MINUTES OF THE MEETING
JOINT COMMITTEE ON CAPITAL REVIEW

Thursday, November 13, 2008

The Chairman called the meeting to order at 1:40 pm, Thursday, November 13, 2008 in House Hearing Room 3. The following were present:

Members:
- Senator Burns, Vice-Chairman
- Senator Johnson
- Senator Verschoor
- Senator Waring

Representative Pearce, Chairman
- Representative Groe
- Representative Kavanagh
- Representative Lopes

Absent:
- Senator Aboud
- Senator Aguirre
- Senator Arzberger

- Representative Boone
- Representative Lujan
- Representative Schapira

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee, Chairman Russell Pearce stated the minutes of October 2, 2008 would stand approved.

ARIZONA DEPARTMENT OF ADMINISTRATION - Review of $735,000 in FY 2009 Building Renewal Projects and Reallocation of $1.3 Million in FY 2008 Building Renewal Funds.

Mr. Dan Hunting, JLBC Staff, stated that the first FY 2009 Building Renewal project on this item would repair the roof of the kitchen at the Catalina Mountain School, operated by the Department of Juvenile Corrections (DJC). DJC is now seeking approval of $475,000 to remedy damage from the collapse and then repair the roof as originally planned.

The second FY 2009 Building Renewal project to be considered is $260,000 to repair the roof at the Apache dormitory at the Arizona School for the Deaf and the Blind.

The Committee has at least the following 2 options for the FY 2009 Building Renewal projects: 1) a favorable review of the $735,000 in critical projects, or 2) an unfavorable review, as these monies could be used to reduce the FY 2009 budget shortfall.

AROA is also seeking a favorable review for reallocation of $1.3 million in FY 2008 Building Renewal funds to repair the elevator system at the Department of Revenue Building on West Monroe.

The Committee has at least the following 2 options for the FY 2008 Building Renewal reallocation project: 1) a favorable review of the department’s request to reallocate $1,296,610 of the FY 2008 Building Renewal Funds, or 2) an unfavorable review, as these monies could be used to reduce the FY 2008 budget shortfall.
appropriation to the elevator project at 1600 W. Monroe, or 2) an unfavorable review, as these monies could be
used to reduce the FY 2009 budget shortfall.

*Senator Burns moved that the Committee give a favorable review of the $735,000 in critical FY 2009 Building
Renewal Projects for the 2 roofing projects with the provision that ADOA report any project reallocations over
$100,000, as well as the request to allocate $1,296,610 of the FY 2008 Building Renewal appropriation to the
elevator project at 1600 W. Monroe. The motion carried.*

**ARIZONA DEPARTMENT OF TRANSPORTATION - Review of $984,700 in FY 2009 Building Renewal Projects.**

Mr. Juan Beltran, JLBC Staff, stated that the Arizona Department of Transportation (ADOT) has identified 115
projects for a total of $984,700, which they consider to be critical in nature. ADOT would allocate $920,400
from the State Highway Fund and $64,300 from the State Aviation Fund for these critical items.

The Committee has at least the following 2 options: 1) a favorable review of the $985,000 in critical projects, as
these projects are consistent with the Building Renewal guidelines and appropriations, or 2) an unfavorable
review. Under either option, the JLBC Staff recommends that ADOT report any project reallocations above
$100,000.

*Senator Burns moved that the Committee give a favorable review of the $984,700 in critical projects with the
provision that ADOT report any project reallocations over $100,000. The motion carried.*

**ARIZONA STATE UNIVERSITY, UNIVERSITY OF ARIZONA, AND NORTHERN ARIZONA
UNIVERSITY – Review of $64.6 Million in University Lottery Bond Projects - Building Renewal.**

Ms. Leah Kritzer, JLBC Staff, stated that Items 3A - 3C are the University Lottery Bonding Building Renewal
projects. The Committee was briefed at the October 2, 2008 JCCR meeting on these items representing a total
request of $167.6 million from the 3 universities. Subsequent to the October meeting, the Chairman has decided
to revise the amount the Committee will review to a total of $64.6 million. These projects were identified by the
Chairman as the most critical.

For Item 3A, Arizona State University (ASU) requested a total of $34.4 million. Of this amount, $20.8 million,
having to do with electrical and elevator upgrades and roof repairs, will now be reviewed by the Committee.

For Item 3B, the University of Arizona (UA) requested a total of $68.5 million. Of this amount $17.5 million is
for fire alarm and sprinkler system installations, electrical and elevator upgrades, and roof repairs, which will now
be reviewed by the Committee.

For Item 3C, Northern Arizona University (NAU) requested a total of $64.8 million. Of this amount, $26.3
million is for the North campus utility upgrade project and North Union building renovation, which will now be
reviewed by the Committee. These 2 projects have fire, life, and safety as well as electrical issues which would
be addressed.

The Committee has at least the following 2 options: 1) a favorable review with the standard university financing
provisions or 2) an unfavorable review. Under either option, the JLBC Staff recommends the universities submit
a final debt service schedule and a list of projects.

Because the Universities were not available for questions, Senator Burns asked JLBC Staff to prepare a letter to
the universities concerning his questions.

*Senator Burns moved that the Committee give a favorable review to ASU’s, UA’s and NAU’s Lottery bond
Building Renewal projects with the standard university financing provisions below. In addition, the universities
are required to submit a final debt service schedule and a list of projects.*

(Continued)
Standard University Financing Provisions:

- 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.
- Each university shall submit to JLBC Staff any reallocation above $500,000 between the individual projects. The Committee may review these items depending on the substantive nature of the reallocation.

The motion carried.

Without objection, the meeting adjourned at 2:20 p.m.

Respectfully submitted:

__________________________________________
Sandy Schumacher, Secretary

__________________________________________
Leatta McLaughlin, Principal Fiscal Analyst

__________________________________________
Representative Russell Pearce, Chairman

NOTE: A full audio recording of this meeting is available at the JLBC Staff Office, 1716 W. Adams. A full video recording of this meeting is available at http://www.azleg.gov/jlbc/meeting.htm.