



STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

HOUSE OF
REPRESENTATIVES

DON SHOOTER
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OLIVIA CAJERO BEDFORD
STEVE FARLEY
GAIL GRIFFIN
KATIE HOBBS
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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

December 15, 2015

The Chairman called the meeting to order at 3:16 p.m., Tuesday, December 15, 2015 in Senate Appropriations Room 109. The following were present:

Members:	Senator Shooter, Chairman	Representative Olson, Vice-Chairman
	Senator Farley	Representative Alston
	Senator Griffin	Representative Gray
	Senator Hobbs	Representative Meyer
	Senator Kavanagh	
	Senator Yarbrough	

Absent:	Senator Cajero Bedford	Representative Leach
		Representative Montenegro

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of September 24, 2015, Chairman Don Shooter stated that the minutes would stand approved.

COCHISE COMMUNITY COLLEGE DISTRICT - Review of Revenue Bond Project.

Mr. Tom Ritland, JLBC Staff, stated Cochise Community College District's is requesting review of their \$15,201,800 bond project. The project would finance the renovation of the Sierra Vista Regional Health Center in order to establish a Nursing and Allied Health Center on the district's Sierra Vista Campus. The project would be financed with the \$7,930,000 revenue bond issuance, \$1,000,000 in donations through the College Foundation, and \$6,271,800 from district reserve funds. The JLBC Staff presented options to the Committee.

Mr. J. D. Rottweiler, President, Cochise College, responded to member questions.

Representative Olson moved that the Committee give a favorable review of the \$15,201,800 bond project. The motion carried.

(Continued)

ARIZONA STATE UNIVERSITY (ASU) - Review of Student Pavilion.

Mr. Matt Gress, JLBC Staff, stated ASU is requesting review of \$39,900,000 in system revenue bond issuances over the next year to fund the construction of the Student Pavilion, which will be located on ASU's Tempe Campus. The JLBC Staff presented options to the Committee.

Representative Olson moved that the Committee give a favorable review to \$39,900,000 in system revenue bond issuances over the next year to fund the construction of the Student Pavilion, which will be located on ASU's Tempe Campus. The favorable review includes the following:

Standard University Financing Provisions

- A. *A favorable review by the Committee does not constitute endorsement of General Fund appropriations to offset any revenues that may be required for debt service, or any operations and maintenance costs when the project is complete.*
- B. *ASU shall provide the final debt service schedules for the projects as soon as they are available.*

The motion carried.

ARIZONA DEPARTMENT OF CORRECTIONS (ADC) - Review of FY 2014, FY 2015, and FY 2016 Building Renewal Allocation Plans.

Ms. Micaela Larkin, JLBC Staff, stated ADC is requesting review of the reallocation of FY 2014, FY 2015 and FY 2016 building renewal allocation plan monies prior to expenditure. The JLBC Staff presented options to the Committee.

Representative Olson moved that the Committee give a favorable review to the reallocation to ADC's FY 2014, FY 2015, and FY 2016 building renewal reallocation plans. The favorable review includes the following provision:

- A. *ADC shall continue to report any change in the building renewal spending plan to the JLBC Staff, including reallocations between projects. 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. Prior reviews also included this provision.*

Table 1 shows the reallocation of ADC's FY 2014 Building Renewal Plan.

Table 1			
FY 2014 Building Renewal Plan			
	Approved Allocation		Revised
	April 1, 2015	Difference	Allocation
<u>Amended Projects</u>			
Locking System and Controls - Tucson Cimarron	\$ 587,500	\$ 37,500	\$ 625,000
Generator Replacement - Tucson Whetstone	500,000	(175,000)	325,000
Gas Line Replacement - Florence East	486,000	149,000	635,000
Locking System and Controls - Douglas CDU	330,000	(30,000)	300,000
Electrical Systems Replacement - Florence	229,000	36,000	265,000
Fiber Optic Cable Upgrade - Lewis Eagle point	75,000	(15,000)	60,000
Contingency	<u>51,700</u>	<u>(2,500)</u>	<u>49,200</u>
<i>Subtotal</i>	<i>\$2,259,200</i>	<i>\$ 0</i>	<i>\$2,259,200</i>
<u>Projects Not Modified</u>	<u>\$2,740,800</u>		<u>\$2,740,800</u>
Total	\$5,000,000		\$5,000,000

(Continued)

Table 2 shows the reallocation of ADC's FY 2015 Building Renewal Plan.

Table 2			
FY 2015 Building Renewal Plan			
	Approved Allocation		Revised Allocation
	April 1, 2015	Difference	
<u>Amended Projects</u>			
New Well - Lewis	\$2,000,000	300,000	\$2,300,000
Locking and Control Systems - Phoenix Alhambra	1,034,900	(434,900)	600,000
Locking and Control Systems - Florence Central	750,000	287,500	1,037,500
Air Conditioning Conversion - Tucson Manzanita	715,500	408,800	1,124,300
Air Conditioning Conversion - Perryville Lumley	622,400	782,600	1,405,000
Air Conditioning Conversion - Lewis Barchey	438,600	(438,600)	0
Air Conditioning Conversion - Lewis Stiner	438,600	(438,600)	0
Air Conditioning Conversion - Eyman Meadows	328,900	(328,900)	0
Inpatient Care Unit Re-Model - Tucson Rincon	207,000	(4,500)	202,500
Evaporative Cooler Duct Work - Lewis Stiner	136,400	8,600	145,000
Air Conditioning Conversion - Florence South	23,200	(23,200)	0
Contingency	<u>118,800</u>	<u>(118,800)</u>	0
<i>Subtotal</i>	<i>\$6,814,300</i>	<i>0</i>	<i>\$6,814,300</i>
<u>Projects Not Modified</u>	\$1,650,000		\$1,650,000
Total	\$8,464,300		\$8,464,300

Table 3 shows the revisions to the FY 2016 Building Renewal Plan.

Table 3			
FY 2016 Building Renewal Plan			
	Approved Allocation		Revised Allocation
	September 17, 2015	Difference	
<u>Amended Projects</u>			
Water Line Replacement - Florence	\$1,400,000	\$ (600,000)	\$ 800,000
Gas Line Replacement - Tucson	500,000	76,000	576,000
Fire Alarm Design - Correctional Officer Training Academy	150,000	(120,400)	29,600
Control Panel Replacement - Eyman/Meadows	140,000	(25,000)	115,000
Air Conditioning - Lewis Barchey		454,400	454,400
Air Conditioning - Florence South	<u>0</u>	<u>215,000</u>	<u>215,000</u>
<i>Subtotal</i>	<i>\$2,190,000</i>	<i>\$ 0</i>	<i>\$2,190,000</i>
<u>Projects Not Modified</u>	\$3,274,300		\$3,274,300
Total	\$5,464,300		\$5,464,300

The motion carried.

ARIZONA STATE LOTTERY COMMISSION - Review of FY 2015 and FY 2016 Building Renewal Allocation Plans.

Mr. Jeremy Gunderson, JLBC Staff, stated the Arizona State Lottery Commission is requesting review of its FY 2015 and FY 2016 Building Renewal Allocation Plan. The FY 2015 Capital Outlay Bill (Laws 2014, Chapter 15) and the FY 2016 Capital Outlay Bill (Laws 2015, Chapter 9) appropriated \$97,400 and \$103,600, respectively, from the State Lottery Fund to the State Lottery Commission to fund 100% of the building renewal formula in FY 2015 and FY 2016. The JLBC Staff presented options to the Committee.

(Continued)

Representative Olson moved that the Committee give a favorable review for the Lottery Commission's FY 2015 and FY 2016 Building Renewal Allocation Plans with the following provisions:

- A. The Commission shall report any change in the building renewal spending plan to the JLBC Staff, including non-emergency reallocations between projects. If there is significant change of scope in the reallocation reported by the Commission, the JLBC Staff shall recommend the Commission to request Committee review of the reallocation.
- B. The reallocation of monies for emergency projects shall be addressed as follows:
1. The Commission shall notify the Chairman and the JLBC Staff that they plan to reallocate less than \$15,000 to spend on an emergency project. The Commission can proceed without Committee review.
 2. If the emergency project is \$15,000 or greater, the Commission will request JCCR review.
 3. The Chairman can allow the Commission to move forward with an emergency project of greater than \$15,000 without Committee review.
 4. The Chairman will notify the Commission if he does not agree that the project is an emergency and will request that the Commission not proceed with the project.

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

- C. If the Commission adds a new non-emergency project not listed in this request, the agency must submit the proposed project and expenditure plan for Committee review.

The motion carried.

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Consider Recommending FY 2016 Full and Partial Rent Exemptions.

Ms. Krista MacGahan, JLBC Staff, stated A.R.S. § 41-792.01D authorizes the Director of ADOA, on recommendation from the JCCR, to grant a full or partial exemption from the payment of state-owned rental fees if the agency has vacated its space or if the agency does not have the financial resources to make the payment.

Representative Olson moved that the Committee recommend:

- A full rent exemption totaling \$238,500 for the Secretary of State (SOS) 32nd Street Talking Book Library property.
- A partial rent exemption totaling \$32,500 for the Arizona Department of Education to be replaced by a corresponding rent payment from the State Board of Education.
- A partial rent exemption totaling \$13,700 for SOS and \$14,100 for the Independent Redistricting Commission to be replaced by a corresponding rent payment of \$27,800 from the Arizona State Parks Board.

The motion carried.

(Continued)

Without objection, the meeting adjourned at 3:32 p.m.

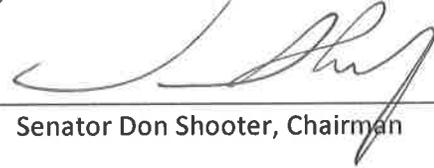
Respectfully submitted:



Kristy Paddack, Secretary



Jack Brown, Assistant Director



Senator Don Shooter, Chairman