

Capital Outlay

JLBC Analyst: Lorenzo Martinez/Tony Vidale

	FY 2003	
	General Fund	Other Funds
BUILDING SYSTEM SUMMARY		
Arizona Department of Administration		
Building Renewal	0	4,726,200
Individual Projects	2,642,900	23,573,500
<i>Subtotal - ADOA</i> ^{1/2/}	<u>2,642,900</u>	<u>28,299,700</u>
Arizona Department of Transportation		
Building Renewal	0	1,634,000
Individual Projects	0	252,406,000
<i>Subtotal - ADOT</i>	<u>0</u>	<u>254,040,000</u>
TOTAL APPROPRIATIONS	2,642,900	282,339,700
BUILDING RENEWAL:		
Arizona Department of Administration Building System		
Arizona Department of Administration		
Capital Outlay Stabilization Fund ^{3/}	0	2,882,200
Miners' Hospital Fund ^{4/}	0	186,100
Arizona Exposition and State Fair		
Arizona Exposition and State Fair Fund	0	1,209,700
Game and Fish Department		
Game and Fish Fund	0	331,000
Department of Health Services		
Southern Arizona Mental Health Center Building Renewal Fund	0	38,300
Arizona Lottery Commission		
State Lottery Fund	0	78,900
<i>Subtotal - ADOA Building System</i>	<u>0</u>	<u>4,726,200</u>
Arizona Department of Transportation Building System		
Arizona Department of Transportation		
State Highway Fund	0	1,634,000
<i>Subtotal - ADOT Building System</i>	<u>0</u>	<u>1,634,000</u>
<i>Subtotal - Building Renewal</i> ^{5/}	<u>0</u>	<u>6,360,200</u>
INDIVIDUAL PROJECTS:		
Arizona Department of Administration		
Arizona State Hospital Construction Project ^{6/}		
ASH Capital Construction Fund/Budget Stabilization Fund	0	17,500,000
State Health Laboratory Lease-Purchase Payment ^{7/}	2,342,900	0
Arizona Pioneers' Home Plumbing Renovations		
General Fund	300,000	0
State Charitable, Penal and Reformatory Institutions Land Fund	0	200,000
Ex-Appropriate \$30,069,700 for Tucson Prison Complex		
Corrections Fund	0	0
Privatized Lease to Own Project Management		
Certificates of Participation Fund	0	143,500
Privatized Lease to Own Backfill Space Renovations		
Capital Outlay Stabilization Fund	0	2,753,000
Certificates of Participation Fund	0	300,000
Privatized Lease Own Backfill Agency Relocations		
Certificates of Participation Fund	0	1,007,000
<i>Subtotal - ADOA</i>	<u>2,642,900</u>	<u>21,903,500</u>

	FY 2003	
	General Fund	Other Funds
Game and Fish Department ^{7/}		
Facilities Improvements		
Game and Fish Fund	0	170,000
Shooting Range Development		
Game and Fish Fund	0	100,000
Flagstaff Shooting Range Development		
Game and Fish Capital Improvement Fund	0	500,000
Expansion and Renovation of Game and Fish Headquarters		
Game and Fish Capital Improvement Fund	0	800,000
Migratory Waterfowl Development		
Waterfowl Conservation Fund	0	100,000
<i>Subtotal - Game and Fish</i>	0	1,670,000
Arizona Department of Transportation		
Airport Planning and Development ^{8/}		
State Aviation Fund	0	10,064,000
Community Airport Grants ^{9/}		
Vehicle License Tax Special Account	0	500,000
Asbestos and Lead Inspections		
State Highway Fund	0	600,000
De-Icer Buildings		
State Highway Fund	0	200,000
East Valley Maintenance Yard		
State Highway Fund	0	1,184,000
Highway Construction ^{10/11/}		
State Highway Fund	0	238,728,000
City of Nogales Hazardous Materials Response Vehicle and Supplies ^{12/}		
Safety Enforcement and Transportation Infrastructure Fund	0	475,000
Southern Border Ports Administrative Offices Annex ^{12/}		
Safety Enforcement and Transportation Infrastructure Fund	0	50,000
Greater Yuma Port Authority/Commercial Port Master Plan ^{12/}		
Safety Enforcement and Transportation Infrastructure Fund	0	300,000
Naco Highway By-Pass Asphalt Overlay ^{12/}		
Safety Enforcement and Transportation Infrastructure Fund	0	227,000
City of Douglas Secure Parking Facility ^{12/}		
Safety Enforcement and Transportation Infrastructure Fund	0	78,000
<i>Subtotal - ADOT</i>	0	252,406,000
<i>Subtotal - Individual Projects</i>	2,642,900	275,979,500
TOTAL APPROPRIATIONS ^{13/14/15/}	2,642,900	282,339,700
FUND SOURCES		
General Fund	2,642,900	0
<u>Other Appropriated Funds</u>		
ASH Capital Construction Fund/Budget Stabilization Fund	0	17,500,000
State Aviation Fund	0	10,064,000
Capital Outlay Stabilization Fund	0	5,635,200
Certificates of Participation Fund	0	1,450,500
State Charitable, Penal and Reformatory Institutions Land Fund	0	200,000
Arizona Exposition and State Fair Fund	0	1,209,700
Game and Fish Fund	0	601,000
Game and Fish Capital Improvement Fund	0	1,300,000
State Highway Fund	0	242,346,000
State Lottery Fund	0	78,900

	FY 2003	
	General Fund	Other Funds
Miners' Hospital Fund	0	186,100
Safety Enforcement and Transportation Infrastructure Fund	0	1,130,000
Southern Arizona Mental Health Center Building Renewal Fund	0	38,300
Vehicle License Tax Special Account	0	500,000
Waterfowl Conservation Fund	0	100,000
<i>Subtotal - Other Appropriated Fund</i>	0	282,339,700
TOTAL APPROPRIATIONS	2,642,900	282,339,700

- 1/ The ADOA shall report on the status of project-specific FTE Positions for capital projects in its annual capital budget request. (Capital Outlay Appropriation Act footnote)
- 2/ The ADOA may allocate FTE Positions authorized for specific projects to other projects in this act provided that funding for the FTE Positions is cost allocated among the projects receiving benefit. The ADOA shall report any FTE Position reallocations to the Joint Committee on Capital Review by December 31, 2002. (Capital Outlay Appropriation Act footnote)
- 3/ The ADOA shall allocate the monies to state agencies for necessary building renewal. If monies in the Capital Outlay Stabilization Fund (COSF) are insufficient to fund the appropriation to the ADOA for building renewal, the appropriation to the ADOA shall be reduced by the difference between the amount appropriated to the ADOA from COSF and the balance in COSF. (Capital Outlay Appropriation Act footnote)
- 4/ The \$186,100 appropriated from the Miners' Hospital Fund in FY 2003 shall be used for building renewal at the Arizona Pioneers' Home. (Capital Outlay Appropriation Act footnote)
- 5/ Notwithstanding section 41-793.01, Arizona Revised Statutes, the amounts appropriated in this section are appropriated for FY 2003 and shall be used by the applicable agency for major maintenance and repair activities for state buildings in accordance with Title 41, Chapter 4, Article 7, Arizona Revised Statutes. Twenty-five per cent or less of the monies may be spent for state building modifications to comply with the federal Americans With Disabilities Act (42 United States Code sections 12101 through 12213 and 47 United States Code sections 225 and 611) or for major maintenance and repair activities for state infrastructure. The monies may only be used for facilities on the state building inventory or for infrastructure that directly supports those facilities. Of the amounts appropriated to the ADOA, up to \$275,000 in Personal Services and Employee Related Expenditures for up to 5 FTE Positions may be allocated each fiscal year until the building renewal projects are completed. All other monies appropriated in this section shall not be spent for Personal Services or Employee Related Expenditures or for maintenance contracts on building components and equipment without review by the Joint Committee on Capital Review. Any monies appropriated for building renewal in FY 2003 that are unexpended or unencumbered on September 30, 2004 shall revert to the fund from which they were appropriated. (Capital Outlay Appropriation Act footnote)
- 6/ Appropriated by Laws 2000, Chapter 1, as amended by Laws 2000, Chapter 1, 7th Special Session and Laws 2001, Chapter 3, 2nd Special Session.
- 7/ Appropriated by Laws 2001, Chapter 237.
- 8/ The amount is appropriated from the State Aviation Fund for the planning, construction, development and improvement of state, county, city or town airports as determined by the State Transportation Board. Any balances and collections in the State Aviation Fund in excess of the specific amounts appropriated in the General Appropriations Act and in this act are appropriated to ADOT for the purposes provided in this paragraph. (Capital Outlay Appropriation Act footnote)
- 9/ Appropriated by Laws 2002, Chapter 22.
- 10/ The amount appropriated for highway construction is from the State Highway Fund for the planning and construction of state highways, including the national system of interstate highways within this state, the state primary or secondary system, the county primary or secondary system and urban rural routes, the acquisition of rights-of-way, the cost of field administration and field engineering on construction projects and debt service payments on bonds issued for highway construction. Any balances and collections in the State Highway Fund in excess of the specific amounts appropriated in the General Appropriations Act and in this act are appropriated to the department for the purposes provided in this paragraph. (Capital Outlay Appropriation Act footnote)
- 11/ Of the amounts appropriated from the State Highway Fund for the planning and construction of state highways, the department may allocate up to \$30,064,700 for Personal Services and Employee Related Expenditures for up to 619 FTE Positions in FY 2003. Before the expenditure of any operating budget monies from the capital budget, ADOT shall submit information on any operating budget expenses funded from the capital budget to the Joint Committee on Capital Review by July 1, 2002 for review. The submittal shall contain at least as much detail as the department's annual operating budget request. Operating budget expenditures include any expenditure for Personal Services, Employee Related Expenditures, Professional and Outside Services, Travel - In State, Travel - Out of State and Other Operating Expenditures. (Capital Outlay Appropriation Act footnote)
- 12/ Appropriated by Laws 2002, Chapter 187.
- 13/ Unless otherwise specified, the monies appropriated in this act shall not be spent for Personal Services or Employee Related Expenditures of state employees, excluding any services provided as part of the inmate construction program for correctional facilities. (Capital Outlay Appropriation Act footnote)
- 14/ Monies appropriated for specific projects in this act may be used for Personal Services or Employee Related Expenditures related to direct inmate expenses associated with services provided as part of the inmate construction program. (Capital Outlay Appropriation Act footnote)
- 15/ Unless otherwise specified, the appropriations made in this act do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned, or the appropriation stands for a full fiscal year without an expenditure or an encumbrance. (Capital Outlay Appropriation Act footnote)

DESCRIPTION — *The Capital Outlay Budget consists of one-time appropriations to maintain, expand, or enhance the state's capital stock which includes office buildings, service centers, residential treatment centers, state parks, prisons, highways, and other facilities which support the missions of the various state agencies. For the purposes of capital management and planning, the state is divided into 3 building systems, the Arizona Department of Administration (ADOA) Building System, the Arizona Department of Transportation (ADOT) Building System, and the Arizona Board of Regents (ABOR) Building System. Capital appropriations are typically made through the Capital Outlay Bill, but may be made through other bills as well.*

Unless otherwise specified, funding for capital projects was appropriated by Laws 2002, Chapter 343 (FY 2003 Capital Outlay Bill).

Building Renewal — Building Renewal appropriations provide for the major maintenance and repair of state-owned buildings. The appropriations are based on support of a formula determined by the Joint Committee on Capital Review (JCCR). The formula takes into account the replacement value, age, and life-cycle of a building. Available appropriations are administered by the Arizona Department of Administration (ADOA) or individual agencies within the ADOA Building System that have their own funding source for building renewal, the Arizona Department of Transportation (ADOT), and the Arizona Board of Regents (ABOR) for their respective building systems.

The approved amounts represent 100% funding of the Building Renewal Formula, except the appropriation to ADOA from the Capital Outlay Stabilization Fund (COSF) of \$2,882,200, which represents 15% of the formula, and the appropriation to ADOT from the State Highway Fund of \$1,634,000, which represents 58% of the formula. The ABOR Building System did not receive a Building Renewal appropriation in FY 2003.

Individual Projects — Capital appropriations may be made to the agency that administers the building system (ADOA, ADOT, or ABOR) on behalf of an agency or directly to an agency within a building system.

Arizona Department of Administration

ASH Construction Project — Laws 2000, Chapter 1, as amended by Laws 2000, Chapter 1, 7th Special Session and Laws 2001, Chapter 3, 2^d Special Session appropriated \$20,000,000 in each of FY 2000, FY 2001 and FY 2002, and \$17,500,000 in FY 2003 from the ASH Capital Construction Fund to ADOA for the demolition, renovation and construction of ASH. The monies in the ASH Capital Construction Fund were appropriated from the Budget Stabilization Fund.

State Health Laboratory Lease-Purchase Payment — Laws 2001, Chapter 237 (FY 2002-FY 2003 Capital Outlay Bill) appropriated \$2,342,900 from the General Fund in FY 2003 to ADOA for Certificates of Participation (COP) costs for the lease-purchase financing of the design and construction of a new health laboratory. Chapter 3

also allows up to 3 FTE Positions to manage the project and authorizes ADOA to issue up to \$30,000,000 in COPs to fund the project.

Arizona Pioneers' Home Plumbing Renovations — The approved amounts of \$300,000 from the General Fund and \$200,000 from the State Charitable, Penal and Reformatory Institutions Land Fund in FY 2003 to ADOA are for plumbing renovations at the Arizona Pioneers' Home. Laws 2002, Chapter 343 also appropriates \$500,000 from the General Fund in FY 2004 to ADOA for the project. Laws 2001, Chapter 237 (as amended by Laws 2001, Chapter 3, 2^d Special Session) appropriated \$325,000 from the Miners' Hospital Fund in FY 2002 to ADOA for the project. Total project appropriations are \$1,325,000 over the 3-year period.

Ex-Appropriate Tucson Prison Complex Funding — Laws 2002, Chapter 343 ex-appropriates \$30,069,700 appropriated by Laws 1999, Chapter 2, 2nd Special Session (as amended by Laws 2001, Chapter 237) from the Corrections Fund in FY 2003 to ADOA for construction of a new prison complex in Tucson. A FY 2000 appropriation of \$10,000,000 from the Corrections Fund for the project remains in tact.

Privatized Lease to Own Projects — The approved amounts provide \$1,450,500 from the Certificates of Participation (COP) Fund and \$2,753,000 from the Capital Outlay Stabilization Fund in FY 2003 for ADOA to oversee various projects associated with the construction of 2 new office buildings on the Capitol Mall. The 2 new buildings are financed through privatized lease to own agreements. Under a privatized lease to own agreement, a private entity finances and constructs the building and leases it to the state. At the end of the lease term, the state takes possession of the building. The projects include:

- \$143,500 from the COP Fund for 3 FTE Positions to manage and oversee the projects.
- \$2,753,000 from COSF and \$300,000 from the COP Fund for renovation of state-owned space vacated by agencies moving into the new office buildings.
- \$1,007,000 from the COP Fund to relocate agencies into vacated space.

Game and Fish Department

Facilities Improvements — Laws 2001, Chapter 237 appropriated \$170,000 from the Game and Fish Fund for safety improvements at the Ben Avery Shooting Facility, a maintenance building at House Rock Wildlife Area, and road improvements to a wildlife area near Springerville.

Shooting Range Development — Laws 2001, Chapter 237 appropriated \$100,000 from the Game and Fish Fund as matching grants to private shooting organizations for safety training and to develop, upgrade, and repair shooting ranges.

Flagstaff Shooting Range Development — Laws 2001, Chapter 237 appropriated \$500,000 from the Game and Fish Capital Improvement Fund for continued development of a multi-purpose shooting range near Flagstaff.

Expansion and Renovation of Game and Fish Headquarters — Laws 2001, Chapter 237 appropriated \$800,000 from the Game and Fish Capital Improvement Fund for completion of additional office and warehouse space, and to provide parking improvements at the headquarters facilities.

Migratory Waterfowl Development — Laws 2001, Chapter 237 appropriated \$100,000 from the Waterfowl Conservation Fund as matching grants for the acquisition of waterfowl habitat. The Waterfowl Conservation Fund receives revenues from the sale of annual duck stamps.

Arizona Department of Transportation

Airport Planning and Development — The approved amount from the State Aviation Fund is for planning, construction, development and improvement of state, county, city or town airports as determined by the State Transportation Board. Any balances and collections in the State Aviation Fund in excess of the specific amounts appropriated in the General Appropriation Act and the Capital Outlay Bill are appropriated to the department for airport planning and development.

Community Airport Grants — Laws 2002, Chapter 22 authorizes ADOT and the State Transportation Board to use up to \$500,000 in vehicle license tax collections, that would have otherwise been deposited in the Economic Strength Project Fund in FY 2003, for grants for small community air service and airport upgrades in communities receiving federal monies for air service development (pursuant to Public Law 106-181).

Asbestos and Lead Inspections — The approved amount from the State Highway Fund continues funding for ADOT to contract for the testing of 1,260 buildings and structures for asbestos and lead-based paint to comply with OSHA regulations.

De-Icer Buildings — The approved amount from the State Highway Fund continues funding for the construction of de-icer buildings. This project is part of a multi-year plan to build facilities to store road de-icing materials at cold-weather sites throughout the state.

East Valley Maintenance Yard — The approved amount from the State Highway Fund provides funding to revamp the east valley maintenance yard located in Tempe.

Highway Construction — The approved amount from the State Highway Fund provides funding for highway construction and debt service, as shown in the following table.

Appropriated Highway Construction & Debt Service	
	<u>FY 2003</u>
State Highway Construction	\$112,731,000
Controlled Access	81,089,000
Debt Service	<u>44,908,000</u>
Total	\$238,728,000

Expenditure of Highway Construction funding is determined by the 5-year plan developed by the State Transportation Board. Controlled Access funding is dedicated to urban highway construction. The Maricopa Association of Governments receives 75% and the Pima County Association of Governments receives 25%. Debt Service funding represents the appropriated portion of debt service on bonds.

Laws 2002, Chapter 4 increased ADOT's bonding authority from \$1,000,000,000 to \$1,300,000,000.

SETIF Appropriations — Laws 2002, Chapter 187 appropriated a total of \$1,130,000 from the Safety Enforcement and Transportation Infrastructure Fund in FY 2003 to ADOT for the following projects:

- \$475,000 for City of Nogales Hazardous Materials Response Vehicle and Supplies.
- \$50,000 for the Southern Border Ports Administrative Offices Annex.
- \$300,000 for the Greater Yuma Port Authority/Commercial Port Master Plan.
- \$227,000 for the Naco Highway By-Pass Asphalt Overlay.
- \$78,000 for the City of Douglas Secure Parking Facility.