

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

Capital Outlay
Summary

JLBC: Lorenzo Martinez
JCCR Chair: Gnant

OSPB: Bret Cloninger
JCCR Vice-Chair: Burns

DESCRIPTION	FY 1999 ESTIMATE	FY 2000		FY 2001	
		OSPB	JLBC	OSPB	JLBC
BUILDING RENEWAL					
Arizona Department of Administration Building System	14,925,200	8,683,000	4,769,000	9,338,800	5,130,600
Arizona Board of Regents Building System	32,031,700	17,442,200	8,128,100	18,831,100	8,804,600
Arizona Department of Transportation Building System	2,088,400	2,309,900	2,309,900	2,484,000	2,484,000
SUBTOTAL	49,045,300	28,435,100	15,207,000	30,653,900	16,419,200
ADVANCE APPROPRIATIONS					
Arizona Department of Administration Building System	41,615,000	1,720,000	1,720,000	0	0
Arizona Board of Regents Building System	3,000,000	0	0	0	0
Arizona Department of Transportation Building System	0	0	0	0	0
SUBTOTAL	44,615,000	1,720,000	1,720,000	0	0
NEW PROJECTS					
Arizona Department of Administration Building System	32,517,100	29,653,900	23,538,300	43,944,600	22,400,000
Arizona Board of Regents Building System	4,190,000	0	0	0	0
Arizona Department of Transportation Building System	303,023,400	286,200,000	246,781,200	298,869,500	256,419,200
SUBTOTAL	339,730,500	315,853,900	270,319,500	342,814,100	278,819,200
TOTAL - ALL PROJECTS	433,390,800	346,009,000	287,246,500	373,468,000	295,238,400
BY FUND SOURCE					
General Fund	104,193,800	26,313,500	12,369,800	39,854,100	11,187,500
Other Appropriated Funds	329,197,000	319,695,500	274,876,700	333,613,900	284,050,900
TOTAL - ALL SOURCES	433,390,800	346,009,000	287,246,500	373,468,000	295,238,400

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

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

	<u>FY 2000</u>	<u>FY 2001</u>
Capital Outlay	GF \$ 12,369,800	\$ 11,187,500
	OF 274,876,700	284,050,900

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

The JLBC recommends a total of \$9,531,500 GF and \$5,675,500 OF in FY 2000 and \$10,487,500 GF and \$5,931,700 OF in FY 2001 for Building Renewal. The Executive recommends \$21,259,600 GF and \$7,175,500 OF in FY 2000 and \$23,222,200 GF and \$7,431,700 OF in

FY 2001. (See the Building Renewal write-up for more information.)

The Advance Appropriation amount of \$1,200,000 GF and \$520,000 OF in FY 2000 were appropriated in prior legislative sessions. Since these appropriations were already enacted into law, they would not need to be included in the Capital Outlay Bill. The Executive concurs. (See the ADOA building system write-up for more information.)

The JLBC recommends a total of \$1,638,300 GF and \$268,681,200 OF in FY 2000 and \$700,000 GF and \$278,119,200 OF in FY 2001 for new projects in the ADOA and ADOT building systems. The Executive recommends \$3,853,900 GF and \$312,000,000 OF in FY 2000 and \$16,631,900 GF and \$326,182,200 OF in

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FY 2001. (See the ADOA building system write-up and the ADOT building system write-up for more information.)

JLBC Recommended Statutory Changes

The JLBC recommends changing A.R.S. § 41-792 to have Lease Cost Review Board report submittals occur in even-numbered years. The current statute requires submittals in odd-numbered years. This is out of synch with the biennial budget process. There is no fiscal impact.

The JLBC recommends changing A.R.S. § 41-792.01 to have the Joint Committee on Capital Review determine 2-year rental rates in even-numbered years. The current statute requires rental rates to be determined every year. This is out of synch with the biennial budget process. There is no fiscal impact.

The JLBC recommends changing A.R.S. § 41-793(C) to have agency capital request submissions to the relevant building system occur in even-numbered years. The current statute requires submittals every year. This is out of synch with the biennial budget process. There is no fiscal impact.

The JLBC recommends changing A.R.S. § 41-792.01(D) and (E) to clarify the Joint Committee on Capital Review authority to recommend state rent payment exemptions for agencies lacking the financial resources to pay. There is no fiscal impact.

Other Issues for Legislative Consideration

Bonding Summary

ABOR, on behalf of the universities, and ADOT have issued revenue bonds to acquire and construct facilities and to purchase equipment. Bonding levels and issuances for the universities are authorized by the Legislature. The table below summarizes the state's outstanding bonds as of June 30, 1997.

<u>Bonding Summary</u>			
	Original	FY 2000	FY 2001
<u>ABOR Building System</u>	<u>Issue</u>	<u>Payment</u>	<u>Payment</u>
Arizona State University	\$248,731,000	\$21,318,000	\$21,223,000
Northern Arizona University	157,530,000	11,358,000	10,902,000
University of Arizona	429,540,000	26,209,000	26,264,000
Subtotal - ABOR	\$835,801,000	\$58,885,000	\$58,389,000
Department of Transportation	760,710,000	45,732,000	45,502,000
TOTAL	\$1,596,511,000	\$104,617,000	\$103,891,000

Lease-Purchase Facilities

ADOA, the Industrial Commission, Arizona State University, Northern Arizona University, and the University of Arizona have entered into lease-purchase agreements for the acquisition and construction of state facilities. The table below provides information related to state lease-purchase agreements as of December 31, 1998. The General Fund and Other Appropriated Fund amounts are included in each agency.

	Original	FY 2000	FY 2001
<u>ADOA Building System</u>	<u>Issue</u>	<u>Payment</u>	<u>Payment</u>
ENSCO-1991	\$55,080,000	\$4,586,700	\$4,586,900
Revenue Building-1992	26,919,000	2,133,400	2,136,900
DES Group Homes-1992	3,420,500	272,600	273,100
16th Avenue Parking-1992	5,390,000	388,900	392,500
Courts Building-1992	40,440,000	3,489,500	3,490,200
Historical Museum-1992	13,665,000	1,282,700	1,281,300
ASDB Food Service-1992	3,765,000	385,700	384,800
DES West-1992	36,205,000	3,074,600	3,072,400
Tucson Office Building-1992	22,365,000	2,210,300	2,212,300
Capital Center-1992	20,845,000	1,733,000	1,749,900
Welcome Center-1992	490,000	64,900	67,000
Distressed Properties-1992	15,625,000	2,216,700	2,213,400
Game & Fish Office-1993	2,927,300	85,000	82,800
Records Management-1993	2,441,900	179,300	180,400
Library for the Blind-1993	1,405,100	113,400	110,400
ASDB Projects-1993	15,811,200	1,204,000	1,212,000
1616 West Adams-1993	8,020,900	605,400	605,000
Tonto Natural Bridge-1993	4,721,900	361,100	363,100
AHCCCS Buildings-1995	12,000,000	1,656,100	1,656,100
Subtotal - ADOA	\$291,537,800	\$26,043,300	\$26,070,500
Industrial Commission	17,000,000	1,000,000	1,000,000
<u>ABOR Building System</u>			
Arizona State University	67,120,000	5,691,000	5,687,000
Northern Arizona University	2,108,000	199,000	199,000
University of Arizona	74,576,000	6,408,000	6,046,000
Subtotal - ABOR	\$143,804,000	\$12,298,000	\$11,932,000
TOTAL	\$452,341,800	\$39,341,300	\$39,002,500

Prior Year Reversions

Capitol Mall Office Building 532,700

The JLBC recommends reverting \$532,700 in the remaining unused General Fund appropriation from Laws 1997, Chapter 2, 1st Special Session. The original \$1,100,000 appropriation was intended to provide design monies for a new Capitol Mall office building. Since there is no current funding in the JLBC recommendation for such a building, we recommend reverting this unused appropriation. The Executive is recommending Certificates of Participation financing to construct a new Capitol Mall Office building. (See Arizona Department of Administration Building System write-up later in this section for more information).

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State Hospital

373,300

The JLBC recommends reverting \$373,300 in the remaining unused General Fund appropriation from Laws 1995, Chapter 2, 1st Special Session. The original \$2,000,000 appropriation was intended to provide study and design monies for a new state hospital facility on the existing Arizona State Hospital campus. Since there is no General Fund appropriation in the JLBC recommendation for a new hospital facility, we recommend reverting this unused appropriation. The Executive has proposed using tobacco settlement monies for construction of a new state hospital (including sexually violent persons program facilities). If this funding source is used, the JLBC recommends that design and acquisition monies be included as part of the funding. *(See Arizona Department of Administration Building System write-up later in this section for more information).*

State Health Lab

968,500

The JLBC recommends reverting \$968,500 in the remaining unused General Fund appropriation from Laws 1994, Chapter 2, 8th Special Session. The original \$1,600,000 appropriation was intended to provide design and acquisition monies for a state health laboratory. Since there is no current funding in the JLBC recommendation for a new health laboratory, we recommend reverting this unused appropriation. The Executive has proposed using tobacco settlement monies for construction of a new health laboratory. If this funding source is used, the JLBC recommends that design and acquisition monies be included as part of the funding. *(See Arizona Department of Administration Building System write-up later in this section for more information).*

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