

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

HOUSE OF
REPRESENTATIVES

DON SHOOTER
CHAIRMAN 2015
OLIVIA CAJERO BEDFORD
STEVE FARLEY
GAIL GRIFFIN
KATIE HOBBS
JOHN KAVANAGH
STEVEN B. YARBROUGH

(602) 926-5491

azleg.gov

JUSTIN OLSON
CHAIRMAN 2016
LELA ALSTON
RICK GRAY
VINCE LEACH
ERIC MEYER, M.D.
STEVE MONTENEGRO

MINUTES OF THE MEETING

JOINT COMMITTEE ON CAPITAL REVIEW

September 21, 2016

Chairman Olson called the meeting to order at 4:45 p.m., Wednesday, September 21, 2016 in Senate Appropriations Room 109. The following were present:

Members:	Senator Shooter, Vice-Chairman Senator Cajero Bedford Senator Farley Senator Griffin Senator Hobbs Senator Kavanagh Senator Yarbrough	Representative Olson, Chairman Representative Alston Representative Leach Representative Meyer
Absent:		Representative Gray Representative Montenegro

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of June 16, 2016, Chairman Justin Olson stated that the minutes would stand approved.

CONSENT AGENDA

The following items were considered without discussion.

DEPARTMENT OF CORRECTIONS (ADC) - Review of Reallocation of FY 2017 Building Renewal Allocation Plan.

A.R.S. § 41-1252 requires the Joint Committee on Capital Review (JCCR) review expenditure plans for building renewal monies prior to expenditure. The FY 2017 Capital Outlay Bill (Laws 2016, Chapter 126) appropriated a total of \$5,464,300 from the Department of Corrections Building Renewal Fund to ADC

(Continued)

for general building renewal. ADC is requesting reallocation of its FY 2017 building renewal expenditure plan. In its analysis, the JLBC Staff offered the following provisions:

- A. ADC shall report any further reallocations between projects to the JLBC Staff. If there is significant change of scope in the reallocation reported by ADC, the JLBC Staff shall recommend ADC request Committee review of the reallocation.
- B. If an emergency arises that is not addressed by the existing expenditure plan:
 - 1. ADC shall notify the Chairman and the JLBC Staff that they plan to spend less than \$50,000 on an emergency project. ADC can proceed without Committee review.
 - 2. The Chairman can allow ADC to move forward with an emergency project of greater than \$50,000 without Committee review.
 - 3. The Chairman will notify ADC if he does not agree that the project is an emergency and that the project will require full Committee review.

An "emergency" project is defined as unforeseen, critical in nature, and of immediate time sensitivity.
- C. If ADC adds a new non-emergency project not listed in this request, the department must submit the proposed project and expenditure plan for Committee review.

ARIZONA GAME AND FISH DEPARTMENT (AGFD) - Review of FY 2017 Building Renewal Allocation Plan.

A.R.S. § 41-1252 requires the JCCR to review expenditure plans for building renewal monies prior to expenditure. The FY 2017 Capital Outlay Bill (Laws 2016, Chapter 126) appropriated \$530,000 to AGFD for building renewal from the Game and Fish Fund, of which AGFD is requesting review of \$182,800. In its analysis, the JLBC Staff offered the following provisions:

- A. Prior to expenditure and in accordance with A.R.S. § 41-1252 A(4), the Arizona Game and Fish Department (AGFD) shall request Committee review of any remaining funds from the FY 2017 or prior year capital appropriations.
- B. The distribution of the emergency allocation of \$75,000 shall be addressed as follows:
 - 1. AGFD shall notify the Chairman and JLBC Staff that they plan to spend monies on an emergency project. The Chairman can allow AGFD to move forward with an emergency project without Committee review.
 - 2. The Chairman will notify the AGFD if he does not agree that a project is an emergency and that the project will require full Committee review.

An "emergency" project is defined as unforeseen, critical in nature, and of immediate time sensitivity.

- C. In accordance with A.R.S. § 41-1252, if AGFD adds a new non-emergency project not listed in this request, the department must submit the proposed project and expenditure plan for Committee review.

(Continued)

ARIZONA DEPARTMENT OF TRANSPORTATION (ADOT) - Review of FY 2017 Building Renewal Allocation Plan.

A.R.S. § 41-1252 requires the JCCR to review expenditure plans for building renewal monies prior to expenditure. The FY 2017 Capital Outlay Bill (Laws 2016, Chapter 126) appropriated a total of \$4,232,300 for building renewal to ADOT for building renewal, which consists of \$4,000,000 from the State Highway Fund and \$232,300 from the State Aviation Fund. In its analysis, the JLBC Staff offered the following provision: ADOT shall report any project reallocations above \$100,000.

Senator Shooter moved that the Committee give favorable reviews to the 3 agenda items above with all the listed provisions as offered by the JLBC Staff. The motion carried.

ARIZONA STATE PARKS BOARD (ASPB) - Review of FY 2017 Capital Expenditure Plan and Reallocation of Prior Year Capital Expenditure Plans.

Ms. Micaela Larkin, JLBC Staff, stated the Committee is required to review capital projects funded from the State Lake Improvement Fund (SLIF) and State Parks Revenue Fund (SPRF). Pursuant to Committee provisions regarding reallocating expenditure plans, the Committee is to review reallocation of \$1,387,300 in monies that were previously reviewed by JCCR. The JLBC Staff presented options to the Committee.

Senator Shooter moved that the Committee give a favorable review to the expenditure of \$2,459,000 for the FY 2017 Capital Expenditure Plan projects and for the reallocation of the \$1,387,300 in monies from FY 2014, FY 2015, and FY 2016, with the reallocated funding being used for the expansion of projects previously reviewed by the Committee along with the new project of developing a use plan for Rockin' River Ranch State Park.

The favorable review included the following provisions:

- D. ASPB shall report any change in the FY 2017 spending plan to the JLBC Staff, including reallocations between projects. If there is a project reallocation greater than \$100,000, the JLBC Staff shall recommend that ASPB request Committee review of the reallocation.*
- E. ASPB will provide JLBC Staff information by October 14 that details the previously reviewed projects and indicates which projects were cancelled or had cost savings that made monies available for the funding reallocations.*
- F. ASPB shall report any further changes to the FY 2014, FY 2015, and FY 2016 spending plans to JLBC Staff, including reallocations between projects. If there is a project reallocation greater than \$100,000, the JLBC Staff shall recommend that ASPB request Committee review of the reallocation.*
- G. Upon completion of the Rockin' River Ranch State Park planning process, ASPB shall submit the proposed park's Master Plan to the Committee, along with their timetable and projected costs.*

The motion carried.

ARIZONA STATE PARKS BOARD (ASPB) - Review of Cabin Installation Project.

Ms. Micaela Larkin, JLBC Staff, stated that the Committee is required to review capital projects funded from the SLIF and SPRF. The JLBC Staff presented options to the Committee.

(Continued)

Senator Shooter moved that the Committee give a favorable review to the expenditure of \$963,300 for the purchase of 100 pre-engineered cabins. Of this amount, ASPB will allocate \$463,900 from the SPRF and \$500,000 from SLIF.

The favorable review included the provision that ASPB shall submit the final terms reached with the vendor, the locations of the cabins, and the timeline for opening the cabins to JLBC Staff.

The motion carried.

ARIZONA STATE PARKS BOARD (ASPB) - Review of Cattail Cove State Park Redevelopment Plan.

Ms. Micaela Larkin, JLBC Staff, stated that the Committee is required to review capital projects funded from the SLIF. The JLBC Staff presented options to the Committee.

Senator Shooter moved that the Committee give a favorable review to the expenditure of \$6,383,500 for the redevelopment of Cattail Cove State Park. Of the \$6,383,500, \$5,307,500 is from SLIF monies and \$1,076,000 is from Federal Land and Water Conservation Fund (LWCF) monies.

The favorable review included the following provisions:

- A. The ASPB shall provide the Committee with a comprehensive estimate of the ongoing operating expenditures of the renovated Cattail Cove, including staffing and maintenance costs by October 28, 2016.
- B. The ASPB shall submit to the Committee the final terms reached with the Cattail Cove vendor, including the level of revenue sharing and any other major contractual terms. The JCCR Chairman shall determine whether the terms and conditions warrant further Committee review.
- C. The ASPB shall submit to the Committee by October 21, 2016 a report on its agreement with a private vendor to develop Contact Point State Park. The report shall include the potential scope of the park, the revenue and cost-sharing arrangements between the vendor and the state, and any other major contractual terms. ASPB shall also report on any future plans for development of Contact Point State Park beyond the current agreement. The JCCR Chairman shall determine whether the terms and conditions warrant further Committee review.

The motion carried.

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Review of 1740 West Adams Renovation Plan.

Ms. Rebecca Perrera, JLBC Staff, stated the Committee is required to review the ADOA tenant relocation plan prior to expenditure of the building renewal funds. The FY 2017 Capital Outlay Bill (Laws 2016, Chapter 126) allocated \$4,200,000 in FY 2017 from ADOA building renewal appropriation to renovate the state building located at 1740 West Adams. At the June 2016 meeting, the Committee favorably reviewed \$500,000 of the \$4,200,000 allocated for the 1740 West Adams project for demolition and major building system design. The Committee deferred the review of the remaining \$3,700,000 million until ADOA submitted the tenant relocation plan. The JLBC Staff presented options to the Committee.

Mr. Ruben Duran, Capital Planner, ADOA, responded to member questions.

Chairman Olson held the item.

(Continued)

NORTHERN ARIZONA UNIVERSITY (NAU) - Review of FY 2017 Capital Improvement Plan for One-Time Appropriation.

Mr. Tom Ritland, JLBC Staff, stated the Committee is required to review the scope, purpose and estimated cost for capital improvements. Laws 2016, Chapter 117 appropriated \$4,000,000 to NAU for operating expenditures or capital improvement projects. The JLBC Staff presented options to the Committee.

Senator Shooter moved that the Committee give a favorable review to NAU's \$4,000,000 capital expenditure plan. The motion carried.

DEPARTMENT OF JUVENILE CORRECTIONS (DJC) - Review of FY 2017 Building Renewal Allocation Plan.

Mr. Chris Gustafson, JLBC Staff, stated the Committee is required to review expenditure plans for building renewal monies prior to expenditure. The FY 2017 Capital Outlay Bill (Laws 2016, Chapter 126) appropriated a total of \$1,100,000 for building renewal from the Criminal Justice Enhancement Fund. The JLBC Staff presented options to the Committee.

Representative John Allen, spoke.

Representative Heather Carter, spoke and circulated a document.

Kristine Burnett, spoke.

Eric Thompson, spoke.

Julie Reed, spoke.

Ann O'Brien, spoke.

Mr. Art Smith, Budget Manager, DJC, responded to member questions.

Senator Shooter moved that the Committee give a favorable review of \$350,000 for building renewal projects. DJC shall determine how to allocate the funding from among the projects in their request. Any review of additional funding will occur after the Committee considers DJC's long-term facilities plan.

The favorable review included the following provisions:

- A. *On or before December 1, 2016, DJC shall report to the Committee a long-term facilities plan for the Adobe Mountain School, which shall include the following information:*
 1. *Projected resident population of the school for the next 3 years.*
 2. *A list of the age, square footage and current status of each building on campus, including vacant buildings and the length of the vacancy.*
 3. *Given current population projections, any projected change in status or usage of buildings over the next 3 years.*
 4. *Significant deferred maintenance and future building renewal projects not included in the proposed FY 2017 allocation plan.*
 5. *Any project allocations.*

(Continued)

6. *Options for disposition of the facility.*

- B. *DJC shall not use any building renewal monies for projects located in Department of Corrections occupied buildings or in currently vacant buildings.*
- C. *If DJC adds a new project not listed in this request, the department must submit the proposed project and expenditure plan for Committee review.*

The motion carried.

Without objection, the meeting adjourned at 5:54 p.m.

Respectfully submitted:



Kristy Paddack, Secretary



Jack Brown, Assistant Director



Representative Justin Olson, Chairman