

## JCCR MEETING

At its December 19<sup>th</sup> meeting, the Joint Committee on Capital Review considered the following issues:

**ADOT FY 2003 Building Renewal Allocation Plan** – The JCCR favorably reviewed the FY 2003 Building Renewal Allocation Plan for the Arizona Department of Transportation (ADOT) totaling \$1.6 million for 58 projects. The projects will be funded from the State Highway Fund.

**West Phoenix MVD Service Center** – The JCCR favorably reviewed the scope, purpose, and estimated cost of the West Phoenix Motor Vehicle Division (MVD) Service Center. A total of \$1.3 million was appropriated from the State Highway Fund in FY 2002 to remodel and furnish the 12,000 square foot first floor of the service center.

**ADOA/DOC Fort Grant Landfill Closure** – The JCCR favorably reviewed the scope, purpose, and estimated cost to close a landfill at the Arizona State Prison Complex Safford – Fort Grant Unit. A total of \$555,300 was appropriated from the Corrections Fund in FY 2002 to close the 22-acre landfill in compliance with the Arizona Department of Economic Quality (ADEQ) and federal government requirements. The project is scheduled to be complete by July 2003.

**ADOA Active Office Lease Costs** – The JCCR received the Arizona Department of Administration (ADOA) report on new FY 2002 office leases for private space that exceed \$17.50 per square foot. ADOA approved 21 new office leases that exceeded \$17.50 per square foot in FY 2002.

**ASU Biodesign Institute** – The JCCR favorably reviewed the Arizona State University (ASU) Biodesign Institute – Phase I bond project with the stipulation that a favorable review does not constitute the Committee's endorsement of General Fund appropriations for operating costs when the project is complete. The Committee also directed that no bond proceeds be used for artwork on the building.

The \$69.0 million project involves construction of a 170,000 square foot building for bioengineering, biotechnology, and integrative biomedicine laboratories, and faculty, research, and administrative office space. The project will be financed with system revenue bonds over a 25-year period and an estimated interest rate of 5.5%. Annual debt service of approximately \$5.1 million will be funded from fund sources that do not impact the General Fund.

**School Facilities Board Reports** – The JCCR received the School Facilities Board report on new school construction. The Committee is required to review the report but chose to defer action and requested SFB work with JLBC Staff to submit additional information to the Committee at its next

meeting regarding demographic assumptions, proposed construction schedule, and new school construction cost estimates for FY 2004.

The Committee also received the School Facilities Board report on its instructions to the Treasurer to transfer \$530 million from sales tax revenue in FY 2004. Of the total, \$280 million will be transferred to the Deficiencies Corrections Fund and \$250 million transferred to the New School Facilities Fund. The board will not instruct the Treasurer to transfer any amount to the Building Renewal Fund in FY 2004 as the formula is suspended in that year.

In addition, the SFB presented to the Committee its report on lease-to-own bundling. The SFB is working with the Fowler Elementary School District on bundling 2 projects and also with the Coconino Accommodation School District on bundling another 2 projects to determine if efficiencies can be gained by bundling.

**SFB New School Construction Projects** – The JCCR favorably reviewed the revised list of potential new school construction projects to be financed with a lease-to-own agreement. The list includes 63 projects, 48 of which are already under construction, with a total value of \$473 million. Not all of these projects will ultimately be part of the lease-to-own transaction as the SFB has authority to enter into lease-to-own agreements totaling only \$400 million in FY 2003. The SFB is also retroactively making some FY 2002 cash expenditures a part of the lease-to-own agreement to free up cash for FY 2003 expenditures, including land purchases, which the board can not include in the agreement.

**Kartchner Caverns Quarterly Reports** – The JCCR received Kartchner Caverns quarterly status reports. Opening the lower caverns has been moved back to the original date of November 2003, from the anticipated November 2002 date due to the uncertainty of operating budget reductions. Between April 1, 2002 and September 30, 2002, approximately 70,000 visitors attended the park and total revenues were approximately \$1.0 million. Revenues are deposited in the State Parks Enhancement Fund which is used for park operating and development costs.