

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

ROBERT L. BURNS
CHAIRMAN 2005
PAULA ABOUD
LINDA AGUIRRE
TIMOTHY S. BEE
ROBERT CANNELL
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HOUSE OF
REPRESENTATIVES

TOM BOONE
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AMANDA AGUIRRE
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RUSSELL K. PEARCE
STEPHEN TULLY

JOINT COMMITTEE ON CAPITAL REVIEW

Thursday, February 23, 2006

8:00 a.m.

House Hearing Room 4

MEETING NOTICE

- Call to Order
- [Approval of Minutes of December 20, 2005.](#)
- DIRECTOR'S REPORT (if necessary).
- 1. [ARIZONA STATE PARKS BOARD - Review of State Lake Improvement Fund Projects.](#)
- 2. [SCHOOL FACILITIES BOARD - Review of FY 2006 Building Renewal Distributions.](#)
- 3. [ARIZONA EXPOSITION AND STATE FAIR BOARD - Review of FY 2006 Building Renewal Allocation Plan.](#)
- 4. [ARIZONA DEPARTMENT OF TRANSPORTATION - Review of De-Icer Building Projects](#)
- 5. [ARIZONA GAME AND FISH DEPARTMENT - Report on Relocation of Game and Fish Headquarters.](#)
- 6. [JLBC STAFF - Capital Outlay Recommendations.](#)

The Chairman reserves the right to set the order of the agenda.

02/15/06

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MINUTES OF THE MEETING JOINT COMMITTEE ON CAPITAL REVIEW

Tuesday, December 20, 2005

The Chairman called the meeting to order at 1:38 p.m., Tuesday, December 20, 2005 in Senate Appropriations Room 109 and attendance was as follows:

Members:	Senator Burns, Chairman	Representative Pearce, Vice-Chairman
	Senator L. Aguirre	Representative A. Aguirre
	Senator Bee	Representative Biggs
	Senator Garcia	Representative Boone
	Senator Gould	Representative Brown
	Senator Johnson	Representative Lopes
		Representative Tully
Absent:	Senator Cannell	

Senator Burns moved the Committee approve the minutes of November 29, as presented. The motion carried.

ARIZONA STATE UNIVERSITY/CITY OF PHOENIX – Report on ASU Downtown Campus.

Ms. Shelly Carol, JLBC Staff, introduced the Arizona State University (ASU) and the City of Phoenix presentation on their plans for an expanded Downtown Phoenix Campus. The general presentation is in the agenda packet along with Attachment A addressing specific questions the university is prepared to answer.

Mr. Michael Crow, President, Arizona State University, gave an overview and the logic behind what is happening in Phoenix. He also provided an additional handout that answers the specific questions in details.

He stated that ASU is the institution within the system that is taking on the majority of growth within the university system. Of the 3,300 net new students in the university system, 3,100 are attending ASU. In the master planning process there have been struggles on how to advance the university to meet demands not only by population, but also by demographic shifts. The university is moving with the approval of the Board of Regents to an institution with schools operating in a distributed modality. Some schools will operate in the Tempe Campus, Polytechnic Campus, West Campus, and the Downtown Phoenix Center. Schools will be expanded through the intergovernmental agreement between the university and the City of Phoenix.

The objective is to try to slowly and incrementally expand the university's present enrollment capacity. Over the next 15-20 years the university is looking to have the capacity of 30,000 additional undergraduate points of access to the institution spread out between all the campuses of the university. Of these campuses, 3 are in existence and 1 is planned (the Downtown Phoenix Campus).

The City of Phoenix approached the university through a number of discussions to expand the downtown center. The university indicated to the city that they would like to expand, but would need help getting the campus initiated. In the case of the ASU Polytechnic (East) Campus, the initial investment came from the federal government. The initial elements of the Tempe Campus were offered by private citizens, the territory, and ultimately the state worked with private citizens and others to build the campus. The West Campus started with a state land transfer. Each campus has evolved with various levels of state and private investment and support. In the Tempe Campus, the municipality has covered almost all of the cost of urban infrastructure, streets, sewers, and other things associated with the campus.

The university will continue to reach out to various partners to advance its enterprise. In advancing the enterprise with the City of Phoenix, the university is excited about the possibility of consolidating educational activities to a single location and the 5 schools that will be moving downtown through the facilities and land that the city is making available. In the context of the university, the Tempe Campus is over capacity with 51,500 students. Because the university is continuing to grow at a dramatic rate, the university is looking for ways to accommodate the growth with private, corporate, and municipal partnerships. The City of Phoenix is deeply committed to enhancing its educational infrastructure. Through as many as 15 formal interactions with publicly appointed officers or the City Council, the university has a partnership with the city. There have been precautions made so the advancement of this expansion of the university is with the present model for investment that the state is the principal investor in. The demand for services offered by the university is increasing dramatically. The academic enrollment growth is at a 5% increase between the last academic year and this academic year. The demands on the university are being made only by qualified students coming to the university. The response may seem dramatic with having a partnership of \$223 million investment with the City of Phoenix. Building a new campus is not being done in anticipation of what the university might face, but this would be catch up from the enrollment growth.

Senator Robert Burns asked where the \$50 million for ASU is going to coming from.

Mr. Crow answered that in the financial operating estimate of the campus, fully built out between 2007 and 2009, the operating budget would be \$53,750,000. The basis comes from the base budget that would be moved, the additional enrollment growth, and other internal adjustments. If enrollment growth and costs are related to each other, the bulk of the base of the budget would be taken out of the Tempe budget and moved to the downtown budget.

Senator Burns stated that it would be temporary because what is taken out of ASU would be filled back. Mr. Crow responded that if things continue to grow, new students will come to ASU, so the cost will go with those students. Through the partnership with the city, the university is securing a new location in improved facilities 9 miles from the present location for 5 schools. This is a way for the university to shift growth from the Tempe Campus.

Representative Russell Pearce stated in reference to the partnership with Scottsdale, there seems to be a plan of no city left behind for an ASU campus.

Mr. Crow stated that the Scottsdale effort is a technology/knowledge park development relationship between the city, the university, and a private developer that has already put \$350 million into the project. The first buildings will begin construction on January 20, 2006. The university will lease a fraction of 1 of the buildings. That is the extent of the current plan, there is no intention for a university campus. There are no plans for anything beyond the 4 campuses in the universities comprehensive development plan.

Representative Pearce stated that there are challenges ahead for infrastructure needs for the Polytechnic Campus (ASU East) and ASU West. There will be more demands with adding another campus. The bottom line for education is accessibility and affordability for students. One area of concern is, in the plan, there is an intent clause to turn over the Mercado to the City of Phoenix once it is paid off. The transfer of property cannot be made without delegated authority or legislative action.

Mr. Crow stated that the university is conscience about cost issues and is working hard to offer a high value at a modest cost and modest expense. The facilities provided on the Phoenix Campus will be superior to the facilities the university already has on the Tempe Campus. Many of the facilities in the Tempe Campus, 25%, have been underinvested in repairs and are problematic. The relationship with the City of Phoenix is financially in the best interest of the university.

In concerns to the Mercado, the university has a multi-part relationship with the city. The university is building with the University of Arizona (UA) a new research facility that will closely collaborate with TGen, which will be successful down the road. The Legislature is still debating the medical school issues. The Mercado is a site that the city is evolving as the Phoenix Bioscience Campus, which will house facilities from ASU, UA, TGen, and other institutions. It seemed to the university, and the Arizona Board of Regents (ABOR) which approved the intergovernmental agreement, that the property was of potential great value to that part of the university that is going into downtown Phoenix, so it has been set aside for planning purposes. It is not the case that the university would dispose of the property inconsistent with public or regents policy.

Representative Pearce asked what would happen if the Phoenix bond issue were to fail. Mr. Crow responded that if the Phoenix bond issue were to be defeated the university would have to proceed more slowly. The challenges are with the design of the system that take alternative strategies. The Legislature has built a model with no capital budget for universities. ABOR has a policy to admit every student that meets the qualifications for admission to the university. The funding model is based on enrollment. The university is being built through partnerships and right now, the principal partner is the City of Phoenix.

Representative Andy Biggs asked for clarification on what the other internal adjustments are in the \$53 million estimated operating budget. Mr. Crow stated that the \$53 million was for FY 2007 – FY 2009. The internal adjustments in FY 2006 – FY 2007 are \$1,650,000 of the \$41,100,000 for the Downtown Phoenix Campus. The internal adjustments are where the university takes dollars available, moving them from reserve funds or private funds to help start the campus.

Representative Biggs stated that as the campus is developed and the university is moving students, schools, and programs to Phoenix, the operating budget will increase. He asked how the university anticipates funding the growth, how much funding of the growth will be made with the tuition increases, and if the increases will be made annually to help fund the new campus. Mr. Crow replied that any institution such as the university does anticipate adjustments in its revenue going forward. The university is near the end of a 3 year process of adjusting the position of tuition of the university from the 50th position to the 34th in the nation. The university is anticipating tuition increase dramatically below what had occurred the last 3 years, but some additional tuition adjustments will still be considered for 2 to 3 additional years. Those plans for tuition adjustments are built into the university model. They are not dramatic as far as the 39% tuition increase that occurred 3 cycles ago, they are more 7% or 8%. An adjustment of 7% tuition on an annual basis is not the means by which the campus will be successful. The campus will be successful when it absorbs growth coming into the university.

Representative Biggs stated that the Phoenix bond package is \$188 million to pay for the campus infrastructure and an additional \$31 million for an additional infrastructure.

In response to Representative Biggs, Mr. David Cavazos, Acting Deputy City Manager, City of Phoenix, stated that the \$188 million for the ASU capital development, \$30 million for the city space and \$5 million for associated street improvements. Total of \$223 million. Mr. Crow added that it would be in 3 different elements of the bond election. There are 7 propositions and the projects associated with the university are in 3 of the projects.

Representative Biggs asked if there will be a \$15 million soft capital budget.

Mr. Richard Stanley, Senior Vice President and University Planner, ASU, stated the current estimate for cost associated with furniture, fixtures, equipment, in its 2 phases will be represented with the money from the bond package and will be in the range of \$15-\$17 million.

Representative Biggs asked where the money would come from. Mr. Crow stated that the university has multiple sources of revenue, such as private gifts, fund raising, reserve funds, and other funds.

Representative Lopes asked how many years of tuition increases will be needed.

Mr. Crow stated the university is anticipating that it will be about 3 years before reaching the Board of Regent's policy of being in the 34th position for tuition. Then they will level off to the Higher Education Price Index, which is then the driver to the tuition adjustments. The university will have increased the cost of tuition and greatly expanded the success and access of the institution.

Mr. Cavazos stated that this project is part of the strategic plan to be an education, science, and technology center for the valley. The city is moving forward based on the Bond Committee recommendation. In addition to the academic advantages, there are also huge economic benefits to the City of Phoenix. Less than 20% of the property was acquired through eminent domain.

Senator Burns asked how much property was part of the 20% acquired through eminent domain and if the access of the property is complete. Mr. Cavazos stated that the total acreage acquired is 17 acres, so it is about 1/6 of the total. All property has been acquired for Phase I of the project that will open in 2006. An agreement has not been reached in all cases, but it is going through the process.

Senator Burns asked when property acquisition for Phase II is to begin. Mr. Cavazos stated that Phase II is contingent upon the bond election. If the bond election is successful, the city will work with ASU and fully employ assets that are required to acquire additional property or buildings. If the bond election is not successful, then the city will look at alternative funding mechanisms yet to be determined.

Senator Burns asked how much additional property would be needed if the bond election was successful. Mr. Cavazos answered that 2 acres would be needed.

Senator Burns asked how much interest ASU is paying for the temporary financing taken out by the city. Mr. Cavazos stated that it is approximately \$100 million, the city is in a partnership of 50% paid by ASU and 50% paid by the City of Phoenix for approximately \$3 million from each party.

Senator Ron Gould asked if the bonds will be repaid through the property tax. Mr. Cavazos answered yes, it is a secondary property tax, currently \$1.83, all the bonds passed will be part of the property tax and there will be no increase.

Senator Gould asked if other bonds are being paid off to keep the tax rate the same while incurring additional debt. Mr. Cavazos stated that there are a limited amount of bonds that are unexpended from the 2001 bond, so those that will expire plus the new ones will all be at the same rate.

Representative Steve Tully asked if the estimate for full build-out will be in 2009. Mr. Stanley replied that the campus will be completed during the 2008-2009 academic year. The campus population estimate is 7,500 – 8,000 students. Additional growth will occur and additional facilities will be required to reach the 15,000 target level for the campus, but will be worked out in the 2009-2015 time frame.

Representative Tully asked if the \$170 million per year is for 2009. Mr. Cavazos stated that the \$170 million is the fully built-out campus. The amount through 2009 would be half. The economics is based on a fully built out campus.

Representative Tully asked how much property was purchased by the City of Phoenix for the campus and if it was private property. Mr. Cavazos answered that most of the 17 acres was acquired from private owners, and a trade between the federal government and the city to acquire the postal property.

Representative Tully asked if the 17 acres were taken off the tax rolls. Mr. Cavazos stated that the 17 acres is owned by the City of Phoenix and certain property taxes are no longer payable.

Representative Tully asked if the \$180 million would be the cost for year 1 or paid over 2 years if the state were to pay build out for the universities. Mr. Cavazos stated the cost of \$180 million is what is needed to be operational in 2006. The debt will be paid as needed for interim financing. With a successful bond election, bonds will then be sold over a 7 year time period. Mr. Crow added that bond are sold over a 7 year period and amortized over 25 years and paid back over 25 years.

This item is for information only, and no Committee action is required.

Senator Burns moved the Committee break for recess before hearing item 2 on the agenda. The motion carried.

At 2:35 p.m. the Joint Committee on Capital Review went into recess.

The Chairman called the meeting back to order at 2:40 p.m.

LEGISLATIVE COUNCIL – Review of Procurement Method and Scope, Purpose and estimated Cost of State Archives and History Building.

Mr. Lorenzo Martinez, JLBC Staff, presented the review of the procurement method and the scope, purpose and estimated cost for a new State Archives Building. In FY 2005 the Arizona Department of Administration (ADOA) was appropriated \$2 million to design a new State Archives and History Building. To date, design is approximately 65% complete. Last session Legislative Council was appropriated \$15 million in each FY 2006 and FY 2007 for a total of \$30 million to construct the building. Pursuant to that authorizing legislation and before any construction activity is undertaken, JCCR is required to review to scope, purpose and estimated cost, as well as the procurement methods to be used for services related to the project. The scope of the building, as currently designed, is to be a 2-story facility approximately 124,000 square feet. It will include receiving and processing areas, storage space, and public service areas including meeting rooms. Legislative Council met to discuss the project and authorize the Director of Legislative Council to work with the current architect to complete the design of the building. It also included the elimination of an overflow parking associated with a meeting room.

The second review requirement of JCCR relates to procurement methods for services on the project. Legislative Council also provided guidance to the Director at its meeting and authorized the Director to enter into 3 contracts related to services: 1) contract with an independent consultant to provide expert assistance on project management services and construction services, 2) project management services, and 3) Construction Manager at Risk (CM@R) contract for construction services. In every instance relative to this project, Legislative Council retains full control and responsibility for the project.

President Ken Bennett, Legislative Council Chairman, stated that Legislative Council met on this issue and recommended both a procurement method and a recommendation related to the scope, purpose, and did not include a specific dollar amount associated with the estimated cost which has been \$35.7 million and the appropriation is \$30 million. One issue favorably considered was a request from Representative Tom Boone that an independent consultant be hired to assist and provide oversight in the management and construction services, in doing so there would be expertise looking at the project. The recommendation included the requirement that all the sub-contracts done under the CM@R contract would be publicly bid on a competitive bid basis in accordance with the methods typically used by ADOA even though Legislative Council and the Legislature is retaining ultimate authority.

Public testimony was heard.

Senator Timothy Bee moved the Committee give a favorable review of the scope, purpose and estimated cost consistent with Legislative Council direction to the Director of Legislative Council to complete design of the project and a favorable review of the proposed plan for procurement of services related to the project.

Representative Boone asked if the procurement method contracts with an independent consultant and project management services were under the same contract. Mr. Michael Braun, Legislative Council, stated that the contracts do not have to be different or the same. It was formulated that there would have been a more active participation by ADOA and an independent consultant would have to work with him. If the project manager is someone other than ADOA, then the consultant and the project manager jobs could be rolled into 1 contract.

The motion carried.

Without objection the Committee meeting adjourned at 3:05 p.m.

Respectfully submitted:

Yvette Medina, Secretary

Lorenzo Martinez, Assistant Director

Senator Bob Burns, Chairman

NOTE: A full tape recording of this meeting is available at the JLBC Staff Office, 1716 W. Adams.



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DATE: February 16, 2006
TO: Members, Joint Committee on Capital Review
THRU: Richard Stavneak, Director *RS*
FROM: Leah Ruggieri, Fiscal Analyst *LR*
SUBJECT: Arizona State Parks – Review of State Lake Improvement Fund Projects

Request

Pursuant to A.R.S. § 5-382 the Arizona State Parks Board requests Committee review of State Lake Improvement Fund (SLIF) capital grants and projects totaling \$2,581,500.

Recommendation

The Committee has at least the following two options:

- 1) A favorable review of the Parks Board request for 11 SLIF grants and projects totaling \$2,581,500.
- 2) A favorable review of the Parks Board request with the recommendation that the Board expend no more than \$3.1 million on administration, the same level as in FY 2005. This change would make an additional \$900,000 available for future SLIF grants and projects.

In addition, the JLBC Staff recommends that the Parks Board report back to the Committee on A) its specific proposal to allocate the \$150,000 for State Parks projects and B) the use of pricing guidelines for equipment to ensure that local governments receive comparable grants for comparable equipment.

Analysis

Recent SLIF History and the Current Request

SLIF receives its revenue from a portion of watercraft license fees and an allocation of gasoline tax attributable to watercraft use. Monies in the fund are available to state agencies, counties, and local governments for capital improvement projects and acquisitions of real property on waters where boats are permitted. SLIF grants and projects were reviewed and awarded in September 2001, using FY 2001 SLIF revenue, and in October 2004, using unused funds from a grant awarded in FY 2001.

From FY 2002 through FY 2004, fund transfers were enacted from SLIF to the General Fund totaling \$22.8 million and no grants were awarded.

The Arizona Outdoor Recreation Coordinating Commission (AORCC), established under A.R.S. § 41-511, reviews eligible projects and presents a list of recommendations to the Arizona State Parks Board. The Parks Board then submits proposed capital projects to the Committee for review, as required by A.R.S. § 5-382. Outside grants are evaluated based on several factors, including project design, community involvement, conditions of current infrastructure, and history with the Parks Department grant programs. In addition to awarding grants to localities, however, the Parks Department is also eligible to receive funds for capital improvement projects and real property acquisitions at parks with boating facilities.

Current AORCC guidelines establish that no more than 30% of grant/project allocations may go to the Parks Department, and that no other applicant may receive more than 20% of available grant resources in a given grant cycle. Using the evaluation criteria, AORCC and the Parks Board have approved 11 projects/grants for funding in FY 2006 at a total cost of \$2,581,500. These awards include:

- 10 grants totaling \$2,431,500 to 1 town, 2 cities and 3 counties for purposes such as the purchase of law enforcement watercraft, the development of currently owned properties, and the purchase and development of new property. These awards are all consistent with SLIF statutes and are listed in further detail below:
 - Bullhead City: Replace swimming area buoys, mitigate erosion, and install sidewalks, lighting, armadas and amenities - \$562,000
 - Camp Verde: Acquire property adjacent to the Verde River and develop it as a park - \$250,000
 - Gila County: Law enforcement watercraft for Roosevelt Lake - \$107,100
 - Lake Havasu City: Law enforcement watercraft for Lake Havasu - \$71,200
 - Lake Havasu City: Replace fireboat and launch facilities - \$281,900
 - Lake Havasu City: Install seawall along Bridgewater Channel - \$450,000
 - Maricopa County: - Develop Sunset Ridge Day Use Area - \$31,800
 - Maricopa County: Law enforcement watercraft - \$85,100
 - Maricopa County: Develop a boat dock at the Desert Outdoor Center for water safety training - \$128,400
 - Mohave County: Law enforcement watercraft - \$464,000
- 1 State Parks project totaling \$150,000 to purchase boats, buoys, radios, signage, boating safety and operational equipment for use at boating parks. In addition, these funds may be used for the repair, replacement or construction of small boating facility projects.

SLIF Administrative Funding

In addition to the above grants and projects, the Parks Department may use SLIF funds to administer the grant program. Based on an agreement with AORCC, the agency is allowed to use up to 11.8% of the available revenues to administer the SLIF program. Due to reduction in other funding sources, however, the Parks Board has approved the use of SLIF monies for operating costs in excess of 11.8% in FY 2004 through FY 2006.

In FY 2004 the Parks Board approved an additional \$700,000 to offset the loss of funding due to the Governor's veto of a \$700,000 appropriation from the Land Conservation Fund (LCF) Administration

Account, which consists of interest earned on the Public Conservation Account (Growing Smarter). This \$700,000 was again authorized in FY 2005 and FY 2006.

In addition, SLIF funds were used in FY 2005 and will be used again in FY 2006 to offset losses in Heritage Fund interest earnings that have occurred since FY 2001. Heritage Fund interest earnings are used to administer the Heritage Fund grant programs, however, low interest rates have reduced interest earnings from approximately \$1.7 million in FY 2001 to approximately \$500,000 in FY 2004 (a decline of approximately 70%). Heritage Fund interest earnings were approximately \$800,000 in FY 2005.

In FY 2005, the Parks Board originally intended to expend \$4.0 million on administration, but ultimately only spent \$3.1 million. The Board is again proposing to spend \$4 million in FY 2006. This higher level may permit them to fill vacancies and begin several technology related projects. If the administrative expenses were held to \$3.1 million again, the "freed up" \$900,000 would be available for future SLIF capital grants.

	SLIF Used for Parks Operation		
	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>
SLIF Administration	\$1,160,500	\$1,625,700	\$2,365,300
LCF Offset	613,200	535,000	700,000
Heritage Shift	<u>0</u>	<u>934,700</u>	<u>934,700</u>
Total	\$1,773,700	\$3,095,400	\$4,000,000

Status of the Fund

At the end of FY 2005, SLIF had cash balances of approximately \$18.9 million though the majority of these funds are committed. Of the \$18.9 million, \$5.9 million is obligated to grants awarded in prior years and \$4.1 million is obligated for State Parks projects that have received Committee review in previous years. After taking these obligations into account, SLIF has approximately \$9.8 million in unobligated funds, prior to the realization of any FY 2006 revenue. Of this amount, the Parks Board has approved grants and projects totaling \$2.6 million, which would leave \$7.2 million in the fund, unobligated. As discussed above, the agency is expecting to use \$4 million in SLIF funds for operating costs in FY 2006.

Table 2, below, summarizes the current status of SLIF, including an estimated FY 2006 ending balance of \$9.8 million that would be available for operating expenditures and grants and projects in FY 2007.

State Lake Improvement Fund	
FY 05 Ending Balance	\$18,894,200
Prior Year Obligations	(9,989,500)
Current Grant/Projects Request	(2,581,500)
FY 06 Operating Expenditures	(4,000,000)
Estimated FY 06 Revenue	<u>7,500,000</u>
Estimated FY 06 Ending Balance	\$ 9,823,200



November 30, 2005

Senator Bob Burns, Chair
Joint Committee on Capital Review
1700 West Washington
Phoenix, Arizona 85007



RE: State Lake Improvement Fund Project List Submission

Janet Napolitano
Governor

State Parks
Board Members

Chair
Elizabeth Stewart
Tempe

William C. Porter
Kingman

William Cordasco
Flagstaff

Janice Chilton
Payson

William C. Scalzo
Phoenix

John U. Hays
Yarnell

Mark Winkleman
State Land
Commissioner

Kenneth E. Travous
Executive Director

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General Fax:
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Director's Office Fax:
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Dear Senator Burns:

On behalf of the Arizona State Parks Board, I submit the attached list of State Lake Improvement Fund (SLIF) projects per A.R.S. §5-382 to the Joint Committee on Capital Review. Funding for these projects comes from a portion of fuel sales tax attributable to watercraft, and watercraft registration fees. The list includes the applying entity and project title, cost, and description for ten (10) projects totaling \$2,431,533.00. In addition, \$150,000 for Boating Parks Safety Equipment is also submitted for review from the prior year revenues.

Should you have any questions on the State Lake Improvement Fund grants to outside entities, please contact Jay Ziemann, Assistant Director, at (602) 542-7104.

Sincerely,

Kenneth E. Travous
Executive Director

KET/rbo

Enclosures

cc: Representative Russell Pearce, Vice-Chair, Joint Committee on Capital Review
Richard Stavneak, Director, Joint Legislative Budget Committee
Leah Ruggieri, Fiscal Analyst, Joint Legislative Budget Committee
Gary Yaquinto, Director, Office of Strategic Planning and Budgeting
Marcel Benberou, Fiscal Analyst, Office of Strategic Planning and Budgeting

**Arizona State Parks
Grants to Outside Entities
State Lake Improvement Fund
FY 2005 Monies**

1. Bullhead City

Project Cost: \$588,500

SLIF Grant: \$562,000

Project Description: Bullhead City proposes to replace swimming area buoys, mitigate erosion, and install sidewalks, lighting, ramadas and amenities.

2. Mohave County Sheriff's Department

Project Cost: \$463,962

SLIF Grant: \$463,962

Project Description: Mohave Co. Sheriff's Department proposes to replace 4 patrol boats and two motors used to patrol the busiest waterways in the State.

3. Maricopa County Sheriff's Office

Project Cost: \$99,081

SLIF Grant: \$85,081

Project Description: Maricopa Co. Sheriff's Office proposes to replace 1 patrol boat used to patrol the waterways of Maricopa County.

4. Maricopa County Parks & Recreation Department

Project Cost: \$63,715

SLIF Grant: \$31,857

Project Description: Maricopa Co. Parks & Recreation Dept. proposes to develop Sunset Ridge Day Use Area by installing 8 ramadas and Port-A-Johns.

5. Lake Havasu City Fire Department

Project Cost: \$281,904

SLIF Grant: \$281,904

Project Description: Lake Havasu City proposes to replace their fireboat and launch facilities.

6. **Town of Camp Verde**
Project Cost: \$610,651
SLIF Grant: \$250,000

Project Description: Town of Camp Verde proposes to acquire property adjacent to the Verde River and develop it as a park- including: access road, parking area, boat ramp and restrooms.

7. **Gila County Sheriff's Office**
Project Cost: \$107,064
SLIF Grant: \$107,064

Project Description: Gila Co. Sheriff's Office proposes to purchase two patrol boats to provide law enforcement and public safety on Roosevelt Lake and other waterways in the county.

8. **Lake Havasu City Police Department**
Project Cost: \$71,211
SLIF Grant: \$71,211

Project Description: Lake Havasu City Police Department proposes to purchase a patrol boat to provide law enforcement and public safety on Lake Havasu.

9. **Maricopa County Parks & Recreation Department**
Project Cost: \$259,654
SLIF Grant: \$128,454

Project Description: Maricopa Co. Parks & Recreation Dept. proposes to build a boat dock at the Desert Outdoor Center to provide water safety training.

10. **Lake Havasu City**
Project Cost: \$450,000
SLIF Grant: \$450,000

Project Description: Lake Havasu City proposes to install seawall along Bridgewater Channel to mitigate erosion and provide moorage for boaters.

Total FY 2005 SLIF Grants to Outside Agencies = \$2,431,533

**Arizona State Parks
Capital Improvement Plan
State Lake Improvement Fund**

- 11. Statewide- Boating Parks Safety Equipment and Materials
Estimated Cost: \$150,000**

Project Description: Arizona State Parks proposes to purchase boats, buoys, radios, signage, boating safety and operational equipment for use in state parks where boating is permitted. In addition, these funds may be used for the repair, replacement or construction of small boating facility projects.



STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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HOUSE OF
REPRESENTATIVES

TOM BOONE
CHAIRMAN 2006
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STEPHEN TULLY

DATE: February 16, 2006
TO: Members, Joint Committee on Capital Review
THRU: Richard Stavneak, Director *RS*
FROM: Leatta McLaughlin, Fiscal Analyst *JMC*
SUBJECT: SCHOOL FACILITIES BOARD – REVIEW OF FY 2006 BUILDING RENEWAL DISTRIBUTIONS

Request

The Committee is required to review the School Facilities Board's (SFB) proposal to distribute \$70 million of Building Renewal Fund monies for FY 2006 pursuant to A.R.S. § 15-2031. SFB made this request on February 15, but began to allocate the monies in November 2005.

Recommendation

The JLBC Staff recommends a favorable review of the proposed distribution of monies as the allocation complies with statutory requirements. In their February 15th letter, SFB acknowledged that they forgot to request Committee review in November, and stated they intend to comply with this requirement in the future.

The Board is required to distribute building renewal money to districts in two equal installments of \$35 million in November and May. Each district must submit a 3 year building renewal plan before the district can be awarded any money of the total \$35 million November distribution. The Board only distributed \$25 million as not all districts submitted the required report. The Board, however, did not receive JCCR review prior to distributing the monies. The other \$10 million of the November distribution will be issued when the remaining districts' building renewal plans have been received and approved by SFB. The Board plans to distribute the other \$35 million in May subject to district compliance with the reporting requirement.

Analysis

The Building Renewal Fund is established by A.R.S. § 15-2031 to provide funding for school districts to maintain the adequacy of existing school facilities. Building renewal monies are intended for major renovations and repairs, systems upgrades to extend the life of a building, infrastructure, and relocation and placement of portable buildings. Statute requires the Committee to review the Board's plan for

(Continued)

distributing Building Renewal Funds to school districts prior to their being allocated. A.R.S. § 15-2031E requires these amounts be distributed in 2 equal installments in November and May, after Committee review. Under the current statutory formula, FY 2006 building renewal allocations would have resulted in a \$130 million cost; however, the Legislature allocated \$70 million.

Statute provides a calculation to determine the amount of building renewal monies for each school building. The main components of the formula are the school building's square footage, age, renovations, and capacity. The formula is updated annually and also reflects the JLBC adopted inflation adjustment. Based on the current formula calculation, the building renewal amount is \$130 million. This amount was then reduced by a uniform percentage to achieve the \$70 million appropriation level. SFB then split the distribution evenly between November and May. SFB began to make these allocations available to districts in November. SFB then withheld a district's allocation until it submitted a 3 year building renewal plan. Since November, 143 districts have been awarded \$25 million in building renewal monies.

RS/LMc:ym



STATE OF ARIZONA
SCHOOL FACILITIES BOARD

Governor of Arizona
Janet Napolitano

Interim Director
John Arnold

February 15, 2006

The Honorable Tom Boone
Chairman
Joint Committee on Capital Review

The Honorable Robert Burns
Vice Chairman
Joint Committee on Capital Review

Dear Senator Burns and Representative Pearce:

Your staff recently informed me that they had no record of the School Facilities Board submittal required by A.R.S. 15-2031 E. This statute requires the Board to submit the current fiscal year Building Renewal distribution to your committee for review.

The report was originally due on October 1, 2005. As you are aware, the School Facilities Board experienced significant turnover last fall including three of our four senior positions. I can only surmise that due to this turnover, the report was accidentally omitted. Please accept this letter and report as fulfillment of that October 1 requirement. SFB staff will take appropriate measures to ensure that all future reports will be submitted on time.

Sincerely,

John Arnold

Cc: Richard Stavneak
Gary Yaquinto
George Cunningham
Becky Hill

ctd	District	Formula	Based on \$70 MM
070516000	Agua Fria Union High School District	\$577,332	\$307,876
070363000	Aguila Elementary District	\$6,881	\$3,669
100215000	Ajo Unified District	\$223,663	\$119,273
070468000	Alhambra Elementary District	\$1,197,532	\$638,612
010307000	Alpine Elementary District	\$0	\$0
100351000	Altar Valley Elementary District	\$56,177	\$29,958
100210000	Amphitheater Unified District	\$3,410,739	\$1,818,858
140550000	Antelope Union High School District	\$144,337	\$76,971
020342000	Apache Elementary District	\$3,181	\$1,697
110243000	Apache Junction Unified District	\$595,772	\$317,710
070447000	Arlington Elementary District	\$0	\$0
020453000	Ash Creek Elementary District	\$18,608	\$9,923
130231000	Ash Fork Unified District	\$103,078	\$54,969
070444000	Avondale Elementary District	\$293,694	\$156,619
130220000	Bagdad Unified District	\$97,632	\$52,065
070431000	Balsz Elementary District	\$288,617	\$153,912
130326000	Beaver Creek Elementary District	\$52,987	\$28,257
020209000	Benson Unified District	\$247,510	\$131,991
150576000	Bicentennial Union High School District	\$83,427	\$44,490
020202000	Bisbee Unified District	\$665,314	\$354,795
060322000	Blue Elementary District	\$1,381	\$736
090232000	Blue Ridge Unified District	\$644,014	\$343,436
050316000	Bonita Elementary District	\$23,640	\$12,606
150426000	Bouse Elementary District	\$0	\$0
020214000	Bowie Unified District	\$124,710	\$66,505
070433000	Buckeye Elementary District	\$82,645	\$44,072
070501000	Buckeye Union High School District	\$60,833	\$32,441
080415000	Bullhead City Elementary District	\$383,185	\$204,342
130228000	Camp Verde Unified District	\$114,495	\$61,057
130350000	Canon Elementary District	\$24,474	\$13,051
070483000	Cartwright Elementary District	\$1,447,357	\$771,838
110404000	Casa Grande Elementary District	\$603,489	\$321,825
110502000	Casa Grande Union High School District	\$213,755	\$113,990
100216000	Catalina Foothills Unified District	\$596,575	\$318,138
070293000	Cave Creek Unified District	\$413,546	\$220,533
090225000	Cedar Unified District	\$114,868	\$61,256
130314000	Champie Elementary District	\$0	\$0
070280000	Chandler Unified District	\$2,473,833	\$1,319,230
030305000	Chevelon Butte School District	\$0	\$0
010224000	Chinle Unified District	\$713,567	\$380,527
130251000	Chino Valley Unified District	\$301,419	\$160,739
080411000	Chloride Elementary District	\$51,929	\$27,692
130403000	Clarkdale-Jerome Elementary District	\$37,571	\$20,036
060203000	Clifton Unified District	\$157,271	\$83,868
020326000	Cochise Elementary District	\$50,821	\$27,102
030199000	Coconino Accommodation District	\$0	\$0
080214000	Colorado City Unified District	\$23,825	\$12,705
080502000	Colorado River Union High School District	\$365,884	\$195,116
010306000	Concho Elementary District	\$1,073	\$572
130317000	Congress Elementary District	\$4,130	\$2,203


 JAN 24 2006

100339000	Continental Elementary District	\$47,718	\$25,447
110221000	Coolidge Unified District	\$475,724	\$253,691
130406000	Cottonwood-Oak Creek Elementary District	\$259,559	\$138,416
140413000	Crane Elementary District	\$348,705	\$185,955
070414000	Creighton Elementary District	\$836,079	\$445,859
130341000	Crown King Elementary District	\$7,956	\$4,243
070297000	Deer Valley Unified District	\$2,757,373	\$1,470,434
020345000	Double Adobe Elementary District	\$39,220	\$20,915
020227000	Douglas Unified District	\$990,752	\$528,342
060202000	Duncan Unified District	\$191,795	\$102,279
070289000	Dysart Unified District	\$707,610	\$377,350
060345000	Eagle Elementary District	\$0	\$0
020412000	Elfrida Elementary District	\$40,883	\$21,802
110411000	Eloy Elementary District	\$288,859	\$154,041
100337000	Empire Elementary District	\$0	\$0
030201000	Flagstaff Unified District	\$2,626,404	\$1,400,593
110201000	Florence Unified School District	\$267,770	\$142,795
100208000	Flowing Wells Unified District	\$1,282,347	\$683,842
020381000	Forrest Elementary District	\$0	\$0
070298000	Fountain Hills Unified District	\$235,982	\$125,843
070445000	Fowler Elementary District	\$155,565	\$82,959
030206000	Fredonia-Moccasin Unified District	\$130,886	\$69,798
020100000	Ft Huachuca Accommodation District	\$0	\$0
050207000	Ft Thomas Unified District	\$124,551	\$66,420
140432000	Gadsden Elementary District	\$143,425	\$76,485
010220000	Ganado Unified District	\$263,703	\$140,626
070224000	Gila Bend Unified District	\$183,630	\$97,925
070241000	Gilbert Unified District	\$2,635,547	\$1,405,468
070440000	Glendale Elementary District	\$1,288,697	\$687,228
070505000	Glendale Union High School District	\$3,935,918	\$2,098,922
040201000	Globe Unified District	\$742,449	\$395,928
050199000	Graham County Special Services	\$0	\$0
030204000	Grand Canyon Unified District	\$129,443	\$69,029
060100000	Greenlee Alternative School District	\$0	\$0
060199000	Greenlee County Accommodation District	\$0	\$0
080403000	Hackberry School District	\$2,763	\$1,473
040241000	Hayden-Winkelman Unified District	\$287,761	\$153,456
090206000	Heber-Overgaard Unified District	\$129,827	\$69,233
070260000	Higley Unified District	\$127,365	\$67,920
130335000	Hillside Elementary District	\$9,678	\$5,161
090203000	Holbrook Unified District	\$459,544	\$245,063
130222000	Humboldt Unified District	\$459,755	\$245,175
140416000	Hyder Elementary District	\$13,097	\$6,984
100240000	Indian Oasis-Baboquivari Unified District	\$251,515	\$134,126
070405000	Isaac Elementary District	\$787,297	\$419,845
110344000	J O Combs Elementary District	\$33,177	\$17,692
090202000	Joseph City Unified District	\$349,287	\$186,266
090227000	Kayenta Unified District	\$491,895	\$262,315
080404000	Kingman Elementary District	\$826,060	\$440,516
130323000	Kirkland Elementary District	\$11,491	\$6,128
050309000	Klondyke Elementary District	\$0	\$0
070428000	Kyrene Elementary District	\$1,900,833	\$1,013,665

080201000	Lake Havasu Unified District	\$773,715	\$412,602
070459000	Laveen Elementary District	\$169,038	\$90,144
070425000	Liberty Elementary District	\$140,697	\$75,030
070479000	Litchfield Elementary District	\$427,674	\$228,067
080409000	Littlefield Elementary District	\$49,478	\$26,386
070465000	Littleton Elementary District	\$183,889	\$98,063
070438000	Madison Elementary District	\$929,785	\$495,830
030310000	Maine Consolidated District	\$29,998	\$15,997
110208000	Mammoth-San Manuel Unified District	\$661,261	\$352,633
100206000	Marana Unified District	\$1,741,168	\$928,519
070199000	Maricopa County Regional District	\$153,145	\$81,668
070177000	Maricopa County Regional Special Services D	\$0	\$0
110220000	Maricopa Unified School District	\$327,318	\$174,550
110100000	Mary C O'Brien Accommodation District	\$40,769	\$21,741
130243000	Mayer Unified District	\$91,336	\$48,707
010323000	McNary Elementary District	\$4,005	\$2,136
020355000	McNeal Elementary District	\$0	\$0
070204000	Mesa Unified District	\$12,118,995	\$6,462,742
040240000	Miami Unified District	\$340,641	\$181,655
130504000	Mingus Union High School District	\$248,568	\$132,555
070386000	Mobile Elementary District	\$40,354	\$21,520
080199000	Mohave County Accommodation District	\$0	\$0
080530000	Mohave Union High School District	\$626,488	\$334,089
080416000	Mohave Valley Elementary District	\$181,243	\$96,652
140417000	Mohawk Valley Elementary District	\$45,239	\$24,125
060218000	Morenci Unified District	\$325,018	\$173,323
070375000	Morristown Elementary District	\$2,757	\$1,470
070421000	Murphy Elementary District	\$313,178	\$167,010
020323000	Naco Elementary District	\$22,003	\$11,734
070381000	Nadaburg Elementary District	\$0	\$0
090199000	Navajo County Accommodation District	\$1,081	\$577
120201000	Nogales Unified District	\$1,186,119	\$632,526
110302000	Oracle Elementary District	\$93,856	\$50,051
070408000	Osborn Elementary District	\$447,570	\$238,677
080406000	Owens-Whitney Elementary District	\$28,964	\$15,446
030208000	Page Unified District	\$950,772	\$507,022
070449000	Palo Verde Elementary District	\$23,897	\$12,744
070394000	Paloma Elementary District	\$13,462	\$7,179
020349000	Palominas Elementary District	\$93,414	\$49,815
070269000	Paradise Valley Unified District	\$4,237,681	\$2,259,844
150227000	Parker Unified School District	\$704,296	\$375,583
120406000	Patagonia Elementary District	\$31,702	\$16,906
120520000	Patagonia Union High School District	\$0	\$0
040210000	Payson Unified District	\$479,141	\$255,513
080208000	Peach Springs Unified District	\$78,973	\$42,114
020422000	Pearce Elementary District	\$46,924	\$25,023
070492000	Pendergast Elementary District	\$759,392	\$404,964
070211000	Peoria Unified District	\$3,419,304	\$1,823,425
070401000	Phoenix Elementary District	\$1,088,071	\$580,240
070510000	Phoenix Union High School District	\$4,832,893	\$2,577,255
110433000	Picacho Elementary District	\$26,097	\$13,917
100100000	Pima Accommodation District	\$0	\$0

050206000	Pima Unified District	\$146,831	\$78,301
110199000	Pinal County Special Education Program	\$0	\$0
040312000	Pine Strawberry Elementary District	\$33,200	\$17,705
090204000	Pinon Unified District	\$91,170	\$48,618
020464000	Pomerene Elementary District	\$19,740	\$10,527
130201000	Prescott Unified District	\$1,158,600	\$617,851
150404000	Quartzsite Elementary District	\$92,102	\$49,116
070295000	Queen Creek Unified District	\$195,433	\$104,219
110203000	Ray Unified District	\$165,719	\$88,373
010227000	Red Mesa Unified District	\$234,465	\$125,034
110405000	Red Rock Elementary District	\$20,603	\$10,987
100344000	Redington Elementary District	\$0	\$0
070402000	Riverside Elementary District	\$39,414	\$21,018
070466000	Roosevelt Elementary District	\$1,706,733	\$910,156
010210000	Round Valley Unified District	\$566,788	\$302,253
020366000	Rucker Elementary District	\$0	\$0
110418000	Sacaton Elementary District	\$128,488	\$68,520
070390000	Saddle Mountain Unified District	\$78,364	\$41,789
050201000	Safford Unified District	\$500,936	\$267,136
100230000	Sahuarita Unified District	\$395,177	\$210,737
150430000	Salome Consolidated Elementary District	\$10,510	\$5,605
040220000	San Carlos Unified District	\$272,315	\$145,219
100335000	San Fernando Elementary District	\$0	\$0
020218000	San Simon Unified District	\$112,894	\$60,203
010218000	Sanders Unified District	\$202,024	\$107,734
120328000	Santa Cruz Elementary District	\$49,743	\$26,526
120235000	Santa Cruz Valley Unified District	\$277,099	\$147,770
110540000	Santa Cruz Valley Union High School District	\$292,337	\$155,896
070248000	Scottsdale Unified District	\$4,034,120	\$2,151,290
130209000	Sedona-Oak Creek Joint Unified District	\$211,362	\$112,714
130240000	Seligman Unified District	\$152,709	\$81,436
070371000	Sentinel Elementary District	\$944	\$503
090210000	Show Low Unified District	\$465,567	\$248,275
020268000	Sierra Vista Unified District	\$866,540	\$462,103
130315000	Skull Valley Elementary District	\$1,037	\$553
090205000	Snowflake Unified District	\$390,332	\$208,154
050305000	Solomon Elementary District	\$107,379	\$57,262
140411000	Somerton Elementary District	\$130,714	\$69,707
120425000	Sonoita Elementary District	\$11,999	\$6,399
020221000	St David Unified District	\$108,495	\$57,857
010201000	St Johns Unified District	\$321,596	\$171,499
110424000	Stanfield Elementary District	\$140,627	\$74,993
100212000	Sunnyside Unified District	\$2,073,798	\$1,105,902
110215000	Superior Unified District	\$64,767	\$34,538
100213000	Tanque Verde Unified District	\$149,009	\$79,463
070403000	Tempe Elementary District	\$2,438,240	\$1,300,250
070513000	Tempe Union High School District	\$2,811,406	\$1,499,249
050204000	Thatcher Unified District	\$160,179	\$85,419
070417000	Tolleson Elementary District	\$88,373	\$47,127
070514000	Tolleson Union High School District	\$620,047	\$330,655
110422000	Toltec Elementary District	\$92,451	\$49,301
020201000	Tombstone Unified District	\$126,392	\$67,401

040333000	Tonto Basin Elementary District	\$7,521	\$4,011
080412000	Topock Elementary District	\$9,689	\$5,167
030215000	Tuba City Unified District	\$996,683	\$531,505
100201000	Tucson Unified District	\$14,349,756	\$7,652,348
070462000	Union Elementary District	\$3,068	\$1,636
100220000	Vail Unified District	\$310,436	\$165,548
080422000	Valentine Elementary District	\$7,083	\$3,777
020522000	Valley Union High School District	\$120,661	\$64,345
010309000	Vernon Elementary District	\$916	\$488
130307000	Wainut Grove Elementary District	\$0	\$0
070406000	Washington Elementary District	\$4,455,856	\$2,376,191
140424000	Wellton Elementary District	\$101,259	\$53,999
150419000	Wenden Elementary District	\$57,468	\$30,646
090220000	Whiteriver Unified District	\$330,787	\$176,400
070209000	Wickenburg Unified District	\$456,227	\$243,294
020213000	Willcox Unified District	\$441,706	\$235,550
030202000	Williams Unified District	\$140,423	\$74,884
130302000	Williamson Valley Elementary District	\$0	\$0
070407000	Wilson Elementary District	\$324,036	\$172,800
010208000	Window Rock Unified District	\$933,494	\$497,808
090201000	Winslow Unified District	\$494,095	\$263,488
130352000	Yarnell Elementary District	\$0	\$0
130199000	Yavapai Accommodation District	\$0	\$0
040305000	Young Elementary District	\$8,905	\$4,749
080413000	Yucca Elementary District	\$15,734	\$8,391
140199000	Yuma County Accommodation District	\$0	\$0
140401000	Yuma Elementary District	\$1,300,902	\$693,737
140570000	Yuma Union High School District	\$1,131,148	\$603,211
		\$131,264,661	\$70,000,000
		\$70,000,000	
		53.33%	



STATE OF ARIZONA

Joint Committee on Capital Review

STATE
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HOUSE OF
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TOM BOONE
CHAIRMAN 2006
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RUSSELL K. PEARCE
STEPHEN TULLY

DATE: February 14, 2006

TO: Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director *RS*

FROM: Tyler Palmer, Fiscal Analyst *TP*

SUBJECT: Arizona Exposition & State Fair Board - Review of FY 2006 Building Renewal Allocation Plan.

Request

A.R.S. § 41-1252 requires the Joint Committee on Capital Review (JCCR) review of building renewal expenditure plans. For FY 2006, the Arizona Exposition and State Fair (AESF) was appropriated \$1,386,800 from the Arizona Exposition and State Fair Fund for building renewal. The AESF requests the Committee favorably review its FY 2006 Building Renewal Plan regarding \$859,000 of its appropriation, leaving \$527,800 for additional projects.

Recommendation

JLBC Staff recommends a favorable review of the \$859,000 for the 4 submitted projects with the provision that AESF submit for Committee review an allocation plan for the remaining \$527,800 if monies are to be used for additional projects.

Analysis

Laws 2005, Chapter 298 appropriated a total of \$1,386,800 in FY 2006 from the Arizona Exposition and State Fair Fund to AESF to fully fund the building renewal formula.

The agency has proposed a Building Renewal Plan of \$859,000 in FY 2006 for 4 projects. This amount includes \$71,000 as a contingency allowance. The following table displays the recommended allocation for each project:

(Continued)

<u>Project</u>	<u>Building Renewal Allocations</u>
Exhibit Building Coolers & Ducting	\$ 550,000
Agriculture Building Coolers	237,000
Administration Building Cooling Tower	32,000
Avenue of Flags Design	40,000
Total	\$ 859,000
Unallocated	527,800

The allocation plan is consistent with building renewal guidelines and the appropriation. Based on the information provided by the agency and similar projects reviewed by the Committee in the past, the costs appear reasonable.

Exhibit Building Coolers & Ducting

Cooling for the 50,000 square foot Exhibit Building is currently provided by 13 evaporative coolers (3 commercial and 10 non-commercial). These coolers have exceeded their useful life, do not provide adequate ventilation, and have extensive rust damage. An engineering firm has designed a cooling system that would add a central cooling duct extending the length of the building. The duct would be supplied cool air through 4 new evaporative coolers. Based on past experience, the engineering firm estimates a total project cost of \$550,000. This amount includes 1.34% for project management fees, 10% for design fees, and 10% for a contingency.

Agriculture Building Coolers

Cooling for the west side of the 60,000 square foot Agriculture Building is provided by 3 evaporative coolers. Although the current ducting provides adequate ventilation, the chillers have exceeded their useful life and have rusted through. A heating and air-conditioning company has estimated a total project cost of \$237,000. This amount includes 1.34% for project management fees, 10% for design fees, and 10% for a contingency.

Administration Building Cooling Tower

The cooling tower, in connection with the chiller, is used to cool the 10,000 square foot administration building. The current cooling tower is approximately 20-years old and has exceeded its 15-year useful life. An excess of rust and corrosion make continued repairs an unrealistic solution. The estimated project cost is \$32,000. This amount includes 1.34% for project management fees, 10% for design fees, and 10% for a contingency.

Avenue of Flags Design

The 278,000 square foot Avenue of Flags area is used for a variety of exhibits and concession stands throughout the year. The area consists of a roadway with a line of trees down the middle and two walkways on each side of the roadway. The variety of surface grades created by the roadway and the curbs up to the walkways causes a pedestrian hazard. This hazard has been documented through some incident reports and a letter from the loss control insurance provider. The AESF has contacted a contractor to provide alternative designs for constructing a contiguous grade on the Avenue of Flags. The fee for the design portion of this project is \$40,000. This amount includes 1.34% for project management fees, 10% for design fees, 10% for a contingency, and \$6,000 for a grade survey fee.

RS/TP:ss



February 10, 2006

FEB 10 2006

The Honorable Tom Boone
Joint Committee on Capital Review
Arizona State Senate
1700 West Washington
Phoenix, Arizona 85007

RE: Request for appropriation from the Joint Committee on Capital Review

Dear Representative Boone,

The Arizona Exposition and State Fair (AESF) respectfully requests the appropriation approval of the Joint Committee on Capital Review (JCCR) for the expenditure of monies on capital improvements or related building renewal projects.

AESF seeks JCCR approval on the following capital/building renewal projects:

- | | |
|---|-----------|
| 1. New evaporative cooling system for the Exhibit building | \$550,183 |
| 2. Replacement of evaporative coolers for the Agriculture Buildings | \$236,771 |
| 3. Replacement of the cooling tower supplying agency offices | \$ 32,353 |
| 4. Engineering fees for a Master Plan Study to renovate the Avenue of Flags | \$ 39,637 |

Total: \$858,944

A brief description of the projects is as follows:

1. Exhibit Building Cooling System

Redesign and replacement of a thirty year old evaporative cooling system with a newer, more energy efficient system that provides greater air flow. The existing evaporative equipment does not allow sufficient air flow to cool the 50,000 square foot building. Failure to replace and upgrade the system has caused and will continue to cause a decrease in fair and non-fair rentals and revenue. Engineering and construction costs were provided by Energy Systems Design.

2. Agriculture Buildings Cooler Replacement

Replacement of a fifteen year old evaporative cooling system supplying the 60,000 square foot Agriculture buildings. The existing equipment is outdated, has sustained rust damage beyond repair, contains parts that are difficult to obtain, and is expensive to operate. Failure to repair the cooling system will render the building non-usable, thus creating a substantial revenue loss. Equipment costs were provided by Carrier Corporation. Formulas used to calculate design and other pertinent fees were provided by ADOA General Services.

AESF Capital Improvement Request

Page 2

2/10/06

3. **Cooling Tower Replacement**

Replacement of a cooling tower with a new, more efficient unit. The existing cooling tower is twenty years old and starting to fail. The unit provides air conditioning to agency offices located in the Coliseum. Equipment and construction costs were provided by Carrier Corporation. Formulas used to calculate design and other pertinent fees were provided by ADOA General Services.

4. **Avenue of Flags – Master Plan Study**

Fee approval to hire an engineer for the purpose of master planning a renovated "Avenue of Flags". The Avenue of Flags is a multiple grade surface area consisting of asphalt, concrete and dirt. The existing area and its services are inadequate, require excessive maintenance, and do not properly support current uses. Re-design of the area will increase its rental and revenue potential. Renovation of the area will also reduce the potential for patron injury. Finally, more efficient placement of services (sewer, electrical and water) will reduce labor costs associated with the use of this area. Design and engineering fees were obtained from WLB.

Please see the attached budget worksheet for project details.

If you have any questions or require additional information concerning these requests, please contact me at 602-257-7177.

Sincerely,



Don B. West
Deputy Director

CC: The Honorable Robert Burns
The Honorable Russell K. Pearce
Bill Greeney, OSPB
Lorenzo Martinez, JLBC
Tyler Palmer, JLBC

Arizona Exposition and State Fair
 Arizona Department of Administration

Construction Services

Project: Exhibit Building Cooling System
 Project Number: #3003
 Project Manager: Mike Rank
 General Manager: Bruce Ringwald

Description		Amount
<u>Funding Source</u>	<u>Index</u>	
AESF Funding Transfer	20624	\$550,183
Total Funding		\$550,183

Project Cost:	Estimate	Completion Cost
Land Acquisition Costs	\$0	\$0
Professional Services		
Engineering Firm – Energy System Design	\$ 49,000	\$ 49,000
Construction Services		
HVAC Modification	\$450,000	\$450,000
Cooler Units		
Ductwork & Alterations		
Concrete Pads		
Security Enclosures		
Separate Contracts	\$0	\$0
Project Support		
ADOA Project Management (10% Est. Avg)	\$ 4,500	\$ 4,500
Risk Management Fee (Eng. Fee & Const x .34%)	\$ 1,683	\$ 1,683
Contingency Allowance		
Estimated 10% of Construction Services	\$ 45,000	\$ 45,000
Total Project Cost:	\$550,183	\$550,183

Arizona Exposition and State Fair	Construction Services
Arizona Department of Administration	

Project:	Agriculture Buildings Cooler Replacement
Project Number:	#3004
Project Manager:	Mike Rank
General Manager:	Bruce Ringwald

Description	Amount
<u>Funding Source</u>	<u>Index</u>
AESF Funding Transfer	20624
	\$236,771
Total Funding	\$236,771

Project Cost:	Estimate	Completion Cost
Land Acquisition Costs	\$0	\$0
Professional Services		
Engineering Firm – Energy System Design	\$ 19,500	\$ 19,500
Construction Services		
HVAC Replacement Cooler Units	\$195,091	\$195,091
Separate Contracts	\$0	\$0
Project Support		
ADOA Project Management (10% Est. Avg)	\$ 1,950	\$ 1,950
Risk Management Fee (Eng. Fee & Const x .34%)	\$ 730	\$ 730
Contingency Allowance		
Estimated 10% of Construction Services	\$ 19,500	\$ 19,500
Total Project Cost:	\$236,771	\$236,771

Arizona Exposition and State Fair
 Arizona Department of Administration

Construction Services

Project: Cooling Tower Replacement
 Project Number: #3005
 Project Manager: Mike Rank
 General Manager: Bruce Ringwald

Description		Amount
<u>Funding Source</u>	<u>Index</u>	
AESF Funding Transfer	20624	\$ 32,353
Total Funding		\$ 32,353

Project Cost:	Estimate	Completion Cost
Land Acquisition Costs	\$0	\$0
Professional Services		
Engineering Firm – (Est. 10%)	\$ 2,665	\$ 2,665
Construction Services		
HVAC Replacement Cooler Units	\$ 26,656	\$ 26,656
Separate Contracts	\$0	\$0
Project Support		
ADOA Project Management (10% Est. Avg)	\$ 267	\$ 267
Risk Management Fee (Eng. Fee & Const x .34%)	\$ 100	\$ 100
Contingency Allowance		
Estimated 10% of Construction Services	\$ 2,665	\$ 2,665
Total Project Cost:	\$ 32,353	\$ 32,353

Arizona Exposition and State Fair Arizona Department of Administration	Construction Services
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Project:	Avenue of Flags – Master Plan Study
Project Number:	#3006
Project Manager:	Mike Rank
General Manager:	Bruce Ringwald

Description		Amount
<u>Funding Source</u>	<u>Index</u>	
AESF Funding Transfer	20624	\$ 39,637
Total Funding		\$ 39,637

Project Cost:	Estimate	Completion Cost
Land Acquisition Costs	\$0	\$0
Professional Services		
Engineering Firm – WLB Group	\$ 35,600	\$ 35,600
Construction Services	\$0	\$0
Separate Contracts	\$0	\$0
Project Support		
ADOA Project Management (10% Est. Avg)	\$ 356	\$ 356
Risk Management Fee (Eng. Fee & Const x .34%)	\$ 121	\$ 121
Contingency Allowance		
Estimated 10% of Construction Services	\$ 3,560	\$ 3,560
Total Project Cost:	\$ 39,637	\$ 39,637



STATE OF ARIZONA

Joint Committee on Capital Review

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DATE: February 15, 2006
TO: Members, Joint Committee on Capital Review
THRU: Richard Stavneak, Director *RS*
FROM: Bob Hull, Principal Research/Fiscal Analyst *BH*
SUBJECT: Arizona Department of Transportation – Review of De-Icer Buildings Project

Request

In compliance with A.R.S. § 41-1252, the Arizona Department of Transportation (ADOT) requests Committee review of the De-Icer Buildings project.

Recommendation

The JLBC Staff recommends that the Committee give a favorable review of the project with the condition that ADOT report back to JLBC Staff with their new cost estimate after the contract is awarded. The JLBC Staff would notify the Committee members of any substantial change, including the number of de-icer buildings to be constructed. The cost projections are within the \$1,089,000 appropriated budget for the project.

Analysis

Laws 2005, Chapter 298 appropriated \$1,089,000 from the State Highway Fund to the department to build 4 new buildings to house de-icer chemicals, bulk sand, and cinders used during winter months to de-ice highways. A.R.S. § 41-1252 requires that the Committee review the scope, purpose and estimated cost, before the release of monies for construction of a new capital project costing over \$250,000.

ADOT plans to build the 4 de-icer buildings with 2,400 square feet each at Winslow, Kingman, Show Low and Springerville, in that order. ADOT would reduce the number of de-icer buildings constructed, if the bid amounts exceed the \$1,089,000 available. ADOT has advertised the project and bid opening is scheduled for February 23, 2006. ADOT expects to start construction

(Continued)

in April 2006 and complete construction within 5 months. The new de-icer buildings would replace 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 will cost an estimated \$272,250.

The following shows ADOT's breakout of estimated expenditures for the 4 de-icer buildings.

Estimated Expenditures	
Architect & Engineering	\$ 74,200
Site Work	7,200
Building Construction	672,000
Electrical	46,000
Contractor	182,000
Contingencies	<u>107,600</u>
Total Expenditures	<u>\$1,089,000</u>

The total project cost equates to \$113 per square foot, which is reasonable given the facility is a pre-engineered building. ADOT reports that the last 2,400 square foot de-icer building was built in FY 2003 for a cost of \$200,000, or \$83 per square foot. The cost of both concrete and steel has increased significantly in the past year. Because the proposal appears consistent with the statutory intent for the project as established in Chapter 298 and the cost estimate is within the established limits, JLBC Staff recommends a favorable review of the project with the condition that ADOT report back to JLBC Staff with their new cost estimate after the contract is awarded. The JLBC Staff would notify the Committee members of any substantial change, including the number of de-icer buildings to be constructed.

RS/BH:ym



Arizona Department of Transportation

Office of the Director

206 South Seventeenth Avenue Phoenix, Arizona 85007-3213

Janet Napolitano
Governor

Victor M. Mendez
Director

David P. Jankofsky
Deputy Director

January 26, 2006

The Honorable Tom Boone
Chairman
Joint Committee on Capital Review
1716 West Adams
Phoenix, Arizona 85007



Dear Representative Boone:

We respectfully request that the appropriation of the \$1,089,000, Laws 2005, Chapter 298 for the construction of four de-icing material storage buildings, be placed on the agenda of the next JCCR meeting for Committee approval.

The funds appropriated for this project will be used to provide several 40 ft. x 60 ft. steel-frame buildings at various sites around the state to store highway de-icing materials. Construction of these buildings will allow ADOT to be in compliance with all appropriate environmental laws and will better protect the materials from the erosive effect of the elements.

This appropriation of funds will allow us to build de-icing material storage buildings in the priority areas of Winslow, Kingman, Springerville and Show Low.

The Committee's review and authorization to proceed with this project would be greatly appreciated.

If you have any questions please contact Terry Trost, 602-712-8981.

Sincerely,

Victor M. Mendez

cc: Senator Bob Burns, Vice-Chair, JCCR
✓ Richard Stavneak, Director, JLBC
Gary Yaquinto, Director, OSPB
Bob Hull, JLBC
Marcel Benberou, Principal Analyst, OSPB



2001 Award Recipient



STATE OF ARIZONA

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DATE: February 16, 2006

TO: Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director *RS*

FROM: Jeremy Olsen, Fiscal Analyst *JO*

SUBJECT: Report on Relocation of Arizona Game and Fish Department Headquarters

Request

At its July 21, 2005 meeting, the Committee requested the Arizona Game and Fish Department (AGFD) provide additional information regarding the relocation of its agency headquarters from the current Deer Valley site to the Ben Avery property. The department has supplied information related to the relocation in response to this request.

Recommendation

JLBC Staff recommends that AGFD submit the estimated scope, purpose, and estimated cost of the project to the Committee before the department executes any financing agreement. The department plans on financing new facilities with sales proceeds from the existing headquarters and through a Privatized Lease-To-Own (PLTO) agreement. A.R.S. § 17-246 requires JLBC approval of installment purchase agreements.

Analysis

The department's current headquarters, located at 2221 W. Greenway Road in Phoenix, contains approximately 71,000 square feet of office space and 17,000 square feet of storage space. The new location will be located near I-17 and the Carefree Highway, and is expected to have 80,000 square feet of office space and a warehouse which will provide 24,000 square feet of storage space.

The Ben Avery property facility also contains a 99-site campground and a shooting range, with facilities for high-powered rifles, clay targets, archery ranges, and moving-target ranges. The

(Continued)

department reports the Ben Avery range is the largest publicly operated shooting range facility in the country. The headquarters will be located in a separate area of the Ben Avery property.

The Deer Valley property is composed of 2 pieces of property; the parcel to the north of Greenway Avenue is owned by the department, and will be sold to partially offset costs for construction of the new facility. An appraisal of this parcel is in process. The parcel immediately south of Greenway is leased by the agency from the City of Phoenix, and will be returned to the City after the department has moved from the site.

The department is currently completing architectural design for the facility, and estimates that the project construction costs will be between \$15.0 and \$16.5 million. AGFD will use a PLTO agreement to finance the construction of the new headquarters building. A PLTO agreement is similar to a lease-purchase but the private entity finances and constructs the building and leases it to the state. At the end of the lease term, the state takes possession of the building.

The agreement will have a term of 25 years, with estimated payments of \$1.5 million each year for a total cost of \$37.5 million. Funding for the project will come from Wildlife Conservation Funds, a non-appropriated fund which receives revenue from tribal gaming funds paid to the state. The department anticipates construction will begin in the summer of 2006 and expects completion of the project in the spring of 2007.

RS/JO:ym



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DATE: February 16, 2006
TO: Members, Joint Committee on Capital Review
THRU: Richard Stavneak, Director *RS*
FROM: Lorenzo Martinez, Assistant Director *RS for*
SUBJECT: FY 2007 Capital Outlay Budgets

The attached materials on the FY 2007 Capital Outlay Budgets will be presented to the Committee. The materials include the Capital Outlay Budget sections from both the FY 2007 Budget JLBC Book II and the FY 2007 JLBC Book I.

RS/LM:ym

CAPITAL OUTLAY BUDGET
JLBC Book II – Comparisons with Executive Budget

CAPITAL OUTLAY - SUMMARY

	JLBC	EXECUTIVE
Total Appropriations (Pg. 365)	<u>FY 2007</u> <ul style="list-style-type: none"> • \$15 M GF • \$291.1 M OF 	<u>FY 2007</u> <ul style="list-style-type: none"> • \$37.9 M GF • \$409.8 M OF
Building Renewal (Pg. 365, 368, 371)	<ul style="list-style-type: none"> • \$9.1 M total for building renewal -- \$5.4 M OF for the ADOA Building System -- \$3.7 M OF for the ADOT Building System 	<ul style="list-style-type: none"> • \$21.5 M total for building renewal -- \$10 M GF and \$6.8 M OF for the ADOA Building System -- \$4.7 M OF for the ADOT Building System
New Projects (Pg. 366, 369, 370, 371, 372)	<ul style="list-style-type: none"> • \$297 M total for new capital projects -- \$15 M GF and \$1.1 M OF for the ADOA Building System -- \$280.9 M OF for the ADOT Building System 	<ul style="list-style-type: none"> • \$426.2 M total for new capital projects -- \$27.9 M GF and \$1.1 M OF for the ADOA Building System -- \$397.2 M OF for the ADOT Building System

**Capital Outlay
Summary**

	FY 2007 OSPB		FY 2007 JLBC	
	General Fund	Other Funds	General Fund	Other Funds
BUILDING RENEWAL				
Arizona Department of Administration Building System	10,037,500	6,755,000	0	5,392,800
Arizona Department of Transportation Building System	0	4,719,100	0	3,702,900
SUBTOTAL	10,037,500	11,474,100	0	9,095,700
NEW PROJECTS				
Arizona Department of Administration Building System	27,889,000	1,101,000	15,000,000	1,125,000
Arizona Department of Transportation Building System	0	397,208,900	0	280,924,000
SUBTOTAL	27,889,000	398,309,900	15,000,000	282,049,000
TOTALS				
Arizona Department of Administration Building System	37,926,500	7,856,000	15,000,000	6,517,800
Arizona Department of Transportation Building System	0	401,928,000	0	284,626,900
TOTAL - ALL PROJECTS	37,926,500	409,784,000	15,000,000	291,144,700
<hr/>				
FUND SOURCES				
General Fund	37,926,500		15,000,000	
Other Appropriated Funds				
Capital Outlay Stabilization Fund		4,800,000		3,400,000
Arizona Exposition and State Fair Fund		1,508,400		1,508,400
State Lottery Fund		53,600		53,600
Game and Fish Fund		544,000		605,800
Game and Fish Capital Improvement Fund		850,000		850,000
Waterfowl Conservation Fund		100,000		100,000
State Aviation Fund		23,793,800		23,240,000
State Highway Fund		378,134,200		261,386,900
SUBTOTAL - Other Appropriated Funds	37,926,500	409,784,000	15,000,000	291,144,700
SUBTOTAL - Appropriated Funds	37,926,500	409,784,000	15,000,000	291,144,700
TOTAL - ALL SOURCES	37,926,500	409,784,000	15,000,000	291,144,700

DEPARTMENT OF ADMINISTRATION BUILDING SYSTEM - CAPITAL OUTLAY

	JLBC	EXECUTIVE
Total Appropriations (Pg. 368)	<u>FY 2007</u> <ul style="list-style-type: none"> • \$15.0 M GF • \$6.5 M OF 	<u>FY 2007</u> <ul style="list-style-type: none"> • \$37.9 M GF • \$7.9 M OF
Building Renewal (Pg. 368)	<ul style="list-style-type: none"> • \$3.4 M and 5 FTE Positions from the Capital Outlay Stabilization Fund to fund 13% of the ADOA Building System building renewal formula • \$1.5 M from the Arizona Exposition and State Fair Board to fund 100% of the building renewal formula • \$430,800 from the Game and Fish Fund to fund 100% of the building renewal formula • \$53,600 from the State Lottery Fund to the Arizona Lottery Commission to fund 100% of the building renewal formula 	<ul style="list-style-type: none"> • \$10.0 M GF and \$4.8 M from the Capital Outlay Stabilization Fund to fund 58% of the ADOA Building System building renewal formula • \$1.5 M from the Arizona Exposition and State Fair Board to fund 100% of the building renewal formula • \$393,000 from the Game and Fish Fund to fund 91% of the building renewal formula • \$53,600 from the State Lottery Fund to the Arizona Lottery Commission to fund 100% of the building renewal formula
State Library and Archives Building (Pg. 369)	<ul style="list-style-type: none"> • \$15 M GF for the construction of a new state archives and history building • Funding was included in Laws 2005, Chapter 298 	<ul style="list-style-type: none"> • \$15 M GF for the construction of a new state archives and history building
Game & Fish Projects	<ul style="list-style-type: none"> • \$1,125,000 from Game and Fish Funds for 11 capital projects: <ul style="list-style-type: none"> -- \$350,000 from the Game and Fish Capital Improvement Fund for an automated flood warning system -- \$300,000 from the Game and Fish Capital Improvement Fund for modifications to the Black Canyon Dam located near Heber, AZ -- \$200,000 from the Game and Fish Capital Improvement Fund for roadway improvements at its 5 shooting ranges -- \$100,000 from the Waterfowl Conservation Fund for the acquisition of waterfowl habitat -- \$15,000 from the Game and Fish Fund to continue funding for preventative maintenance -- \$25,000 from the Game and Fish Fund for driveway surfacing at the House Rock Wildlife Area 	<ul style="list-style-type: none"> • \$1,101,000 from Game and Fish Funds for 5 capital projects: <ul style="list-style-type: none"> -- \$350,000 from the Game and Fish Capital Improvement Fund for an automated flood warning system -- \$300,000 from the Game and Fish Capital Improvement Fund for modifications to the Black Canyon Dam located near Heber, AZ -- \$200,000 from the Game and Fish Capital Improvement Fund for roadway improvements at its 5 shooting ranges -- \$100,000 from the Waterfowl Conservation Fund for the acquisition of waterfowl habitat -- Does not include -- Does not include

	JLBC	EXECUTIVE
(Pg. 369,370)	<ul style="list-style-type: none"> -- \$10,000 from the Game and Fish Fund for a parking gate at the Flagstaff office -- \$35,000 from the Game and Fish Fund for a storage canopy at the Yuma office -- \$30,000 from the Game and Fish Fund for a perimeter alarm at the regional office in Yuma -- \$10,000 from the Game and Fish Fund for a boundary fence at the regional office in Yuma -- \$50,000 from the Game and Fish Fund for access improvements at a pond near Cluff Ranch -- Does not include. JLBC instead includes \$175,000 for 7 specific projects not specifically recommended by the Executive. 	<ul style="list-style-type: none"> -- Does not include -- \$151,000 from the Game and Fish Fund for facilities improvements projects
Department of Corrections	<ul style="list-style-type: none"> • Does not include 	<ul style="list-style-type: none"> • \$7.4 M GF for 2 Department of Corrections projects: <ul style="list-style-type: none"> -- \$5.2 M GF for replacement of prison door cells and locks at state prisons. The Executive proposal would obligate this amount for the next 8 years. -- \$2.2 M GF for a water treatment plant located at the Yuma prison complex
Lease-Purchase Projects	<ul style="list-style-type: none"> • Does not include 	<ul style="list-style-type: none"> • \$5.5 M GF for annual debt service payment for 3 projects totaling \$50 M. Repaid over 15 years. <ul style="list-style-type: none"> -- \$3.1 M GF debt service for an Arizona State Hospital Forensic Unit. Project cost is \$30.5 M. -- \$1.4 M GF debt service for DPS regional crime lab in Tucson. Project cost is \$14.3 M. -- \$1.0 M GF debt service for a Veteran's Home on the VA hospital campus in Tucson. State share of project cost is \$10.2 M. Federal match is \$18.9 M, for project cost of \$29.1 M.

Capital Outlay

Arizona Department of Administration Building System

	FY 2007 OSPB		FY 2007 JLBC	
	General Fund	Other Funds	General Fund	Other Funds
BUILDING RENEWAL				
Arizona Department of Administration	10,037,500	4,800,000	0	3,400,000
Arizona Exposition and State Fair Board	0	1,508,400	0	1,508,400
Game and Fish Department	0	393,000	0	430,800
Arizona Lottery Commission	0	53,600	0	53,600
SUBTOTAL	10,037,500	6,755,000	0	5,392,800
NEW PROJECTS				
State Archives and History Building	15,000,000	0	15,000,000	0
Prison Lock and Door Replacement	5,200,000	0	0	0
Yuma Prison Water Treatment Plant	2,189,000	0	0	0
Arizona State Hospital Forensic Unit Lease-Purchase Payment	3,050,000	0	0	0
Southern Regional Crime Laboratory Lease-Purchase Payment	1,430,000	0	0	0
Southern Arizona State Veteran Home Lease-Purchase Payment	1,020,000	0	0	0
Game and Fish Flood Warning System	0	350,000	0	350,000
Game and Fish Black Canyon Dam Modifications	0	300,000	0	300,000
Game and Fish Shooting Range Access Improvements	0	200,000	0	200,000
Game and Fish Migratory Waterfowl Habitat	0	100,000	0	100,000
Game and Fish Statewide Preventative Maintenance	0	0	0	15,000
Game and Fish House Rock Driveway Paving	0	0	0	25,000
Game and Fish Flagstaff Office Parking Gate	0	0	0	10,000
Game and Fish Yuma Storage Canopy	0	0	0	35,000
Game and Fish Yuma Office Security System	0	0	0	30,000
Game and Fish Yuma Office Fence	0	0	0	10,000
Game and Fish Cluff Ranch Access Improvements	0	0	0	50,000
Game and Fish Facilities Improvement Projects	0	151,000	0	0
SUBTOTAL	27,889,000	1,101,000	15,000,000	1,125,000
TOTAL - ALL PROJECTS	37,926,500	7,856,000	15,000,000	6,517,800
FUND SOURCES				
General Fund	37,926,500		15,000,000	
<u>Other Appropriated Funds</u>				
Capital Outlay Stabilization Fund		4,800,000		3,400,000

Capital Outlay

Arizona Department of Administration Building System

	<u>FY 2007 OSPB</u>		<u>FY 2007 JLBC</u>	
	<u>General Fund</u>	<u>Other Funds</u>	<u>General Fund</u>	<u>Other Funds</u>
Arizona Exposition and State Fair Fund		1,508,400		1,508,400
State Lottery Fund		53,600		53,600
Game and Fish Fund		544,000		605,800
Game and Fish Capital Improvement Fund		850,000		850,000
Waterfowl Conservation Fund		100,000		100,000
SUBTOTAL - Other Appropriated Funds		<u>7,856,000</u>		<u>6,517,800</u>
SUBTOTAL - Appropriated Funds		<u>45,782,500</u>		<u>21,517,800</u>
TOTAL - ALL SOURCES		<u>45,782,500</u>		<u>21,517,800</u>

DEPARTMENT OF TRANSPORTATION - CAPITAL OUTLAY

	JLBC	EXECUTIVE
Total Appropriations (Pg. 371)	<u>FY 2007</u> • \$284.6 M OF	<u>FY 2007</u> • \$401.9 M OF
Building Renewal (Pg. 371)	<ul style="list-style-type: none"> • \$3.7 M OF including \$3.6 M from the State Highway Fund and \$75,800 from the State Aviation Fund for 100% funding of FY 2006 ADOT Building System building renewal formula • ADOT's building inventory nearly doubled between FY 2006 and FY 2007 -- Need further research before funding '07 formula 	<ul style="list-style-type: none"> • \$4.7 M OF including \$4.6 M from the State Highway Fund and \$128,700 from the State Aviation Fund, for 65% Highway Fund and 100% Aviation Fund funding of FY 2007 ADOT Building System building renewal formula
Buildings and Facilities (Pg. 371,372)	<ul style="list-style-type: none"> • \$5.8 M State Highway Fund for: <ul style="list-style-type: none"> • MVD <ul style="list-style-type: none"> -- \$2.7 M Surprise MVD service center land acquisition -- Does not include. • Highways <ul style="list-style-type: none"> -- \$1.5 M de-icer buildings -- \$1.6 M asphalt storage tanks -- Does not include. ADOT spent \$1 M from the highway maintenance operating budget in FY 2005 to install 6 vehicle wash rack systems. -- Does not include. ADOT has flexibility to manage its resources and fund small items. • Grand Canyon Airport <ul style="list-style-type: none"> -- Does not include. Cost of employee housing diverts funds from local airports. • ADOT Headquarters <ul style="list-style-type: none"> -- Does not include 	<ul style="list-style-type: none"> • \$12.5 M OF including \$9.3 M State Highway Fund and \$3.2 M State Aviation Fund for: <ul style="list-style-type: none"> • MVD <ul style="list-style-type: none"> -- \$3.3 M Surprise MVD service center land acquisition -- \$2.3 M Marana MVD service center land acquisition • Highways <ul style="list-style-type: none"> -- \$1.5 M de-icer buildings -- Does not include -- \$1.9 M vehicle wash systems -- \$208,000 demolish abandoned buildings • Grand Canyon Airport <ul style="list-style-type: none"> -- \$3.2 M Grand Canyon Airport employee housing • ADOT Headquarters <ul style="list-style-type: none"> -- \$100,000 new ADOT headquarters specifications
Statewide Highway Construction	• \$84.6 M State Highway Fund for statewide highway construction	• \$195 M State Highway Fund for statewide highway construction

	JLBC	EXECUTIVE
(Pg. 372)	<ul style="list-style-type: none"> • Does not address • Does not address 	<ul style="list-style-type: none"> • Includes \$118 M transfer from GF to State Highway Fund to repay '05 VLT transfer to the General Fund • Includes \$40 M GF deposit to HURF to partially repay the use of HURF for DPS Highway Patrol
Controlled Access Highways (Pg. 372)	<ul style="list-style-type: none"> • \$101.6 M State Highway Fund for urban freeways in Maricopa and Pima Counties 	<ul style="list-style-type: none"> • \$103.4 M State Highway Fund for urban freeways in Maricopa and Pima Counties
Debt Service (Pg. 372)	<ul style="list-style-type: none"> • \$65.8 M State Highway Fund for appropriated debt service on bonds 	<ul style="list-style-type: none"> • \$65.8 M State Highway Fund for appropriated debt service on bonds
Airport Planning and Development (Pg. 372)	<ul style="list-style-type: none"> • \$23.2 M State Aviation Fund for airport construction program 	<ul style="list-style-type: none"> • \$20.5 M State Aviation Fund for airport construction program

Capital Outlay
Arizona Department of Transportation Building System

	FY 2007 OSPB		FY 2007 JLBC	
	General Fund	Other Funds	General Fund	Other Funds
BUILDING RENEWAL				
Arizona Department of Transportation	0	4,719,100	0	3,702,900
SUBTOTAL	0	4,719,100	0	3,702,900
NEW PROJECTS				
Surprise MVD Service Center Land Acquisition	0	3,296,900	0	2,736,200
Marana MVD Service Center Land Acquisition	0	2,335,900	0	0
De-Icer Buildings	0	1,478,000	0	1,478,000
Asphalt Storage Tanks	0	0	0	1,587,600
Vehicle Wash Systems	0	1,925,000	0	0
Demolish Abandoned Buildings	0	208,000	0	0
Grand Canyon Airport Employee Housing	0	3,200,000	0	0
New ADOT Headquarters Specifications	0	100,000	0	0
Statewide Highway Construction	0	195,000,000	0	84,592,000
Controlled Access Highways	0	103,400,000	0	101,561,000
Debt Service	0	65,800,000	0	65,805,000
Airport Planning and Development	0	20,465,100	0	23,164,200
SUBTOTAL	0	397,208,900	0	280,924,000
TOTAL - ALL PROJECTS	0	401,928,000	0	284,626,900
FUND SOURCES				
<u>Other Appropriated Funds</u>				
State Aviation Fund		23,793,800		23,240,000
State Highway Fund		378,134,200		261,386,900
SUBTOTAL - Other Appropriated Funds		401,928,000		284,626,900
SUBTOTAL - Appropriated Funds		401,928,000		284,626,900
TOTAL - ALL SOURCES		401,928,000		284,626,900

CAPITAL OUTLAY BUDGET
JLBC Book I –
Description of FY 2007 JLBC Baseline

Capital Outlay

Summary

JLBC: Lorenzo Martinez

OSP: Marcel Benberou

DESCRIPTION	FY 2007 JLBC
BUILDING RENEWAL	
ADOA Building System	5,392,800
ADOT Building System	3,702,900
SUBTOTAL	9,095,700
NEW PROJECTS	
ADOA Building System	16,125,000
ADOT Building System	280,924,000
SUBTOTAL	297,049,000
TOTALS	
ADOA Building System	21,517,800
ADOT Building System	284,626,900
TOTAL - ALL PROJECTS	306,144,700

FUND SOURCES	
General Fund	15,000,000
<u>Other Appropriated Funds</u>	
Capital Outlay Stabilization Fund	3,400,000
Arizona Exposition and State Fair Fund	1,508,400
State Lottery Fund	53,600
Game and Fish Fund	605,800
Game and Fish Capital Improvement Fund	850,000
Waterfowl Conservation Fund	100,000
State Aviation Fund	23,240,000
State Highway Fund	261,386,900
SUBTOTAL - Other Appropriated Funds	291,144,700
SUBTOTAL - Appropriated Funds	306,144,700
TOTAL - ALL SOURCES	306,144,700

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.

		<u>FY 2007</u>
Capital Outlay	GF	\$15,000,000
	OF	\$291,144,700

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

The JLBC recommends total funding of \$9,095,700 from Other Funds for Building Renewal in FY 2007. This amount includes:

Arizona Department of Administration	
Capital Outlay Stabilization Fund @13%	\$3,400,000
Exposition and State Fair Fund @ 100%	1,508,400
Game and Fish Fund @ 100%	430,800
State Lottery Fund @ 100%	53,600
Subtotal – ADOA	\$5,392,800
Arizona Department of Transportation	
State Highway Fund @ 100% (of FY 2006)	\$3,627,100
State Aviation Fund @ 100% (of FY 2006)	75,800
Subtotal – ADOT	\$3,702,900

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

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 has 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. The Department of Veterans' Services has also been authorized to enter into a privatized lease-to-own agreement for a southern Arizona veterans' home facility. *Table 2* 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
VSC	NA	NA	NA
Total	NA	\$10,819,300	NA

Capital Outlay

Arizona Department of Administration Building System

JLBC: Lorenzo Martinez/Jeremy Olsen

OSP: Judith Padres

DESCRIPTION	FY 2007 JLBC
BUILDING RENEWAL	
Arizona Department of Administration	3,400,000
Arizona Exposition and State Fair Board	1,508,400
Game and Fish Department	430,800
Arizona Lottery Commission	53,600
SUBTOTAL	5,392,800
NEW PROJECTS	
State Archives and History Building	15,000,000
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
SUBTOTAL	16,125,000
TOTAL – ALL PROJECTS	21,517,800
FUND SOURCES	
General Fund	15,000,000
<u>Other Appropriated Funds</u>	
Capital Outlay Stabilization Fund	3,400,000
Arizona Exposition and State Fair Fund	1,508,400
Game and Fish Fund	605,800
Game and Fish Capital Improvement Fund	850,000
State Lottery Fund	53,600
Waterfowl Conservation Fund	100,000
SUBTOTAL – Other Appropriated Funds	6,517,800
SUBTOTAL - Appropriated Funds	21,517,800
TOTAL – ALL SOURCES	21,517,800

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.

JLBC Recommendations – The following amounts are one-time appropriations.

Building Renewal **FY 2007**
OF \$5,392,800
The JLBC recommends \$5,392,800 from Other Funds in FY 2007 for Building Renewal within the ADOA Building System. This amount includes \$3,400,000 from the Capital Outlay Stabilization Fund (COSF) to ADOA to

fund 13% 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. The JLBC also recommends that 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.

State Archives and History Building GF 15,000,000
The JLBC recommends \$15,000,000 from the General Fund in FY 2007 for a new State Archives and History Building.

Laws 2004, Chapter 194 appropriated \$2,000,000 from the General Fund in FY 2005 to ADOA for design and site preparation for a new State Archives and History Building. The design assumed a construction cost of \$35,700,000. Laws 2005, Chapter 298 appropriated \$15,000,000 from the General Fund in FY 2006 and \$15,000,000 from the General Fund in FY 2007 to Legislative Council for the construction of the Library and Archives building. Because Chapter 298 advance appropriated the FY 2007 amount, these monies will not appear in the Capital Outlay Bill.

Game and Fish Projects – The JLBC recommends \$1,125,000 from Other Funds in FY 2007 for Arizona Game and Fish Department projects. This amount consists of:

Game and Fish Capital Improvement Fund	850,000
Game and Fish Fund	175,000
Game and Fish Waterfowl Conservation Fund	100,000

Statewide Projects

Flood Warning System OF 350,000
The JLBC recommends \$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 event, affected jurisdictions would be notified regarding rising water levels.

Black Canyon Dam Modifications OF 300,000
The JLBC recommends \$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 event.

Shooting Range Access Improvements OF 200,000
The JLBC recommends \$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 unpaved access roads or to repave roadways which have fallen into disrepair.

Migratory Waterfowl Habitat OF 100,000
The JLBC recommends \$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 OF 15,000
The JLBC recommends \$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.

Region II (Flagstaff) Projects

House Rock Driveway Surfacing OF 25,000
The JLBC recommends \$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 OF 10,000
The JLBC recommends \$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.

Region IV (Yuma) Projects

Storage Canopy OF 35,000
The JLBC recommends \$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 OF 30,000
The JLBC recommends \$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 OF 10,000

The JLBC recommends \$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.

Region V (Tucson) Projects

Cluff Ranch Access Improvements OF 50,000

The JLBC recommends \$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.

* * *

JLBC RECOMMENDED FORMAT — Lump Sum by Project by Fund

JLBC RECOMMENDED FOOTNOTES

Standard Footnotes

Building Renewal

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 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 ~~September 30, 2008~~ DECEMBER 31, 2007 shall revert to the fund from which they were appropriated. *(Reducing the time for building renewal projects to be initiated from 27 months to 18 months will encourage expedited identification of projects and use of appropriations, as well as limit the number of new projects that can be created after the start of a new fiscal year, but funded with a prior year appropriation.)*

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.

Individual Projects

The Department of Administration shall report on the status of project-specific FTE Positions for capital projects in its annual capital budget request.

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, 2006.

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.

New Footnotes

The Arizona Department of Administration shall use a portion of the building renewal appropriation for FY 2007 to contract with an independent consultant to conduct an assessment and prioritization of building renewal projects. The department shall submit the request for proposals to the Joint Committee on Capital Review for its review prior to issuance.

Capital Outlay

Arizona Department of Transportation Building System

JLBC: Lorenzo Martinez/Bob Hull

OSPB: Marcel Benberou/Judith Padres

DESCRIPTION	FY 2007 JLBC
BUILDING RENEWAL	
ADOT Building Renewal	3,702,900
SUBTOTAL	3,702,900
NEW PROJECTS	
Surprise MVD Service Center Land Acquisition	2,736,200
De-Icer Buildings	1,478,000
Asphalt Storage Tanks	1,587,600
Controlled Access Highways	101,561,000
Debt Service	65,805,000
Statewide Highway Construction	84,592,000
Airport Planning and Development	23,164,200
SUBTOTAL	280,924,000
TOTAL - ALL PROJECTS	284,626,900
FUND SOURCES	
<u>Other Appropriated Funds</u>	
State Aviation Fund	23,240,000
State Highway Fund	261,386,900
SUBTOTAL - Other Appropriated Funds	284,626,900
SUBTOTAL - Appropriated Funds	284,626,900
TOTAL - ALL SOURCES	284,626,900

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.

JLBC Recommendations - The following amounts are one-time appropriations.

FY 2007

Building Renewal **OF \$3,702,900**

The JLBC recommends \$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 recommended amounts 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 has 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. JLBC Staff has asked ADOT for more documentation to explain how this cost has doubled.

Surprise MVD Service Center

Land Acquisition **OF 2,736,200**

The JLBC recommends \$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.

De-Icer Buildings **OF 1,478,000**

The JLBC recommends \$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.

Asphalt Storage Tanks OF 1,587,600

The JLBC recommends \$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.

Controlled Access Highways OF 101,561,000

The JLBC recommends \$101,561,000 from the State Highway Fund for the Highway User Revenue Fund formula dedicated to the construction of urban freeways in FY 2007. The Maricopa Association of Governments (MAG) receives 75% and the Pima County Association of Governments (PAG) receives 25%.

Debt Service OF 65,805,000

The JLBC recommends \$65,805,000 from the State Highway Fund for the appropriated portion of the debt service on bonds in FY 2007. ADOT has approximately \$1.9 billion in outstanding bonds and other long-term debt. The recommended amount represents the appropriated component of debt service. See *Table 1* for more information on debt service.

Statewide Highway Construction OF 84,592,000

The JLBC recommends \$84,592,000 from the State Highway Fund for highway construction in FY 2007. The expenditure of these monies is determined by the Transportation Board, which develops a 5-year plan.

Airport Planning and Development OF 23,164,200

The JLBC recommends \$23,164,200 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.

* * *

JLBC RECOMMENDED FORMAT — Lump Sum by Project by Fund.

JLBC RECOMMENDED FOOTNOTES

Standard Footnotes

Building Renewal

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 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. 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 ~~September 30, 2008~~ DECEMBER 31, 2007 shall revert to the fund from which they were appropriated. *(Reducing the time for building renewal projects to be initiated from 27 to 18 months will encourage expedited identification of projects and use of appropriations, as well as limit the number of new projects that can be created after the start of a new fiscal year, but funded with a prior year appropriation.)*

Individual Projects

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.

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.

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.

Before the expenditure of any monies for Professional and Outside Services, including contracted field administration and field engineering, the Department of Transportation 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.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

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 7, 2005 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 totals \$1,246,833,000 for FY 2007, including \$1,026,584,000 for construction and maintenance projects scheduled to begin in FY 2007, and \$220,249,000 for debt service. For details please see *Table 1*:

	FY 2007
Construction	\$ 114,883,000
Urban Controlled Access ^{1/}	610,677,000
Pavement Preservation Maintenance	116,233,000
Other ^{2/}	184,791,000
Debt Service ^{3/}	220,249,000
Total	\$1,246,833,000

^{1/} Includes expenditures from the Highway User Revenue Fund for controlled access and from the Maricopa Regional Area Road Fund.
^{2/} Includes construction preparation, contingency set-asides, and related highway construction and maintenance items.
^{3/} Information provided by the department. Includes \$65,805,000 in FY 2007 for State Highway Fund statewide construction bonds; \$58,805,000 for Highway User Revenue Fund, Maricopa Association of Governments and Pima Association of Governments controlled access bonds; \$31,396,000 for Maricopa Regional Area Road Fund Bonds; and \$64,243,000 for Grant Anticipation Notes.

Total Highway Construction Funding

Only a small portion of the state's total highway construction funding is appropriated. *Table 2* 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.

	FY 2007
Balance Forward ^{1/}	\$299,327,000
Revenues	
Appropriated Statewide Highway Construction	\$84,592,000
Appropriated Controlled Access Highways (MAG&PAG)	101,561,000
Appropriated Debt Service	65,805,000
½ Cent Sales Tax	198,049,000
Federal Aid	465,648,000
HURF Bond Proceeds ^{2/}	46,000,000
Maricopa Regional Area Road Fund Bond Proceeds ^{2/}	255,000,000
Grant Anticipation Note Proceeds (GANS) ^{2/}	150,000,000
Highway Expansion & Extension Loans (HELP)	2,780,000
Miscellaneous Income/Expenses ^{3/}	(2,341,000)
Subtotal - Revenues	\$1,367,094,000
Total Funds Available for Construction	\$1,666,421,000
Debt Service Expenditures	
Appropriated Debt Service	\$65,805,000
HELP Loan Repayments	35,500,000
Other Debt Service (All Other)	154,444,000
Subtotal - Debt Service	\$255,749,000
Planned Construction Expenditures	
Statewide Highway Construction (including PAG)	\$529,000,000
Controlled Access Highways (MAG)	604,932,000
Subtotal - Construction Expenditures	\$1,133,932,000
Total Planned Expenditures	\$1,389,681,000
Balance Forward	\$276,740,000

^{1/} Includes unexpended bond proceeds for bonds issued in prior years.
^{2/} Proceeds reflect a cash expenditure basis.
^{3/} 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.

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 last line of *Table 3*, 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 last line represents the amount that is available from the discretionary State Highway Fund to fund the State Transportation Board's 5-Year Plan.

Table 3

Highway User Revenue Fund (HURF) Distribution

\$ in Thousands

	FY 2005 <u>Actual</u>	FY 2006 <u>Estimate</u>	FY 2007 <u>JLBC Rec</u>
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	633	588
Dept of Public Safety Transfer from HURF	<u>52,216</u>	<u>63,189</u>	<u>66,181</u>
Net HURF Collections	1,191,917	1,241,478	1,329,031
Less: Cities ^{2/}	363,534	378,651	405,354
Counties ^{2/}	226,464	235,881	252,516
Controlled Access ^{3/}	73,556	94,890	101,561
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	529,385	566,601
Plus: Other Income ^{6/}	14,314	14,400	14,600
Less: Operating Budget	344,834	364,662	366,239
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	41,702	41,532
Debt Service ^{9/}	<u>60,025</u>	<u>67,419</u>	<u>65,805</u>
Net Highway Fund Available for Statewide Highway Construction (5-Year Plan) ^{10/}	(33,103)	41,087	84,592
State Highway Fund Adjustments			
Plus: Discretionary State Highway Fund Beginning Balance	175,000	131,000	128,000
Controlled Access State Highway Fund Beginning Balance	135,000	95,000	60,000
Construction Operating Budget Reimbursements ^{11/}	49,000	49,000	49,000
Discretionary State Highway Fund Bond Proceeds	200,000	125,000	26,000
Controlled Access State Highway Fund Bond Proceeds	<u>0</u>	<u>0</u>	<u>20,000</u>
Total Highway Fund Available for Statewide Highway Construction	525,897	441,087	367,592

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

^{10/} Excludes Maricopa and Pima County controlled access funds, and bond, federal, and miscellaneous funds available for construction.

^{11/} 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.