

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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REPRESENTATIVES

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MINUTES OF THE MEETING JOINT COMMITTEE ON CAPITAL REVIEW

Thursday, November 20, 2007

The Chairman called the meeting to order at 2:55 p.m., Tuesday, November 20, 2007 in Senate Appropriations Room 109. The following were present:

Members:	Senator Burns, Chairman Senator Aboud Senator Aguirre Senator Johnson Senator Verschoor Senator Waring	Representative Pearce, Vice-Chairman Representative Kavanagh
Absent:	Senator Arzberger	Representative Boone Representative Groe Representative Lopes Representative Lujan Representative Schapira

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee, Chairman Robert Burns stated the minutes of October 18, 2007 would stand approved.

UNIVERSITY OF ARIZONA –

A. Review of West Stadium Renovations for the Laboratory of Tree-Ring Research Bond Project.

Ms. Leah Ruggieri, JLBC Staff, presented the University of Arizona request to issue \$2.4 million in system revenue bonds to finance renovations of the West Stadium building to accommodate the Laboratory of Tree-Ring Research. The lab first located to the West Stadium 70 years ago and only minor improvements to the facilities have been made since that time. The renovations would allow for the full lab to be located at the West Stadium building and also accommodate program expansion. The projected cost is \$3.2 million for renovations, of which \$800,000 will be funded by a federal grant and \$2.4 million will be funded by a bond issuance to be repaid with tuition collections. The per-square-foot costs for this project are comparable with similar university projects. The JLBC Staff is recommending a favorable review of this request with the standard university financing provisions.

There was no discussion on this item.

Representative Pearce moved that the Committee give a favorable review as recommended by JLBC Staff to the issuance of \$2.4 million in system revenue bonds to be combined with \$800,000 from federal grants for the West Stadium Renovations for the Laboratory of Tree-Ring Research project, with the following standard university financing provisions:

- *UA shall report to the Committee before expenditure of any allocations that exceed the greater of \$500,000 or 10% of the reported contingency amount total for add-alternates that do not expand the scope of the project. UA shall also report to the Committee before any reallocation exceeding \$500,000 among the individual planned renovations, renewals, or extensions.*
- *UA shall submit for Committee review any allocations that exceed the greater of \$500,000 or 10% of the reported contingency amount total for add-alternates that expand the scope of the project. In case of an emergency, UA may immediately report on the scope and estimated cost of the emergency rather than submit the item for review. JLBC Staff will inform the university if they do not concur with the emergency nature of the change in scope.*
- *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.*

The motion carried.

B. Review of Hazardous Waste Facility Enclosure Bond Project.

Ms. Leah Ruggieri, JLBC Staff, presented the University of Arizona request for a bond issuance for \$2.8 million for the Hazardous Waste Facility Enclosure project. The current hazardous waste facility is unequipped to handle the quantity of hazardous waste currently generated by the university. The new facility would accommodate the quantity of hazardous waste, as well as address health concerns for workers. The per square foot costs for this project appear reasonable. The bond issuance of \$2.8 million would be repaid with tuition collections. The JLBC Staff is recommending a favorable review of this request with the standard university financing provisions.

Discussion ensued on this item.

Representative Pearce moved that the Committee give a favorable review as recommended by JLBC Staff to the issuance of \$2.8 million in system revenue bonds for the Hazardous Waste Facility Enclosure project with the following standard university financing provisions:

- *UA shall report to the Committee before expenditure of any allocations that exceed the greater of \$500,000 or 10% of the reported contingency amount total for add-alternates that do not expand the scope of the project. UA shall also report to the Committee before any reallocation exceeding \$500,000 among the individual planned renovations, renewals, or extensions.*
- *UA shall submit for Committee review any allocations that exceed the greater of \$500,000 or 10% of the reported contingency amount total for add-alternates that expand the scope of the project. In case of an emergency, UA may immediately report on the scope and estimated cost of the emergency rather than submit the item for review. JLBC Staff will inform the university if they do not concur with the emergency nature of the change in scope.*
- *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.*

The motion carried.

C. Review of Student Recreation Center Expansion Bond Project.

Ms. Leah Ruggieri, JLBC Staff, presented the University of Arizona request for a bond issuance for a \$27.6 million Student Recreation Center Expansion project. The expansion will incorporate additional fitness facilities, a gymnasium and other amenities to accommodate growth and student recreation usage. The per-square-foot costs for this project are comparable to similar university projects. The \$27.6 million student recreation center costs would be financed with \$1.5 million in retained fees and \$26.1 million from a bond issuance that would be repaid with student recreation fees. The JLBC Staff recommends a favorable review of this project with the standard university financing provisions.

Discussion ensued on this item. Senator Verschoor asked how the existing facility was originally paid for in 1990 and when the debt would be paid off if the facility was paid for with bond proceeds.

Mr. Lorenzo Martinez, Assistant Executive Director, Arizona Board of Regents, responded to member questions.

Representative Pearce moved that the Committee give a favorable review as recommended by JLBC Staff to the issuance of \$26.1 million in system revenue bonds to be combined with \$1.5 million from the University's Utility Modification Fund for the Student Recreation Center Expansion project, with the following standard university financing provisions:

- *UA shall report to the Committee before expenditure of any allocations that exceed the greater of \$500,000 or 10% of the reported contingency amount total for add-alternates that do not expand the scope of the project. UA shall also report to the Committee before any reallocation exceeding \$500,000 among the individual planned renovations, renewals, or extensions.*
- *UA shall submit for Committee review any allocations that exceed the greater of \$500,000 or 10% of the reported contingency amount total for add-alternates that expand the scope of the project. In case of an emergency, UA may immediately report on the scope and estimated cost of the emergency rather than submit the item for review. JLBC Staff will inform the university if they do not concur with the emergency nature of the change in scope.*
- *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.*

The motion carried.

ARIZONA STATE LOTTERY COMMISSION - Review of FY 2008 Building Renewal Allocation Plan.

Ms. Leatta McLaughlin, JLBC Staff, presented for review the Lottery Commission's FY 2008 Building Renewal allocation plan. In FY 2008, the commission was appropriated \$60,000 in Building Renewal monies. The projects include a \$25,000 elevator control replacement project, \$20,000 on 4 smaller projects, and \$15,000 in contingencies. The JLBC Staff recommends a favorable review of this request.

There was no discussion on this item.

Representative Pearce moved that the Committee give a favorable review as recommended by JLBC Staff to the FY 2008 Building Renewal allocation plan of \$60,000 from the State Lottery Fund, with the provision that the Commission report on the use of the \$15,000 in contingencies. The motion carried.

ARIZONA DEPARTMENT OF ADMINISTRATION –

A. Review of the Department of Juvenile Corrections HVAC and Electrical Upgrades.

Mr. Jon McAvoy, JLBC Staff, presented the Arizona Department of Administration (ADOA) request for review of its \$885,000 appropriation for heating, ventilation and air-conditioning (HVAC) projects and electrical renovations at several of the Department of Juvenile Corrections schools. The funding would allow \$580,000 in HVAC repairs at the Adobe Mountain, Catalina Mountain, and Black Canyon Schools. The funding would pay for improved air conditioning at a recreation facility, administrative facility, business offices, and the separation and security dispatch facility, as well as adding the ability to direct climate control for students during power outages. In addition, ADOA is requesting \$125,000 for electrical repairs at the Black Canyon and Catalina Mountain Schools which would improve efficiency and help prevent power outages, equipment failures and power surges. The funding also includes \$180,000 for engineering and contingency fees.

Discussion ensued on this item.

Mr. Michael Branham, Director, Department of Juvenile Corrections, responded to member questions. He provided members with a list of the department's project priorities. (*Attachment A*)

Representative Pearce moved that the Committee give a favorable review to the \$835,000 for HVAC and electrical renovations for the Department of Juvenile Corrections, excluding \$50,000 for the Black Canyon School air conditioning upgrades. The motion carried.

B. Consider Recommending Rent Deferral for the Naturopathic Physicians Board of Medical Examiners.

Mr. Steve Grunig, JLBC Staff, presented the Naturopathic Physicians Board of Medical Examiners through ADOA request for deferral of \$3,300 in FY 2008 and FY 2009. The request for the rent deferral is primarily due to additional space not reflected in the budget. The Board will pay the deferred rent to ADOA along with its regular rent payment in FY 2010. The JLBC Staff recommends that the Committee recommend the deferral.

There was no discussion on this item.

Representative Pearce moved the JLBC Staff recommendation that the Committee recommend ADOA grant a partial rent deferral for \$3,300 in each of FY 2008 and FY 2009 for the Naturopathic Physicians Board of Medical Examiners. The motion carried.

ARIZONA GAME AND FISH DEPARTMENT – Review of FY 2008 Building Renewal Allocation Plan.

Ms. Caitlin Acker, JLBC Staff, presented the review of the Arizona Game and Fish FY 2008 Building Renewal Allocation Plan. The department was appropriated \$474,200 from the Game and Fish Fund in FY 2008 for Building Renewal. The projects include \$100,000 for fish hatchery projects, \$140,000 for a shooting range project and \$230,000 for office projects. The JLBC Staff recommends a favorable review of this request.

There was no discussion on this item.

Representative Pearce moved that the Committee give a favorable review as recommended by the JLBC Staff to the FY 2008 Building Renewal Allocation plan of \$474,200 from the Game and Fish Fund. The motion carried.

ARIZONA EXPOSITION AND STATE FAIR BOARD – Review of Coliseum Roof Repair Expenditure Plan.

Mr. Dan Hunting, JLBC Staff, presented the review of the \$3.3 million expenditure by the Arizona Exposition and State Fair Board (AESF) to complete repairs to the Coliseum roof. At its May 7, 2007 meeting, the Committee gave a favorable review to the first phase of repairs to the roof. At that time, 2 supporting cables had failed, making the building unsafe for use. Upon further examination of the cables, it was revealed that 12 cables had failed; 10 of those cables were repaired in time for the Coliseum to reopen for the State Fair. AESF now intends to spend \$3.2 million of FY 2008 operating funds to complete the repairs. This would fund 3 projects including \$526,000 to repair the remaining 2 cables; \$2.1 million to replace the membrane covering of the roof which would remove excess weight from the roof that has been causing stress on the cables and protect the cables from further corrosion; and \$226,000 to install an acoustical monitoring system to listen for further problems with the cables. The JLBC Staff recommends that the Committee give a favorable review to this request.

Discussion ensued on this item.

Mr. Roger Berna, General Manager, Constructions Services, ADOA, responded to member questions.

Representative Pearce moved that the Committee give a favorable review as recommended by the JLBC Staff to the use of \$3,200,500 from the Arizona Exposition and State Fair Fund to complete the Coliseum roof repair projects. The motion carried.

Without objection, the meeting adjourned at 3:30 p.m.

Respectfully submitted:

Yvette Medina, Secretary

Leatta McLaughlin, Fiscal Analyst

Senator Robert Burns, 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>.

**ADJC Facilities Management Documentation
FY 2008 Projects**



**JCCR Presentation
November 20, 2007
1:30PM**

Prepared November 16, 2007

House of Representatives
Forty-eighth Legislature
First Regular Session
2007

House Bill 2783

Section 3: Capital outlay appropriations; major capital projects; department of administration

Item #2: Department of Juvenile Corrections HVAC and Electrical Renovations

Cost estimates submitted by ADOA and ADJC

Project listed in order of priority

1. CMS Chiller/Cooling Tower Replacement	\$160,000
2. AMS HVAC Replacements	\$182,000
3. AMS Emergency Generator Maximization	\$188,000
4. CMS Primary Power Quality Fluctuations	\$ 50,000
5. BCS Electrical service modification	\$ 75,000
• 6. BCS Recreation building AC Units	\$ 50,000

Engineering	\$132,750
Contingency	\$ 47,250

Total Allocation Request **\$885,000**

PRIORITY 1

CMS CHILLER REPLACEMENT

\$160,000

- Existing 45-year old 70-ton equipment has failed regularly this past year.
- There has been an average monthly repair expenditure of \$5,000 for each of the last 10 months.
- Equipment is beyond repair; seams and connections can longer be welded.
- Proposed replacement for like-kind proposed from a state procurement mechanical contractor.
- Because failure of this equipment is imminent, not funding this project will result in the expenditure of GF monies to obtain rental equipment and ultimately to replace equipment. This will cause a disruption to the command and control center (Dispatch/Communications) of the facility, thus compromising the safety and operation of the CMS campus.

PRIORITY 2

AMS HVAC REPLACEMENTS

\$182,000

- Equipment is 15 years old and approaching failure.
- Buildings impacted include: Security/Dispatch, the Separation Unit, the Business Office, and Administration, for a total of 14,000 square feet.
- Additional energy consumption estimated as a result of inefficiency is \$14,000/annually.
- Estimate for replacement cost retrieved from the national, reliable industry standard cost database [R.S. Means subcategory School Facilities] at \$13.00 a square foot.
- Not funding this project will result in equipment failure, leaving the campus vulnerable to: violation of CRIPA standards and disruption to the command and control center (Dispatch/Communications) of the facility.

PRIORITY 3

CMS PRIMARY ELECTRICAL SERVICE QUALITY FLUCTUATIONS

\$50,000

- Daily (lag and surge) interruptions in power paralyzing motors that drive equipment serving the security and kitchen areas, along with the fire line pump-all provide vital functions to our daily facility operations.
- Cost is for the evaluation of the power fluctuations. Additional funding may be required for construction and equipment.
- Not funding this project will result in continued emergency replacement of motors. Using an average emergency cost of \$2,500 per motor, the monthly expenditure cumulates to approximately \$75,000 annually.

PRIORITY 4

BCS ELECTRICAL SERVICE MODIFICATION

\$ 75,000

Primary Need: to modify the existing bus (electrical panel) to capture current underutilized utility available within BCS. Propose bus (electrical panel) remodel to maximize efficiency and utilization and therefore allows for future expansion of Vocational Education Programs and/or to support the current Culinary Arts Program.

Secondary Need: when Culinary Arts Program remodel project occurred, voltage to install commercial washer and dryer was unavailable. Commercial laundry standards apply and are a requirement for the Culinary Program, as culinary/food handling laundry requires isolation from housing unit laundry.

- Power is required to accommodate commercial laundry equipment to support the existing culinary (and future) vocational education program. Equipment is required to reduce exposure to infection and to remedy health code violation.
- Outsourcing for *laundry service* for the Culinary Arts Program could cost the agency approximately \$5,000 annually.
- Estimated project cost was provided by an electrical vendor to include bus remodel and underground cabling to within 500' (bus located on west side of campus near vehicular sallyport).
- Cost associated with not funding this item includes security hours for contraband search, infection containment, and continued emergency status for health code violation - difficult to quantify costs.

PRIORITY 5

AMS EMERGENCY GENERATOR MAXIMIZATION

\$188,000

This project will utilize the capacity of the existing emergency generator by expanding emergency power to the cooling functions in the North Housing Units (6) and chiller for West Housing Units (4).

- Power anomalies occur weekly during the summer months.
- Project is for design; cost for project is detailed in the engineer's opinion of probable cost.
- Not funding this project will result uninhabitable conditions during power anomalies.
- Disruption to basic living conditions may trigger safety and security concerns with youth.

PRIORITY 6

BCS RECREATION BUILDING A/C UNITS

\$50,000

This site does not have an air conditioned space to support athletic activity particularly during the summer months; an important element to treatment goals. Physical activity promotes structure, safety, improved attitude, and team development.

- 25,000 CF @ \$2.00/CF is the estimated equipment cost.