

**Capital Outlay
Summary**

JLBC Analyst: Leatta McLaughlin

FY 2011
APPROVED

BUILDING RENEWAL

ADOA Building System	5,582,400
ADOT Building System	1,050,000
ABOR Building System	0
SUBTOTAL	6,632,400

INDIVIDUAL PROJECTS

ADOA Building System	2,440,000
ADOT Building System	203,071,700
ABOR Building System	0
SUBTOTAL	205,511,700

LEASE-PURCHASE PAYMENTS

Leaseback Obligations	54,826,600 ^{1/}
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TOTALS

ADOA Building System	62,849,000
ADOT Building System	204,121,700
ABOR Building System	0
TOTAL - ALL PROJECTS	266,970,700

FUND SOURCES

General Fund	58,826,600
<u>Other Appropriated Funds</u>	
Capital Outlay Stabilization Fund	1,000,000
Game and Fish Fund	796,800
Game and Fish Capital Improvement Fund	1,800,000
State Aviation Fund	22,527,700
State Highway Fund	181,594,000
State Lottery Fund	75,600
Watercraft Licensing Fund	250,000
Waterfowl Conservation Fund	100,000
SUBTOTAL - Other Appropriated Funds	208,144,100
SUBTOTAL - Appropriated Funds Less Lease-Purchase Financing Projects	212,544,100
SUBTOTAL - Appropriated Funds	266,970,700
Other Non-Appropriated Funds	251,717,000
Federal Funds	618,971,000
TOTAL - ALL SOURCES	1,137,658,700

DESCRIPTION — The Capital Outlay Budget consists of one-time appropriations to maintain, expand, enhance, or make a debt service payment for 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 Building System, the Arizona Department of Transportation Building System, and the Arizona Board of Regents Building System. Capital appropriations are typically made through the Capital Outlay Bill, but may be made through other bills as well.

^{1/} This amount was appropriated by the General Appropriation Act (Laws 2010, 7th Special Session, Chapter 1, Section 146). All other appropriations appear in the FY 2011 Capital Outlay Bill (Laws 2010, 7th Special Session, Chapter 2).

The following amounts are one-time appropriations.

Capital Outlay - The Capital Outlay budget provides a total of \$266,970,700 in FY 2011. Of the total, \$58,826,600 is from the General Fund and \$208,144,100 is from Other Appropriated Funds. The budget consists of 3 main categories: 1) Building Renewal, 2) Individual Projects, and 3) Lease-Purchase Payments.

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. 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 for their respective building systems.

The budget provides total funding of \$6,632,400 for Building Renewal in FY 2011. Of the total, \$4,000,000 is from the General Fund and \$2,632,400 is from Other Appropriated Funds in FY 2011. These amounts include:

Arizona Department of Administration	
General Fund @ 12%	\$4,000,000
Capital Outlay Stabilization Fund @ 3%	1,000,000
Game and Fish Fund @ 100%	506,800
State Lottery Fund @ 100%	<u>75,600</u>
Subtotal - ADOA	\$5,582,400

Arizona Department of Transportation	
State Highway Fund @ 11%	\$1,000,000
State Aviation Fund @ 37%	<u>50,000</u>
Subtotal - ADOT	\$1,050,000

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

Individual Projects

The budget provides a total of \$205,511,700 for individual capital projects in FY 2011, which is from Other Appropriated Funds. *(See the individual building systems write-ups for more information.)*

Lease-Purchase Payments

The budget provides \$54,286,600 from the General Fund for interest only lease-purchase agreement payments in FY 2011. *(See the Lease-Purchase Financing write-up for more information.)*

Capital Outlay
Arizona Department of Administration Building System

JLBC Analyst: Leatta McLaughlin/Ted Nelson

FY 2011
APPROVED

BUILDING RENEWAL	
Arizona Department of Administration ^{1/}	5,000,000
Game and Fish Department	506,800
Arizona Lottery Commission	75,600
SUBTOTAL ^{2/}	5,582,400
INDIVIDUAL PROJECTS ^{3/}	
Game and Fish	
Ben Avery Shooting Facility Improvements	800,000
Shooting Range Access	200,000
Silver Creek Hatchery Remodel/Expansion	1,000,000
Radio Tower	250,000
Preventative Maintenance	30,000
Migratory Waterfowl Habitat	100,000
Regional (Yuma) Office Paving Project	60,000
SUBTOTAL	2,440,000
TOTAL - ALL PROJECTS	8,022,400
FUND SOURCES	
General Fund	4,000,000
<u>Other Appropriated Funds</u>	
Capital Outlay Stabilization Fund	1,000,000
Game and Fish Fund	796,800
Game and Fish Capital Improvement Fund	1,800,000
State Lottery Fund	75,600
Watercraft Licensing Fund	250,000
Waterfowl Conservation Fund	100,000
SUBTOTAL - Other Appropriated Funds	4,022,400
SUBTOTAL - Appropriated Funds	8,022,400
TOTAL - ALL SOURCES ^{4/5/6/7/}	8,022,400

- ^{1/} The Department of Administration shall allocate the monies to state agencies for necessary building renewal. If monies in the Capital Outlay Stabilization Fund are insufficient to fund the appropriation to the Department of Administration for building renewal, the appropriation to the Department of Administration shall be reduced by the difference between the amount appropriated to the Department of Administration from the Capital Outlay Stabilization Fund and the balance in the Capital Outlay Stabilization Fund. (Capital Outlay Appropriation Act footnote)
- ^{2/} Notwithstanding A.R.S. § 41-793.01, the amounts appropriated in this section are appropriated for FY 2011 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. Of the amounts appropriated to the 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 2011 that are unexpended or unencumbered on June 30, 2012 shall revert to the fund from which the monies were appropriated. (Capital Outlay Appropriation Act footnote)
- ^{3/} Pursuant to A.R.S. § 41-1252, the Joint Committee on Capital Review shall review the scope, purpose, and estimated cost of a new capital project that has an estimated cost of more than \$250,000. (Capital Outlay Appropriation Act footnote)
- ^{4/} 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)
- ^{5/} 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)
- ^{6/} The Department of Administration shall report on the status of project-specific FTE Positions for capital projects in its annual capital budget request. (Capital Outlay Appropriation Act footnote)
- ^{7/} The Department of Administration may allocate FTE Positions authorized for specific projects to other projects in this act provided that funding for the FTE Positions is cost allocated among the projects receiving benefit. The Department of Administration shall report any FTE Position reallocations to the Joint Committee on Capital Review by December 31, 2010. (Capital Outlay Appropriation Act footnote)

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.

Unless otherwise specified, funding for capital projects was appropriated by Laws 2010, 7th Special Session, Chapter 2 (FY 2011 Capital Outlay Bill).

Building Renewal

Building Renewal

The budget includes \$5,582,400 for Building Renewal within the Arizona Department of Administration (ADOA) Building System in FY 2011. This amount includes \$4,000,000 from the General Fund and \$1,582,400 from Other Appropriated Funds. This amount consists of:

- \$4,000,000 from the General Fund and \$1,000,000 from the Capital Outlay Stabilization Fund to ADOA to fund 15% of the building renewal formula. In FY 2010, the formula was funded at \$1,000,000, or 3%.
- \$506,800 from the Game and Fish Fund to the Arizona Game and Fish Department to fund 100% of the building renewal formula.
- \$75,600 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. The budget continues footnotes that allow up to \$275,000 and up to 5 FTE Positions be appropriated each year from building renewal monies to ADOA for supervision and management of building renewal projects, and a requirement that unused building renewal monies revert on June 30, 2012.

Game and Fish Department

The budget includes \$2,440,000 from Other Appropriated Funds for Arizona Game and Fish Department projects in FY 2011. This amount consists of:

	<u>FY 2011</u>
Game and Fish Capital Improvement Fund	\$1,800,000
Game and Fish Fund	290,000
Watercraft Licensing Fund	250,000
Waterfowl Conservation Fund	100,000

(All Building Renewal and Statewide Facilities Improvements, including preventative maintenance, are funded from the Game and Fish Fund.)

Game and Fish Statewide Projects

Ben Avery Shooting Facility Improvements

The budget includes \$800,000 from the Game and Fish Capital Improvement Fund for improvements to the Ben Avery Shooting Facility in FY 2011. This funding provides approximately \$700,000 for reconstruction and resurfacing of the main circulation roadways. The remainder of the funding will be used to replace the current water and septic system that serves the facility with connections to the City of Phoenix water and sewer system. This is the second and final phase of the project in which \$950,000 was appropriated in FY 2010.

Shooting Range Access

The budget includes \$200,000 from the Game and Fish Fund for shooting range access improvements in FY 2011. In FY 2008, FY 2009, and FY 2010, \$150,000 was appropriated for this project, and \$200,000 was appropriated in FY 2007. These improvements will partially resurface roadways at the department's 5 shooting ranges, which are generally unpaved or paved to light-duty standards.

Silver Creek Hatchery Remodel/Expansion

The budget includes \$1,000,000 from the Game and Fish Capital Improvement Fund for the expansion and renovation of the Silver Creek Hatchery located near Show Low in FY 2011.

This amount funds the second of 2 phases of hatchery construction and includes renovating the upper and lower springs to maximize fish production. The renovation will result in a fivefold increase in fish production as well as enable the hatchery to start an Apache Trout brood stock program. Currently, Apache Trout are hatched and raised at the Tonto Creek Hatchery. The department plans to construct a hatching and rearing building. The department will also construct an isolation facility for bringing in wild fish, provide power to the hatchery and improve the surrounding access roads.

The first phase, which included design of the project, cost \$1,900,000 and began in FY 2010.

Radio Tower

The budget includes \$250,000 from the Watercraft Licensing Fund for a radio tower in FY 2011. This funding will be used to construct a radio tower along the Colorado River. The new tower will provide radio coverage for law enforcement officers in remote wilderness areas. In FY 2008 and FY 2009, funding for

this project appeared in the operating budget. The project is expected to be completed in FY 2011.

Preventative Maintenance

The budget includes \$30,000 from the Game and Fish Fund to provide funding for preventative maintenance in FY 2011. The 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.

Migratory Waterfowl Habitat

The budget includes \$100,000 from the Waterfowl Conservation Fund as matching grants for the acquisition of waterfowl habitat in FY 2011. The Waterfowl Conservation Fund receives revenues from the sale of annual duck stamps. In FY 2011, the department would restore the Chevelon Wildlife Area. These funds will be matched by federal dollars for this project.

Game and Fish Region IV (Yuma) Projects

Yuma Regional Office Paving Project

The budget includes \$60,000 from the Game and Fish Fund for paving at the regional office located in Yuma in FY 2011. A 17,000 square foot gravel parking and equipment storage area will be paved to provide better dust control and site drainage.

Capital Outlay
Arizona Department of Transportation Building System

JLBC Analyst: Juan Beltran/Leatta McLaughlin

FY 2011
 APPROVED

BUILDING RENEWAL

ADOT Building Renewal ^{1/}	1,050,000
SUBTOTAL	1,050,000

INDIVIDUAL PROJECTS ^{2/}

Airport Planning and Development ^{3/}	22,477,700
Statewide Highway Construction ^{4/}	180,594,000
SUBTOTAL	203,071,700

TOTAL - ALL PROJECTS ^{5/6/}	204,121,700
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FUND SOURCES

Other Appropriated Funds

State Aviation Fund	22,527,700
State Highway Fund	181,594,000
SUBTOTAL - Other Appropriated Funds	204,121,700
SUBTOTAL - Appropriated Funds	204,121,700

Other Non-Appropriated Funds	251,717,000
Federal Funds ^{7/}	618,971,000
TOTAL - ALL SOURCES	1,074,809,700

DESCRIPTION — The Arizona Department of Transportation (ADOT) Building System 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 2010, 7th Special Session, Chapter 2 (FY 2011 Capital Outlay Bill).

Building Renewal
 The budget includes \$1,050,000 for Building Renewal within the Arizona Department of Transportation (ADOT)

- ^{1/} Notwithstanding A.R.S. § 41-793.01, the amounts appropriated in this section are appropriated for FY 2011 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. Of the amounts appropriated to the 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 2011 that are unexpended or unencumbered on June 30, 2012 shall revert to the fund from which the monies were appropriated. (Capital Outlay Appropriation Act footnote)
- ^{2/} Pursuant to A.R.S. § 41-1252, the Joint Committee on Capital Review shall review the scope, purpose and estimated cost of a new capital project that has an estimated cost of more than \$250,000. (Capital Outlay Appropriation Act footnote)
- ^{3/} 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 Appropriation Act and in this act are appropriated to the Department of Transportation for the purposes provided in this paragraph. (Capital Outlay Appropriation Act footnote)
- ^{4/} 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)
- ^{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)
- ^{7/} This amount excludes American Recovery and Reinvestment Act funds.

Building System in FY 2011. This amount consists of \$1,000,000 from the State Highway Fund (SHF) and \$50,000 from the State Aviation Fund. The SHF amount is for the ADOT Building System and the State Aviation amount is for the Grand Canyon Airport.

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. The amounts represent 11% funding of the revised highways building renewal formula and 37% funding of the aviation building renewal formula.

Airport Planning and Development

The budget includes \$22,477,700 from the State Aviation Fund for ADOT’s airport construction program in FY 2011. Fund revenues are generated from a flight property tax, aircraft lieu tax, and revenues from the operations of Grand Canyon Airport.

Statewide Highway Construction

The budget includes \$180,594,000 from SHF in FY 2011 for controlled access and debt service on bonds. A footnote in the FY 2011 Capital Outlay Bill appropriates any additional monies in SHF above the appropriation to ADOT for highway construction (*please see Footnote 4*).

Table 1 shows the FY 2011 appropriated amounts for highway construction, controlled access and debt service. Highway construction funding is determined by the Transportation Board, which develops a 5-year plan. 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 \$2.9 billion in outstanding bonds and other long-term debt.

Due to declining Highway User Revenue Fund (HURF) revenue collections as well as a \$43,618,600 Vehicle License Tax (VLT) transfer to the General Fund in FY 2011, the budget includes no new SHF available for highway construction in the FY 2011 Capital Outlay Bill. Highway construction monies represent the amount that is available from the discretionary SHF to fund the State’s Transportation Board’s 5-year plan after all other allocations have been made. Please see Table 5 for the HURF distribution analysis, which shows that \$(25,765,000) of net SHF monies will be available for statewide highway construction in FY 2011. Since SHF cannot literally run a deficit, this \$(25,765,000) will be absorbed by other proceeds and fund balances.

Only a small portion of the state’s total \$1.8 billion highway construction funding is appropriated. Other monies available for highway construction include beginning balances and bond revenues from SHF, Federal Funds, the Maricopa Regional Area Road Fund, and HURF for controlled access roads. (*Please see the*

Summary of Highway Construction section and Table 5 for additional information.)

The budget includes \$85,831,000 for controlled access and \$94,763,000 for debt service. Debt service payments are expected to increase by \$392,000 in FY 2011 as compared to \$94,371,000 in FY 2010.

Table 1 shows the allocation of the enacted budget related to highway construction.

Table 1	
FY 2011 Highway Construction & Debt Service	
	Capital Outlay Bill ^{1/}
Highway Construction	\$ 0 ^{2/}
Controlled Access	85,831,000
Debt Service	<u>94,763,000</u>
Total	\$180,594,000

^{1/} Since overall FY 2010 HURF collections have been consistent with JLBC Staff’s original FY 2010 - FY 2011 forecast, the budget estimates have not been further modified.
^{2/} The overall amount of new Highway Funds available for highway construction is projected to be \$(25,765,000). Since SHF cannot literally run a deficit, this amount is shown as \$0.

As noted in the HURF distribution table (*please see Table 5*), an additional amount of \$273,089,000 from unspent FY 2010 State Highway monies and the Statewide Transportation Acceleration Needs Account (STAN) will also be available in FY 2011. But because of the estimated \$(25,765,000) shortfall, a total of \$247,324,000 will be available. (*Please see Table 5 for additional information.*)

Summary of Highway Construction

The State Transportation Board oversees ADOT’s highway construction program. The 5-Year Highway Construction Program adopted by the Board on June 19, 2009 includes monies from SHF, Federal Funds, Maricopa Regional Area Road Fund, HURF for controlled access roads, and bond revenues. The highway construction program adopted by the State Transportation Board totals \$1,754,932,000 for FY 2011, including \$1,391,082,000 for construction and maintenance projects scheduled to begin in FY 2011 and \$363,850,000 for debt service. These estimates may be further modified once a new 5-Year Highway Construction Program (FY 2011-2015) is adopted by the Board on June 18, 2010. (*Please see Table 2 for additional details.*)

Total Highway Construction Funding

Only a small portion of the state’s total highway construction funding is appropriated. Table 3 summarizes all estimated revenues and expenditures for FY 2011, on a cash flow basis as provided by ADOT. Table 2 presents a different view since it shows the total dollar cost of highway projects scheduled to begin in FY 2011.

Of the revenue amounts in *Table 3*, only the Statewide Highway Construction and Controlled Access Highways amounts are appropriated. Of the expenditure amounts, only a portion of Debt Service is appropriated.

	FY 2011 ^{1/}
Construction	\$ 145,847,000
Urban Controlled Access ^{2/}	970,324,000
Pavement Preservation Maintenance	135,000,000
Other ^{3/}	139,911,000
Debt Service ^{4/}	363,850,000
Total	\$1,754,932,000

^{1/} These amounts are subject to change pending the upcoming board meeting on June 18, 2010.
^{2/} Includes expenditures from HURF 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 ADOT. Includes \$94,763,000 for SHF statewide construction bonds; \$60,967,000 for HURF, MAG, and PAG controlled access bonds; \$107,551,000 for Maricopa Regional Area Road Fund Bonds; and \$100,569,000 for Grant Anticipation Notes.

Highway User Revenue Fund Analysis

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. *Table 4* explains the formula distribution of HURF monies between state and local governments. *Table 5* presents the overall HURF distribution for FY 2009 through FY 2011. The line in *Table 5*, which shows Net SHF 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 SHF to fund the State Transportation Board's 5-Year Plan.

Total FY 2009 HURF collections of \$1,248,583,000 were (7.1)% below FY 2008. This downward trend continues so far in FY 2010 and, as of March 2010, year-to-date HURF collections are \$(56,723,000), or (6.0)% below FY 2009. The budget estimates were based on HURF revenues of \$1,186,154,000 in FY 2010, which represents a (5)% decline over FY 2009. FY 2011 HURF revenues are projected to be \$1,203,946,000, which represents a 1.5% increase from forecasted FY 2010 HURF collections.

The downward trend in HURF collections is due to a variety of factors related to the general economic downturn. Even with lower fuel prices, consumers have been driving less. Lower population growth has also contributed to fewer miles driven, as well as reduced vehicle license tax and registration fee growth.

Additionally, motor carrier fees are down due to the continued trend of fewer registered commercial vehicles.

	FY 2011
Balance Forward ^{1/}	\$ 694,845,000
Revenues	
Appropriated Statewide Highway Construction ^{2/}	\$ 0
Appropriated Controlled Access Highways (MAG & PAG)	85,831,000
Appropriated Debt Service	94,763,000
STAN ^{3/}	29,089,000
1/2 Cent Sales Tax	180,900,000
Federal Aid ^{4/}	772,800,000
Maricopa Regional Area Road Fund Bond Proceeds ^{5/}	510,000,000
Grant Anticipation Note Proceeds ^{2/}	60,000,000
Miscellaneous Income/Expenses ^{6/}	(4,877,000)
Subtotal - Revenues	\$1,728,506,000
Total Funds Available for Construction	\$2,423,351,000
Debt Service Expenditures	
Appropriated Debt Service	\$ 94,763,000
Other Debt Service (All Other)	269,087,000
Subtotal - Debt Service	\$ 363,850,000
Planned Construction Expenditures	
Statewide Highway Construction (including PAG)	\$569,000,000
Controlled Access Highways (MAG)	795,153,000
Subtotal - Construction Expenditures	\$1,364,153,000
Total Planned Expenditures	\$1,728,003,000
Balance Forward	\$ 695,348,000

^{1/} Includes unexpended bond proceeds for bonds issued in prior years.
^{2/} The overall amount of new SHF available for highway construction is projected to be \$(25,765,000). Since SHF cannot literally run a deficit, this amount is shown as \$0.
^{3/} Represents the portion of the STAN account expected to be expended in FY 2011, including \$19,389,000 in Maricopa County and \$9,700,000 in other counties.
^{4/} Includes \$94,700,000 in American Recovery and Reinvestment Act funds.
^{5/} Proceeds reflect a cash expenditure basis.
^{6/} 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.

Cities	30.5%
Counties	19.0%
Controlled Access ^{1/}	7.7%
State Highway Fund ^{1/}	42.8%
Total	100.0%

^{1/} A.R.S. § 28-6538 distributes 50.5% of HURF monies to SHF, with 12.6% of the monies distributed to SHF 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 SHF 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.

Additional Legislation

Local Governments Reimbursements to the RRSCM Account

Laws 2010, Chapter 291 allows counties, cities and towns that have received monies from the Roads of Regional Significance Congestion Mitigation (RRSCM) account before July 1, 2012 to not reimburse the account. RRSCM is a sub-account of STAN and is currently used for lending monies to local governments in high growth counties, cities and towns for construction projects. Under previous law, any local government that was awarded monies from the RRSCM account was required to reimburse the account the entire amount borrowed within 15 years after receiving the monies.

According to ADOT, there is only 1 project in the town of Queen Creek that has received funding from the RRSCM account. As of May 2010, this project has received \$10,000,000. The town of Queen Creek had not been scheduled to reimburse any of the \$10,000,000 to the RRSCM account prior to July 1, 2012.

Table 5

Highway User Revenue Fund (HURF) Distribution
(\$ in Thousands)

	FY 2009	FY 2010	FY 2011
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Total HURF Collections	\$1,248,583	\$1,186,154	\$1,203,946
Less: Economic Strength Fund ^{1/}	1,000	1,000	1,000
ADOT - MVD Operating Budget	617	620	620
Dept. of Public Safety (DPS) Transfer from HURF	<u>84,950</u>	<u>78,626</u>	<u>78,626</u>
Net HURF Collections	1,162,016	1,105,908	1,123,700
Less: Cities ^{2/}	354,415	337,302	342,729
Counties ^{2/}	220,783	210,122	213,503
Controlled Access ^{3/}	88,898	84,475	85,831
VLT Transfer to General Fund ^{4/}	66,989	43,171	43,619
VLT Transfer to Parity Compensation Fund ^{5/}	<u>1,962</u>	<u>2,730</u>	<u>2,791</u>
Net SHF (Discretionary)	428,969	428,108	435,227
Plus: Other Income ^{6/}	17,595	14,200	14,748
Less: Operating Budget	363,660	322,400	322,400
Operating Carryovers, Adjustments and Transfers ^{7/}	5	5	5
Capital Outlay and Building Renewal	920	1,000	1,000
Motor Vehicle Third Party Payments ^{8/}	16,060	15,959	16,316
DPS Transfer from Highway Fund	41,051	41,256	41,256
DPS Microwave Communications System ^{9/}	826	0	0
Debt Service ^{10/}	<u>92,672</u>	<u>94,371</u>	<u>94,763</u>
Net SHF Available for Statewide Highway Const. (5-Year Plan) ^{11/}	(68,630)	(32,683)	(25,765)
SHF Adjustments			
Plus: Discretionary SHF Beginning Balance	17,000	7,000	2,000
Controlled Access SHF Beginning Balance	155,000	119,000	182,000
STAN Beginning Balance	304,346	101,413	29,089
Construction Operating Budget Reimbursements ^{12/}	60,000	60,000	60,000
Discretionary SHF Bond Proceeds	<u>187,908</u>	<u>0</u>	<u>0</u>
Total Highway Fund Available for Statewide Highway Construction	\$ 655,624	\$ 254,730	\$ 247,324

^{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 SHF 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/} VLT transfers in FY 2009 included a \$2,974,200 building renewal transfer, a \$32,288,700 non-highway capital transfer, a Fund Reduction and Transfer (FRAT) of \$21,001,800, an \$8,390,600 VLT transfer, and \$2,333,300, which was estimated to be the revenue generated by the 5-year renewal registration option. In FY 2010, the \$43,170,600 VLT transfer includes a FRAT of \$28,000,000, a Highway Patrol Vehicle Replacement HURF transfer to DPS of \$6,780,000, and an \$8,390,600 VLT transfer. In FY 2011, the \$43,618,600 VLT transfer continues the FY 2010 \$43,170,600 VLT transfer and also includes a \$448,000 Safety Enforcement and Transportation Infrastructure Fund (SETIF) transfer to the General Fund, which is done via VLT.

^{5/} Laws 2005, Chapter 306 transfers 1.51% of VLT for distribution to SHF 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. In FY 2009 only, this amount includes \$3,394,700 in transfers from SETIF to SHF. In FY 2011 only, this amount also includes \$448,000 in transfers from SETIF to SHF.

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

^{8/} Statutory payments to third parties from VLT collected by third parties.

^{9/} Laws 2006, Chapter 345 appropriated \$826,000 from SHF 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/} Debt service on highway revenue bonds, does not include debt service payable from Maricopa and Pima controlled access funds.

^{11/} Excludes Maricopa and Pima County controlled access funds, and bond, federal, and miscellaneous funds available for construction.

^{12/} Construction operating budget monies reimbursed from Federal Funds, Maricopa Regional Area Road Fund and bond monies.

Capital Outlay
Arizona Board of Regents Building System

JLBC Analyst: Kimberly Cordes-Sween/Leatta McLaughlin

FY 2011
 APPROVED

BUILDING RENEWAL

Arizona Board of Regents

TOTAL

0
 0

FUND SOURCES

General Fund

TOTAL - ALL SOURCES

0
 0

DESCRIPTION — The Arizona Board of Regents (ABOR) Building System is comprised of buildings controlled by the Universities.

Debt Financed Projects

University Capital Projects

Laws 2008, Chapter 287, as amended by Laws 2009, 1st Special Session, Chapter 9, authorized ABOR to enter into lease-to-own and bond transactions up to a maximum of \$800,000,000 to pay for building renewal projects and new facilities of which not more than \$167,671,200 could be issued in FY 2009 and not more than \$400,000,000 in FY 2010. ABOR is required to allocate \$376,000,000 of the \$800,000,000 for the Phoenix Biomedical Campus. Of the remaining \$424,000,000 in proceeds, ABOR plans to allocate \$16,000,000 to Arizona State University's (ASU) School of Construction and \$136,000,000 to each of the 3 universities for building renewal, deferred maintenance, and new construction projects.

The Joint Committee on Capital Review (JCCR) favorably reviewed \$167,671,200 for building renewal projects in November 2008 and February 2009. The Committee also favorably reviewed \$172,940,000 for Phase I of the Phoenix Biomedical Campus in March 2010, which represents a portion of the \$376,000,000 requirement and was supposed to be a collaboration between the 3 universities. Subsequent to the March 2010 JCCR meeting, ASU withdrew its partnership altogether from the Phoenix Biomedical Campus. According to ABOR, the University of Arizona and Northern Arizona University will still issue the \$172,940,000 for the Biomedical Campus.

At the March meeting, JCCR favorably reviewed the Phoenix Biomedical Campus debt issuance with the provision that the universities not request authority for further lottery bonding projects for 18 months, or until September 2011. After that time, a total of \$459,388,800 in remaining authority will be available for university

lottery bonding projects, including \$203,060,000 for Phoenix Biomedical Campus expansion.

Under Chapter 287, the annual debt service payments were designed to be paid from the University Capital Improvement Lease-to-Own and Bond (UCI) Fund and would be comprised of at least 80% Lottery revenues and up to 20% state university system revenues, as required by Chapter 287. The FY 2010 Higher Education Budget Reconciliation Bill (Laws 2009, 3rd Special Session, Chapter 9) restricts Lottery distributions in FY 2010 and FY 2011 into the UCI Fund by not allowing Lottery revenues to exceed 80% of the required annual debt service for the \$167,671,200 in building renewal projects in both years. As a result, the Phoenix Biomedical Campus projects debt service will not be funded with Lottery revenues in FY 2011 and will be entirely funded by university system revenues.

Due to the elimination of the Lottery's advertising cap in Chapter 287 and other procedural changes, the Lottery Commission expected to increase sales to pay for a deposit to the UCI Fund in FY 2009 and for their 80% portion of the annual debt service payments in FY 2010 and beyond. *(Please see the Lottery budget narrative pages for more information.)*

After all Lottery revenue beneficiaries received their statutory distributions, Chapter 287 required up to \$20,000,000 be deposited into the UCI Fund in FY 2009. While Lottery estimated that this fund would receive about \$12,700,000 in FY 2009, the fund received no revenue in FY 2009. The JLBC expects that the UCI Fund will receive no monies in FY 2010 and \$7,801,800 in FY 2011. These revenues should be sufficient to pay the maximum 80% lottery portion of the debt service for the \$167,671,200 in building renewal projects. However, UCI Fund revenues are not anticipated to cover the full 80%

Table 1**University Lottery Bonding Projects ^{1/}**

		<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
Projected Lottery Revenue to UCI Fund ^{2/}		\$7,801,800	\$12,570,500	\$18,280,000	\$24,234,000	\$30,439,700	\$36,904,200
Building Renewal Projects							
Lottery Debt Service	80%	\$7,801,800 ^{3/}	\$ 6,241,500	\$ 6,241,500	\$ 6,241,500	\$ 6,241,500	\$12,716,000
University Debt Service	20%	<u>1,950,500</u>	<u>1,560,400</u>	<u>1,560,400</u>	<u>1,560,400</u>	<u>1,560,400</u>	<u>3,179,000</u>
Total Debt Service for \$167.7 M		\$9,752,300	\$ 7,801,900	\$ 7,801,900	\$ 7,801,900	\$ 7,801,900	\$15,895,000
Phoenix Biomedical Campus							
Lottery Debt Service	80%	\$ 0	\$ 6,596,000	\$ 6,596,000	\$ 6,596,000	\$ 6,596,000	\$ 8,848,000
University Debt Service	20%	<u>7,237,000 ^{3/}</u>	<u>1,649,000</u>	<u>1,649,000</u>	<u>1,649,000</u>	<u>1,649,000</u>	<u>2,212,000</u>
Total Debt Service for \$172.9 M		\$7,237,000	\$ 8,245,000	\$ 8,245,000	\$ 8,245,000	\$ 8,245,000	\$11,060,000
Total Lottery Requirement		\$7,801,800	\$12,837,500	\$12,837,500	\$12,837,500	\$12,837,500	\$21,564,000
Lottery Shortfall ^{4/}		0	(267,000)	0	0	0	0
Projected Unused Lottery Revenues		\$ 0	\$ 0	\$ 5,442,500	\$11,396,500	\$17,602,200	\$15,340,200
Projected University Cost ^{5/}		\$9,187,500	\$ 3,476,400	\$ 3,209,400	\$ 3,209,400	\$ 3,209,400	\$ 5,391,000

^{1/} Represents JCCR reviewed projects. All debt service estimates are rounded and final numbers will not be available until bonds are secured.

^{2/} Revenues are based on a 10-year average 5% annual increase in lottery revenues (post distribution to beneficiaries).

^{3/} The university amount identified in FY 2011 includes 100% of the debt service payment since Laws 2009, 3rd Special Session, Chapter 9 does not allow lottery revenues to exceed 80% of the debt service on the \$167,671,200 in building renewal projects in FY 2010 and FY 2011. As a result, only the building renewal projects can be funded from lottery proceeds in FY 2011.

^{4/} University revenues would be used to offset the Lottery shortfall.

^{5/} Includes the 20% university share plus the Lottery shortfall.

portion for the Phoenix Biomedical Campus debt service until FY 2013. Until revenues are sufficient, the universities will cover their minimum 20% share of the payment and will backfill the Lottery shortfall.

Chapter 287 also provided that the monies distributed from the UCI Fund would be exempt from the university debt limit calculations. However, each university is required to submit their debt limit calculations with and without this bonding package as part of their annual Capital Improvement Plans.

Table 1 shows the current projections for UCI Fund revenues and a summary of the payment schedule for the Phoenix Biomedical Campus and building renewal projects if the maximum of 80% of the debt service was paid from Lottery funds. The estimated debt service for interest-only payments for the first 5 years for both the building renewal projects and the Phoenix Biomedical Campus is projected at \$16,989,300 in FY 2011 and \$16,046,900 for FY 2012 to FY 2015. From FY 2016 until FY 2030, the fully annualized payment would be \$26,055,000.

Additional Legislation

University Athletic Facilities Districts

Laws 2010, Chapter 140 would allow the Maricopa, Pima, and Coconino County Board of Supervisors to establish a University Athletic Facilities District (UAFD) that will allow ABOR to construct new or modify existing sports facilities at a public university. The UAFD would be funded by an in lieu tax on new commercial leases established on ABOR-owned property within the

boundaries of the universities. The UAFD (not ABOR) would be allowed to use debt financing to pay for the costs of renovating/constructing the sports facilities, with the in lieu tax revenue used to pay the annual debt service payments. If the UAFD chose to issue debt, it would not be university debt since it would be issued and paid for by a separate entity.

Capital Outlay
Lease-Purchase Financing

JLBC Analyst: Leatta McLaughlin

FY 2011
 APPROVED

LEASE-PURCHASE PAYMENTS

Arizona Department of Administration

Leaseback Obligations	54,826,600
TOTAL - ALL PROJECTS	54,826,600

FUND SOURCES

General Fund	54,826,600
TOTAL - ALL SOURCES	54,826,600

DESCRIPTION — This section consists of monies appropriated by the General Appropriation Act to make payments for state issued lease-purchase agreements.

Lease-Purchase Payments

Leaseback Obligations

The budget includes \$54,826,600 from the General Fund for lease-purchase payments in FY 2011 related to the \$1,035,419,300 in state building sale/lease-back agreements.

The FY 2010 Criminal Justice Budget Reconciliation Bill (BRB) (Laws 2009, 3rd Special Session, Chapter 6) authorized the Arizona Department of Administration (ADOA) to enter into 1 or more sale/lease-back agreements in FY 2010 for existing state-owned facilities, including prison facilities.

In a sale/lease-back agreement, the state sells properties to the trustee, and the trustee leases the properties back to the state. Since the properties were sold, the trustee holds the titles to the properties. The control of the properties remains with the state, but the trustee literally "holds" the titles until the obligation is fully repaid. The state reacquires its financial stake through lease-purchase agreements.

Under Chapter 6, any lease-purchase agreements were required to: 1) result in proceeds totaling \$735,419,300 to be deposited to the General Fund in FY 2010 to subsidize state operating expenses, with not more than \$250,000,000 prior to December 31, 2009; 2) be for a fixed term of up to 20 years; 3) result in an initial lease-purchase payment in FY 2011; and 4) require the Arizona Department of Corrections (ADC) or other state agencies and boards, including any private contractors, to maintain operations at the facilities which are sold and simultaneously leased back. The transaction was required to be completed by June 30, 2010 and ADOA was to consult with ADC if a transaction involved a state-owned prison facility.

ADOA was able to sell the entire \$735,419,300 issuance at an average tax-exempt interest rate of 4.57% in January 2010. The first 2 years will be interest only payments of \$41,726,600 in FY 2011 and \$35,344,900 in FY 2012. All the payments for the remaining 18 years will be approximately \$60,100,000. The FY 2011 payment of \$41,726,600 was appropriated to ADOA in Section 146 of the FY 2011 General Appropriation Act.

The following properties were part of the agreement: the Arizona State Prison Complexes at Eyman and Florence, the Executive Tower, the Senate and House of Representatives buildings, the Polly Rosenbaum State Archives building, the Department of Revenue building and parking structure, the Department of Public Safety Phoenix headquarters, the Arizona State Hospital, the Coliseum and Exposition Center, and the Phoenix Day School for the Deaf.

Additionally, Laws 2010, 6th Special Session, Chapter 4 authorized ADOA to enter into an additional 20-year, \$300,000,000 sale/lease-back agreement for state buildings by September 30, 2010. While ADOA has until September to complete the transaction, it is legislative intent that the proceeds be received by June 30, 2010 for use in balancing the FY 2010 budget. As with the \$735,419,300 issuance, this agreement is also expected to have an interest-only payment in FY 2011, which is estimated to be \$13,100,000.

This lease-purchase payment was appropriated to ADOA in Section 146 of the FY 2011 General Appropriation Act. In combination with the \$41,726,600 for the original \$735,419,400 sale/lease-back, the total lease-purchase payment for FY 2011 is \$54,826,600.

The \$735,419,300 agreement was issued as a tax-exempt deficit financing mechanism in which the proceeds were

used for state operational expenses, and the \$300,000,000 agreement is expected to be issued the same. If a state uses tax-exempt debt financing to eliminate a budget shortfall, federal regulations require the state to repay the obligation early if a state's surplus exceeds 5% in a future year. The FY 2011 Budget Procedures BRB (Laws 2010, 7th Special Session, Chapter 3) requires ADOA to annually submit to JLBC by December 31 of each year a Working Capital Surplus Report associated with meeting the requirements for tax-exempt deficit financing concerning agreements entered into after January 1, 2009.

Long-Term Financing Summary

Privatized Lease-to-Own Facilities

Under a privatized lease-to-own (PLTO) 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 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				
Fund Type	Original Issue	FY 2011 Appropriation	FY 2011 Payment	Lease Completion
General Fund	NA	\$ 4,551,400	\$ 4,876,400	FY 2027
Other Approp.	NA	5,813,200	6,263,700	FY 2027
Non-Approp.	NA	979,900	1,051,400	FY 2028
Total	NA	\$11,344,500	\$12,191,500	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 (SFB) also entered into lease-purchase agreements between FY 2003 and FY 2005 for the construction of new schools. In FY 2006 and FY 2007, new school construction was financed on a cash basis. The FY 2009 Education BRB (Laws 2008, Chapter 287) authorized SFB to enter into lease-purchase agreements again in FY 2009 for most of FY 2008 and all of FY 2009 new construction costs, with annual debt service payments that began in FY 2010.

The FY 2011 Education BRB (Laws 2010, 7th Special Session, Chapter 8) requires SFB to refinance existing obligations in order to realize up to \$60,000,000 of savings in FY 2011, and prohibits SFB from entering into a refinancing agreement which achieves costs savings in other fiscal years in order to avoid substantial changes to

their current debt service schedules. It is projected that refinancing these obligations will increase the payments by \$2,827,600 annually in FY 2012 – FY 2018, by \$22,419,500 in FY 2019, and by \$43,165,600 in FY 2020. However, the payment scheduled will not be finalized until the agreement is issued, which is expected to be July or August 2010.

The state has also committed to participating in repayment of \$300,000,000 for the expansion of the Phoenix Convention Center. The City of Phoenix issued \$600,000,000 in COPs in FY 2005. The project was completed in January 2009. The state was not required to begin repayment of its share of \$300,000,000, plus interest, until the following year in FY 2010.

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

Bonding Summary

The Arizona Board of Regents, on behalf of the universities, the Arizona Department of Transportation, and 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 FY 2010 Education BRB (Laws 2009, 3rd Special Session, Chapter 12) originally required SFB to issue up to \$100,000,000 of Qualified School Construction Bonds by the middle of FY 2011 as authorized by the American Reinvestment and Recovery Act of 2009 to be spent on new construction projects only. The FY 2011 Education BRB retained the \$100,000,000 cap, but expanded this authority to include another federal bonding program, Build America Bonds and allowed SFB to issue the bonds through the end of FY 2011. This bond is expected to be issued in July or August 2010. (*Please see the SFB budget narrative pages for more information.*)

Laws 2010, 6th Special Session, Chapter 4 authorized ADOA to issue a 20-year, \$450,000,000 Lottery revenue bond by December 31, 2010 to be deposited into the General Fund. The payments will be made from the Lottery revenues that would have otherwise been deposited into the General Fund. It is estimated that the FY 2011 bond payment will be \$21,600,000, which is interest only. This will result in the General Fund receiving \$21,600,000 less in Lottery revenues in FY 2011.

Table 2 also provides information related to current bond issuances.

Table 2

Lease-Purchase and Bonding Summary

Lease-Purchase Summary	Overall Balance ^{1/}	GF Balance ^{1/}	Overall FY 11 Pymt. ^{2/}	FY 11 GF Pymt. ^{2/}	Retirement FY
ADOA Building System					
2001 A/B Issuance/Refinance					
Prisons/ENSCO	\$ 1,400,400	\$ 1,400,400	\$ 2,862,800	\$ 2,862,800	FY12
Revenue Building	539,100	528,300	1,101,800	1,079,700	FY12
DES Homes	68,900	44,800	140,800	92,200	FY12
Capital Center	401,600	293,200	820,800	605,200	FY12
<i>Subtotal</i>	\$ 2,410,000	\$ 2,266,700	\$ 4,926,200	\$ 4,639,900	
2002A Issuance:					
Health Laboratory	\$ 20,885,000	\$ 11,904,500	\$ 2,319,500	\$ 1,312,600	FY23
2002B Issuance/Refinance					
16th Ave. Parking	0	0	\$ 933,500	\$ 933,500	FY11
Courts Building	0	0	8,355,400	4,904,600	FY11
Historical Museum	0	0	3,074,000	2,643,700	FY11
ASDB Food Service	0	0	928,400	928,400	FY11
DES West	0	0	7,365,100	4,255,500	FY11
Tucson Building	0	0	5,296,900	3,701,300	FY11
<i>Subtotal</i>	\$ 0	\$ 0	\$ 25,953,300	\$ 17,367,000	
2004A Issuance/Refinance					
Records Management	\$ 305,000	\$ 305,000	\$ 182,200	182,200	FY12
Library for the Blind	5,000	5,000	10,700	10,700	FY12
ASDB Projects	1,975,000	1,975,000	1,257,600	1,257,600	FY12
1616 West Adams	5,000	900	10,700	1,900	FY12
Tonto Natural Bridge	590,000	0	373,800	0	FY12
<i>Subtotal</i>	\$ 2,880,000	\$ 2,285,900	\$ 1,835,000	\$ 1,452,400	
2004B Issuance					
ADC Prison Expansions	\$ 20,800,000	\$ 20,800,000	\$ 3,194,300	\$ 3,194,300	FY19
2008A Issuance					
ADC 4000 Prison Beds, Water, and Wastewater	\$ 192,105,000	\$ 192,105,000	\$ 16,719,900	\$ 16,719,900	FY23, 28
DHS Forensic Hospital	28,625,000	28,625,000	3,113,700	3,113,700	FY23
<i>Subtotal</i>	\$ 220,730,000	\$ 220,730,000	\$ 19,833,600	\$ 19,833,600	
2010 Issuance					
Sale/Leaseback	\$1,035,419,300 ^{3/}	1,035,419,300 ^{3/}	54,826,600	54,826,600	FY30
<i>Subtotal - ADOA</i>	\$1,303,124,300	\$1,293,406,400	\$112,888,500	\$102,626,400	
School Facilities Board					
New School Construction - FY 2003 - FY 2005	\$ 666,755,000	\$ 666,755,000	\$ 41,057,500 ^{4/}	\$41,057,500 ^{4/}	FY20
New School Construction - FY 2008 - FY 2009	580,035,000	580,035,000	21,098,000 ^{4/}	21,098,000 ^{4/}	FY24
2011 Refinance ^{4/}	62,220,000	62,220,000	528,200	528,200	FY20
<i>Subtotal - SFB</i>	\$1,309,010,000	\$1,309,010,000	\$ 62,683,700	\$ 62,683,700	
ABOR Building System					
Arizona State University	\$ 388,765,000	\$ 170,738,600	\$ 33,028,000	\$ 14,472,000	FY11-FY31
Northern Arizona University	134,938,000	62,903,700	7,201,000	5,900,000	FY15-FY36
University of Arizona	489,859,000	215,669,700	37,885,000	14,253,000	FY20-FY31
<i>Subtotal - ABOR</i>	\$1,013,562,000	\$ 449,312,000	\$ 78,114,000	\$ 34,625,000	
Phoenix Convention Center ^{5/6/}	\$ 300,000,000	\$ 300,000,000	\$ 10,000,000	\$ 10,000,000	FY39
<i>TOTAL - Lease-Purchase</i>	\$3,925,696,300	\$3,351,728,400	\$263,686,200	\$209,935,100	

(Continued)

Table 2 (Continued)

	Overall Balance ^{1/}	GF Balance ^{1/}	Overall FY 11 Pymt. ^{2/}	FY 11 GF Pymt. ^{2/}	Retirement FY
Bonding Summary					
School Facilities Board					
Deficiencies Correction:					
Proposition 301	\$ 512,297,700	\$ 0	\$ 65,841,200	\$ 0	FY21
State Land Trust - FY 2004	154,405,000	0	24,249,300	0	FY18
Federal Bonds	<u>100,000,000</u>	<u>\$ 100,000,000</u>	<u>0 ^{7/}</u>	<u>0 ^{7/}</u>	FY26
<i>Subtotal - SFB</i>	\$ 766,702,700	\$ 100,000,000	\$ 90,090,500	\$ 0	
Department of Transportation	\$2,966,000,000 ^{8/}	\$ 0	\$363,850,000	\$ 0	FY17, 26, 34
ABOR Building System					
Arizona State University	\$ 553,755,000	\$ 0	\$ 53,951,000	\$ 0	FY31
Northern Arizona University	187,270,000	0	15,400,000	0	FY31
University of Arizona	498,650,000	0	47,704,000	0	FY31
University Lottery Bond (SPEED)	<u>340,611,200 ^{9/}</u>	<u>0</u>	<u>16,989,300</u>	<u>0</u>	FY30
<i>Subtotal - ABOR</i>	\$1,580,286,200	\$ 0	\$134,044,300	\$ 0	
Lottery Revenue Bond ^{5/}	\$ 450,000,000	\$ 450,000,000	\$ 21,600,000	\$ 21,600,000	FY30
<i>TOTAL - Bonding</i>	\$5,762,988,900	\$ 550,000,000	\$609,584,800	\$ 21,600,000	
TOTAL - Lease-Purchase & Bonding	\$9,688,685,200	\$3,901,728,400	\$873,271,000	\$231,535,100	

^{1/} Represents principal balances. ADOA balances are as of June 30, 2011. All other balances are as of June 30, 2009. The "GF Balance" column represents the portion of the overall balance paid from General Fund sources.

^{2/} Represents lease-purchase or debt service payments, including the portion paid from a General Fund source, which is represented in the "FY11 GF Pymt." column.

^{3/} \$300,000,000 of this amount has not been issued yet but is required to be by September 30, 2010.

^{4/} Laws 2010, 7th Special Session, Chapter 8 requires SFB to refinance existing obligations in order to realize \$60,000,000 of savings in FY 2011, which will result in lower FY 2011 payments for the FY 2003 - FY 2005 and FY 2008 - FY 2009 issuances. The FY 2011 payment for the FY 2003 - FY 2005 issuance will decrease by \$23,815,000 for a total payment of \$41,057,500, while the FY 2011 payment for the FY 2008 - FY 2009 issuances will decrease by \$37,549,600 for a total payment of \$21,098,000. The FY 2011 interest only payment of \$528,200 for the refinance will be paid from the proceeds.

^{5/} These obligations will be repaid with foregone General Fund revenues.

^{6/} The Convention Center debt service will eventually increase over a number of years to a maximum of \$30,000,000. Monies are given to the City to pay this portion of the lease-purchase payment.

^{7/} Even though this bond is expected to be issued in July or August 2010, SFB does not plan on making a payment until FY 2012.

^{8/} Includes \$1,740,000,000 for HURF bonds, \$777,000,000 for MRARF bonds, and \$449,000,000 for GANs.

^{9/} Includes \$167,671,200 for building renewal projects favorably reviewed by JCCR in November 2008 and February 2009 and \$172,940,000 for Phase I of the Phoenix Biomedical Campus favorably reviewed by JCCR in March 2010. These are the initial projects under the \$800,000,000 University Lottery bonding authority, otherwise known as SPEED, which was authorized by Laws 2008, Chapter 287 as amended by Laws 2009, 1st Special Session, Chapter 9. (Please see the Capital Outlay Arizona Board of Regents Building System narrative for more information.)