

Capital Outlay
Arizona Board of Regents

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DESCRIPTION	FY 2008 JLBC
BUILDING RENEWAL	
Arizona Board of Regents	18,820,400
TOTAL	18,820,400
FUND SOURCES	
General Fund	18,820,400
TOTAL - ALL SOURCES	18,820,400

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.

The following amounts are one-time appropriations.

	FY 2008
Building Renewal	GF \$18,820,400

The JLBC includes \$18,820,400 from the General Fund in FY 2008 to ABOR for Building Renewal within the ABOR Building System. This amount funds 26% of the building renewal formula. ABOR would be responsible for allocating the monies to the 3 state universities.

Building renewal appropriations are used for major repair and maintenance of state-owned buildings. In FY 2007, the university building renewal formula was funded at \$20,000,000, or 29%. FY 2007 was the first university building renewal funding since FY 2001.

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FORMAT — Lump Sum by Project by Fund

FOOTNOTES

Standard Footnotes

Notwithstanding A.R.S. § 41-793.01, the amounts appropriated in this section are appropriated for FY 2008 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 percent 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 2008 that are unexpended or unencumbered on June 30, 2009 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.

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.

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.

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.

STATUTORY CHANGES

Indirect and Third-Party Financing

The JLBC would amend statute to clarify the extent of legislative oversight of capital projects and agreements that benefit the universities.

Prior to FY 2007, statutes required the Joint Committee on Capital Review (JCCR) to review all university projects financed with direct lease-purchase agreements or direct bond issuances that were executed by the universities themselves.

Laws 2006, Chapter 352 added statutes to also require JCCR review of capital projects using indirect debt

financing. Indirect debt financing includes instances where a tax-exempt non-profit organization affiliated with a university executes bonds or lease-purchase agreements, as well as instances where a private developer executes bonds or lease-purchase agreements, for capital projects on university land and/or intended to house university activities.

Universities have recently implemented new financing structures which require further clarifying the statutes governing legislative oversight of capital projects. As a result, JLBC would amend statutes to require JCCR review of capital projects that may eventually become a state asset, and to clarify that ground leases with private firms or non-profit entities are subject to JCCR review.