

Joint Legislative Budget Committee - Fiscal Year 2000 and 2001 Capital Budget - Analysis and Recommendations

Capital Outlay
Building Renewal

JLBC: Lorenzo Martinez
JCCR Chairman: Gnant

OSPB: Bret Cloninger
JCCR Vice-Chair: Burns

DESCRIPTION	FY 2000		FY 2001	
	OSPB	JLBC	OSPB	JLBC
BUILDING SYSTEM				
Arizona Department of Administration				
Arizona Department of Administration	7,317,400	3,403,400	7,891,100	3,682,900
Arizona Exposition and State Fair Board	1,013,200	1,013,200	1,069,800	1,069,800
Game and Fish Department	256,000	256,000	275,400	275,400
Arizona Lottery Commission	27,600	27,600	30,800	30,800
Department of Health Services	68,800	68,800	71,700	71,700
Arizona Board of Regents Building System	17,442,200	8,128,100	18,831,100	8,804,600
Arizona Department of Transportation	2,309,900	2,309,900	2,484,000	2,484,000
TOTAL	28,435,100	15,207,000	30,653,900	16,419,200

BY FUND SOURCE

General Fund	21,259,600	9,531,500	23,222,200	10,487,500
Capital Outlay Stabilization Fund	3,500,000	2,000,000	3,500,000	2,000,000
Arizona Exposition and State Fair Fund	1,013,200	1,013,200	1,069,800	1,069,800
Game and Fish Fund	256,000	256,000	275,400	275,400
State Lottery Fund	27,600	27,600	30,800	30,800
Southern Arizona Mental Health Center Building Fund	68,800	68,800	71,700	71,700
State Highway Fund	2,257,700	2,257,700	2,427,900	2,427,900
State Aviation Fund	52,200	52,200	56,100	56,100
TOTAL - ALL SOURCES	28,435,100	15,207,000	30,653,900	16,419,200

Description — *Building Renewal appropriations provide for the major maintenance and repair of state-owned buildings. Pursuant to Laws 1986, Chapter 85, 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. Building Renewal involves the repair and reworking of a building, including the upgrading of systems which will result in maintaining a building's expected useful life. Building Renewal funds may not be used for building additions, infrastructure additions, landscaping, area beautification, routine maintenance, or demolition and removal of buildings. Available appropriations are administered by the Arizona Department of Administration (ADOA), the Arizona Board of Regents (ABOR), and the Arizona Department of Transportation (ADOT) for their respective building systems. Appropriations for Building Renewal are from a variety of fund sources including the General Fund.*

JLBC Recommendations - The following amounts are one-time appropriations in each year.

		<u>FY 2000</u>	<u>FY 2001</u>
Building Renewal	GF	\$ 9,531,500	\$10,487,500
	OF	5,675,500	5,931,700

The recommended amounts represent 23% funding of the General Fund portions (ADOA and ABOR) of the formula and 100% funding of the Other Appropriated Funds portions of the formula. The General Fund portion includes \$2,000,000 from the Capital Outlay Stabilization Fund (COSF) for the ADOA Building System. The JLBC also recommends that up to \$110,000 and up to 2 FTE Positions be appropriated each year from building renewal monies to ADOA for supervision and management of building renewal projects.

The Executive recommends 50% funding for the General Fund portion of the building renewal formula, including \$3,500,000 from COSF for the ADOA Building System. The Executive is recommending a total of \$21,259,600 from the General Fund and \$7,175,500 from Other Appropriated Funds in FY 2000. For FY 2001, the Executive is recommending \$23,222,200 from the General Fund and \$7,431,700 from Other Appropriated Funds. The Other Appropriated Funds portions represent 100% funding of the formula. The Executive also recommends 2 FTE Positions for ADOA in FY 2000 and FY 2001 for project management.

JLBC Recommended Capital Outlay Appropriations Language

The following language is continued from prior Capital Outlay bills with changes noted in capital letters:

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Notwithstanding A.R.S. § 41-793.01, the amounts appropriated in this section are appropriated for FY 1999-2000 and FY 2000-2001 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 (ADA) (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 AMOUNT APPROPRIATED FROM THE COSF, THE ADOA MAY ALLOCATE UP TO \$110,000 IN PERSONAL SERVICES AND EMPLOYEE RELATED EXPENDITURES FOR UP TO 2 FTE POSITIONS. 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. *(The new language concerning the use of Building Renewal monies for FTE Positions is discussed in more detail in the FY 1999 supplemental issue below. A corresponding change is being made for FY 2000. The JCCR review language exists in the FY 1999 Capital Outlay Bill, but is being moved for clarity.)*

The ABOR shall require each university to establish a major maintenance and repair account for deposit of amounts allocated to the university in this subsection. Amounts deposited in this account shall only be used for the purpose provided in subsection A of this section and shall be annually audited by the board.

The ADOA shall allocate the monies to state agencies for necessary building renewal. If monies in the COSF are insufficient to fund the appropriation to the ADOA for building renewal, the \$2,000,000 appropriation to the ADOA shall be reduced by the difference between the amount appropriated to the ADOA from the COSF and the balance in the COSF. All collections for occupancy in state-owned buildings deposited in the COSF during FY

1999-2000 and FY 2000-2001 pursuant to A.R.S. § 41-792.01, in excess of amounts appropriated in this section and in the FY 1999-2000 and FY 2000-2001 general appropriation act from the COSF are appropriated to the ADOA in each of those fiscal years for building renewal.

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JLBC Recommended Format — Lump Sum by Fund

JLBC Recommended Footnotes

Deletion of Prior Year Footnotes

The JLBC recommends deleting the footnote related to the use of 25% of building renewal funding for ADA compliance and infrastructure replacement and repair. The recommended Capital Outlay language incorporates this use.

FY 1999 Supplemental

The JLBC recommends authorizing up to \$275,000 to fund up to 5 FTE Positions from the FY 1999 Building Renewal appropriation for the ADOA to manage building renewal projects. The building renewal formula was funded at 100% in FY 1999, however, no additional FTE Positions to manage the approved projects were appropriated to the department. The ADOA is currently double-filling existing project positions and moving money from their fourth quarter operating budget allocation to fund them. The recommended supplemental amount will reimburse the operating budget and fund the positions for the remainder of the fiscal year. The JLBC also recommends authorizing up to \$275,000 and 5 FTE Positions from the FY 1999 Building Renewal appropriation each year until the approved FY 1999 building renewal projects are completed.

[Click here to return to index](#)