JCCR MEETING

At its July 21 meeting, the Joint Committee on Capital Review considered the following issues:

DEMA Building Conversion – The Committee approved the use of up to $1,366,000 from the State Armory Property Fund to renovate a Tempe fire station DEMA will acquire from the City of Tempe through an exchange for the current Tempe armory, with the provision that the department return for approval after defining the scope and estimated cost of converting the fire station to an armory.

Game and Fish Department Paving and Lighting – The Committee approved the transfer of $48,500 from the Deer Valley Headquarters paving project to the Pinetop regional office paving project. Work on the Deer Valley Headquarters was halted when the Department began considering a move to a new location. This transfer will complete paving needs at the Pinetop office.

The Committee also gave a favorable review to the re-allocation of $146,000 from the Ben Avery safety berm project to the Ben Avery electrical/lighting project. Materials to construct the safety berm were donated by developers from a nearby project, leaving excess funding.

DJC Vocational Education Remodel – The Committee gave a favorable review to the use of $489,000 for converting a Black Canyon housing unit to a vocational education unit with the provision that future audit-related capital projects include a comprehensive plan of prioritized projects. DJC is authorized to use up to $6.7 million of its FY 2006 operating budget to address federal audit requirements.

ADOT Capital Professional & Outside Services – The Committee gave a favorable review to the $97 million consulting services expenditure plan for FY 2006. This allocation is made from the capital appropriation to ADOT for highway construction and is in line with prior year allocations. ADOT was requested to provide information on whether there are any requirements to use in-state firms for these expenditures. The Committee also adopted the highway congestion performance measures with the stipulation that ADOT report on these performance measures as part of next year's review.

ASDB Capital Projects – The Committee gave a favorable review to the $2 million capital expenditure plan for 7 building renewal projects at the Phoenix and Tucson campuses, with the provision that ASDB submit a plan by January 1, 2006 that includes different options for the use of the Phoenix Campus as well as the use of satellite programs, Co-Op programs, and any alternative strategies. There has been interest in determining whether other sites or facilities, such as closed schools, are available as an alternative to investing in upgrades at the Phoenix Campus. Additional information was requested on how SFB determined the 875 square feet per student space requirement for ASDB.

ADOA Building Renewal Allocation Plan – The Committee gave a favorable review to $975,000 of the department's FY 2006 Building Renewal Allocation Plan. The review included 7 projects and an emergency contingency. JLBC Staff is working with the Department of Administration to get more detail and develop a recommendation for the remaining $2,425,000 building renewal appropriation.

NAU Lease-Purchase Projects – The Committee gave a favorable review to the new Laboratory Facility and Campus Research Infrastructure projects which will be financed with a $44 million Certificates of Participation (COP) issuance to repaid over a 25-year period. Annual debt service of $3.3 million is to be paid from the research infrastructure General Fund appropriation that begins in FY 2008 and local university funds. The review included the standard university provisions noting that a favorable review did not constitute endorsement of General Fund appropriations for debt service or operating costs and requiring reporting on the use of contingency allocations.

The Committee also included a new provision requiring NAU to report on a comparison between compliance costs of meeting the Governor's executive order on energy efficiency and any operating savings generated through those efficiencies. JLBC Staff is working with the Arizona Board of Regents to have these comparisons included in as part of the original submissions for university projects.

ASU New and Revised Capital Projects – The Committee gave a favorable review to Infrastructure and Sewer System projects which will be financed with $20 million in revenue bond issuances. Annual debt service of $1.6 million will be paid from tuition collections and auxiliary fund revenues. The review included the university provisions noting that a favorable review did not constitute endorsement of General Fund appropriations for debt service or operating costs, requiring reporting on the use of contingency allocations, and requiring reporting on a cost comparison between energy efficiency capital costs and operating savings.

The Committee gave an unfavorable review to the $3 million elevator code compliance component of the scope revisions to the Academic Renovations and Deferred Maintenance project. The Committee wanted to receive more information on the Industrial Commission's level of concern with the elevators relative to the projected cost of compliance. A letter has been sent to the Industrial Commission seeking their input.

The Committee gave a favorable review to the scope and cost revisions for the remaining Academic Renovations and Deferred Maintenance project, the Biodesign Institute, and the Instructional/Research Laboratory Renovations Phases I and II, with the standard university financing provisions and one special provision requiring ASU to submit an allocation plan for the remaining $1.8 million associated with Academic Renovations and Deferred Maintenance project.

The Committee also requested that ASU provide its analysis supporting that the Construction Manager at Risk procurement method has generated cost and construction time savings for the university.

U of A New and Revised Capital Projects – The Committee gave a favorable review to the new Poetry Center, new Architecture Building Expansion, second phase of Residence Life Building Renewal, and Deferred Renovations projects which will be financed with a $40.4 million bond issuance and $2.3 million in donations. Annual debt service of $3.2 million will be paid from a combination of tuition collections, auxiliary revenues, and donations. The review included the university provisions noting that a favorable review did not constitute endorsement of General Fund appropriations for debt service or operating costs, requiring reporting on the use of contingency allocations, and requiring reporting on a cost comparison between energy efficiency capital costs and operating savings.

The Committee received a report on the reallocation of $0.2 million of the Chemistry Building Expansion's remaining $1.1 million contingency fund, $2.0 million of the Medical Research Building's remaining $2.2 million contingency fund, and $1.4 million of the Thomas W. Keating Bioresearch Building's remaining $3.6 million contingency fund. The report detailed contingency adjustments to reflect faculty research needs and equipment purchases that could not be included in the original project bids.

SFB School Construction Report and Litigation Account – The Committee gave a favorable review of the board report on New School Construction with the provisions that (1) the board report to the Committee on actual FY 2006 expenditures for emergency deficiencies, and (2) the board report to the Committee after determining how it will allocate $4 million in funding for Full-Day Kindergarten capital grants. SFB will oversee between 84-105 projects in FY 2006 and spend approximately $386.5 million for new school construction related expenses. SFB was requested to provide information related to recent building renewal projects that were not included in the original Deficiencies Correction program and whether there are any requirements to use in-state firms for school construction projects.

The Committee also gave a favorable review of the board report on the Litigation account, which is intended to fund litigation expenses related to recovery of damages for design and construction defects. There are no monies in the account and there has been no account activity since its creation. SFB was requested to provide an estimate of potential future recoveries.