona State University	398,555,000	30,369,000
Northern Arizona University	126,860,000	15,724,000
University of Arizona	242,585,000	28,390,000
Subtotal- ABOR	768,000,000	74,483,000
TOTAL- Bonding	3,500,275,000	337,601,300
TOTAL	5,746,357,200	543,173,500

^{1/} As of June 30, 2005, unless otherwise indicated.

^{2/} Final payment in FY 2006.

^{3/} \$300,000,000 authorized for Phoenix Civic Plaza Expansion. City of Phoenix issued the Certificates of Participation in FY 2005. First payment by state begins after project completed in 2009.

^{4/} Includes \$1,161,335,000 for HURF bonds, \$80,375,000 for RARF bonds, \$363,970,000 for GANs, and \$200,000,000 for BFOs.

Capital Outlay

Arizona Department of Administration Building System

JLBC Analyst: Lorenzo Martinez

DESCRIPTION	FY 2007 Approved
BUILDING RENEWAL	
Arizona Department of Administration ^{1/}	7,249,200
Arizona Exposition and State Fair Board	1,508,400
Game and Fish Department	430,800
Arizona Lottery Commission	53,600
SUBTOTAL^{2/}	9,242,000
INDIVIDUAL PROJECTS	
State Archives and History Building	15,000,000
ADOA – Department of Corrections Prison Cell Door and Lock Replacement	5,200,000
ADOA – Department of Corrections Yuma Prison Water Treatment Plant Upgrade	2,189,000
Arizona State Schools for the Deaf and the Blind New Facilities and Building Renovations ^{3/}	19,000,000
Department of Economic Security Navajo Multipurpose Facility	450,000
Department of Economic Security Navajo Senior Center (Chapter 350)	350,000
Game and Fish Flood Warning System	350,000
Game and Fish Black Canyon Dam Modifications	300,000
Game and Fish Shooting Range Access Improvements	200,000
Game and Fish Migratory Waterfowl Habitat	100,000
Game and Fish Statewide Preventative Maintenance	15,000
Game and Fish House Rock Driveway Surfacing	25,000
Game and Fish Flagstaff Office Parking Gate	10,000
Game and Fish Yuma Storage Canopy	35,000
Game and Fish Yuma Office Security System	30,000
Game and Fish Yuma Office Fence	10,000
Game and Fish Cluff Ranch Access Improvements	50,000
Prescott Historical Society Maintenance Facility	400,000
DPS/ADOT/Game and Fish – Microwave Communications System ^{4/}	1,707,000
Office of Tourism Yuma Welcome Center (Chapter 335)	2,000,000
Department of Veterans' Services Southern Arizona Veterans' Home (Chapter 356)	10,000,000
Department of Water Resources City of Williams Dam Repair	1,500,000
SUBTOTAL	58,921,000
TOTAL - ALL PROJECTS^{5/6/}	68,163,000
FUND SOURCES	
General Fund	59,249,200
<u>Other Appropriated Funds</u>	
Capital Outlay Stabilization Fund	3,400,000
Corrections Fund	2,189,000
Arizona Exposition and State Fair Fund	1,508,400
Game and Fish Fund	812,800
Game and Fish Capital Improvement Fund	850,000
State Lottery Fund	53,600
Waterfowl Conservation Fund	100,000
SUBTOTAL - Other Appropriated Funds	8,913,800
SUBTOTAL - Appropriated Funds	68,163,000
TOTAL - ALL SOURCES	68,163,000

DESCRIPTION — The Arizona Department of Administration (ADOA) Building System is comprised of buildings controlled by all state agencies except the Arizona Board of Regents and Arizona Department of Transportation. Capital appropriations may be made directly to an agency within the system, to ADOA on behalf of an agency, or to ADOA for the entire system. The following amounts for FY 2007 are for specific projects within the building system. Appropriations for ADOA Building System projects may be from the General Fund or Other Funds.

Unless otherwise specified, funding for capital projects was appropriated by Laws 2006, Chapter 345 (FY 2007 Capital Outlay Bill).

Building Renewal

The budget provides \$9,242,000 in FY 2007 for Building Renewal within the ADOA Building System. This amount includes \$3,849,200 from the General Fund and \$3,400,000 from the Capital Outlay Stabilization Fund (COSF) to ADOA to fund 29% of the building renewal formula, \$1,508,400 from the Arizona Exposition and State Fair Fund to the Arizona Exposition and State Fair Board to fund 100% of the building renewal formula, \$430,800 from the Game and Fish Fund to the Arizona Game and Fish Department to fund 100% of the building renewal formula, and \$53,600 from the State Lottery Fund to the Arizona State Lottery Commission to fund 100% of the building renewal formula.

Building renewal appropriations are used for major repair and maintenance of state-owned buildings. ADOA may use up to \$275,000 from its building renewal appropriation for up to 5 FTE Positions for supervision and management of building renewal projects.

Legislative Council

State Archives and History Building

The budget provides \$15,000,000 from the General Fund in FY 2007 that were appropriated by Laws 2005, Chapter 298 for a new State Archives and History Building. Laws 2005, Chapter 298 appropriated \$15,000,000 from the General Fund in each of FY 2006 and FY 2007 to Legislative Council for the project.

The FY 2007 Capital Outlay Bill appropriates an additional \$8,000,000 from the General Fund in FY 2008 to Legislative Council to complete the project.

Prior to the Chapter 298 appropriations, Laws 2004, Chapter 194 appropriated \$2,000,000 from the General Fund in FY 2005 to ADOA for initial design and site preparation for the new building.

Based on the initial design, the scope of the project included a 2-story, 124,300 square foot building with receiving and processing areas, storage space, public services areas including meeting space, and parking and landscaping. The original estimated cost of \$35,700,000 increased to over \$40,000,000 due primarily to construction inflation since the initial design work. Legislative Council is in the process of eliminating overflow parking associated with the meeting room and researching other value engineering savings to complete the project within the total \$38,000,000 appropriation

Arizona Department of Administration

Prison Cell Door and Lock Replacement

The budget provides \$5,200,000 from the General Fund in FY 2007 for replacement of cell doors and locks throughout the state prison system.

In FY 2002, ADOA was appropriated \$1,000,000 to conduct an assessment of lock replacement needs throughout the prison system. The assessment estimated a range of costs between \$32 million to \$38.5 million to replace all cell door, locks and monitoring panels that had exceeded their useful life expectancy.

- 1/ The ADOA shall allocate the monies to state agencies for necessary building renewal. If monies in the Capital Outlay Stabilization Fund (COSF) are insufficient to fund the appropriation to the ADOA for building renewal, the appropriation to the ADOA shall be reduced by the difference between the amount appropriated to the ADOA from COSF and the balance in COSF. (Capital Outlay Appropriation Act footnote)
- 2/ Notwithstanding A.R.S. § 41-793.01, the amounts appropriated in this section are appropriated for FY 2007 and shall be used by the applicable agency for major maintenance and repair activities for state buildings in accordance with Title 41, Chapter 4, Article 7, Arizona Revised Statutes. Twenty-five per cent or less of the monies may be spent for state building modifications to comply with the federal Americans With Disabilities Act (42 United States Code sections 12101 through 12213 and 47 United States Code sections 225 and 611) or for major maintenance and repair activities for state infrastructure. The monies may only be used for facilities on the state building inventory or for infrastructure that directly supports those facilities. Of the amounts appropriated to the ADOA, up to \$275,000 in Personal Services and Employee Related Expenditures for up to 5 FTE Positions may be allocated each fiscal year until the building renewal projects are completed. All other monies appropriated in this section shall not be spent for Personal Services or Employee Related Expenditures or for maintenance contracts on building components and equipment without review by the Joint Committee on Capital Review. Any monies appropriated for building renewal in FY 2007 that are unexpended or unencumbered on June 30, 2008 shall revert to the fund from which they were appropriated. The building renewal expenditure plans submitted by agencies for review by the Joint Committee on Capital Review shall identify the components for each project that incorporate energy efficient systems. (Capital Outlay Appropriation Act footnote)
- 3/ Before issuing any request for proposals or procuring any services related to the appropriation provided in subsection A of this section, the Arizona State Schools for the Deaf and the Blind shall submit a preliminary expenditure plan and proposed procurement method or methods to the JCCR for its review.
- 4/ The Department of Public Safety shall submit an expenditure plan and project timeline to JLBC for review before expending any monies appropriated for the microwave communications system upgrade. The submission shall include the results of the project investment justification approval by the Information Technology Authorization Committee. The Department of Public Safety shall submit a report to the JLBC for review regarding expenditures and progress by December 31, 2006 and June 30, 2007.
- 5/ Unless otherwise specified, the monies appropriated in this act shall not be spent for Personal Services or Employee Related Expenditures of state employees, excluding any services provided as part of the inmate construction program for correctional facilities. (Capital Outlay Appropriation Act footnote)
- 6/ Unless otherwise specified, the appropriations made in this act do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned, or the appropriation stands for a full fiscal year without an expenditure or an encumbrance. (Capital Outlay Appropriation Act footnote)

Yuma Prison Water Treatment Plant Upgrade

The budget provides \$2,189,000 from the Corrections Fund in FY 2007 for upgrades to the water treatment plant at ASPC-Yuma.

The plant will treat the underground water to extend the life of infrastructure pipes, water heaters, coolers and fire systems.

Arizona State Schools for the Deaf and the Blind

New Facilities and Building Renovations

The budget provides \$19,000,000 from the General Fund in FY 2007 for new facilities and building renovations at the Phoenix and Tucson campuses. (See Footnote 3)

The following table shows the proposed projects:

Project	Est. Cost
Middle School & High School - Phoenix	\$12.1M
Career & Technology Center - Tucson	3.4M
Student Health Center - Tucson	1.4M
Vocational Building Remodel - Tucson	0.3M
Contingencies	<u>1.8M</u>
TOTAL	\$19.0M

Department of Economic Security

Navajo Multipurpose Facility

The budget provides \$450,000 from the General Fund in FY 2007 to be combined with dollar for dollar matching monies from the Navajo Nation for distribution to the Navajo Tribe for a multipurpose facility at the Dennehotso Chapter.

Navajo Senior Center

The State Government Budget Reconciliation Bill (Laws 2006, Chapter 350) provides \$350,000 from the General Fund in FY 2007 for distribution to the Navajo Tribe for a senior center.

Game and Fish Department

The budget provides \$1,332,000 from Other Funds in FY 2007 for Arizona Game and Fish Department projects. This amount consists of:

	<u>FY 2007</u>
Game and Fish Capital Improvement Fund	\$850,000
Game and Fish Fund	382,000
Game and Fish Waterfowl Conservation Fund	100,000

Game and Fish Statewide Projects

Flood Warning System

The budget provides \$350,000 from the Game and Fish Capital Improvement Fund in FY 2007 for an Automated Local Evaluation in Real Time (ALERT) emergency flood warning system. The ALERT system will monitor rainfall

and reservoir levels at the department's 10 high hazard dams and provide this information in real time to department employees in a central location. In a flood, affected jurisdictions would be notified regarding rising water levels.

Black Canyon Dam Modifications

The budget provides \$300,000 from the Game and Fish Capital Improvement Fund in FY 2007 for Black Canyon Dam modifications. The Black Canyon Dam is owned and operated by the department for recreational uses. This dam has been classified as a high hazard dam due to the potential for property damage and loss of life in the event of a structural failure. The department received a \$500,000 appropriation in FY 2006 for modifications to the dam, but has since determined the spillway will need to be replaced, rather than modified as originally planned. These modifications to the dam and spillway will improve capacity in order to accommodate a flood.

Shooting Range Access Improvements

The budget provides \$200,000 from the Game and Fish Capital Improvement Fund in FY 2007 for resurfacing of access roadways at its 5 shooting ranges. These improvements will allow the department to pave access roads or to repave roadways which have fallen into disrepair.

Migratory Waterfowl Habitat

The budget provides \$100,000 from the Waterfowl Conservation Fund in FY 2007 as matching grants for the acquisition of waterfowl habitat. The Waterfowl Conservation Fund receives revenues from the sale of annual duck stamps.

Statewide Preventative Maintenance

The budget provides \$15,000 from the Game and Fish Fund in FY 2007 to continue funding for preventative maintenance. The preventative maintenance program was initiated in FY 2005 and was anticipated to receive ongoing annual funding. The program addresses unexpected facility maintenance expenses requiring immediate action, and is separate from building renewal projects.

Game and Fish Region II (Flagstaff) Projects

House Rock Driveway Surfacing

The budget provides \$25,000 from the Game and Fish Fund in FY 2007 to surface the access road and parking area at the House Rock Wildlife area. The existing dirt road will be covered with a 2-3 inch layer of rock and gravel to improve road conditions during inclement weather.

Office Parking Gate

The budget provides \$10,000 from the Game and Fish Fund in FY 2007 for an electric parking gate at the regional office in Flagstaff. This gate will replace a roll-open gate at the employee parking and equipment yard, providing better security and safer access to the yard.

Game and Fish Region IV (Yuma) Projects

Storage Canopy

The budget provides \$35,000 from the Game and Fish Fund in FY 2007 for a storage canopy at the regional office in Yuma. The canopy would provide storage for boats and ATVs, and also provide work space for maintenance and repair.

Office Security System

The budget provides \$30,000 from the Game and Fish Fund in FY 2007 for a perimeter alarm at the regional office in Yuma. The alarm is intended to deter theft and vandalism occurring on site.

Office Fence

The budget provides \$10,000 from the Game and Fish Fund in FY 2007 for a boundary fence at the regional office located in Yuma. The fence will provide security for equipment located within the property, and will also deter ATV users from accessing the site.

Game and Fish Region V (Tucson) Projects

Cluff Ranch Access Improvements

The budget provides \$50,000 from the Game and Fish Fund in FY 2007 for access improvements to a pond located at Cluff Ranch. These improvements will provide ADA accessible parking, walkways, and shoreline access.

Prescott Historical Society

Maintenance Facility

The budget provides \$400,000 for the General Fund in FY 2007 for a maintenance and workshop facility. The amount is to be combined dollar for dollar with matching monies from nonstate sources.

The Prescott Historical Society will construct a 2-story, 6,000 to 8,000 square foot building to house a carpentry shop, support space for custodial, grounds and physical plant needs, as well as an exterior work yard.

Department of Public Safety/Arizona Department of Transportation/Game and Fish Department

Microwave Communications System

The budget provides \$1,707,000 in each of FY 2007, FY 2008 and FY 2009 to upgrade the microwave communications system maintained by the Department of Public Safety. This amount consists of:

General Fund	1,500,000
Game and Fish Fund	207,000

An additional \$826,000 will be provided from the State Highway Fund to provide a total appropriation of \$2,533,000. (See Arizona Department of Transportation section). The amounts are to be transferred to DPS for the

system. DPS may use up to \$295,600 for up to 4 FTE Positions to provide project management. (See Footnote 4)

The Legislature also intends that \$1,600,000 of federal homeland security monies be distributed in each of FY 2007, FY 2008 and FY 2009 to DPS for the project.

DPS is required to submit an expenditure plan and project timeline to JLBC for review, as well as progress reports by December 31, 2006 and June 30, 2007.

The funding will be used to begin conversion of the department’s analog microwave radio system with a digital system. The microwave system is the backbone of the DPS statewide radio system. The radio system provides dispatch control of radio base stations and connects 53 remote radio communication sites and 20 state office locations. In addition, data from the Arizona Criminal Justice System is also sent over the microwave system to criminal justice agencies around the state.

The complete upgrade includes 3 segments (south, west and north). Each segment of the system operates independently enabling single or multiple digital segments to coexist with the current analog system. The cost to upgrade all 3 segments is estimated to be \$60 million, including \$12.1 million to upgrade the 1st segment (south). DPS also plans to use the FY 2007 funding to repair 3 damaged sites in the northern and western segments.

Office of Tourism

Yuma Welcome Center

Laws 2006, Chapter 335 provides \$2,000,000 from the General Fund in FY 2007 for distribution to the City of Yuma to establish a welcome center. Chapter 335 requires the City of Yuma to operate and maintained the center through its city-funded Convention and Visitors Bureau.

The Welcome Center is a component of the city’s plan to develop the Yuma Crossing National Heritage Area.

Department of Veterans’ Services

Southern Arizona Veterans’ Home

Laws 2006, Chapter 356 provides \$10,000,000 from the General Fund in FY 2007 to partially fund construction of the Southern Arizona State Veterans’ Home in Tucson. The amount provides a 35% match, as required by the U.S. Department of Veterans Affairs in order to receive a grant for the remaining 65% of construction costs.

The home will have sufficient capacity to serve 180 veterans and will be located adjacent to the Department of Veterans’ Affairs Medical Center.

Department of Water Resources

Dam Repair

The budget provides \$1,500,000 from the General Fund in FY 2007 to repair the City of Williams Dam. The amount is to be used along with \$136,000 in local monies or in-kind contributions.

The department has classified the dam as being in an unsafe, non-emergency condition. The deficiencies to be corrected include providing adequate flood control capacity, stabilizing the downstream slope, and repairing seepage from the dam.

Capital Outlay
Arizona Department of Transportation Building System

JLBC: Bob Hull/Lorenzo Martinez

DESCRIPTION	FY 2007 Approved
BUILDING RENEWAL	
ADOT Building Renewal ^{1/}	3,702,900
SUBTOTAL	3,702,900
NEW PROJECTS	
Surprise MVD Service Center Land Acquisition	2,736,200
Asphalt Storage Tanks	1,587,600
De-Icer Buildings	1,478,000
DPS Microwave Communications System	826,000
Intersection Improvements; Fire Suppression	1,105,000
Glendale Airport Civil Air Patrol; Infrastructure Improvements	200,000
Grand Canyon Airport Modular Housing	2,500,000
Airport Planning and Development ^{2/}	20,464,200
Statewide Transportation Acceleration Needs Account (Chapter 344)	307,000,000
Statewide Highway Construction ^{3/4/}	226,273,000
SUBTOTAL	564,170,000
TOTAL - ALL PROJECTS ^{5/6/}	567,872,900
FUND SOURCES	
General Fund	1,105,000
General Fund - Statewide Transportation Acceleration Needs Account	245,000,000
<u>Other Appropriated Funds</u>	
State Aviation Fund	23,240,000
State Highway Fund	236,527,900
State Highway Fund - Statewide Transportation Acceleration Needs Account	62,000,000
SUBTOTAL - Other Appropriated Funds	321,767,900
SUBTOTAL - Appropriated Funds	567,872,900
TOTAL - ALL SOURCES	567,872,900

^{1/} Notwithstanding A.R.S. § 41-793.01, the amounts appropriated in this section are appropriated for FY 2007 and shall be used by the applicable agency for major maintenance and repair activities for state buildings in accordance with Title 41, Chapter 4, Article 7, Arizona Revised Statutes. Twenty-five per cent or less of the monies may be spent for state building modifications to comply with the federal Americans With Disabilities Act (42 United States Code sections 12101 through 12213 and 47 United States Code sections 225 and 611) or for major maintenance and repair activities for state infrastructure. The monies may only be used for facilities on the state building inventory or for infrastructure that directly supports those facilities. Of the amounts appropriated to the Department of Administration, up to \$275,000 in Personal Services and Employee-Related Expenditures for up to 5 full-time equivalent positions may be allocated each fiscal year until the building renewal projects are completed. All other monies appropriated in this section shall not be spent for Personal Services or Employee Related Expenditures or for maintenance contracts on building components and equipment without review by the Joint Committee on Capital Review. Any monies appropriated for building renewal in FY 2007 that are unexpended or unencumbered on June 30, 2008 shall revert to the fund from which the monies were appropriated. The building renewal expenditure plans submitted by agencies for review by the Joint Committee on Capital Review shall identify the components for each project that incorporate energy efficient systems. (Capital Outlay Appropriation Act footnote)

^{2/} The amount is appropriated from the State Aviation Fund for the planning, construction, development and improvement of state, county, city or town airports as determined by the State Transportation Board. Any balances and collections in the State Aviation Fund in excess of the specific amounts appropriated in the General Appropriations Act and in this act are appropriated to the Department of Transportation for the purposes provided in this paragraph. (Capital Outlay Appropriation Act footnote)

^{3/} The amount appropriated for highway construction is from the State Highway Fund for the planning and construction of state highways, including the national system of interstate highways within this state, the state primary or secondary system, the county primary or secondary system and urban rural routes, the acquisition of rights-of-way, the cost of contracted field administration and field engineering on construction projects and debt service payments on bonds issued for highway construction. Any balances and collections in the State Highway Fund in excess of the specific amounts appropriated in the General Appropriation Act and in this act are appropriated to the department for the purposes provided in this paragraph. (Capital Outlay Appropriation Act footnote)

^{4/} Before the expenditure of any monies for Professional and Outside Services, including contracted field administration and field engineering, ADOT shall submit information on Professional and Outside Services funded from the capital budget to the Joint Committee on Capital Review by July 1, 2006 for review. The submitted information shall contain at least as much detail for Professional and Outside Services as the department's annual operating budget. (Capital Outlay Appropriation Act footnote)

DESCRIPTION — The Arizona Department of Transportation Building System (ADOT) includes all buildings and highways controlled by ADOT. The following includes amounts for state highway construction and other projects related to ADOT's mission. Most appropriations for ADOT projects are from the State Highway Fund and the State Aviation Fund.

Unless otherwise specified, funding for capital projects was appropriated by Laws 2006, Chapter 345 (FY 2007 Capital Outlay Bill).

Building Renewal

The budget provides \$3,702,900 for Building Renewal within the ADOT Building System in FY 2007. This amount consists of \$3,627,100 from the State Highway Fund and \$75,800 from the State Aviation Fund. The State Highway Fund amount is for the ADOT Building System and the State Aviation amount is for the Grand Canyon Airport. The approved amounts are unchanged from FY 2006 and represent 100% funding of the FY 2006 building renewal formula. Building renewal appropriations are used for major repair and maintenance of state-owned buildings. The formula is based on the square footage and replacement cost of existing buildings.

ADOT calculated that 100% of the building renewal formula would cost \$7,198,500 in FY 2007, including \$7,069,800 from the State Highway Fund and \$128,700 from the State Aviation Fund. This amount would represent a 94% increase from FY 2006. ADOT reports that the large dollar increases were due to adding missing buildings and square footage in the building renewal formula, and updating building replacement costs. It is unclear which, if any, specific buildings were major contributors to these dollar increases.

Surprise MVD Service Center Land Acquisition

The budget provides \$2,736,200 from the State Highway Fund in FY 2007 to ADOT to purchase 5 acres of land in Surprise for a new Surprise MVD Service Center. ADOT estimates an additional cost of \$6.7 million from the State Highway Fund in FY 2008 to build a new 14,500 square foot facility. ADOT owns the current 6,200 square foot facility, which has insufficient parking and a crowded customer waiting area. ADOT reports that the Fire Marshall has at times ordered customers to wait outside due to overcrowding inside. Enlarging the current facility could be an option, but this would aggravate the existing shortage of available parking.

Asphalt Storage Tanks

The budget provides \$1,587,600 from the State Highway Fund in FY 2007 to ADOT to install replacement 10,000 gallon asphalt storage tanks and concrete containment basins at 6 locations (Winslow, Ganado, Globe, Springerville,

Seligman and Yuma). The new tanks would replace existing deteriorated tanks, and would help ADOT comply with an environmental agreement with the Arizona Department of Environmental Quality regarding storm water/waste water. Each oil storage tank, containment basin, and disposal of the existing tanks would cost an estimated \$264,600. ADOT plans to replace additional oil storage tanks in future years.

De-Icer Buildings

The budget provides \$1,478,000 from the State Highway Fund in FY 2007 to ADOT to construct 4 new buildings to house de-icer chemicals, bulk sand, and cinders used during winter months to de-ice highways. They would be located at Springerville, Indian Pine, Page and Fredonia and would replace existing deteriorated facilities and outside storage, and would help ADOT comply with an environmental agreement with the Arizona Department of Environmental Quality regarding storm water/waste water. Each de-icer building would cost an estimated \$369,500. ADOT plans to replace de-icer buildings in 5 additional locations in FY 2008.

DPS Microwave Communications System

The budget provides \$826,000 from the State Highway Fund in each of FY 2007, FY 2008 and FY 2009 to ADOT for distribution to the Department of Public Safety for the design, construction and implementation of a microwave communications system upgrade.

Intersection Improvements; Fire Suppression

The budget provides \$1,105,000 from the General Fund in FY 2007 to ADOT for intersection improvements near the former Williams Air Force Base and a fire suppression system service line at Williams Gateway Airport.

Glendale Airport Civil Air Patrol; Infrastructure Improvements

The budget provides \$200,000 from the State Aviation Fund in FY 2007 to ADOT for Glendale Airport Civil Air Patrol; infrastructure improvements.

Grand Canyon Airport Modular Housing

The budget provides \$2,500,000 from the State Aviation Fund in FY 2007 to ADOT for Grand Canyon Airport modular housing.

^{5/} Unless otherwise specified, the monies appropriated in this act shall not be spent for Personal Services or Employee Related Expenditures of state employees, excluding any services provided as part of the inmate construction program for correctional facilities. (Capital Outlay Appropriation Act footnote)

^{6/} Unless otherwise specified, the appropriations made in this act do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned, or the appropriation stands for a full fiscal year without an expenditure or an encumbrance. (Capital Outlay Appropriation Act footnote)

Airport Planning and Development

The budget provides \$20,464,200 from the State Aviation Fund for the department's airport construction program in FY 2007. Fund revenues are generated from a flight property tax, aircraft lieu tax, and revenues from the operations of Grand Canyon Airport.

Statewide Transportation Acceleration Needs Account

The General Appropriation Act provides \$307,000,000 in FY 2007 for deposit in the Statewide Transportation Acceleration Needs Account of the State Highway Fund. This amount consists of:

General Fund	245,000,000
State Highway Fund	62,000,000

The Capital Outlay Bill establishes the Statewide Transportation Acceleration Needs Account as a separate account in the State Highway Fund. The State Transportation Board shall use monies in the Statewide Transportation Acceleration Needs Account only to pay for certain costs for the construction or reconstruction of freeways, state highways, bridges and interchanges that are in a county's regional transportation plan or ADOT's long-range statewide transportation plan. The Statewide Transportation Acceleration Needs Account monies are divided 60% for Maricopa County, 16% for Pima County and 24% for all other counties. The \$307,000,000 is a continuing appropriation and is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.

Monies in the Statewide Transportation Acceleration Needs Account shall be used to supplement, not supplant, funding that would otherwise be made available for projects. The State Transportation Board shall not approve the release of any monies from the Statewide Transportation Acceleration Needs Account for a transportation project unless the board verifies that all costs related to construction of the project are covered.

By July 1 of each year, the State Transportation Board shall submit a report of its activities pursuant to the Statewide Transportation Acceleration Needs Account to the Governor, the President of the Senate and the Speaker of the House of Representatives and shall provide a copy of this report to the Secretary of State, the Director of the Joint Legislative Budget Committee and the Director of the Arizona State Library, Archives and Public Records. A regional planning agency that receives monies from the Statewide Transportation Acceleration Needs Account shall report by December 15 of each year to the Senate and House of Representatives Transportation Committees on approved projects and amounts expended for those projects.

Statewide Highway Construction

As part of Laws 2006, Chapter 345, the Capital Outlay Bill provides \$226,273,000 from the State Highway Fund in FY 2007 for highway construction and debt service on bonds. As the result of the enactment of other legislation, a revised estimate of \$223,507,000 is expected to be

available for highway construction and debt service. Debt service payments are expected to increase by \$23,000,000, from \$65,805,000 to \$88,805,000, due to an estimated increase of \$267,000,000 in FY 2007 bond proceeds. This was in response to Laws 2006, Chapter 284, which removed the \$1,300,000,000 bond limit. Highway construction decreased by \$(25,765,000), from \$54,596,000 to \$28,831,000, due to State Highway Fund increases of \$23,000,000 for debt service and \$2,765,000 for the ADOT operating budget. The \$2,765,000 operating budget increase includes increases of \$1,082,400 for highway maintenance, \$1,106,400 for AZNet, \$147,000 for abandoned vehicle registration processing, and \$429,200 for health insurance. *Table 1* shows the allocation of the enacted budget and revised amounts related to highway construction.

	<u>Enacted Budget</u>	<u>Revised</u>
Highway Construction	\$ 54,596,000	\$ 28,831,000
Controlled Access	105,872,000	105,871,000
Debt Service	<u>65,805,000</u>	<u>88,805,000</u>
Total	\$226,273,000	\$223,507,000

A footnote in the Capital Outlay Bill appropriates any additional monies in the State Highway Fund above the appropriations to ADOT for highway construction. (*See Footnote 3.*) As noted in the HURF distribution table (*see Table 4*), an additional amount of \$805,000,000 from unspent FY 2006 State Highway Fund monies, FY 2007 bond proceeds, and the Statewide Transportation Acceleration Needs Account will also be available in FY 2007.

A footnote in the Capital Outlay Bill requires that, before spending any monies from the capital budget for Professional and Outside Services, ADOT shall submit at least as much detail for Professional and Outside Services as the department's annual operating budget to the Joint Committee on Capital Review by July 1, 2006 for review. (*See Footnote 4*)

Expenditure of highway construction funding is determined by the 5-year plan developed by the State Transportation Board. Controlled Access funding is dedicated to urban highway construction. The Maricopa Association of Governments receives 75% and the Pima County Association of Governments receives 25%. Debt Service funding represents the appropriated portion of debt service on bonds. ADOT has approximately \$1.75 billion in outstanding bonds and other long-term debt. The payment to debt service listed in the above table represents the appropriated portion of FY 2007 debt service payments.

Highway Construction

The State Transportation Board oversees the department's highway construction program. The 5-Year Highway Construction Program adopted by the Board on June 23, 2006 includes monies from the State Highway Fund,

Federal Funds, Maricopa Regional Area Road Fund, Highway User Revenue Fund for controlled access roads, and bond revenues. The highway construction program adopted by the State Transportation Board totals \$1,609,882,000 for FY 2007, including \$1,367,958,000 for construction and maintenance projects scheduled to begin in FY 2007, and \$241,924,000 for debt service.

Adding the \$307 million deposited in the Statewide Transportation Acceleration Needs Account of the State Highway Fund in FY 2007, would increase the program to \$1,916,882,000 for FY 2007. ADOT cannot estimate the impact of the \$307 million on the department's highway construction program, until they determine which projects will be accelerated and when. For details please see *Table 2*.

Table 2
Highway Construction Program Adopted
By State Transportation Board and Estimated
Debt Service Payments ^{1/}

	FY 2007
Construction	\$ 317,991,000
Urban Controlled Access ^{2/}	780,904,000
Pavement Preservation Maintenance	102,925,000
Other ^{3/}	166,138,000
Debt Service ^{4/}	241,924,000
Statewide Transportation Acceleration Needs Account ^{5/}	<u>307,000,000</u>
Total	\$1,916,882,000

^{1/} Does not reflect the impact of the \$307 million deposited in the Statewide Transportation Acceleration Needs Account of the State Highway Fund in FY 2007. ADOT could not estimate the impact of the \$307 million on the department's highway construction program, until they can determine which projects will be accelerated and when.

^{2/} Includes expenditures from the Highway User Revenue Fund for controlled access and from the Maricopa Regional Area Road Fund.

^{3/} Includes construction preparation, contingency set-asides, and related highway construction and maintenance items.

^{4/} Information provided by the department. Includes \$88,805,000 in FY 2007 for State Highway Fund statewide construction bonds; \$56,883,000 for Highway User Revenue Fund, Maricopa Association of Governments and Pima Association of Governments controlled access bonds; \$31,763,000 for Maricopa Regional Area Road Fund Bonds; and \$64,473,000 for Grant Anticipation Notes.

^{5/} ADOT cannot estimate the impact of the \$307 million on the department's highway construction program, until they determine which projects will be accelerated and when.

Total Highway Construction Funding

Only a small portion of the state's total highway construction funding is appropriated. *Table 3* summarizes the estimated revenues and expenditures for FY 2007, on a cash flow basis as provided by the department. The previous table, which shows the highway construction program adopted by the State Transportation Board, presents a different view since it shows the total dollar cost of highway projects scheduled to begin in FY 2007.

Of the revenue amounts, only the Statewide Highway Construction and Controlled Access Highways amounts are appropriated. Of the expenditure amounts, only a portion of Debt Service is appropriated.

Table 3
Estimated Highway Construction - Cash Basis ^{1/}

	FY 2007
Balance Forward ^{2/}	\$336,205,000
Revenues	
Appropriated Statewide Highway Construction	\$28,831,000
Appropriated Controlled Access Highways (MAG&PAG)	105,871,000
Appropriated Debt Service	88,805,000
½ Cent Sales Tax	205,400,000
Federal Aid	486,715,000
HURF Bond Proceeds ^{3/}	313,000,000
Maricopa Regional Area Road Fund Bond Proceeds ^{3/}	400,000,000
Highway Expansion & Extension Loans (HELP)	6,753,000
Miscellaneous Income/Expenses ^{4/}	18,529,000
Statewide Transportation Acceleration Needs Account ^{5/}	<u>307,000,000</u>
Subtotal – Revenues	<u>\$1,960,904,000</u>
Total Funds Available for Construction	\$2,297,109,000
Debt Service Expenditures	
Appropriated Debt Service	\$88,805,000
HELP Loan Repayments	34,815,000
Other Debt Service (All Other)	<u>153,119,000</u>
Subtotal - Debt Service	<u>\$276,739,000</u>
Planned Construction Expenditures	
Statewide Highway Construction (including PAG)	\$593,000,000
Controlled Access Highways (MAG)	814,312,000
Statewide Transportation Acceleration Needs Account ^{5/}	<u>307,000,000</u>
Subtotal - Construction Expenditures	<u>\$1,714,312,000</u>
Total Planned Expenditures	\$1,991,051,000
Balance Forward	\$306,058,000

^{1/} Does not reflect the impact of the \$307 million deposited in the Statewide Transportation Acceleration Needs Account of the State Highway Fund in FY 2007. ADOT could not estimate the impact of the \$307 million on the department's highway construction program, until they can determine which projects will be accelerated and when.

^{2/} Includes unexpended bond proceeds for bonds issued in prior years.

^{3/} Proceeds reflect a cash expenditure basis.

^{4/} Includes all MAG and Statewide program miscellaneous revenues and expenses, including inflation discount factors, construction operating budget reimbursements, interest income, third party billings and paybacks, Regional Public Transportation Authority payments, and Motor Vehicle program fees retainage.

^{5/} ADOT cannot estimate the impact of the \$307 million on the department's highway construction program, until they determine which projects will be accelerated and when.

Highway User Revenue Fund Analysis

The Highway User Revenue Fund (HURF) consists of monies received in the state from transportation-related licenses, taxes, fees, penalties and interest such as the motor vehicle fuel tax, vehicle license tax, vehicle registration, driver's license, and others. HURF is the primary source of monies for the department's operating budget. The line in *Table 4*, which shows Net State Highway Fund Monies Available for Statewide Highway Construction, does not include Maricopa County and Pima County Controlled Access Funds, Bond Funds, Federal Funds, and Miscellaneous Funds available for construction. The line represents the amount that is available from the discretionary State Highway Fund to fund the State Transportation Board's 5-Year Plan.

Table 4

Highway User Revenue Fund (HURF) Distribution

\$ in Thousands

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Estimate
Total HURF Collections	1,245,553	1,306,300	1,396,800
Less: Economic Strength Fund ^{1/}	1,000	1,000	1,000
ADOT - MVD Operating Budget	420	638	607
Dept of Public Safety Transfer from HURF	<u>52,216</u>	<u>63,999</u>	<u>10,000</u>
Net HURF Collections	1,191,917	1,240,663	1,385,193
Less: Cities ^{2/}	363,534	378,402	422,484
Counties ^{2/}	226,464	235,726	263,187
Controlled Access ^{3/}	73,556	94,827	105,871
Vehicle License Tax Transfer to General Fund ^{4/}	118,000	0	0
Vehicle License Tax Transfer to Parity Compensation Fund ^{5/}	<u>0</u>	<u>2,671</u>	<u>2,999</u>
Net State Highway Fund (Discretionary)	410,363	529,037	590,652
Plus: Other Income ^{6/}	14,314	14,400	14,600
Less: Operating Budget	344,834	368,927	391,757
Operating Carryovers, Adjustments and Transfer ^{7/}	5,039	7,732	5
Capital Outlay and Building Renewal	1,440	9,071	9,429
Capital Non-Lapsing Carryovers	2,432	0	0
Motor Vehicle Third Party Payments ^{8/}	11,330	12,112	13,599
Dept of Public Safety Transfer from Highway Fund	32,680	42,198	10,000
DPS Microwave Communications System ^{9/}	0	0	826
Statewide Transportation Acceleration Needs Account ^{10/}	0	0	62,000
Debt Service ^{11/}	<u>60,025</u>	<u>67,419</u>	<u>88,805</u>
Net Highway Fund Available for Statewide Highway Construction (5-Year Plan) ^{12/}	(33,103)	35,978	28,831
State Highway Fund Adjustments			
Plus: Discretionary State Highway Fund Beginning Balance	175,000	163,000	138,000
Controlled Access State Highway Fund Beginning Balance	135,000	147,000	60,000
Construction Operating Budget Reimbursements ^{13/}	49,000	49,000	49,000
Discretionary State Highway Fund Bond Proceeds	200,000	118,000	293,000
Controlled Access State Highway Fund Bond Proceeds	0	0	20,000
Statewide Transportation Acceleration Needs Account ^{10/}	<u>0</u>	<u>0</u>	<u>245,000</u>
Total Highway Fund Available for Statewide Highway Construction	525,897	512,978	833,831

^{1/} Provides monies for economic strength highway projects recommended by the Commerce and Economic Development Commission and approved by the State Transportation Board.

^{2/} A statutorily defined distribution of HURF monies for acquisition and construction of streets or highways.

^{3/} A statutorily defined distribution of State Highway Fund monies for design, acquisition and construction of controlled access highways. The monies are divided 75% for Maricopa County and 25% for Pima County. Pima County may also use some of their monies for arterial streets and highways.

^{4/} Laws 2004, Chapter 282 transfers the first \$118,000,000 of vehicle license tax received in FY 2005 for distribution to the State Highway Fund to the General Fund.

^{5/} Laws 2005, Chapter 306 transfers 1.51% of vehicle license tax for distribution to the State Highway Fund to the Parity Compensation Fund beginning in FY 2006.

^{6/} Includes interest and rental income, transfers from the Public Roads Fund, revenue from 4 formerly non-appropriated funds, and miscellaneous sales and other income.

^{7/} Includes \$5,000 annual transfer to Legislative Council for multistate highway transportation agreement.

^{8/} Statutory payments to third parties from vehicle license taxes collected by third parties.

^{9/} Laws 2006, Chapter 345, appropriates \$826,000 from the State Highway Fund in each of FY 2007, FY 2008 and FY 2009 to ADOT for distribution to DPS for the design, construction and implementation of a microwave communications system upgrade.

^{10/} Laws 2006, Chapter 344, appropriates \$307,000,000 in FY 2007 for deposit in the Statewide Transportation Acceleration Needs Account of the State Highway Fund, including \$62,000,000 from the State Highway Fund and \$245,000,000 from the General Fund.

^{11/} Debt service on highway revenue bonds, does not include debt service payable from Maricopa and Pima controlled access funds.

^{12/} Excludes Maricopa and Pima County controlled access funds, and bond, federal, and miscellaneous funds available for construction.

^{13/} Construction operating budget monies reimbursed from federal funds, Maricopa Regional Area Road Fund and bond monies.

Percentage Distribution of HURF Monies

Cities	30.5%
Counties	19.0%
Controlled Access ^{1/}	7.676%
State Highway Fund ^{1/}	<u>42.824%</u>
Total	100.0%

^{1/} A.R.S. § 28-6538 distributes 50.5% of HURF monies to the State Highway Fund, with 12.6% of the monies distributed to the State Highway Fund being allocated to controlled access highways in Maricopa and Pima Counties. The State Transportation Board adds 2.6% by Board Policy to the statutory 12.6%, making a total of 15.2% of State Highway Fund monies set aside for controlled access highways (50.5% of 15.2% = 7.676%). The controlled access monies are divided 75% for Maricopa County and 25% for Pima County. Pima County may also use some of their monies for arterial streets and highways.

Other Issues

Maricopa County Proposition 400

Maricopa County voters approved Proposition 400, the Maricopa County 1/2 cent sales tax extension, at the November 2, 2004 General Election. The Proposition 400 Publicity Pamphlet states that the Maricopa County 1/2 cent sales tax extension would generate an estimated \$9 billion for Calendar Years 2006 - 2025, which would be spent as shown in *Table 5*. Cost estimates are based on 2002 dollars.

Table 5
Funding from Maricopa County Sales Tax Extension for Calendar Years 2006 - 2025 ^{1/}

<u>Expenditures</u> <u>(\$ in Billions) ^{2/}</u>	<u>Uses</u>
\$4.420	Freeway/Highway Construction
0.354	Freeway/Highway Maintenance
0.863	Streets
0.387	Bus Capital
1.220	Bus Operations & Maintenance
1.224	Rail
0.031	Other
<u>0.500</u>	Bond Interest
\$8.999	

^{1/} Source: Proposition 400 Publicity Pamphlet for the November 2, 2004 General Election.

^{2/} Cost estimates are based on 2002 dollars.

The Maricopa County 1/2 cent sales tax extension includes new urban freeways, right-of-way protection/acquisition for freeways and highways, and the widening of existing urban freeways and highways. It also includes items such as: new or improved arterial streets, intersections, and right-of-way protection; intelligent transportation system projects to improve traffic flow, coordinate signals and provide road information; new and improved regular and express bus service, new buses, new park-n-ride centers, improved bus stop pull-outs and shelters, and new regional and rural bus service; new dial-a-ride vehicles, and increased dial-a-ride and vanpool special transportation services; light rail; and other programs to address air

quality, bicycle and pedestrian travel, future commuter rail options, and safety and transportation planning functions.

Pima County 1/2 Cent Transportation Sales Tax

Pima County voters approved a 1/2 cent sales tax for transportation at a May 16, 2006 Special Election. The publicity pamphlet for the May 16, 2006 Special Election states that there is a \$4.9 billion transportation revenue shortfall in Pima County in the next 25 years. The pamphlet states that the new tax would generate an estimated \$2.1 billion of revenue over 20 years from FY 2007 - FY 2026, which would be spent as shown in *Table 6*. Cost estimates are in 2006 constant dollars.

The Pima County 1/2 cent sales tax does not include new urban freeways. It does include items such as: a new I-10 traffic interchange and advanced right-of-way acquisition for a future I-10 connection; new railroad overpasses and an existing railroad underpass widening; new and widened surface streets and parkways; intersection, signal and safety improvements; new bridges, turn lanes, bus lanes and pull-outs, bike lanes, sidewalks, drainage, noise mitigation, an equestrian trail, and critical wildlife linkages; small business assistance during planning and construction; regular and express bus expansions in frequency/area, new express buses, neighborhood circulator bus systems, park-n-ride transit centers, and special needs transit for elderly and disabled; and, a downtown/university high-capacity streetcar system.

Table 6
Funding from Proposed Pima County 1/2 Cent Sales Tax for Fiscal Years 2007 - 2026 ^{1/}

<u>Expenditures</u> <u>(\$ in Billions) ^{2/}</u>	<u>Uses</u>
\$1.169	Roadway Improvement
0.180	Safety Improvement
0.115	Environmental and Economic Vitality
0.534	Transit
<u>0.100</u>	Bond Interest
\$2.098	

^{1/} Source: Publicity Pamphlet for the May 16, 2006 Special Election.

^{2/} Cost estimates are in 2006 constant dollars.

Capital Outlay
Arizona Board of Regents Building System

JLBC Analyst: Lorenzo Martinez

DESCRIPTION	FY 2007 Approved
BUILDING RENEWAL	
Arizona Board of Regents ^{1/2/}	20,000,000
TOTAL	20,000,000

FUND SOURCES	
General Fund	20,000,000
TOTAL - ALL SOURCES^{3/4/}	20,000,000

DESCRIPTION — The Arizona Board of Regents (ABOR) Building System is comprised of buildings controlled by the Universities. Appropriations for ABOR Building System projects are made from the General Fund.

Unless otherwise specified, funding for capital projects was appropriated by Laws 2006, Chapter 345 (FY 2007 Capital Outlay Bill).

Building Renewal

The budget provides \$20,000,000 from the General Fund in FY 2007 for Building Renewal within the ABOR Building System. This amount funds 29% of the building renewal formula. ABOR is responsible for allocating the monies to the 3 state universities.

Building renewal appropriations are used for major repair and maintenance of state-owned buildings.

- 1/ Notwithstanding A.R.S. § 41-793.01, the amounts appropriated in this section are appropriated for FY 2007 and shall be used by the applicable agency for major maintenance and repair activities for state buildings in accordance with Title 41, Chapter 4, Article 7, Arizona Revised Statutes. Twenty-five per cent or less of the monies may be spent for state building modifications to comply with the federal Americans With Disabilities Act (42 United States Code sections 12101 through 12213 and 47 United States Code sections 225 and 611) or for major maintenance and repair activities for state infrastructure. The monies may only be used for facilities on the state building inventory or for infrastructure that directly supports those facilities. Of the amounts appropriated to the Arizona Department of Administration, up to \$275,000 in Personal Services and Employee Related Expenditures for up to 5 FTE Positions may be allocated each fiscal year until the building renewal projects are completed. All other monies appropriated in this section shall not be spent for Personal Services or Employee Related Expenditures or for maintenance contracts on building components and equipment without review by the Joint Committee on Capital Review. Any monies appropriated for building renewal in FY 2007 that are unexpended or unencumbered on June 30, 2008 shall revert to the fund from which they were appropriated. The building renewal expenditure plans submitted by agencies for review by the Joint Committee on Capital Review shall identify the components for each project that incorporate energy efficient systems. (Capital Outlay Appropriation Act footnote)
- 2/ The Arizona Board of Regents shall require each university to establish a major maintenance and repair account for deposit of amounts allocated by the board to the university from the appropriation made in this subsection. Amounts deposited in this account shall only be used for the purposes provided in subsection A of this section. (Capital Outlay Appropriation Act footnote)
- 3/ Unless otherwise specified, the monies appropriated in this act shall not be spent for Personal Services or Employee Related Expenditures of state employees, excluding any services provided as part of the inmate construction program for correctional facilities. (Capital Outlay Appropriation Act footnote)
- 4/ Unless otherwise specified, the appropriations made in this act do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned, or the appropriation stands for a full fiscal year without an expenditure or an encumbrance. (Capital Outlay Appropriation Act footnote)