

Capital Outlay Summary

	FY 2023 SUPPLEMENTAL	FY 2024 APPROVED
BUILDING RENEWAL		
ADOA Building System		80,922,200
ADOT Building System		22,420,200
ABOR Building System	0	0
SUBTOTAL	0	103,342,400
INDIVIDUAL PROJECTS		
ADOA Building System	5,000,000	167,412,200 ^{1/2/}
ADOT Building System	22,397,500	1,119,552,600 ^{3/}
ABOR Building System	0	0
SUBTOTAL	27,397,500	1,286,964,800
LOCAL ASSISTANCE		
Phoenix Convention Center		25,498,600 ^{4/}
Rio Nuevo District	0	16,000,000 ^{5/}
SUBTOTAL	0	41,498,600
TOTALS		
ADOA Building System	5,000,000	248,334,400
ADOT Building System	22,397,500	1,141,972,800
ABOR Building System	0	0
Other Funding (Lease-Purchase/Local Assistance)	0	41,498,600
TOTAL - ALL PROJECTS	27,397,500	1,431,805,800^{6/}
FUND SOURCES		
General Fund	27,397,500	849,654,700
<u>Other Appropriated Funds</u>		
Capital Outlay Stabilization Fund		14,000,000
Department of Corrections Building Renewal Fund		5,864,300
Arizona Exposition and State Fair Fund		3,802,100
Game and Fish Fund		2,276,400
Game and Fish Capital Improvement Fund		850,000
Arizona State Hospital Fund		409,000
State Lottery Fund		214,200
State Parks Revenue Fund		32,178,200
Miners' Hospital for Miners with Disabilities Land Fund		793,700
State Aviation Fund		35,441,900
State Highway Fund	0	486,321,300
SUBTOTAL - Other Appropriated Funds	0	582,151,100
SUBTOTAL - Appropriated Funds	27,397,500	1,431,805,800
Other Non-Appropriated Funds	0	711,498,000
Federal Funds	0	972,943,000
TOTAL - ALL SOURCES	27,397,500	3,116,246,800

DESCRIPTION — The Capital Outlay Budget consists of one-time appropriations to maintain, expand, enhance, or make a lease-purchase payment for the state's capital assets, which includes buildings, state parks, prisons, highways, and other facilities. 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. In addition, the state makes annual payments for the 2010 Leaseback agreement which was used for operating financing, along with local distributions for the Phoenix Convention Center and the Rio Nuevo District. Capital appropriations are typically made through the Capital Outlay Bill but may be made through other bills as well.

FOOTNOTES

- 1/ Includes \$19,143,800 appropriated from State Parks Revenue Fund in FY 2024 by the FY 2023 Capital Outlay Bill (Laws 2022, Chapter 309).
- 2/ Includes \$10,000,000 appropriated from the State Parks Revenue Fund in FY 2024 by Laws 2023, Chapter 199.
- 3/ Includes \$10,000,000 appropriated from the General Fund in FY 2024 by the FY 2023 Capital Outlay Bill (Laws 2022, Chapter 309).
- 4/ This amount was appropriated or allocated by the FY 2024 General Appropriation Act (Laws 2023, Chapter 133, Section 119).
- 5/ This amount was appropriated or allocated by the FY 2024 General Appropriation Act (Laws 2023, Chapter 133, Section 120)
- 6/ Unless otherwise noted, amounts were appropriated by the FY 2024 Capital Outlay Bill (Laws 2023, Chapter 135).

The following amounts are one-time appropriations:

(See the individual building systems' section for more information.)

Summary

The budget includes a total of \$1,431,805,800 from Appropriated Funds in FY 2024. Of the total, \$849,654,700 is from the General Fund and \$582,151,100 is from Other Appropriated Funds. The budget consists of 3 main categories: 1) Building Renewal, 2) Individual Projects, and 3) Local Assistance.

Individual Projects

The budget includes total funding of \$1,286,964,800 in FY 2024 for individual capital projects, which consists of \$749,088,800 General Fund and \$537,876,000 from Other Appropriated Funds.

(See the individual building systems' sections for more information.)

Building Renewal

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

Local Assistance

The budget includes \$41,498,600 from the General Fund in FY 2024 for the state's share of the long-term financing for the Phoenix Convention Center and the Rio Nuevo Multipurpose Facilities District. *(See the Local Assistance section for more information.)*

The budget includes total funding of \$103,342,400 in FY 2024 for Building Renewal, which consists of \$59,067,300 from the General Fund and \$44,275,100 from Other Appropriated Funds. These amounts include:

	FY 2024
Arizona Department of Administration Capital Outlay Stabilization Fund and General Fund @ 58.2% (excludes ADC, Game and Fish, Lottery buildings)	\$39,124,700
Department of Corrections ADC Building Renewal Fund and General Fund @ 100%	39,806,900
Game and Fish Department Game and Fish Fund @ 100%	1,776,400
State Lottery Commission State Lottery Fund @ 100%	<u>214,200</u>
Subtotal - ADOA	\$80,922,200
Arizona Department of Transportation State Highway Fund @ 100%	\$21,978,300
State Aviation Fund @ 100%	<u>441,900</u>
Subtotal - ADOT	\$22,420,200

Capital Outlay

Arizona Department of Administration Building System

	FY 2023 SUPPLEMENTAL	FY 2024 APPROVED
BUILDING RENEWAL ^{1/}		
Department of Administration		39,124,700 ^{2/}
Department of Corrections		39,806,900 ^{3/}
Game and Fish Department		1,776,400
Arizona State Lottery Commission		214,200
SUBTOTAL - Building Renewal		80,922,200
INDIVIDUAL PROJECTS		
Arizona Department of Administration		
Electric Vehicle Charging and Advance Fuel Infrastructure		5,000,000
West Adams Building Renovation	5,000,000	
State Department of Corrections		
Replace Evaporative Cooling Statewide with HVAC		66,783,600
Statewide Door, Lock, and Fire Systems Replacement		48,650,600
SUBTOTAL - State Department of Corrections		115,434,200
Department of Emergency and Military Affairs		
Additional Construction Monies for Surprise Readiness Center		1,125,000
Arizona Exposition and State Fair Board		
Capital Improvements		3,802,100
Arizona Game and Fish Department		
Dam Maintenance		150,000
Hatchery Maintenance		400,000
Property Maintenance		300,000
Water Conservation Projects		500,000
SUBTOTAL - Arizona Game and Fish Department		1,350,000
Department of Health Services		
State Hospital Water Pump Replacements		209,000
State Hospital Water Isolation Valves		200,000
SUBTOTAL - Department of Health Services		409,000
Arizona State Parks Board		
Capital Improvements		3,034,400 ^{4/}
Verde River State Park		7,000,000 ^{4/5/}
Arizona Veterans Memorial Park		10,000,000 ^{6/}
Catalina Main Entrance Bridge		5,813,000 ^{7/8/}
Statewide Campground Improvements		4,100,000 ^{7/8/}
Statewide Sunshade Structures		2,233,300 ^{7/8/}
Statewide Water Conservation		1,339,000 ^{7/8/}
Yuma Territorial Prison State Park Historic Building Renovation		750,000 ^{7/8/}
Riordan Mansion State Park Historic Building Renovation		2,900,000 ^{7/8/}
Oracle State Park Historic Building Renovation		2,008,500 ^{7/8/}
SUBTOTAL - Arizona State Parks Board		39,178,200
Arizona Pioneers' Home		
Capital Improvements		468,700
Cemetery Columbarium		75,000
Cemetery Parking		250,000
SUBTOTAL - Arizona Pioneers' Home		793,700
Department of Public Safety		
Renovate Flagstaff Aviation Hangar		320,000

	FY 2023 SUPPLEMENTAL	FY 2024 APPROVED
SUBTOTAL - Individual Projects		5,000,000
TOTAL - ALL PROJECTS	5,000,000	248,334,400
FUND SOURCES		
General Fund	5,000,000	187,946,500
<u>Other Appropriated Funds</u>		
Capital Outlay Stabilization Fund		14,000,000
Department of Corrections Building Renewal Fund		5,864,300
Arizona Exposition and State Fair Fund		3,802,100
Game and Fish Fund		2,276,400
Game and Fish Capital Improvement Fund		850,000
Arizona State Hospital Fund		409,000
State Lottery Fund		214,200
State Parks Revenue Fund		32,178,200
Miners' Hospital for Miners with Disabilities Land Fund		793,700
SUBTOTAL - Other Appropriated Funds	0	60,387,900
SUBTOTAL - Appropriated Funds	5,000,000	248,334,400
TOTAL - ALL SOURCES	5,000,000	248,334,400^{9/10/11/12/}

DESCRIPTION — The Arizona Department of Administration (ADOA) Building System is comprised of all state agencies except the Arizona Board of Regents (ABOR) and the Arizona Department of Transportation. Capital appropriations may be made directly to an agency within the system, to ADOA on behalf of an agency, or to ADOA for the entire system. The following amounts for FY 2024 are for projects within the ADOA Building System. Appropriations for ADOA Building System projects may be from the General Fund or Other Appropriated Funds.

FOOTNOTES

- 1/ Notwithstanding section 41-793.01, Arizona Revised Statutes, the amounts appropriated in this section are appropriated for fiscal year 2023-2024 to 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 (Capital Outlay Appropriation Act footnote)
- 2/ The department of administration shall allocate the monies to state agencies for necessary building renewal. If monies in the capital outlay stabilization fund established by section 41-792.01, Arizona Revised Statutes, are insufficient to fund the appropriation to the department of administration for building renewal, the appropriation to the department of administration is reduced by the difference between the amount appropriated to the department of administration from the capital outlay stabilization fund and the balance in the capital outlay stabilization fund. Notwithstanding title 41, chapter 4, article 7, Arizona Revised Statutes, the department of administration may use monies appropriated for building renewal in fiscal year 2023-2024 for building projects related to retrofitting facilities for space consolidation initiatives. (Capital Outlay Appropriation Act footnote)
- 3/ The state department of corrections may not spend any of this appropriation on personal services or overhead expenses related to managing the funded projects. (Capital Outlay Appropriation Act footnote)
- 4/ The Arizona state parks board shall report to the joint committee on capital review and the governor's office of strategic planning and budgeting if the board revises the plan for any project for which monies are appropriated by this subsection because the board receives land and water conservation grant funding. (Capital Outlay Appropriation Act footnote)
- 5/ The Arizona state parks board shall establish a state park at the headwaters of the Verde River. (Capital Outlay Appropriation Act footnote)
- 6/ Laws 2023, Chapter 199 appropriated \$10,000,000 in FY 2024 from the State Parks Revenue Fund to establish an Arizona Veterans Memorial State Park.
- 7/ Laws 2022, Chapter 309 appropriated \$19,143,833 in FY 2024 and \$19,117,333 in FY 2025 from the State Parks Revenue Fund for capital projects at the Arizona State Parks Board. As a result, these monies will not appear in the FY 2024 or FY 2025 Capital Outlay Appropriation Act.
- 8/ The Arizona state parks board may use up to ten percent of the monies from any project listed in subsection A of this section to pay for costs associated with another project listed in subsection A of this section. After review by the joint

committee on capital review, the Arizona state parks board may use more than ten percent of the monies appropriated for a project in subsection A of this section to pay for costs associated with another project listed in subsection A of this section. (FY 2023 Capital Outlay Appropriation Act footnote)

- 9/ The department of administration may spend up to five percent of the amounts appropriated to the department in this act, excluding amounts to be distributed to non-state agencies, for expenditures for project management of building renewal and capital projects. All other monies appropriated to the department in this act may 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. (Capital Outlay Appropriation Act footnote – Section 22 (A))
- 10/ Except as provided in subsection A of this section [Section 22], the monies appropriated in this act may 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)
- 11/ The FY 2024 Capital Outlay bill extends the lapsing date of several prior year appropriations (see *Appropriation Non-Lapsing Status*).
- 12/ Capital Outlay Appropriation Act funds are appropriated as a Lump Sum by Project by Agency.

Unless otherwise specified, funding for capital projects is appropriated by Laws 2023, Chapter 135 (FY 2024 Capital Outlay Bill).

Fund also represented 100% of the Lottery building renewal formula.

Building Renewal

The budget includes \$80,922,200 from the General Fund and Other Appropriated Funds in FY 2024 for Building Renewal within the ADOA Building System. These amounts consist of:

- \$39,124,700 to ADOA, which consists of \$25,124,700 from the General Fund and \$14,000,000 from the Capital Outlay Stabilization Fund (COSF). This amount funds 58.2% of the ADOA building renewal formula. The FY 2023 appropriation of \$53,594,200 which consisted of \$16,000,000 from COSF and \$37,594,200 from the General Fund represented 100% of the ADOA formula. In FY 2024, 100% of the formula would be \$67,232,000
- \$39,806,900 to the Arizona Department of Corrections (ADC), which consists of \$33,942,600 from the General Fund and \$5,864,300 from the ADC Building Renewal Fund. This amount funds 100% of the ADC building renewal formula. The FY 2023 appropriation of \$36,415,700 which consisted of \$30,551,400 from the General Fund and \$5,864,300 from the ADC Building Renewal Fund represented 100% of the ADC formula.
- \$1,776,400 to Arizona Game and Fish Department from the Game and Fish Fund which funds 100% of the Game and Fish building renewal formula. The FY 2023 appropriation of \$1,459,600 from the Game and Fish Fund also represented 100% of the Game and Fish formula.
- \$214,200 to the Arizona State Lottery Commission from the State Lottery Fund, which funds 100% of the Lottery building renewal formula. The FY 2023 appropriation of \$176,400 from the State Lottery

Building renewal appropriations to the Department of Administration are used for major maintenance and repair activities for state buildings.

Individual Projects

Arizona Department of Administration

Electric Vehicle Charging and Advance Fuel Infrastructure

The budget includes \$5,000,000 from the General Fund in FY 2024 for electric vehicle charging and advanced fuel infrastructure within the ADOA building system for public use.

In addition, the Arizona Department of Transportation (ADOT) was appropriated a total of \$12,500,000 from the State Highway Fund in FY 2024 for electric vehicle charging and advanced fuel infrastructure at ADOT fleet facilities and public-facing facilities including Motor Vehicle Division (MVD) offices. ADOT will be responsible for managing the projects, including the funding allocated for ADOA. These appropriations will be matched by approximately \$14,600,000 in Federal Funds.

State Department of Corrections

Replace Evaporative Cooling Statewide with HVAC

The budget includes \$66,783,600 from the General Fund in FY 2024 to replace evaporative cooling with HVAC at ADC prisons statewide. The 3-year plan of the FY 2023 budget originally assumed that this project would cost \$31,422,000 in FY 2024. As a result, the actual FY 2024 appropriation is \$35,361,600 above that level.

The FY 2023-FY 2026 spending plan would total \$167,915,600, including the \$47,600,000 for statewide ADC HVAC projects in FY 2023 plus the \$66,783,600 in FY

2024. In addition, the enacted budget's 3-year HVAC spending projections include \$29,832,100 in FY 2025 and \$23,700,000 in FY 2026.

The 4-year total appropriation is expected to convert all remaining evaporative cooling systems at the 9 state-operated prisons to air conditioning.

Statewide Door, Lock, and Fire Systems Replacement

The budget includes \$48,650,600 from the General Fund in FY 2024 to replace doors, locks and fire systems at ADC prisons statewide.

Department of Emergency and Military Affairs

Additional Construction Monies for Surprise Readiness Center

The budget includes \$1,125,000 from the General Fund in FY 2024 to fund additional construction costs at the Department of Emergency and Military Affairs (DEMA) Surprise Readiness Center.

The FY 2020 budget included \$3,875,000 from the General Fund for the state's portion of the cost associated with the construction of a Readiness Center in Surprise. With both the FY 2020 and FY 2024 funding, the overall project is expected to cost \$20,000,000 of which \$5,000,000 is from the General Fund and \$15,000,000 is from federal funds.

Readiness Centers serve as the home base and training center for units in the Arizona National Guard. These facilities house soldiers during drills and provide storage for equipment and weapons between exercises.

Arizona Exposition and State Fair Board

Capital Improvements

The budget includes \$3,802,100 from the Arizona Exposition and State Fair (AESF) Fund in FY 2024 to the State Fair Board for capital improvements. This amount funds 100% of the AESF agency specific building renewal formula.

Arizona Game and Fish Department

Dam Maintenance

The budget includes \$150,000 from the Game and Fish Capital Improvement Fund in FY 2024 to the Arizona Game and Fish Department (AGFD) for dam maintenance.

The department owns and operates 38 dams throughout the state. The department plans to use the funds for vegetation removal, flood warning system maintenance, dam safety regulation compliance, and structural repairs.

Hatchery Maintenance

The budget includes \$400,000 from the Game and Fish Capital Improvement Fund in FY 2024 to the AGFD for hatchery maintenance.

The department owns 6 fish hatcheries throughout the state, all of which are in Northern Arizona. The department plans to use the funds for hatchery facility upgrades and repairs and parking lot rehabilitations. AGFD hatcheries supply the state's rivers, streams and lakes with their recreational fish population.

Property Maintenance

The budget includes \$300,000 from the Game and Fish Capital Improvement Fund in FY 2024 to the AGFD for property maintenance.

The department owns 60 properties throughout the state. This funding will be used to supplement the department's building renewal funding for more extensive maintenance projects.

Water Conservation Projects

The budget includes \$500,000 from the Game and Fish Fund in FY 2024 to the AGFD for water conservation projects.

Projects include the installation of low-flow fixtures and modifying existing landscapes by adopting xeriscaping principles that include native plant species.

Department of Health Services

State Hospital Water Pump Replacements

The budget includes \$209,000 from the Arizona State Hospital Fund in FY 2024 to the Department of Health Services (DHS) to replace water pumps at the State Hospital.

State Hospital Water Isolation Valves

The budget includes \$200,000 from the Arizona State Hospital Fund in FY 2024 to DHS to replace water isolation valves the State Hospital.

Arizona State Parks Board New Projects

Capital Improvements

The budget includes \$3,034,400 from the State Parks Revenue Fund in FY 2024 to the Arizona State Parks Board (ASPB) for capital improvements. This amount funds 100% of the ASPB agency specific building renewal formula.

Statewide capital improvements may include new capital projects such as camping sites, restroom buildings, shop buildings, or outdoor areas (ramadas, tables and grills). In addition, ASPB may use the funding for major maintenance and building renewal which could include

projects for water/wastewater facilities, leach fields, septic tanks, roofing repairs and structural stabilization.

Verde River State Park

The budget includes \$7,000,000 from the General Fund in FY 2024 to the ASPB to establish a new state park at the headwaters of the Verde River.

The proposed park would be located on a land parcel currently known as the Del Rio Springs Ranch, which is approximately 5 miles north of Chino Valley. The park would be located adjacent to the Upper Verde River Wildlife Area and Prescott National Forest, allowing for recreational access to the Verde River.

At the June 2023 JCCR meeting, the Committee gave a favorable review of ASPB's expenditure plan for the park. Of the \$7,000,000 total, \$6,000,000 would be used to acquire land for the park (in addition to private funding) and \$1,000,000 would go toward the development of the park's facilities for public use. ASPB anticipates requiring future appropriations to complete the development of the park for public use.

Arizona Veterans Memorial State Park

The budget includes \$10,000,000 from the State Parks Revenue Fund in FY 2024 to ASPB to establish a new state park near the Arizona Veterans National Cemetery in Cave Creek. Funding for this project is appropriated in Laws 2023, Chapter 199, and not the FY 2024 Capital Outlay Bill.

Laws 2023, Chapter 199 allows ASPB to enter into an Intergovernmental Agreement with Maricopa County, the county where the park would be located, for the maintenance and preservation of the Arizona Veterans Memorial Park. The bill also requires the ASPB to receive approval from the JCCR on the design of the memorial.

Arizona State Parks Board Prior Year Projects

The FY 2023 budget appropriated funding for various ASPB projects in FY 2024. As a result, these monies do not appear in the FY 2024 Capital Outlay Bill (*Please see the ASPB 3-year Capital Spending Plan section*).

Catalina Main Entrance Bridge

The budget includes \$5,813,000 from the State Parks Revenue Fund in FY 2024 to ASPB for the construction of a bridge in Catalina State Park. ASPB will work with ADOT on the project.

Statewide Campground Improvements

The budget includes \$4,100,000 from the State Parks Revenue Fund in FY 2024 to ASPB for statewide campground improvements.

Statewide Sunshade Structures

The budget includes \$2,233,333 from the State Parks Revenue Fund in FY 2024 to ASPB for the construction of shade structures statewide. These structures will provide shade to park visitors and electricity to the parks.

Statewide Water Conservation

The budget includes \$1,339,000 from the State Parks Revenue Fund in FY 2024 to ASPB for the statewide installation of low-flow fixtures and other water conservation efforts.

Yuma Territorial Prison State Park Historic Building Renovation

The budget includes \$750,000 from the State Parks Revenue Fund in FY 2024 to ASPB to repair the 1876 Yuma Prison at the Yuma Territorial Prison State Historic Park.

Riordan Mansion State Park Historic Building Renovation

The budget includes \$2,900,000 from the State Parks Revenue Fund in FY 2024 to ASPB to renovate and repair the Riordan Mansion State Park visitor center, museum, and gate house in Flagstaff.

Oracle State Park Historic Building Renovation

The budget includes \$2,008,500 from the State Parks Revenue Fund in FY 2024 to ASPB to renovate the Oracle State Park historic ranch house.

Arizona Pioneers' Home

Capital Improvements

The budget includes \$468,700 from the Miners' Hospital for Miners with Disabilities Land Fund in FY 2024 to the Arizona Pioneers' Home for capital improvement projects. This amount funds 100% of the Pioneers' Home agency-specific building renewal formula.

The Pioneers' home was built in 1911 and has continued capital improvement needs including replacing aging windows and equipment.

Cemetery Columbarium

The budget includes \$75,000 from the Miners' Hospital for Miners with Disabilities Land Fund in FY 2024 to the Arizona Pioneers' Home to add a new columbarium for the internment of cremated remains.

Cemetery Parking

The budget includes \$250,000 from the Miners' Hospital for Miners with Disabilities Land Fund in FY 2024 to the Arizona Pioneers' Home to expand the cemetery parking lots.

Department of Public Safety

Renovate Flagstaff Aviation Hangar

The budget includes \$320,000 from the General Fund in FY 2024 to the Department of Public Safety (DPS) for renovations at the Flagstaff aviation hangar to accommodate a new helicopter.

Other Issues

FY 2023 Supplemental

Arizona Department of Administration West Adams Building Renovation Supplemental

The budget includes \$5,000,000 from General Fund in FY 2023 to renovate buildings on West Adams Street. This amount supplants the \$5,000,000 appropriated in FY 2023 from the Capitol Mall Consolidation Fund.

The FY 2023 Management of State Buildings Budget Reconciliation Bill (BRB) directed the proceeds from the sale of 519 Beale Street in Kingman and 1919 West Jefferson in Phoenix to the Capitol Mall Consolidation Fund. ADOA has not yet sold the Phoenix building.

The FY 2023 budget appropriated a total of \$52,274,000 for the project of which \$47,274,000 was from the General Fund and \$5,000,000 was from the Capitol Mall Consolidation Fund. With the FY 2023 supplemental, the General Fund will pay for the entire \$52,274,000 for the project.

ADOA plans to renovate 1616 West Adams (prior tenant, the Land Department) and 1688 West Adams (prior tenant, the Department of Agriculture). In addition, ADOA plans to demolish 1624 W Adams (prior tenant, the Department of Juvenile Corrections) which sits between the renovated buildings, and to construct a plaza. Agencies previously located in these buildings have consolidated space and been relocated to other buildings.

Statutory Changes

The Capital Outlay Bill makes the following budget footnote change:

- As session law, amend the FY 2023 Capital Outlay Bill in reference to the Little Colorado River Visitor Center appropriation so that the Department of Administration distributes monies to the Navajo Nation (instead of Navajo County).

The Management of State Buildings BRB makes the following statutory changes:

- As session law, continues to set the FY 2024 Capital Outlay Stabilization Fund (COSF) rental rate charged by ADOA at \$17.87/square foot for rentable office space and \$6.43/square foot for rentable storage space.

Appropriations Non-Lapsing Status

The budget extends the non-lapsing status of several capital appropriations.

The following FY 2022 appropriations are extended to June 30, 2024:

- \$24,200,000 to ADOA for building renewal.
- \$2,800,000 to ADOA to demolish state-owned buildings located at 1601 and 1645 West Jefferson and to convert the physical plant to provide service to 1535 West Jefferson.
- \$3,500,000 to ADOA to replace Capitol Mall air handler units at the House of Representatives and Senate Buildings at 1700 West Washington Street.
- \$1,000,000 to AESF for capital improvements.
- \$1,000,000 to AESF to replace the fire alarm system at the Arizona Veterans Memorial Coliseum.
- \$1,800,000 to DEMA for additional construction monies for the Tucson Readiness Center project.
- \$1,215,800 to the AGFD for building renewal.
- \$2,500,000 to the Department of Juvenile Corrections to replace doors at the Adobe Mountain School Facility.
- \$2,396,700 to ASPB for capital improvements.
- \$126,000 to ASPB to replace the fire suppression system at Red Rock State Park.
- \$750,000 to ASPB to construct a new day use park at Rockin' River State Park.
- \$353,100 to the Pioneers' Home for capital improvements.

The following FY 2022 appropriations are extended to June 30, 2025:

- \$25,564,400 to ADC for fire and life safety projects at the Eyman State Prison Complex.

Arizona State Parks Board 3-Year Capital Spending Plan

The FY 2023 Capital Outlay Bill appropriated \$20,517,600 from the State Parks Revenue Fund to the Arizona State Parks Board (ASPB) in FY 2023, \$19,143,800 in FY 2024, and \$19,117,300 in FY 2025 for capital projects. *Table 1* shows a list of ASPB's planned capital projects through FY 2025.

Because the FY 2024 funding amounts have already been appropriated, the FY 2024 monies do not appear in the FY 2024 Capital Outlay Bill.

An FY 2023 budget footnote requires that prior to ASPB using more than 10% of a specific project's budget for another project that was allocated funding for that year, ASPB shall submit the proposed expenditure plan and funding reallocation to JCCR for review. At the July 2022 JCCR meeting, the Committee gave a favorable review of the ASPB expenditure plan for these capital projects.

Rent Adjustments

Pursuant to A.R.S. § 41-792.01, agencies occupying state-owned buildings shall pay a rent charge in the amount reported by the JLBC (see the Summary of Rent Charges Table) or the pro rata share based on actual occupancy, whichever is higher.

In FY 2024, state building rent payments total \$31,612,900 which is estimated to be paid from the following fund sources: \$16,963,100 from the General Fund, \$10,836,700 from Other Appropriated Funds, and \$3,813,100 from Non-Appropriated Funds.

In FY 2024, state building rent payments will increase by \$1,426,000 in total, which consists of the following fund sources: \$30,100 from the General Fund, \$1,398,800 from Other Appropriated Funds, and \$(2,900) from Non-Appropriated Funds.

The overall change in rent payments is primarily due to the Department of Health Services State Health Lab lease-purchase agreement ending in FY 2023. Starting in FY 2024, this annual debt service payment will be replaced with a standard rent payment to ADOA for building operations and maintenance services.

The budget includes a Summary of Rent Charges as of July 2023, which reflects updated space utilization amounts when applying the current rental rates of state building space (Office - \$17.87 per sq. ft./Storage - \$6.43 per sq. ft.) (Please see Summary of Rent Charges for additional information.)

	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Deadhorse Amphitheater - Cost Increase	\$210,000		
Rockin' River State Park - Cost Increase	\$336,800		
Jerome State Park Fire Suppression System	\$1,540,000		
Southern Construction Services Relocation	\$2,000,000		
Tonto Bridge State Park Historic Building	\$3,500,000		
Tombstone State Park Historic Building	\$2,008,500		
Rockin' River State Park Main House Renovation	\$1,750,000		
Catalina State Park Main Entrance Bridge	\$1,500,000	\$5,813,000	
Statewide Campground Improvements	\$4,100,000	\$4,100,000	\$4,100,000
Statewide Sunshade Structures	\$2,233,300	\$2,233,300	2,233,300
Statewide Water Conservation	\$1,339,000	\$1,339,000	1,339,000
Yuma Territorial Prison Park Historic Building		\$750,000	5,945,000
Riordan Mansion Park Historic Building		\$2,900,000	
Oracle State Park Historic Building Renovation		\$2,008,500	
Red Rock State Park Historic Building Renovation			4,000,000
San Rafael State Park Historic Building			1,500,000
Total	\$20,517,600	\$19,143,800	\$19,117,300

SUMMARY OF RENT CHARGES OF STATE-OWNED SPACE 1/ 2/3/

	Fiscal Year 2023 Appropriations Report				Fiscal Year 2024 Appropriations Report				Difference FY 2023 - FY 2022			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
BUDGET UNITS												
Acupuncture Board of Examiners												
1740 W Adams	-	12,900	-	12,900	-	12,900	-	12,900	-	-	-	-
Administration, AZ Department of												
1400 W Washington	-	273,000	-	273,000	-	280,500	-	280,500	-	7,500	-	7,500
1537 W Jackson	-	116,200	-	116,200	-	-	-	-	-	(116,200)	-	(116,200)
1802 W Jackson	-	24,000	59,600	83,600	-	24,000	59,500	83,500	-	-	(100)	(100)
1840 W Jackson	-	95,600	-	95,600	-	95,600	-	95,600	-	-	-	-
1850 W Jackson	-	60,600	-	60,600	-	-	-	-	-	(60,600)	-	(60,600)
1700 W Washington	-	256,200	-	256,200	-	316,200	-	316,200	-	60,000	-	60,000
1740 W Adams	-	36,200	-	36,200	-	36,200	-	36,200	-	-	-	-
1919 W Jefferson	-	-	-	-	-	274,600	-	274,600	-	274,600	-	274,600
1801 W Madison	-	29,200	-	29,200	-	29,300	-	29,300	-	100	-	100
1805 W Madison	-	33,800	-	33,800	-	33,800	-	33,800	-	-	-	-
400 W Congress, Tucson	-	65,100	-	65,100	-	49,300	-	49,300	-	(15,800)	-	(15,800)
402 W Congress, Tucson	-	77,300	-	77,300	-	77,300	-	77,300	-	-	-	-
416 W Congress, Tucson	-	3,800	-	3,800	-	3,800	-	3,800	-	-	-	-
Subtotal - AZ Dept of Administration	-	1,071,000	59,600	1,130,600	-	1,220,600	59,500	1,280,100	-	149,600	(100)	149,500
Administrative Hearings, Office of												
1740 W Adams	86,300	-	109,900	196,200	86,300	-	109,900	196,200	-	-	-	-
African American Affairs, AZ Commission of ^{4/}												
1700 W Washington	9,600	-	-	9,600	-	-	-	-	(9,600)	-	-	(9,600)
Agriculture, AZ Department of												
400 W Congress, Tucson	48,400	-	7,200	55,600	48,400	-	7,200	55,600	-	-	-	-
AZ Health Care Cost Containment System												
801 E Jefferson	687,100	-	687,200	1,374,300	687,200	-	687,200	1,374,400	100	-	-	100
Arts, AZ Commission on the												
417 W Roosevelt	-	-	68,000	68,000	-	-	67,900	67,900	-	-	(100)	(100)
Attorney General - Department of Law												
400 W Congress, Tucson	-	-	131,500	131,500	-	-	131,500	131,500	-	-	-	-
402 W Congress, Tucson	176,800	57,500	207,800	442,100	176,900	57,500	207,800	442,200	100	-	-	100
416 W Congress, Tucson	-	-	157,700	157,700	-	-	157,700	157,700	-	-	-	-
15 S 15th Ave (Capitol Center)	641,000	1,135,400	54,900	1,831,300	640,900	1,135,400	54,900	1,831,200	(100)	-	-	(100)
Subtotal - Attorney General - Dept of Law	817,800	1,192,900	551,900	2,562,600	817,800	1,192,900	551,900	2,562,600	-	-	-	-
Barbering and Cosmetology Board												
1740 W Adams	-	117,100	-	117,100	-	117,100	-	117,100	-	-	-	-
Behavioral Health Examiners, Board of												
1740 W Adams	-	77,000	-	77,000	-	77,000	-	77,000	-	-	-	-
Charter Schools, State Board for												
1700 W Washington	100,900	-	-	100,900	74,100	-	-	74,100	(26,800)	-	-	(26,800)
Child Safety, Department of												
400 W Congress, Tucson	28,900	-	-	28,900	-	-	-	-	(28,900)	-	-	(28,900)
15 S 15th Ave (Capitol Center)	291,300	-	-	291,300	291,300	-	-	291,300	-	-	-	-
Subtotal - Department of Child Safety	320,200	-	-	320,200	291,300	-	-	291,300	(28,900)	-	-	(28,900)
Chiropractic Examiners, State Board of												
1740 W Adams	-	25,800	-	25,800	-	25,800	-	25,800	-	-	-	-
Contractors, Registrar of												
1700 W Washington	-	373,800	19,700	393,500	-	373,800	19,700	393,500	-	-	-	-
Corporation Commission												
1200 W Washington	-	721,600	-	721,600	-	721,600	-	721,600	-	-	-	-
1300 W Washington	-	963,000	-	963,000	-	962,900	-	962,900	-	(100)	-	(100)
400 W Congress, Tucson	4,600	68,000	4,600	77,200	2,000	29,800	2,000	33,800	(2,600)	(38,200)	(2,600)	(43,400)
Subtotal - Corporation Commission	4,600	1,752,600	4,600	1,761,800	2,000	1,714,300	2,000	1,718,300	(2,600)	(38,300)	(2,600)	(43,500)
Corrections, State Department of												
1831 W Jefferson	363,600	-	-	363,600	363,600	-	-	363,600	-	-	-	-

	Fiscal Year 2023 Appropriations Report				Fiscal Year 2024 Appropriations Report				Difference FY 2023 - FY 2022			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
701 E Jefferson	1,362,200	-	-	1,362,200	1,362,200	-	-	1,362,200	-	-	-	-
Subtotal - State Dept of Corrections	1,725,800	-	-	1,725,800	1,725,800	-	-	1,725,800	-	-	-	-
Dental Examiners, State Board of												
1740 W Adams	-	56,000	-	56,000	-	56,100	-	56,100	-	100	-	100
Economic Security, Department of												
1400 W Washington	154,500	308,800	154,500	617,800	154,500	308,900	154,500	617,900	-	100	-	100
1700 W Washington	4,000	-	12,200	16,200	4,100	-	12,200	16,300	100	-	-	100
1789 W Jefferson (DES West)	1,888,300	464,400	742,900	3,095,600	1,888,300	464,400	742,900	3,095,600	-	-	-	-
400 W Congress, Tucson	129,900	311,800	207,800	649,500	129,900	311,700	207,800	649,400	-	(100)	-	(100)
DES Group Homes	190,100	273,300	-	463,400	190,100	273,300	-	463,400	-	-	-	-
15 S 15th Ave (Capitol Center)	144,800	32,600	26,500	203,900	144,800	32,700	26,500	204,000	-	100	-	100
Subtotal - Department of Economic Security	2,511,600	1,390,900	1,143,900	5,046,400	2,511,700	1,391,000	1,143,900	5,046,600	100	100	-	200
Education, Department of												
1535 W Jefferson	489,900	136,100	734,900	1,360,900	489,900	136,100	734,800	1,360,800	-	-	(100)	(100)
416 W Congress, Tucson	-	10,400	105,600	116,000	-	10,400	105,700	116,100	-	-	100	100
Subtotal - Department of Education	489,900	146,500	840,500	1,476,900	489,900	146,500	840,500	1,476,900	-	-	-	-
Education, State Board of												
1700 W Washington	74,100	-	-	74,100	100,900	-	-	100,900	26,800	-	-	26,800
Emergency and Military Affairs, Department of												
400 W Congress St	8,000	-	-	8,000	8,000	-	-	8,000	-	-	-	-
Environmental Quality, Department of												
400 W Congress, Tucson	-	162,000	-	162,000	-	162,000	-	162,000	-	-	-	-
416 W Congress, Tucson	-	7,200	-	7,200	-	7,200	-	7,200	-	-	-	-
Subtotal - Dept. of Environmental Quality	-	169,200	-	169,200	-	169,200	-	169,200	-	-	-	-
Equalization, State Board of												
400 W Congress, Tucson	27,100	-	-	27,100	27,100	-	-	27,100	-	-	-	-
416 W Congress, Tucson	2,000	-	-	2,000	2,000	-	-	2,000	-	-	-	-
Subtotal - Board of Equalization	29,100	-	-	29,100	29,100	-	-	29,100	-	-	-	-
Funeral Directors & Embalmers, State Board of ^{5/}												
1740 W Adams	-	19,400	-	19,400	-	-	-	-	-	(19,400)	-	(19,400)
Gaming, Department of												
400 W Congress, Tucson	-	4,300	-	4,300	-	4,300	-	4,300	-	-	-	-
Governor, Office of the ^{4/}												
1700 W Washington	812,700	-	-	812,700	752,600	-	-	752,600	(60,100)	-	-	(60,100)
1700 W Washington (Commission of African American Affairs)	-	-	-	-	9,600	-	-	9,600	9,600	-	-	9,600
1700 W Washington (Office of Highway Safety)	-	-	103,700	103,700	-	-	103,600	103,600	-	-	(100)	(100)
400 W Congress, Tucson	41,000	-	-	41,000	41,000	-	-	41,000	-	-	-	-
Subtotal - Office of the Governor	853,700	-	103,700	957,400	803,200	-	103,600	906,800	(50,500)	-	(100)	(50,600)
Gov's Ofc of Strategic Planning & Budgeting												
1700 W Washington	177,300	-	-	177,300	177,300	-	-	177,300	-	-	-	-
Health Services, Department of ^{5/}												
1740 W Adams	4,800	-	-	4,800	24,200	-	-	24,200	19,400	-	-	19,400
250 N 17th Ave	-	-	-	-	1,287,200	-	-	1,287,200	1,287,200	-	-	1,287,200
400 W Congress, Tucson	183,700	-	-	183,700	183,600	-	-	183,600	(100)	-	-	(100)
402 W Congress, Tucson	4,500	-	-	4,500	4,500	-	-	4,500	-	-	-	-
Subtotal - Department of Health Services	193,000	-	-	193,000	1,499,500	-	-	1,499,500	1,306,500	-	-	1,306,500
Homeland Security, AZ Dept of												
1700 W Washington	-	-	180,700	180,700	-	-	180,700	180,700	-	-	-	-
Homeopathic & Integrated Medicine Examiners, Board of												
1740 W Adams	-	3,800	-	3,800	-	3,800	-	3,800	-	-	-	-
Judiciary - Court of Appeals												
400 W Congress, Tucson	520,200	-	-	520,200	695,400	-	-	695,400	175,200	-	-	175,200
Judiciary - Supreme Court												
1501 W Washington	3,907,000	-	-	3,907,000	3,906,900	-	-	3,906,900	(100)	-	-	(100)
400 W Congress, Tucson	114,500	-	-	114,500	17,500	-	-	17,500	(97,000)	-	-	(97,000)
Subtotal - Supreme Court	4,021,500	-	-	4,021,500	3,924,400	-	-	3,924,400	(97,100)	-	-	(97,100)

	Fiscal Year 2023 Appropriations Report				Fiscal Year 2024 Appropriations Report				Difference FY 2023 - FY 2022			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
Subtotal - Judiciary	4,541,700	-	-	4,541,700	4,619,800	-	-	4,619,800	78,100	-	-	78,100
Juvenile Corrections, Department of												
400 W Congress, Tucson	19,200	-	-	19,200	19,200	-	-	19,200	-	-	-	-
Liquor Licenses and Control, Department of												
400 W Congress	-	51,900	-	51,900	-	51,900	-	51,900	-	-	-	-
Massage Therapy, Board of												
1740 W Adams	-	28,700	-	28,700	-	28,700	-	28,700	-	-	-	-
Medical Board, AZ												
1740 W Adams	-	212,300	-	212,300	-	212,300	-	212,300	-	-	-	-
Mine Inspector, State												
1700 W Washington	101,900	-	-	101,900	101,900	-	-	101,900	-	-	-	-
Naturopathic Physicians Medical Board												
1740 W Adams	-	10,900	-	10,900	-	10,900	-	10,900	-	-	-	-
Navigable Stream Adjudication Commission, AZ												
1700 W Washington	13,700	-	-	13,700	13,700	-	-	13,700	-	-	-	-
Nursing, State Board of												
1740 W Adams	-	190,500	-	190,500	-	190,500	-	190,500	-	-	-	-
Nursing Care Inst. Admin. & Asstd. Living Fac. Mgrs.												
1740 W Adams	-	23,900	-	23,900	-	23,900	-	23,900	-	-	-	-
Occupational Therapy Examiners, State Board of												
1740 W Adams	-	12,900	-	12,900	-	12,900	-	12,900	-	-	-	-
Opticians, State Board of Dispensing												
1740 W Adams	-	12,000	-	12,000	-	12,000	-	12,000	-	-	-	-
Optometry, State Board of												
1740 W Adams	-	13,800	-	13,800	-	13,800	-	13,800	-	-	-	-
Osteopathic Examiners in Medicine and Surgery, AZ Board of												
1740 W Adams	-	39,600	-	39,600	-	39,600	-	39,600	-	-	-	-
Personnel Board												
1740 W Adams	-	12,800	-	12,800	-	12,800	-	12,800	-	-	-	-
Physical Therapy, Board of												
1740 W Adams	-	22,400	-	22,400	-	22,400	-	22,400	-	-	-	-
Podiatry Examiners, State Board of												
1740 W Adams	-	10,900	-	10,900	-	10,900	-	10,900	-	-	-	-
Private Postsecondary Education, State Board for												
1740 W Adams	-	10,300	2,700	13,000	-	10,300	2,700	13,000	-	-	-	-
Psychologist Examiners, State Board of												
1740 W Adams	-	22,300	-	22,300	-	22,300	-	22,300	-	-	-	-
Public Safety, Department of												
14 N 18th Avenue	-	42,400	-	42,400	-	42,400	-	42,400	-	-	-	-
1700 W Washington	67,100	17,500	18,500	103,100	67,100	17,500	18,500	103,100	-	-	-	-
1740 W Adams St	-	30,600	-	30,600	-	30,600	-	30,600	-	-	-	-
400 W Congress, Tucson	14,800	3,800	4,100	22,700	14,800	3,800	4,100	22,700	-	-	-	-
Subtotal - Department of Public Safety	81,900	94,300	22,600	198,800	81,900	94,300	22,600	198,800	-	-	-	-
Respiratory Care Examiners, Board of												
1740 W Adams	-	17,400	-	17,400	-	17,400	-	17,400	-	-	-	-
Revenue, Department of												
402 W Congress, Tucson	97,000	145,600	-	242,600	97,000	145,600	-	242,600	-	-	-	-
1600 W Monroe	1,241,400	1,862,100	-	3,103,500	1,241,500	1,862,200	-	3,103,700	100	100	-	200
Subtotal - Department of Revenue	1,338,400	2,007,700	-	3,346,100	1,338,500	2,007,800	-	3,346,300	100	100	-	200
Secretary of State - Dept of State												
1700 W Washington	499,400	-	-	499,400	499,400	-	-	499,400	-	-	-	-
400 W Congress, Tucson	8,200	-	-	8,200	51,600	-	-	51,600	43,400	-	-	43,400
1901 W Madison (Polly Rosenbaum Building)	2,139,500	-	-	2,139,500	2,139,500	-	-	2,139,500	-	-	-	-
Subtotal - Secretary of State - Dept of State	2,647,100	-	-	2,647,100	2,690,500	-	-	2,690,500	43,400	-	-	43,400
Treasurer, State												
1700 W Washington	-	196,100	-	196,100	-	196,200	-	196,200	-	100	-	100
Tribal Relations, Governor's Office on												
1700 W Washington	17,900	-	-	17,900	17,900	-	-	17,900	-	-	-	-

	Fiscal Year 2023 Appropriations Report				Fiscal Year 2024 Appropriations Report				Difference FY 2023 - FY 2022			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
University - Board of Regents												
1740 W Adams	-	-	13,800	13,800	-	-	13,800	13,800	-	-	-	-
Veterinary Medical Examining Board, AZ State												
1740 W Adams	-	34,000	-	34,000	-	33,900	-	33,900	-	(100)	-	(100)
Water Resources, Department of												
1802 W Jackson	33,800	-	-	33,800	33,800	-	-	33,800	-	-	-	-
GRAND TOTAL	16,933,000	9,437,900	3,816,000	30,186,900	18,269,700	9,530,100	3,813,100	31,612,900	1,336,700	92,200	(2,900)	1,426,000

1/ Reflects rental charges to agencies of state-owned buildings as of July 2023. Laws 2023, Chapter 146, Section 1 set the office rate of \$17.87 per square foot and the storage rental rate of \$6.43 per square foot.

2/ Pursuant to A.R.S. § 41-792.01, agencies occupying state-owned buildings shall pay the higher of the amount reported [herein] by the Joint Legislative Budget Committee or the pro rata share based on actual occupancy.

3/ The Department of Administration may approve whole or partial rent exemptions in FY 2024 without recommendation from the Joint Committee on Capital Review. The department shall report to the Joint Legislative Budget Committee Staff on each proposed agency rent exemption before approving the exemption.

4/ Beginning in FY 2024, the Arizona Commission of African-American Affairs is displayed as part of the Office of Governor's budget.

5/ Pursuant to Laws 2023, Chapter 194, effective June 20, 2023, the State Board of Funeral Directors and Embalmers is eliminated and the powers and duties of the board are transferred to the Department of Health Services.

Capital Outlay

Arizona Department of Transportation Building System

FY 2024
APPROVED ^{1/}

ADOT Facilities

ADOT Building Renewal (Sec. 7 (F))	22,420,200 ^{2/}
Electric Vehicle Charging Stations – Fleet Facilities (Sec. 8 (K) (4))	5,000,000
Electric Vehicle Charging Stations – MVD Facilities (Sec. 8 (K) (3))	2,500,000
Keams Canyon Maintenance Facility (Sec. 8 (K) (1))	3,400,000
Tucson North MVD Renovation (Sec. 8 (K) (5))	4,100,000
Vehicle Fueling Facilities (Sec. 8 (K) (2))	2,600,000
Water Conservation Projects (Sec. 8 (K) (6))	2,500,000
SUBTOTAL	42,520,200

INDIVIDUAL PROJECTS

Airport Planning and Development

Airport Planning and Development (Sec. 17)	35,000,000 ^{3/4/9/}
Phoenix-Mesa Gateway Airport (Sec. 18)	7,000,000 ^{9/}

Interstate and State Highway ADOT Road Projects

State Highway Fund

Controlled Access Highways (Sec. 16 (B))	137,145,000 ^{5/6/7/8/9/}
Debt Service (Sec. 16 (B))	138,491,000 ^{5/6/7/8/9/}
Statewide Highway Construction (Sec. 16 (B))	168,607,000 ^{5/6/7/8/9/}

General Fund

I-10 Widening, Phoenix to Casa Grande (Sec. 11 (A))	89,000,000 ^{9/}
I-17 Widening, Anthem to Black Canyon City (Sec. 12 (A))	76,200,000 ^{9/}
Jackrabbit Trail and I-10 Interchange Design (Sec. 10 (A) (23))	5,000,000 ^{9/10/11/}
Loop 303 and US 60 Interchange (Sec. 10 (A) (1))	4,500,000 ^{9/10/11/}
US 60 Repavement (Sec. 10 (A) (37))	10,500,000 ^{9/10/11/}
US 95 Improvements (Sec. 10 (A) (14))	33,300,000 ^{9/10/11/}
SR 83 Improvements (Sec. 10 (A) (21))	9,000,000 ^{9/10/11/}
SR 85 Design (Sec. 10 (A) (17))	6,500,000 ^{9/10/11/}
SR 87 Intersection Improvements (Sec. 10 (A) (25))	700,000 ^{9/10/11/}
SR 95 Turn Lanes (Sec. 10 (A) (18))	8,000,000 ^{9/10/11/}
SR 97 Improvements near Bagdad (FY 2023 Capital Outlay Bill)	10,000,000 ^{16/}
SR 260 Navajo County Improvements (Sec. 10 (A) (33))	4,250,000 ^{9/10/11/}
SR 347 Intersection Improvements (Sec. 10 (A) (3))	18,000,000 ^{9/10/11/}
Pavement Rehabilitation, Greater Arizona (Sec. 13 (A))	54,300,000 ^{9/14/}
SMART Fund Deposit (Sec. 15)	12,500,000

Rail Service ADOT Project

Passenger Rail Service Study (Sec. 8 (K) (7))	3,500,000
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Distributions to Local Governments

Apache County, SR 264 Turn Lane Construction (Sec. 10 (A) (42))	538,700 ^{9/10/11/}
Clarkdale, Bitter Creek Wash Bridge (Sec. 10 (A) (2))	6,321,400 ^{9/10/11/}
Canyon Water Improvement District (Sec. 10 (A) (34))	610,000 ^{9/10/11/}
Cave Creek, Cave Creek Road Study (Sec. 10 (A) (22))	250,000 ^{9/10/11/}
Cochise County, Moson Road Drainage (Sec. 10 (A) (13))	6,100,000 ^{9/10/11/}
Coolidge, Coolidge Avenue Reconstruction (Sec. 10 (A) (6))	5,300,000 ^{9/10/11/}
Douglas, Douglas Port of Entry and SR 80 Connection (Sec. 10 (A) (9))	8,170,000 ^{9/10/11/}
Eloy, Sunland Gin Road I-10 Overpass (Sec. 10 (A) (7))	5,000,000 ^{9/10/11/}
Gila County, Houston Mesa Road Improvements (Sec. 10 (A) (33))	243,600 ^{9/10/11/}
Globe, Cottonwood Street Bridge Replacement (Sec. 10 (A) (32))	632,500 ^{9/10/11/}
Globe, Jesse Hayes Road Bridge Replacement (Sec. 10 (A) (31))	643,200 ^{9/10/11/}
Globe, Sidewalk Construction (Sec. 10 (A) (29))	3,501,100 ^{9/10/11/}
Graham County, Norton Road Intersection (Sec. 10 (A) (12))	500,000 ^{9/10/11/}
Graham County, Safford Bryce Road (Sec. 10 (A) (35))	1,781,500 ^{9/10/11/}
Huachuca City, Skyline Drive Reconstruction (Sec. 10 (A) (26))	1,565,200 ^{9/10/11/}

FY 2024
APPROVED ^{1/}

Huachuca City, Skyline Pathway Development (Sec. 10 (A) (27))	506,000 ^{9/10/11/}
Lake Havasu City Emergency Bridge (Sec. 10 (A) (19))	35,500,000 ^{9/10/11/}
Marana, Cortaro Road and I-10 Traffic Interchange (Sec. 10 (A) (8))	10,000,000 ^{9/10/11/}
Navajo Nation, N9402 Road Improvements (Sec. 10 (A) (41))	10,000,000 ^{9/10/11/}
Patagonia, McKeown Avenue Reconstruction (Sec. 10 (A) (10))	1,500,000 ^{9/10/11/}
Payson, Roundabout Construction (Sec. 10 (A) (30))	1,529,800 ^{9/10/11/}
Phoenix, Happy Valley Road Improvements (Sec. 10 (A) (4))	12,500,000 ^{9/-11/13/}
Phoenix, 43 rd Avenue Extension (Sec. 10 (A) (24))	6,500,000 ^{9/10/11/}
Pinal County, Pinal East-West Corridor Design (Sec. 10 (A) (16))	9,240,000 ^{9/10/11/}
Pinetop-Lakeside, Porter Mountain Road (Sec. 10 (A) (28))	2,242,200 ^{9/10/11/}
Prescott Valley, Glassford Hill Road Improvements (Sec. 10 (A) (5))	9,900,000 ^{9/-12/}
Queen Creek, SR 24 Extension (Sec. 10 (A) (20))	87,500,000 ^{9/-11/15/}
Santa Cruz County, I-19 Traffic Interchanges (Sec. 10 (A) (44))	8,600,000 ^{9/10/11/}
Sierra Vista, Theater Drive Corridor Improvements (Sec. 10 (A) (11))	1,800,000 ^{9/10/11/}
Superior, Panther Drive Bridge Design (Sec. 10 (A) (39))	2,486,700 ^{9/10/11/}
Thatcher, 8 th Street Improvements (Sec. 10 (A) (36))	4,526,400 ^{9/10/11/}
Tucson, Drexel Road Bridge Improvements (Sec. 10 (A) (43))	15,000,000 ^{9/10/11/}
Winkelman, Golf Course Road Improvements (Sec. 10 (A) (38))	1,560,900 ^{9/10/11/}
Yuma County, US 95 Pavement Rehabilitation (Sec. 10 (A) (15))	5,910,400 ^{9/10/11/}
SUBTOTAL	1,099,452,600
TOTAL - ALL PROJECTS ^{9/17/ - 21/}	1,141,972,800

FUND SOURCES

General Fund	620,209,600
<u>Other Appropriated Funds</u>	
State Aviation Fund	35,441,900
State Highway Fund	486,321,300
SUBTOTAL - Other Appropriated Funds	521,763,200
SUBTOTAL - Appropriated Funds	1,141,972,800
Other Non-Appropriated Funds	711,498,000
Federal Funds	972,943,000
TOTAL - ALL SOURCES	2,826,413,800

DESCRIPTION — The Arizona Department of Transportation (ADOT) Building System includes all buildings and highways controlled by ADOT. The following includes amounts for state highway construction and other projects related to ADOT's mission.

FOOTNOTES

- 1/ All section numbers refer to the FY 2024 Capital Outlay bill. Refer to *Table 2* for more information regarding the FY 2023 supplemental appropriations.
- 2/ Notwithstanding section 41-793.01, Arizona Revised Statutes, the amounts appropriated in this section are appropriated for fiscal year 2023-2024 to 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. (Capital Outlay Appropriation Act footnote, Section 7, Subsection A)
- 3/ The sum of \$35,000,000 is appropriated from the state aviation fund established by section 28-8202, Arizona Revised Statutes, in fiscal year 2023-2024 to the department of transportation to plan, construct, develop and improve state, county, city or town airports as determined by the state transportation board. Any balances and collections in the state aviation fund that exceed the specific amounts appropriated in the general appropriations act and in this act are appropriated to the department of transportation in fiscal year 2023-2024 for the purposes provided in this subsection. (Capital Outlay Appropriation Act footnote, Section 17, Subsection B)
- 4/ On or before December 31, 2023, the department of transportation shall report to the joint legislative budget committee staff on the status of all aviation grant awards and aviation grant distributions. The report shall delineate projects by

individual airport and fiscal year, including any future year commitments. (Capital Outlay Appropriation Act footnote, Section 17, Subsection C)

- 5/ The sum of \$444,243,000 is appropriated from the state highway fund established by section 28-6991, Arizona Revised Statutes, in fiscal year 2023-2024 to the department of transportation to plan and construct 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, to acquire rights-of-way and to provide for the cost of contracted 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 that exceed the specific amounts appropriated in the general appropriations act and in this act are appropriated to the department for the purposes provided in this subsection. (Capital Outlay Appropriation Act footnote, Section 16, Subsections A and B)
- 6/ On or before November 1, 2023, the department of transportation shall report to the directors of the joint legislative budget committee and the governor's office of strategic planning and budgeting on its actual prior year, estimated current year and upcoming budget year highway construction expenses from all fund sources, including appropriated monies, federal monies, local agency monies, state highway monies, bond proceeds and regional area road monies. The report shall be in the same format as in the prior year unless the directors of the joint legislative budget committee and the governor's office of strategic planning and budgeting have approved modifications to the format. (Capital Outlay Appropriation Act footnote, Section 16, Subsection C)
- 7/ On or before November 1, 2023, the department of transportation shall report the department's estimated outstanding debt principal balance at the end of fiscal year 2024-2025 and the estimated debt service payment amount for each of fiscal years 2024-2025, 2025-2026, 2026-2027 and 2027-2028 to the directors of the joint legislative budget committee and the governor's office of strategic planning and budgeting. This report shall include state highway fund statewide construction bonds, Arizona highway user revenue fund bonds, Maricopa association of governments and Pima association of governments controlled access bonds, Maricopa regional area road fund bonds and grant anticipation notes and is intended to be comparable to the information in the fiscal year 2022-2023 appropriations report. (Capital Outlay Appropriation Act footnote, Section 16, Subsection E)
- 8/ On or before November 1, 2023, the department of transportation shall report capital outlay information for fiscal years 2022-2023, 2023-2024 and 2024-2025 to the directors of the joint legislative budget committee and the governor's office of strategic planning and budgeting. This information shall appear in the same format as tables two, three and six, as found in the fiscal year 2022-2023 appropriations report. (Capital Outlay Appropriation Act footnote, Section 16, Subsection D)
- 9/ Notwithstanding section 41-1252, Arizona Revised Statutes, the appropriations made in subsection A of this section are not subject to review by the joint committee on capital review. (Capital Outlay Appropriation Act footnote, Section 10, Subsection D, Section 11, Subsection B, Section 14, Subsection B, Section 16, Subsection F, Section 17, Subsection D, Section 18, Subsection B, Section 20, Subsection B)
- 10/ Within thirty days after the last day of each calendar quarter, the department shall report to the joint legislative budget committee staff the projected cost and status of the projects for the appropriations made in subsection A of this section. (Capital Outlay Appropriation Act footnote, Section 10, Subsection B)
- 11/ Before transferring monies between the projects described in subsection A of this section, the department shall submit a report for review by the joint committee on capital review. (Capital Outlay Appropriation Act footnote, Section 10, Subsection C)
- 12/ The department of transportation may distribute the monies appropriated in this paragraph only if the town of Prescott Valley demonstrates to the department that the town has a commitment for at least \$1,100,000 in matching monies of gifts, grants and donations for improvements to Glassford Hill Road from sources other than this state. (Capital Outlay Appropriation Act footnote, Section 10, Subsection A, Paragraph 5)
- 13/ The legislature intends that the city of Phoenix contribute \$14,800,000 to the project described in this paragraph. (Capital Outlay Appropriation Act footnote, Section 10, Subsection A, Paragraph 4)
- 14/ The sum of \$54,300,000 is appropriated from the state general fund in fiscal year 2023-2024 to the department of transportation for pavement rehabilitation projects. The department shall select pavement rehabilitation projects that are all of the following:
 1. Not located in Maricopa or Pima County.
 2. On roads that are graded as being in fair or poor condition by the department.
 3. Not contained in the department's 2023-2027 five-year transportation facilities construction program. (Capital Outlay Appropriation Act footnote, Section 13, Subsection A)
- 15/ Monies distributed to the town of Queen Creek for the project in this paragraph are eligible to be used for all necessary expenses from the current project status until completion. The town of Queen Creek must collaborate with Pinal county

before spending the monies distributed for the project pursuant to this paragraph. (Capital Outlay Appropriation Act footnote, Section 10, Subsection A, Paragraph 20)

- 16/ The appropriation made in subsection A of this section reverts to the state general fund on June 30, 2025 if the department does not secure federal funding for the project on or before June 30, 2025. (FY 2023 Capital Outlay Appropriation Act Footnote)
- 17/ Of \$19,000,000 appropriation made by Laws 2022, chapter 309, section 8, subsection A, paragraph 19 for the design to widen lanes along State Route 347 between Interstate 10 and city of Maricopa, the sum of \$13,000,000 is reallocated as follows:
1. \$10,300,000 to the department of transportation to distribute to the city of Maricopa to design and construct improvements to State Route 238 or State Route 347, or both.
 2. \$2,000,000 to the department of transportation to distribute to the Gila River Indian Community for transportation infrastructure.
 3. \$700,000 to the department of transportation for engineering and design costs associated with improvements along State Route 87 near the city of Coolidge. (Capital Outlay Appropriation Act footnote, Section 14, Subsection A)
- 18/ Notwithstanding section 35-190, Arizona Revised Statutes, the \$3,150,000 appropriated the department of transportation by Laws 2021, chapter 406, section 32 in fiscal year 2021-2022 to construct new maintenance facilities in Wickenburg is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2024. (Capital Outlay Appropriation Act footnote, Section 21, Subsection N)
- 19/ Notwithstanding section 35-190, Arizona Revised Statutes, the \$4,600,000 appropriated to the department of transportation by Laws 2019, chapter 264, section 17, subsection A, in fiscal year 2019-2020 as amended by Laws 2021, chapter 406, section 39, subsection E to construct new maintenance facilities in Wickenburg is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2023. (Capital Outlay Appropriation Act footnote, Section 21, Subsection O)
- 20/ Except as provided in subsection A of this section, the monies appropriated in this act may 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, Section 22, Subsection B)
- 21/ Capital Outlay Appropriation Act funds are appropriated as a Lump Sum by Project by Fund.

Unless otherwise specified, funding for capital projects is appropriated by Laws 2023, Chapter 135 (FY 2024 Capital Outlay Bill).

ADOT Facilities

Building Renewal

The budget includes \$22,420,200 in FY 2024 for Building Renewal within ADOT's Building System. This amount consists of \$21,978,300 from the State Highway Fund (SHF) and \$441,900 from the State Aviation Fund (SAF). The SHF amount is for the ADOT Building System and the State Aviation amount is for the Grand Canyon Airport.

Building renewal appropriations are used for major repair and maintenance of state-owned buildings. The formula is based on the square footage and replacement cost of existing buildings. The amounts represent 100% funding of the FY 2024 highway building renewal formula and 100% funding of the FY 2024 aviation building renewal formula. The FY 2023 budget appropriated \$18,139,400 from the SHF and \$467,800 from the SAF, which represented 100% funding of the FY 2023 highway building renewal formula and 100% funding of the FY 2023 aviation building renewal formula. (Please see Section 7, Subsection F of the FY 2024 Capital Outlay Bill for reference.)

Electric Vehicle Charging Stations – Fleet Facilities

The budget includes \$5,000,000 from SHF in FY 2024 for electric vehicle charging stations located at ADOT fleet facilities around the state. The stations will be primarily located at maintenance yards and other secured locations where department vehicles are housed. The charging stations will be utilized by state-owned vehicles. (Please see Section 8, Subsection K, Paragraph 4 of the FY 2024 Capital Outlay Bill for reference.)

Electric Vehicle Charging Stations – MVD Facilities

The budget includes \$2,500,000 from SHF in FY 2024 for electric vehicle charging stations located at ADOT MVD offices and other highly frequented department facilities around the state, excluding rest areas. The charging stations will be open and accessible to the public. The Arizona Department of Administration (ADOA) also received a \$5,000,000 appropriation to install charging stations throughout the state. ADOT will coordinate with ADOA on the placement of the charging stations open to the public. (Please see Section 8, Subsection K, Paragraph 3 of the FY 2024 Capital Outlay Bill for reference.)

Keams Canyon Maintenance Facility

The budget includes \$3,400,000 from SHF in FY 2024 for the replacement of the Keams Canyon maintenance facility. The existing 3-bay truck barn was constructed in

1962 and cannot adequately accommodate snow-plow trucks. In addition, the adjacent modular office space is aging and in need of replacement. The funding will replace the truck barn with a new 4-bay facility along with a new attached office space, crew area, and training area. *(Please see Section 8, Subsection K, Paragraph 1 of the FY 2024 Capital Outlay Bill for reference.)*

Tucson North MVD Renovation

The budget includes \$4,100,000 from SHF in FY 2024 for the renovation of the MVD facility located in north Tucson. The funding will be utilized to make structural changes, particularly in the lobby and office areas, to improve MVD operations and decrease customer wait times. In addition, the funding will address ADA accessibility and provide ADA-compliant restrooms. *(Please see Section 8, Subsection K, Paragraph 5 of the FY 2024 Capital Outlay Bill for reference.)*

Vehicle Fueling Facilities

The budget includes \$2,600,000 from SHF in FY 2024 for the replacement of vehicle fueling facilities in Springerville, Holbrook, and Chambers. The existing fuel systems have reached the end of their lifecycle. These facilities provide fuel for the department's operation throughout the state. *(Please see Section 8, Subsection K, Paragraph 2 of the FY 2024 Capital Outlay Bill for reference.)*

Water Conservation Projects

The budget includes \$2,500,000 from SHF in FY 2024 for statewide water conservation projects. The improvements will include installing low-flow fixtures and modifying existing landscapes by adopting xeriscaping principles that include native plant species. *(Please see Section 8, Subsection K, Paragraph 6 of the FY 2024 Capital Outlay Bill for reference.)*

Extension of Lapsing Provisions

The FY 2024 budget included footnote language that made \$4,600,000 appropriated in FY 2020 for a new Wickenburg maintenance facility non-lapsing until the end of FY 2024. Another footnote made the \$3,150,000 appropriated in FY 2022 for a new Wickenburg maintenance facility non-lapsing until the end of FY 2024. *(Please see Section 21, Subsection N and O of the FY 2024 Capital Outlay Bill for reference.)*

Airport Planning and Development

Airport Planning and Development

The budget includes \$35,000,000 from the State Aviation Fund (SAF) in FY 2024 for ADOT's airport capital improvement program. Fund revenues are generated from the jet fuel tax and Grand Canyon Airport operational revenues. This amount corresponds to the

programmed amount in the department's FY 2023-2027 Airport Capital Improvement Program (ACIP). ADOT develops an annual Five-Year ACIP to program airport planning and development monies, subject to the approval of the State Transportation Board. By aligning the airport planning and development appropriation with the programmed amount, the appropriation reflects the amount ADOT plans to award. In comparison, the FY 2023 budget included \$27,100,000 for this purpose. *(Please see Section 17 of the FY 2024 Capital Outlay Bill for reference.)*

Phoenix-Mesa Gateway Airport Funding

The budget includes \$7,000,000 from the General Fund in FY 2024 to distribute to the Phoenix-Mesa Gateway Airport. The monies will be used for terminal modernization projects. *(Please see Section 18 of the FY 2024 Capital Outlay Bill for reference.)*

Interstate and State Highway ADOT Road Projects

State Highway Fund

Controlled Access Highways

The budget includes an estimated urban freeway controlled access funding level of \$137,145,000 from SHF in FY 2024. The Maricopa Association of Governments (MAG) receives 75% and the Pima Association of Governments (PAG) receives 25%. These amounts are deposited into 4 subaccounts of the SHF: the MAG 12.6% account, MAG 2.6% account, PAG 12.6% account, and PAG 2.6% account. The 12.6% accounts refer to the statutory HURF distribution and the 2.6% accounts refer to the State Transportation Board policy amount. ADOT spends these amounts as programmed by MAG and PAG. *(Please see Section 16, Subsection B of the FY 2024 Capital Outlay Bill for reference.)*

Debt Service

The budget includes \$138,491,000 from SHF in FY 2024 for the appropriated portion of the debt service on bonds. ADOT has approximately \$1,097,260,000 in outstanding bonds and other long-term debt. The amount represents the appropriated portion of FY 2024 debt service payments. *(Please see Table 5 for more information on debt service and Section 16, Subsection B of the FY 2024 Capital Outlay Bill for bill reference.)*

Statewide Highway Construction

The budget includes \$168,607,000 from SHF in FY 2024 for new highway construction. Only a small portion of the state's total \$1,943,300,000 highway construction funding is appropriated. Other monies available for highway construction include beginning balances and bond revenues from SHF, Federal Funds, the Maricopa Regional Area Road Fund (MRARF), and HURF for controlled access roads. *(See the Total Highway Construction Funding discussion and Table 5 in Other Issues for additional information.)* A footnote in the FY 2024 budget

appropriates any additional monies in SHF above the appropriation to ADOT for highway construction.

Expenditure of highway construction funding is determined by the State Transportation Board, which approves a 5-Year Program developed by ADOT.

Highway construction monies represent the amount that is available for the discretionary SHF to fund the State Transportation Board's 5-Year Program after all other allocations have been made. *(Please see the Summary of Highway Construction section and Table 6 for more information.)*

Table 1 shows the allocation of the highway construction budget prior to any ADOT operating and capital issues and statewide adjustments made during the budget process, which would reduce the level of available highway construction funding.

As noted in the HURF distribution table *(please see Table 6)*, an additional amount of \$449,124,000 from the balances of the MAG and PAG 12.6% and 2.6% subaccounts will also be available in FY 2024. *(Please see Section 16, Subsection B of the FY 2024 Capital Outlay Bill for reference.)*

Table 1	
State Highway Fund	
FY 2024 Highway Construction & Debt Service	
	<u>Capital Outlay Bill</u>
Controlled Access	\$137,145,000
Debt Service	138,491,000
Highway Construction	<u>168,607,000</u>
Total	\$444,243,000

General Fund

I-10 Widening, Phoenix to Casa Grande

The budget includes \$89,000,000 from the General Fund in FY 2024 to widen Interstate 10 between Phoenix and Casa Grande. The funding is in addition to the \$460,000,000 appropriated from the state to the project in prior year budgets. The department intends to use the FY 2024 appropriation to secure additional federal funding for the project. *(Please see Section 11, Subsection A of the FY 2024 Capital Outlay Bill for reference.)*

The environmental study and design for the I-10 expansion is nearing completion. Upon completion of the studies, ADOT will work on securing right-of-way for the project. The first phase of construction is slated to begin in the fall/winter of 2023 on the Gila River Bridge portion of the I-10 expansion.

I-17 Widening, Anthem to Black Canyon City

The budget includes \$76,200,000 from the General Fund in FY 2024 for increased costs to expand capacity on Interstate 17 from Anthem to Sunset Point. The funding is in addition to the \$332,505,000 allocated to the project in prior year budgets. The project consists of 2 main parts: 1) Widen Interstate 17 from 2 lanes to 3 lanes between Anthem and Black Canyon City and 2) Add flex lanes on the southbound alignment from Black Canyon City to Sunset Point with crossovers to and from the northbound alignment. *(Please see Section 12, Subsection A of the FY 2024 Capital Outlay Bill for reference.)*

Jackrabbit Trail and I-10 Interchange Design

The budget includes \$5,000,000 from the General Fund in FY 2024 to design a freeway interchange on Interstate 10 at Jackrabbit Trail. *(Please see Section 10, Subsection A, Paragraph 23 of the FY 2024 Capital Outlay Bill for reference.)*

Loop 303 and US 60 Interchange

The budget includes \$4,500,000 from the General Fund in FY 2024 to improve the interchange at the Loop 303 and U.S. Route 60. *(Please see Section 10, Subsection A, Paragraph 1 of the FY 2024 Capital Outlay Bill for reference.)*

US 60 Repavement

The budget includes \$10,500,000 from the General Fund in FY 2024 to repave U.S. Route 60 between Morristown and Wickenburg. *(Please see Section 10, Subsection A, Paragraph 37 of the FY 2024 Capital Outlay Bill for reference.)*

US 95 Improvements

The budget includes \$33,300,000 from the General Fund in FY 2024 to improve U.S. Route 95 between Wellton Mohawk Canal Road and Aberdeen Road. *(Please see Section 10, Subsection A, Paragraph 14 of the FY 2024 Capital Outlay Bill for reference.)*

SR 83 Improvements

The budget includes \$9,000,000 from the General Fund in FY 2024 to improve State Route 83 within Santa Cruz County. *(Please see Section 10, Subsection A, Paragraph 21 of the FY 2024 Capital Outlay Bill for reference.)*

SR 85 Design

The budget includes \$6,500,000 from the General Fund in FY 2024 for design work and improvements on State Route 85 between mile post 123 and Maricopa Road. *(Please see Section 10, Subsection A, Paragraph 17 of the FY 2024 Capital Outlay Bill for reference.)*

SR 87 Intersection Improvements

The budget includes \$700,000 from the General Fund in FY 2024 for the design of State Route 87 intersection improvements at Arica Road and Shedd Road. *(Please see Section 10, Subsection A, Paragraph 25 of the FY 2024 Capital Outlay Bill for reference.)*

SR 95 Turn Lanes

The budget includes \$8,000,000 from the General Fund in FY 2024 to construct turn lanes along State Route 95 near Bullhead City. *(Please see Section 10, Subsection A, Paragraph 18 of the FY 2024 Capital Outlay Bill for reference.)*

SR 97 Improvements near Bagdad

The budget includes \$10,000,000 from the General Fund in FY 2024 to improve State Route 97 near Bagdad. The FY 2023 Capital Outlay Bill appropriated \$10,000,000 for this project in FY 2024. As a result, these monies do not appear in the FY 2024 Capital Outlay Bill. That appropriation included a footnote to revert the funds on June 30, 2025, if the department does not secure federal funding for the project by that date. *(Please see FY 2023 Capital Outlay Bill for reference.)*

SR 260 Navajo County Improvements

The budget includes \$4,250,000 from the General Fund in FY 2024 for improvements along State Route 260 within Navajo County. *(Please see Section 10, Subsection A, Paragraph 33 of the FY 2024 Capital Outlay Bill for reference.)*

SR 347 Intersection Improvements

The budget includes \$18,000,000 from the General Fund in FY 2024 to improve the intersections at State Route 347 and Casa Blanca Road and State Route 347 and Cement Plant access. *(Please see Section 10, Subsection A, Paragraph 3 of the FY 2024 Capital Outlay Bill for reference.)*

Pavement Rehabilitation, Greater Arizona

The budget includes \$54,300,000 from the General Fund in FY 2024 for pavement rehabilitation projects that meet the following criteria: 1) Located outside of Maricopa and Pima Counties; 2) On roads that are graded as being in fair or poor condition by ADOT; and 3) Are not contained in ADOT's FY 2023 – FY 2027 5-Year Construction Program. In addition to these amounts, ADOT has programmed \$50,500,000 in their FY 2024 – FY 2028 5-year Construction Program for statewide pavement rehabilitation projects. *(Please see Section 13, Subsection A of the FY 2024 Capital Outlay Bill for reference.)*

SMART Fund Deposit

The budget includes \$12,500,000 from the General Fund in FY 2024 to deposit into the State Match Advantage for

Rural Transportation (SMART) Fund. The department utilizes the SMART Fund to help apply for and secure federal grant funding for road projects outside of Maricopa and Pima Counties. Local governments may apply to use monies in the fund to reimburse up to 50% of the cost to develop and submit a federal grant, as a match for a federal grant, or to reimburse design and engineering services for projects eligible for a federal grant. *(Please see Section 15 of the FY 2024 Capital Outlay Bill for reference.)*

Rail Service ADOT Project

Passenger Rail Service Study

The budget includes \$3,500,000 from the General Fund in FY 2024 to ADOT to study a passenger rail service from Phoenix to Tucson. The passenger rail would provide an alternative mode of transportation between the state's 2 largest metropolitan areas. In addition, the department intends to seek federal monies from the Infrastructure Investment and Jobs Act (IIJA) for the construction costs associated with a passenger rail service. *(Please see Section 8, Subsection K, Paragraph 7 of the FY 2024 Capital Outlay Bill for reference.)*

Distributions to Local Governments

Apache County, SR 264 Turn Lane Construction

The budget includes \$538,700 from the General Fund in FY 2024 to distribute to Apache County for State Route 264 turn lane construction into the Ganado senior citizens center and veterans building development area. *(Please see Section 10, Subsection A, Paragraph 42 of the FY 2024 Capital Outlay Bill for reference.)*

Clarkdale, Bitter Creek Wash Bridge

The budget includes \$6,321,400 from the General Fund in FY 2024 to distribute to the Town of Clarkdale to replace the current bridge over Bitter Creek wash. *(Please see Section 10, Subsection A, Paragraph 2 of the FY 2024 Capital Outlay Bill for reference.)*

Canyon Water Improvement District

The budget includes \$610,000 from the General Fund in FY 2024 to distribute to the Canyon Water Improvement District to make improvements to infrastructure, including fire hydrants and other related water needs. *(Please see Section 10, Subsection A, Paragraph 34 of the FY 2024 Capital Outlay Bill for reference.)*

Cave Creek, Cave Creek Road Study

The budget includes \$250,000 from the General Fund in FY 2024 to distribute to the Town of Cave Creek to study the construction of expanding lanes along Cave Creek Road between Loop 101 and Carefree Highway. *(Please*

see Section 10, Subsection A, Paragraph 22 of the FY 2024 Capital Outlay Bill for reference.)

Cochise County, Moson Road Drainage

The budget includes \$6,100,000 from the General Fund in FY 2024 to distribute to Cochise County for Moson Road drainage and safety improvements between State Route 90 and Hereford Road. *(Please see Section 10, Subsection A, Paragraph 13 of the FY 2024 Capital Outlay Bill for reference.)*

Coolidge, Coolidge Avenue Reconstruction

The budget includes \$5,300,000 from the General Fund in FY 2024 to distribute to the City of Coolidge for Coolidge Avenue reconstruction between Christensen Road and Clemens Road. *(Please see Section 10, Subsection A, Paragraph 6 of the FY 2024 Capital Outlay Bill for reference.)*

Douglas, Douglas Port of Entry and SR 80 Connection

The budget includes \$8,170,000 from the General Fund in FY 2024 to distribute to the City of Douglas for road development and construction connecting the Douglas international commercial port of entry and State Route 80. *(Please see Section 10, Subsection A, Paragraph 9 of the FY 2024 Capital Outlay Bill for reference.)*

Eloy, Sunland Gin Road I-10 Overpass

The budget includes \$5,000,000 from the General Fund in FY 2024 to distribute to the City of Eloy for the Sunland Gin Road Interstate 10 overpass and road improvements between Interstate 10 and Arica Road. *(Please see Section 10, Subsection A, Paragraph 7 of the FY 2024 Capital Outlay Bill for reference.)*

Gila County, Houston Mesa Road Improvements

The budget includes \$243,600 from the General Fund in FY 2024 to distribute to Gila County for Houston Mesa Road improvements between State Route 260 and 0.4 miles south of Forest Road 198. *(Please see Section 10, Subsection A, Paragraph 33 of the FY 2024 Capital Outlay Bill for reference.)*

Globe, Cottonwood Street Bridge Replacement

The budget includes \$632,500 from the General Fund in FY 2024 to distribute to the City of Globe for the Cottonwood Street bridge replacement and improvements at Pinal Creek. *(Please see Section 10, Subsection A, Paragraph 32 of the FY 2024 Capital Outlay Bill for reference.)*

Globe, Jesse Hayes Road Bridge Replacement

The budget includes \$643,200 from the General Fund in FY 2024 to distribute to the City of Globe for the replacement of Jesse Hayes Road bridge and

improvements at Pinal Creek. *(Please see Section 10, Subsection A, Paragraph 31 of the FY 2024 Capital Outlay Bill for reference.)*

Globe, Sidewalk Construction

The budget includes \$3,501,100 from the General Fund in FY 2024 to distribute to the City of Globe for sidewalk construction along Jesse Hayes Road and Six Shooter Canyon Road. *(Please see Section 10, Subsection A, Paragraph 29 of the FY 2024 Capital Outlay Bill for reference.)*

Graham County, Norton Road Intersection

The budget includes \$500,000 from the General Fund in FY 2024 to distribute to Graham County for an intersection reconstruction at Norton Road and Reay Lane. *(Please see Section 10, Subsection A, Paragraph 12 of the FY 2024 Capital Outlay Bill for reference.)*

Graham County, Safford Bryce Road

The budget includes \$1,781,500 from the General Fund in FY 2024 to distribute to Graham County for improvements to Safford Bryce Road in the vicinity of Talley Wash Crossing. *(Please see Section 10, Subsection A, Paragraph 35 of the FY 2024 Capital Outlay Bill for reference.)*

Huachuca City, Skyline Drive Reconstruction

The budget includes \$1,565,200 from the General Fund in FY 2024 to distribute to the Town of Huachuca City for the reconstruction of Skyline Drive between State Route 90 and Huachuca City Landfill. *(Please see Section 10, Subsection A, Paragraph 26 of the FY 2024 Capital Outlay Bill for reference.)*

Huachuca City, Skyline Pathway Development

The budget includes \$506,000 from the General Fund in FY 2024 to distribute to the Town of Huachuca City for the development of Skyline Pathway along Skyline Drive between Gila Avenue and Edgewood Street. *(Please see Section 10, Subsection A, Paragraph 27 of the FY 2024 Capital Outlay Bill for reference.)*

Lake Havasu City Emergency Bridge

The budget includes \$35,500,000 from the General Fund in FY 2024 to construct an emergency evacuation bridge in Lake Havasu City. *(Please see Section 10, Subsection A, Paragraph 19 of the FY 2024 Capital Outlay Bill for reference.)*

Marana, Cortaro Road and I-10 Traffic Interchange

The budget includes \$10,000,000 from the General Fund in FY 2024 to distribute to the Town of Marana for design costs for a traffic interchange between Cortaro Road and Interstate 10. *(Please see Section 10, Subsection A,*

Paragraph 8 of the FY 2024 Capital Outlay Bill for reference.)

Navajo Nation, N9402 Road Improvements

The budget includes \$10,000,000 from the General Fund in FY 2024 to distribute to the Navajo Nation for improvements to N9402 Road near Lupton and Houck. (Please see Section 10, Subsection A, Paragraph 41 of the FY 2024 Capital Outlay Bill for reference.)

Patagonia, McKeown Avenue Reconstruction

The budget includes \$1,500,000 from the General Fund in FY 2024 to distribute to the Town of Patagonia for McKeown Avenue reconstruction between Fourth Avenue West and State Route 82. (Please see Section 10, Subsection A, Paragraph 10 of the FY 2024 Capital Outlay Bill for reference.)

Payson, Roundabout Construction

The budget includes \$1,529,800 from the General Fund in FY 2024 to distribute to the Town of Payson for roundabout construction and improvements at the intersection of Longhorn Road and McLane Road. (Please see Section 10, Subsection A, Paragraph 30 of the FY 2024 Capital Outlay Bill for reference.)

Phoenix, Happy Valley Road Improvements

The budget includes \$12,500,000 from the General Fund in FY 2024 to distribute to the City of Phoenix for improvements on Happy Valley Road between 35th Avenue and 67th Avenue. The project includes a footnote stating legislative intent that Phoenix contribute at least \$14,800,000 to the project. (Please see Section 10, Subsection A, Paragraph 4 of the FY 2024 Capital Outlay Bill for reference.)

Phoenix, 43rd Avenue Extension

The budget includes \$6,500,000 from the General Fund in FY 2024 to distribute to the City of Phoenix to extend 43rd Avenue between Dove Valley Road and State Route 74. (Please see Section 10, Subsection A, Paragraph 24 of the FY 2024 Capital Outlay Bill for reference.)

Pinal County, Pinal East-West Corridor Design

The budget includes \$9,240,000 from the General Fund in FY 2024 to distribute to Pinal County for the engineering and design of the West Pinal Parkway East-West Corridor. (Please see Section 10, Subsection A, Paragraph 16 of the FY 2024 Capital Outlay Bill for reference.)

Pinetop-Lakeside, Porter Mountain Road

The budget includes \$2,242,200 from the General Fund in FY 2024 to distribute to the Town of Pinetop-Lakeside for Porter Mountain Road improvements in the vicinity of Blue Ridge Elementary School. (Please see Section 10,

Subsection A, Paragraph 28 of the FY 2024 Capital Outlay Bill for reference.)

Prescott Valley, Glassford Hill Road Improvements

The budget includes \$9,900,000 from the General Fund in FY 2024 to distribute to the City of Prescott Valley to improve Glassford Hill Road. The project includes a footnote that states ADOT may only distribute the monies to Prescott Valley for the project if the town can demonstrate a \$1,100,000 matching commitment. (Please see Section 10, Subsection A, Paragraph 5 of the FY 2024 Capital Outlay Bill for reference.)

Queen Creek, SR 24 Extension

The budget includes \$87,500,000 from the General Fund in FY 2024 to distribute to the Town of Queen Creek to extend State Route 24 including a traffic interchange at State Route 24 and Ironwood Road. The project includes a footnote which states that the monies may be used from the current project status until completion. The footnote further requires Queen Creek to collaborate with Pinal County prior to expending the distributed monies. (Please see Section 10, Subsection A, Paragraph 20 of the FY 2024 Capital Outlay Bill for reference.)

Santa Cruz County, I-19 Traffic Interchanges

The budget includes \$8,600,000 from the General Fund in FY 2024 to distribute to Santa Cruz County for improvements to traffic interchanges at Interstate 19 and Rio Rico Drive and Interstate 19 and Ruby Road. (Please see Section 10, Subsection A, Paragraph 44 of the FY 2024 Capital Outlay Bill for reference.)

Sierra Vista, Theater Drive Corridor Improvements

The budget includes \$1,800,000 from the General Fund in FY 2024 to distribute to the City of Sierra Vista for Theater Drive corridor improvements between 7th Street and Carmichael Avenue. (Please see Section 10, Subsection A, Paragraph 11 of the FY 2024 Capital Outlay Bill for reference.)

Superior, Panther Drive Bridge Design

The budget includes \$2,486,700 from the General Fund in FY 2024 to distribute to the town of Superior for the design and construction of Panther Drive bridge at Queen Creek. (Please see Section 10, Subsection A, Paragraph 39 of the FY 2024 Capital Outlay Bill for reference.)

Thatcher, 8th Street Improvements

The budget includes \$4,526,400 from the General Fund in FY 2024 to distribute to the Town of Thatcher for improvements to 8th Street between 1st Avenue and 20th Avenue. (Please see Section 10, Subsection A, Paragraph 36 of the FY 2024 Capital Outlay Bill for reference.)

Tucson, Drexel Road Bridge Improvements

The budget includes \$15,000,000 from the General Fund in FY 2024 to distribute to the City of Tucson for improvements to the Drexel Road bridge. (Please see Section 10, Subsection A, Paragraph 43 of the FY 2024 Capital Outlay Bill for reference.)

Winkelman, Golf Course Road Improvements

The budget includes \$1,560,900 from the General Fund in FY 2024 to distribute to the Town of Winkelman for improvements to Golf Course Road and Quarelli Street. (Please see Section 10, Subsection A, Paragraph 38 of the FY 2024 Capital Outlay Bill for reference.)

Yuma County, US 95 Pavement Rehabilitation

The budget includes \$5,910,400 from the General Fund in FY 2024 to distribute to Yuma County for U.S. Route 95 pavement rehabilitation between County 22nd Street and County 11th Street. (Please see Section 10, Subsection A, Paragraph 15 of the FY 2024 Capital Outlay Bill for reference.)

Other Issues

FY 2023 and Prior Year Individual Project Revisions

The FY 2024 Capital Outlay Bill includes the reallocation of monies between individual transportation projects from the FY 2022 and FY 2023 budgets. As a result of recent changes in transportation construction costs, primarily due to inflationary and supply chain pressures, the projects funded in recent year budgets had various shortfalls and surpluses. The FY 2024 Capital Outlay Bill addresses the funding shortfalls by shifting monies from projects with excess funds to projects in need of additional funding.

Table 2 displays the various project reallocations in the FY 2024 Capital Outlay Bill. The table notes the project description and whether the project received a reduction or increase in funding to achieve the desired funding level. The table also references in which year the specified project received its initial funding.

Table 2

Prior Year Budget Project Reallocation

	<u>State Highway Fund</u>	<u>General Fund</u>
<u>FY 2021 Appropriation Reallocations</u>		
US 95 Improvements near Yuma Proving Grounds (Sec. 1) ^{1/2/}	\$0	\$(10,000,000)
SR 77 Pavement Rehabilitation near Oro Valley (Sec. 1) ^{1/2/}	0	2,207,500
<u>FY 2023 Appropriation Reallocations</u>		
I-10 Widening, SR 85 to Citrus Road (Sec. 3 and Section 20) ^{2/}	(3,290,000)	52,090,000
SR 69/SR 169 Roundabout (Sec. 3) ^{2/}	6,522,500	0
SR 89/SR 89A Traffic Interchange (Sec. 3) ^{2/}	(2,400,000)	0
SR 90 Pavement Rehabilitation in Huachuca City (Sec. 3) ^{2/}	(580,000)	0
US 191 Pavement Rehabilitation between Armory Road and East Safford (Sec. 3) ^{2/}	2,651,000	0
SR 279 Old Highway Improvements (Sec. 3) ^{2/}	(6,142,800)	0
Gila Bend Sentinel Exit Lighting (Sec. 3) ^{2/}	517,000	0
US 89/Lake Powell Blvd Traffic Circle in Page (Sec. 4) ^{2/}	0	3,100,000
SR 69 Repavement in Prescott Valley (Sec. 5) ^{2/}	178,000	0
US 95 Improvements near Yuma Proving Grounds (Sec. 5) ^{2/}	(3,500,000)	0
SR 95 Repavement in Mohave County (Sec. 5) ^{2/}	(6,161,600)	0
SR 347/Riggs Road Overpass Construction (Sec. 5) ^{2/}	15,250,000	0
SR 347/Riggs Road Overpass Design, Right-of-Way, and Easements (Sec. 5) ^{2/}	(2,625,000)	0
SR 186/Business Route 10 Repair in Willcox (Sec. 5) ^{2/}	(9,100)	0
SR 90 Improvements from Moson Road to Campus Drive (Sec. 5) ^{2/}	(410,000)	0
Loop 101 Slip Ramp in Tolleson (Sec. 6) ^{2/}	0	(25,000,000)
SR 347 Widening, I-10 to Maricopa (Sec. 14) ^{2/}	(13,000,000)	0
SR 238/SR 347 Design and Construction Improvements (Sec. 14) ^{2/}	10,300,000	0
Gila River Indian Community Transportation Infrastructure (Sec. 14) ^{2/}	2,000,000	0
SR 87 Engineering and Design near Coolidge (Sec. 14) ^{2/}	700,000	0
Total	\$0	\$22,397,500

^{1/} FY 2021 supplemental appropriation included in the FY 2022 budget.

^{2/} The revised total for each project is listed in the narrative.

As noted in *Table 2*, the individual transportation projects from prior year budgets received funding from both SHF and the General Fund. The project reallocations held SHF harmless and resulted in a \$0 net change in SHF appropriations. The General Fund reallocations, however, resulted in net cost of \$22,397,500.

After the project reallocations in the FY 2024 budget, the individual projects listed in *Table 2* are left with the following total appropriations:

- \$33,300,000 for US 95 improvements near Yuma Proving Ground. The FY 2024 budget eliminated all prior year funding for this project (\$10,000,000 from the General Fund and \$3,500,000 from the Highway Fund), but appropriated \$33,300,000 in new funding in FY 2024.
- \$15,807,500 for SR 77 pavement rehabilitation near Oro Valley.
- \$113,000,000 for I-10 widening between SR 85 and Citrus Road after adjustment for both the \$(3,290,000) reduction in the original FY 2023 appropriation plus the \$52,090,000 FY 2023 supplemental.
- \$8,022,500 for the SR 69/SR 169 roundabout.
- \$600,000 for the SR 89/SR 89A traffic interchange.
- \$38,620,000 for SR 90 pavement rehabilitation in Huachuca City.
- \$18,981,000 for US 191 pavement rehabilitation between Armory Road and East Safford.
- \$0 for SR 279 old highway improvements.
- \$1,085,000 for Gila Bend sentinel exit lighting.
- \$8,100,000 for US 89/ Lake Powell Boulevard traffic circle in Page.
- \$6,523,000 for SR 69 repavement in Prescott Valley.
- \$60,073,000 for SR 95 repavement in Mohave County.
- \$49,000,000 for SR 347/Riggs Road overpass construction.
- \$10,000,000 for SR 347/Riggs Road design, right-of-way, and easements.
- \$4,955,000 for SR 186/Business Route 10 repair in Willcox.
- \$13,900,000 for SR 90 improvements from Moson Road to Campus Drive.
- \$0 for the Loop 101 slip ramp in Tolleson.
- \$6,000,000 to design widening the lanes along State Route 347 between Interstate 10 and City of Maricopa.
- \$10,300,000 to ADOT to distribute to the City of Maricopa to design and construct improvements to State Route 238 or State Route 347, or both.
- \$2,000,000 to ADOT to distribute to the Gila River Indian Community for transportation infrastructure.

- \$700,000 to ADOT for engineering and design costs associated with improvements along State Route 87 near the city of Coolidge

Summary of Non-Appropriated Capital Funds

Table 3 provides a summary of non-appropriated capital expenditures. Non-appropriated capital expenditures are expected to grow from \$1,171,251,000 in FY 2022 to \$1,552,566,000 in FY 2023 and \$1,684,441,000 in FY 2024.

Further background information regarding the funds is contained in the ADOT Summary of Funds in the ADOT operating section of the *FY 2024 Baseline Book*. The ADOT operating budget section does not include the non-appropriated capital expenditures as those only appear in *Table 3*.

Table 3
Non-Appropriated Capital Fund Expenditures
(\$ in Thousands)

	FY 2022	FY 2023	FY 2024
	Actual	Estimate	Estimate
Aviation Federal Funds	\$5,697	\$7,503	\$10,780
Highway Federal Grants	<u>843,961</u>	<u>878,589</u>	<u>962,163</u>
Subtotal - Federal Funds	\$849,658	\$886,092	\$972,943
Bond Proceeds	\$18	\$728	\$640
Economic Strength Project Fund	1,000	1,000	1,000
Local Agency Deposits Fund	2,939	15,651	28,477
Maricopa Regional Area Road Fund	317,636	649,095	681,381
Subtotal - Other Non-Appropriated Funds	\$321,593	\$666,474	\$711,498
Total	\$1,171,251	\$1,552,566	\$1,684,441

Summary of Highway Construction

The State Transportation Board oversees the department’s highway construction program. The 5-Year Highway Construction Program adopted by the board on June 17, 2022 includes monies from SHF, Federal Funds, MRARF, SHF for controlled access roads, and bond revenues. The highway construction program adopted by the State Transportation Board totals \$1,340,077,000 for FY 2024. (*Please see Table 4 for additional details.*)

Table 4

**State Highway Fund
Highway Construction Projects Beginning in FY 2024
(\$ in Thousands)**

	FY 2024 ^{1/}
Construction	\$270,400
Urban Controlled Access ^{2/}	530,303
Pavement Preservation Maintenance	447,961
Other ^{3/}	<u>91,413</u>
Total	\$1,340,077

^{1/} Data from ADOT’s 2023-2027 5-Year Transportation Facilities Construction Program, representing the total cost of multi-year projects beginning in FY 2024.

^{2/} Includes expenditures from SHF for controlled access, PAG, and MRARF.

^{3/} Includes construction preparation, contingency set-asides, and related highway construction and maintenance items.

Total Highway Construction Funding

Only a small portion of the state’s total highway construction funding is appropriated. The FY 2024 budget includes \$444,243,000 for highway construction, including \$168,607,000 of net SHF monies for statewide highway construction.

Table 6 summarizes expenditures for highway construction that are planned in the future and currently underway from FY 2022 through FY 2024 on a cash flow basis, as provided by ADOT. Table 4, which shows the highway construction program adopted by the State Transportation Board, presents a different view since it only shows the total dollar cost of highway projects scheduled to begin in FY 2024 by category of construction. Table 6 also includes monies from the Local Agency Deposits Fund, while Table 4 does not.

For FY 2022, Table 6 shows that total cash highway construction expenditures were \$1,167,300,000 while \$312,400,000 was spent on debt service. In FY 2023, total estimated cash highway construction expenditures are \$1,384,900,000 with total debt service of \$310,800,000. In FY 2024, total estimated cash highway construction expenditures are \$1,631,400,000 with total debt service of \$311,900,000.

The major sources of highway construction funding are SHF, Federal Aid, the half-cent sales tax in Maricopa County (MRARF), bond proceeds, and the Local Agency Deposits Fund. The Local Agency Deposits Fund receives monies from the federal government and local agencies for the payment of local agency sponsored county secondary road construction projects.

Table 6 does not include highway maintenance spending of \$126,144,700 in FY 2022, \$209,495,400 in FY 2023, and \$158,495,400 in FY 2024. Of the \$311,900,000 total FY 2024 debt service amount in Table 6, only \$138,500,000 is appropriated.

Highway User Revenue Fund Analysis

HURF consists of monies received in the state from transportation-related licenses, taxes, fees, penalties and interest such as the motor vehicle fuel tax, vehicle license tax (VLT), vehicle registration, driver’s license, and others. Table 5 explains the formula distribution of HURF monies between state and local governments. Table 7 presents the overall HURF distribution for FY 2022 through FY 2024. The line in Table 7 showing net SHF Available for Statewide Highway Construction, which totals \$168,607,000 for FY 2024, does not include Maricopa County and Pima County Controlled Access Funds, Bond Funds, Federal Funds, and Miscellaneous Funds available for construction. This line represents the amount that is available from the discretionary SHF to fund the State Transportation Board’s 5-Year Program.

Total FY 2022 HURF collections of \$1,729,138,000 were 6.3% above FY 2021 collections. As of May 2023, FY 2023 HURF year-to-date collections were 0.8% higher than the prior year collections.

VLT is the largest source of HURF collections, accounting for 31.4% of HURF revenue in FY 2022, a percentage which has been increasing in recent years. From FY 2018 to FY 2022, the gas tax share of total collections has decreased by (5.1)% while VLT’s share has increased by 0.1%.

The gas tax comprises the second largest source of HURF collections at 31.1%.

ADOT forecasts HURF collections 10 years out each summer using a model based on the state’s nominal personal income, population, non-farm employment, fleet fuel efficiency and nominal gas price.

Table 5 breaks down the distribution of HURF monies between cities, counties, controlled access, and the SHF.

Table 5

Percentage Distribution of HURF Monies

Cities	30.5%
Counties	19.0%
Controlled Access ^{1/}	7.7%
State Highway Fund ^{1/}	<u>42.8%</u>
Total	100.0%

^{1/} A.R.S. § 28-6538 distributes 50.5% of HURF monies to SHF, with 12.6% of the monies distributed to SHF being allocated to controlled access highways in Maricopa and Pima Counties. The State Transportation Board adds 2.6% by Board Policy to the statutory 12.6%, making a total of 15.2% of SHF monies set aside for controlled access highways (15.2% of 50.5% = 7.7% displayed in the table above). The controlled access monies are divided: 75% for Maricopa County and 25% for Pima County. Pima County may also use some of their monies for arterial streets and highways.

Statutory Changes

The Transportation BRB, as permanent law, clarifies that monies in the SMART Fund cannot be distributed to municipalities partially located in an urbanized area of a county with a population of more than one million persons.

Table 6

Highway Construction and Debt Service Expenditures by Fund Source
(\$ in Millions)

<u>Sources</u>	<u>FY 2022 Actual</u>	<u>FY 2023 Estimate</u>	<u>FY 2024 Estimate</u>
State Highway Fund (SHF)			
Appropriated			
HURF - Statewide Debt Service	\$ 108.4	\$ 118.0	\$ 114.3
HURF - MAG Debt Service	30.9	19.4	24.2
MAG/PAG 15.2% Controlled Access - Construction	12.9	40.0	28.5
Net SHF Funds Available for Statewide Highway	<u>222.3</u>	<u>50.8</u>	<u>168.6</u>
Total SHF - Appropriated	\$ 374.5	\$ 228.2	\$ 335.6
Non-Appropriated			
SHF Highway Construction ^{1/}	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total SHF - Non-Appropriated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total SHF Highway Construction Expenditures	\$ 374.5	\$ 228.2	\$ 335.6
Federal Aid			
Total Federal Aid Highway Construction Expenditures	\$ 844.0	\$ 878.6	\$ 962.2
Maricopa Regional Area Road Fund			
Highway Construction Expenditures	\$ 115.1	\$ 429.1	\$ 473.0
MRARF Debt Service	143.1	143.4	143.4
Total Maricopa Regional Area Road Fund Highway	\$ 258.2	\$ 572.5	\$ 616.4
Bond Proceeds			
HURF - Highway Construction Expenditures	\$ 0	\$ 0.1	\$ 0
MRARF - Highway Construction Expenditures	0	0	0
GAN - Highway Construction Expenditures	0.1	0.6	0.6
Total Bond Proceeds Highway Construction Expenditures	\$ 0.1	\$ 0.7	\$ 0.6
Local Agency Deposits Fund			
Total Local Agency Deposits Fund Debt Service	-	-	-
Total Local Agency Deposits Fund Cash Highway Constr.	2.9	15.7	28.5
Total Local Agency Deposits Fund Highway Construction	\$ 2.9	\$ 15.7	\$ 28.5
Total Highway Construction Expenditures	\$ 1,479.7	\$ 1,695.7	\$ 1,943.3
Total Debt Service			
SHF	\$ 139.3	\$ 137.4	\$ 138.5
Federal Aid	30.0	30.0	30.0
MRARF	143.1	143.4	143.4
Total Debt Service	\$ 312.4	\$ 310.8	\$ 311.9 ^{2/}
Total Cash Highway Construction Expenditures			
SHF	\$ 235.2	\$ 90.8	\$ 197.1
Federal Aid	814.0	848.6	932.2
MRARF	115.1	429.1	473.0
Bond Proceeds	0.1	0.7	0.6
Local Agency Deposits Fund	2.9	15.7	28.5
Total Cash Highway Construction Expenditures	\$ 1,167.3	\$ 1,384.9	\$ 1,631.4
Total Highway Construction Expenditures	\$ 1,479.7	\$ 1,695.7	\$ 1,943.3

^{1/} Includes funding from the Statewide Transportation Acceleration Needs Account (STAN).

^{2/} Information provided by the department. Includes \$138,491,147 for HURF bonds (\$114,302,112 for statewide program and \$24,189,035 MAG program); \$29,970,250 for Grant Anticipation Notes; and \$143,388,676 for MRARF bonds.

Table 7

Highway User Revenue Fund (HURF) Distribution
(\$ in Thousands)

	FY 2022 <u>Actual</u>	FY 2023 <u>Estimate</u>	FY 2024 <u>Estimate</u>
Total HURF Collections Before Authorized Third-Party (ATP) Expenses	\$1,755,937	\$1,775,564	\$1,856,912
Less: ServiceArizona ATP Fee Retention	6,644	6,717	6,991
Brick and Mortar ATP Fee Retention	7,611	7,695	8,010
ServiceArizona ATP Credit Card Fee Reimbursements	10,388	10,502	10,931
Brick and Mortar ATP Credit Card Fee Reimbursements	<u>2,156</u>	<u>2,179</u>	<u>2,269</u>
Total HURF Collections	\$1,729,138	\$1,748,471	\$1,828,711
Less: Economic Strength Fund ^{1/}	1,000	1,000	1,000
ADOT - MVD Registration Compliance Program	702	907	907
State Lake Improvement Fund/Off-Highway Vehicle Recreation Fund	<u>11,564</u>	<u>11,359</u>	<u>11,918</u>
Net HURF Collections	\$1,715,872	\$1,735,205	\$1,814,886
Less: Cities ^{2/}	523,341	529,237	553,541
Counties ^{2/}	326,016	329,689	344,829
VLT Transfer to Parity Compensation Fund ^{3/}	4,020	4,200	4,549
VLT Transfer to General Fund (5-Year VLT) ^{4/}	3,385	3,550	3,700
VLT Transfer to General Fund (Abandoned Vehicle) ^{5/}	4,876	5,800	6,000
Controlled Access ^{6/}	<u>129,844</u>	<u>131,135</u>	<u>137,145</u>
Net SHF (Discretionary)	\$ 724,390	\$ 731,594	\$ 765,122
Plus: Other Income ^{7/}	78,438	85,561	91,674
Less: Operating Budget	372,537	532,159	479,160
Dept of Public Safety Transfer from Highway Fund	8,167	8,167	8,167
Capital Outlay	6,900	19,416	20,100
Building Renewal	15,400	18,139	21,978
ServiceArizona ATP VLT Retention ^{8/}	20,514	23,066	24,418
Brick and Mortar ATP VLT Retention ^{8/}	15,033	22,072	23,364
HURF Exchange Program ^{9/}	2,702	21,191	17,000
Debt Service ^{10/}	<u>139,321</u>	<u>137,359</u>	<u>138,491</u>
Net SHF Available for Statewide Highway Construction (5-Year Plan) ^{11/12/}	\$ 222,254	\$ 35,586	\$ 124,118
SHF Adjustments			
Plus: Controlled Access SHF Beginning Balance	343,110	407,465	449,124
STAN Account Beginning Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total SHF Available for Statewide Highway Construction	\$ 565,364	\$ 458,259	\$ 617,731

^{1/} Provides monies for economic strength highway projects recommended by the Arizona Commerce Authority and approved by the State Transportation Board.

^{2/} A statutorily defined distribution of HURF monies for acquisition and construction of streets or highways.

^{3/} A.R.S § 28-5808A transfers 1.51% of VLT for distribution to SHF to the Parity Compensation Fund beginning in FY 2006.

^{4/} A.R.S § 28-5808E transfers the SHF share of the HURF VLT to the state General Fund that is generated from the difference between a 2-year registration and a 5-year registration.

^{5/} A.R.S § 28-5808D also transfers the SHF share of the HURF VLT to the state General Fund that is equal to 90% of the fees collected under A.R.S. § 28-4802A and 60% of the fees collected under A.R.S. § 28-4802B to the state General Fund.

^{6/} A statutorily defined distribution of SHF monies for design, acquisition, and construction of controlled access highways. The monies are divided 75% for Maricopa County and 25% for Pima County. Pima County may also use some of their monies for arterial streets and highways.

^{7/} Includes transfers from the MAG 12.6% subaccount to the SHF for debt service on HURF bonds, miscellaneous receipts, rental income, sale of capital assets, underground storage tank deposits, investment income, grants from Governor's Office of Highway Safety, retained MVD fees, oversize permits, and abandoned vehicle fees. This excludes the \$925,447,500 of TPT General Fund collections that were deposited into the State Highway Fund to fund individual transportation projects in FY 2023.

^{8/} Statutory payments to third parties from VLT collected by third parties. Non-VLT fees to ATPs are listed at the top of the chart.

^{9/} Local entities can exchange federal aid monies for State Highway Fund monies.

^{10/} Debt service on highway revenue bonds, does not include debt service payable from Maricopa and Pima controlled access funds.

^{11/} Excludes Maricopa and Pima County controlled access funds, and bond, federal, and miscellaneous funds available for construction.

^{12/} The amounts displayed in the Net SHF Available for Statewide Highway Construction do not match the amounts contained in the respective Capital Outlay Bill for each fiscal year due to spending changes in ADOT's operating budget, building renewal, and capital outlay projects.

Capital Outlay

Arizona Board of Regents Building Systems

FY 2024
APPROVED

BUILDING RENEWAL

Arizona Board of Regents

TOTAL - ALL PROJECTS

0

0^{1/2/}

FUND SOURCES

General Fund

TOTAL - ALL SOURCES

0

0

DESCRIPTION — The Arizona Board of Regents (ABOR) Building System is comprised of buildings controlled by ABOR on behalf of the universities.

FOOTNOTES

- 1/ A.R.S. § 15-1670 appropriates \$33,026,400 to the universities from the General Fund in FY 2024 to finance lease-purchase payments for research infrastructure projects.
- 2/ A.R.S. § 15-1671 appropriates \$29,518,300 to the universities from the General Fund in FY 2024 for capital infrastructure projects.

Building Renewal

Building Renewal appropriations provide for the major maintenance and repair of state-owned buildings. The appropriations are based on a formula determined by the Joint Committee on Capital Review (JCCR). As required by A.R.S. § 41-793.01, the formula accounts for the replacement value, age, and life cycle of a building. In FY 2024, ABOR reports funding 100% of the building renewal formula would be \$219,663,700. The budget includes no funding for Building Renewal in the ABOR Building System.

ASU (all campuses)	\$201,221,900
NAU	40,275,600
UA (all campuses)	<u>148,295,900</u>
Total	\$389,793,400

In addition to University system revenues being allocated for FY 2024 debt service payments, \$37,783,200 would be paid by Lottery monies, \$33,026,400 would be paid by the General Fund for 2003 research infrastructure projects, and \$17,083,900 would be paid by the General Fund for 2017 Capital Infrastructure Funding projects.

The universities' expenditures for debt service payments are included in the budget of each university's individual agency section. *(Please see the individual university sections for more information.)*

Summary of University Debt

ABOR estimates that as of the end of FY 2024, the universities' outstanding principal balances for bonds and lease-purchase agreements will total \$4,197,053,600, of which \$3,899,377,200 is for outstanding bonds and \$297,676,400 is for lease-purchase projects. This debt would be held by the 3 universities as follows:

ASU (all campuses)	\$2,468,773,200
NAU	394,755,000
UA (all campuses)	<u>1,333,525,400</u>
Total	\$4,197,053,600

ABOR estimates that the universities' total debt service payments for bonds and lease-purchase agreements in FY 2024 will be \$389,793,400. The debt service payments made by each of the universities would be as follows:

State Bonding Programs

University Lottery Bonds

One component of the \$3,899,377,200 bond balance is university lottery revenue (Stimulus Plan for Economic and Educational Development (SPEED)) bonds. Pursuant to A.R.S. § 5-522 and § 15-1682.03, ABOR is authorized to enter into bond transactions up to a maximum of \$800,000,000 to pay for building renewal projects and new facilities. Debt service payments for SPEED bonds will total \$47,229,900 in FY 2024, of which 80% will be paid by Lottery monies and 20% with university system revenues.

2017 Capital Infrastructure Appropriations

Another component of the \$3,899,377,200 bond balance is 2017 Capital Infrastructure funding. Pursuant to A.R.S. § 15-1671, universities receive annual General Fund appropriations from FY 2019 to FY 2043 for new university research facilities, building renewal, or other capital construction projects. The universities may use this funding to pay cash for projects or for debt service. In the latter case, the General Fund may only pay for 50% of debt service (with the remainder financed through other university system revenues).

The original legislation appropriated \$27,000,000 from the General Fund to the universities in FY 2019 and increases the appropriation each year thereafter by 2.0% or the rate of inflation, whichever is less. The budget assumes a 2.0% increase from FY 2023, resulting in an FY 2024 General Fund appropriation of \$29,518,300. If the universities utilized the full appropriation for debt service, this amount would support \$59,036,600 in debt service payments.

Since FY 2019, however, the universities have not fully used their debt service capacity and have used a portion of their appropriation to fund projects with cash. As a result, the appropriation does not equate to the annual debt service payments. Debt service payments are projected to total \$34,167,700 in FY 2024, of which 50% will effectively be supported by the General Fund.

For additional information on state bonding programs for universities, please see the *Lottery Bonds and Capital Infrastructure Funding Program Summary* on the JLBC website.

University Debt Ratio Policy

In authorizing ABOR to issue bonds on behalf of the universities, A.R.S. § 15-1683 limits the debt service payments each university is allowed to make based on its financial resources.

Specifically, the statute requires that the projected debt service payments on outstanding and proposed bonds and certificates of participation (COPs) not exceed 8.0% of each institution's total projected expenditures and mandatory transfers in any fiscal year. University SPEED bonds are exempt from the debt ratio calculations. The universities' Capital Improvement Plans project expected debt ratios through FY 2027. The rate and year in which each university is projected to have its highest debt ratio is listed below. The ratio is also displayed if the university lottery bonds were applied to the calculation.

- ASU: 5.3% (5.7% with SPEED) in FY 2026
- NAU: 5.1% (6.7% with SPEED) in FY 2025
- UA: 5.3% (6.4% with SPEED) in FY 2024

These ratios incorporate the debt service impact of planned construction projects. The universities estimate that they have the capacity to issue \$2,800,100,000 in additional debt beyond the planned projects based on these debt service ratios.

Capital Outlay

Debt and Lease-Purchase Financing

Long-Term Financing Summary

The state's long-term financing consists of 2 different types of transactions.

Lease-Purchase Facilities

Under a traditional lease-purchase agreement, the state issues Certificates of Participation (COPs) to generate proceeds to finance capital projects. ADOA and the Universities have entered into lease-purchase agreements for the acquisition and construction of state facilities. The School Facilities Board (SFB) also entered into lease-purchase agreements for the construction of new schools prior to FY 2012.

At the end of FY 2024, the outstanding balance of lease-purchase agreements is expected to be \$694.4 million.

Table 1 provides information related to current state lease-purchase agreements.

Bonding Summary

The Arizona Board of Regents, on behalf of the Universities and the Arizona Department of Transportation have issued bonds to renovate, acquire, and construct facilities, as well as to purchase equipment.

At the end of FY 2024, the outstanding balance of bond financing is expected to be \$4.86 billion.

Table 1 provides information related to current outstanding state bond financing.

January 31 JLBC Debt Report

A.R.S. § 41-1277 requires the JLBC Staff to present to the House and Senate Appropriations Committees a report on state debt and obligations. Due by January 31 of each year, the report includes the following information from the prior fiscal year:

- The statewide aggregate level of outstanding principal, by type of debt or obligation;
- The principal and interest payments on each of the state's long-term obligations;
- A description of the state's payment deferrals ("rollovers") by agency, including: the date the payment was originally scheduled to be made, interest paid to date on the deferral, and interest paid in the prior and current fiscal years; and

- Historical information on the state's overall debt balance and per capita debt obligations, based on available data.

To the extent possible, A.R.S. § 41-1277 requires data contained in the report to be based on the Department of Administration's (ADOA) Report of Bonded Indebtedness, which is published annually along with an online searchable database.

This report provides a current and historical summary of the state's outstanding financing obligations. In addition, it includes specific details on each of the individual financing issuances and the state's payment deferrals.

While the January 31, 2023 debt report would typically provide debt information on the prior fiscal year (FY 2022), the FY 2023 budget allocated additional funds for debt payoff, with that transaction being executed in August 2022 (beginning of FY 2023). To provide a more accurate display of the state's current outstanding debt, the January 31, 2023 report included information from *Table 1*, which shows debt payments and year-end balances for the upcoming fiscal year (FY 2024).

Table 1

Lease-Purchase and Bonding Summary

	Overall Balance	^{1/} GF Balance	Overall FY 24 Payment	^{2/} FY 24 GF Payment	^{2/} Retirement FY
Lease-Purchase Summary					
<u>ADOA Building System</u>					
2013 A Issuance					
PLTO Refinance - DHS Building	\$ 10,375,000	\$ 6,225,000	\$ 4,077,700	\$ 2,446,600	FY 29
2015 A Issuance					
PLTO Refinance - Capitol Mall	\$ 19,630,000	\$ 8,440,900	\$ 10,321,400	\$ 4,464,900	FY 28
Subtotal - ADOA	\$ 30,005,000	\$ 14,665,900	\$ 14,399,100	\$ 6,911,500	
<u>School Facilities Division</u>					
Federal Bonds	\$ 20,155,500	\$ 20,155,500	\$ 9,938,100 ^{3/}	\$ 9,938,100 ^{3/}	FY 28
<u>ABOR Building System</u>					
Arizona State University	\$ 155,296,000	\$ 93,425,000	\$ 23,420,200	\$ 13,468,200	FY 39
Northern Arizona University	28,875,000	28,875,000	5,302,900	5,302,900	FY 31
University of Arizona	113,505,400	82,385,000	33,498,500	14,255,300	FY 72
Subtotal - ABOR	\$ 297,676,400	\$ 204,685,000	\$ 62,221,600	\$ 33,026,400	
Phoenix Convention Center ^{4/}	\$ 346,610,000	\$ 346,610,000	\$ 25,498,600	\$ 25,498,600	FY 44
TOTAL - Lease-Purchase	\$ 694,446,900	\$ 586,116,400	\$ 112,057,400	\$ 75,374,600	
Bonding Summary					
Department of Transportation ^{5/}	\$ 960,125,000	\$ -	\$ 168,461,400	\$ -	FY 14 - 38
<u>ABOR Building System</u>					
Arizona State University	\$ 1,742,505,000	\$ -	\$ 148,100,200	\$ -	FY 55
Northern Arizona University	276,730,000	-	24,923,500	-	FY 44
University of Arizona	744,610,000	-	73,151,400	-	FY 48
University Lottery Bond (SPEED)	561,562,200 ^{6/}	-	47,229,000	-	FY 48
University Infrastructure (2017) ^{7/}	573,970,000	286,985,000	34,167,700	17,083,900	FY 44
Subtotal - ABOR	\$ 3,899,377,200	\$ 286,985,000	\$ 327,571,800	\$ 17,083,900	
TOTAL - Bonding	\$ 4,859,502,200	\$ 286,985,000	\$ 496,033,200	\$ 17,083,900	
TOTAL - Lease-Purchase & Bonding	\$ 5,553,949,100	\$ 873,101,400	\$ 608,090,600	\$ 92,458,500	

^{1/} Represents principal balances as of June 30, 2024. The "GF Balance" column represents the portion of the overall balance paid from General Fund sources.
^{2/} Represents lease-purchase or debt service payments, including the portion paid from a General Fund source, which is represented in the "FY 24 GF Payment" column.
^{3/} This type of financing originally entitled the state to a federal interest rate subsidy of 4.86% (out of the 6% due on the bonds), shortly after each payment. Taking into account prior federal budget reductions, in FY 2024 this subsidy is expected to be \$3,729,900 of the \$9,938,100 payment.
^{4/} The Convention Center debt service will eventually increase over a number of years to a maximum of \$30,000,000. Monies are given to the city to pay this portion of the lease-purchase payment. Laws 2015, Chapter 10 made a technical change to conform the debt service distribution in A.R.S. § 42-5030 to the distributions contained in A.R.S. § 9-602, which were modified by Laws 2011, Chapter 28 to conform to the actual debt service payments.
^{5/} Includes \$841,095,000 for Highway User Revenue Fund bonds and \$119,030,000 for Grant Anticipation Notes.
^{6/} Represents outstanding balance as of the end of FY 2024 from projects counted under the \$800,000,000 University Lottery bonding authority, otherwise known as SPEED. SPEED was originally authorized by Laws 2008, Chapter 287. (Please see the Capital Outlay Arizona Board of Regents Building System narrative for more information.)
^{7/} The universities will receive \$29,518,300 from the General Fund in FY 2024 for the 2017 Capital Infrastructure Funding program. The General Fund is expected to pay \$17,083,900 in FY 2024 for debt service.

**LEASE-PURCHASE APPROPRIATIONS 1/
Department of Administration Building System**

	Fiscal Year 2023 - Appropriations Report				Fiscal Year 2024 - Appropriations Report				Difference FY 2024 - FY 2023			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
BUDGET UNITS												
Arizona Department of Administration Buildings												
Accountancy, State Board of		\$125,900		\$125,900		\$124,300		\$124,300	-	(\$1,600)	-	(\$1,600)
Administration, Arizona Department of	\$223,500	575,900	\$60,200	859,600	\$244,300	629,400	\$65,800	939,500	\$20,800	53,500	\$5,600	79,900
Deaf and the Hard of Hearing, Commission for the		241,600		241,600		238,500		238,500	-	(3,100)	-	(3,100)
Education, Department of	406,700	113,000	610,000	1,129,700	401,500	111,500	602,300	1,115,300	(5,200)	(1,500)	(7,700)	(14,400)
Equalization, State Board of	98,500			98,500	97,300			97,300	(1,200)	-	-	(1,200)
Gaming, Department of		421,000		421,000		415,100		415,100	-	(5,900)	-	(5,900)
Insurance & Financial Institutions, Department of	359,400	68,500		427,900	355,800	67,800		423,600	(3,600)	(700)	-	(4,300)
Juvenile Corrections, Department of	297,700			297,700	294,000			294,000	(3,700)	-	-	(3,700)
Real Estate Department, State	195,400			195,400	193,100			193,100	(2,300)	-	-	(2,300)
Tax Appeals, State Board of	37,900			37,900	37,400			37,400	(500)	-	-	(500)
Subtotal - ADOA Building	\$1,619,100	\$1,545,900	\$670,200	\$3,835,200	\$1,623,400	\$1,586,600	\$668,100	\$3,878,100	\$4,300	\$40,700	(\$2,100)	\$42,900
Department of Environmental Quality Building												
Agriculture, Department of	\$308,500		\$273,600	\$582,100	\$397,800		\$352,700	\$750,500	\$89,300	-	\$79,100	\$168,400
Citizens Clean Elections Commission			95,900	95,900			73,500	73,500	-	-	(22,400)	(22,400)
Criminal Justice Commission, Arizona		\$11,900	186,000	197,900		\$12,900	202,000	214,900	-	\$1,000	16,000	17,000
Environmental Quality, Department of		1,942,000		1,942,000		1,966,800		1,966,800	-	24,800	-	24,800
Forestry and Fire Management, AZ Department of	240,600		35,900	276,500	233,500		34,900	268,400	(7,100)	-	(1,000)	(8,100)
Housing, AZ Department of	35,300	11,800	188,500	235,600	34,300	11,400	182,800	228,500	(1,000)	(400)	(5,700)	(7,100)
Independent Redistricting Commission	40,900			40,900	39,600			39,600	(1,300)	-	-	(1,300)
State Land Department	899,800			899,800	872,000			872,000	(27,800)	-	-	(27,800)
Arizona State Parks Board			328,000	328,000			318,200	318,200	-	-	(9,800)	(9,800)
Pharmacy, Arizona State Board of		130,900		130,900		133,900		133,900	-	3,000	-	3,000
Residential Utility Consumer Office		118,600		118,600		115,000		115,000	-	(3,600)	-	(3,600)
Technical Registration, State Board of		214,800		214,800		197,700		197,700	-	(17,100)	-	(17,100)
Tourism, Office of	224,700			224,700	194,000			194,000	(30,700)	-	-	(30,700)
Water Resources, Department of	1,084,000			1,084,000	1,070,300			1,070,300	(\$13,700)	-	-	(13,700)
Subtotal - ADEQ Building	\$2,833,800	\$2,430,000	\$1,107,900	\$6,371,700	\$2,841,500	\$2,437,700	\$1,164,100	\$6,443,300	\$7,700	\$7,700	\$56,200	\$71,600
Health Services, Department of												
Health Services Building - Refinance	\$2,364,400	\$1,576,300		\$3,940,700	\$2,446,600	\$1,631,100		\$4,077,700	\$82,200	\$54,800	-	\$137,000
Health Lab - Refinance		2,049,900		2,049,900				-	-	(2,049,900)	-	(2,049,900)
Subtotal - Department of Health Services	\$2,364,400	\$3,626,200	\$0	\$5,990,600	\$2,446,600	\$1,631,100	\$0	\$4,077,700	\$82,200	(\$1,995,100)	\$0	(\$1,912,900)
GRAND TOTAL	\$6,817,300	\$7,602,100	\$1,778,100	\$16,197,500	\$6,911,500	\$5,655,400	\$1,832,200	\$14,399,100	\$94,200	(\$1,946,700)	\$54,100	(\$1,798,400)

1/ Pursuant to A.R.S. § 41-792.01, state agencies occupying buildings being lease-purchased by the Arizona Department of Administration (ADOA) shall pay the higher of the billed amount reported [herein] by the Joint Legislative Budget Committee Staff or the pro rata share of the lease-purchase based on actual occupancy.

Capital Outlay
Local Assistance

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
DISTRIBUTIONS			
Phoenix Convention Center	24,498,500	24,999,400	25,498,600 ^{1/}
Rio Nuevo District	16,516,600	16,000,000	16,000,000 ^{2/}
TOTAL - ALL DISTRIBUTIONS	41,015,100	40,999,400	41,498,600 ^{3/}
FUND SOURCES			
General Fund	41,015,100	40,999,400	41,498,600
TOTAL - ALL SOURCES	41,015,100	40,999,400	41,498,600

DESCRIPTION — The State Treasurer makes distributions to the City of Phoenix to service debt on the Phoenix Convention Center and to the Rio Nuevo Multipurpose Facility District for use in authorized development projects and to service debt issued by the district.

FOOTNOTES

- 1/ Pursuant to section 9-602, Arizona Revised Statutes, \$25,498,600 of state general fund revenue is allocated in fiscal year 2023-2024 to the Arizona convention center development fund established by section 9-601, Arizona Revised Statutes. (General Appropriation Act footnote)
- 2/ Pursuant to section 42-5031, Arizona Revised Statutes, a portion of the state transaction privilege tax revenues will be distributed to a multipurpose facility district. The Rio Nuevo multipurpose facility district is estimated to receive \$16,000,000 in fiscal year 2023-2024. The actual amount of the distribution will be made pursuant to section 42-5031, Arizona Revised Statutes. (General Appropriation Act footnote)
- 3/ General Appropriation Act funds are appropriated as a Lump Sum by Project by Fund.

Phoenix Convention Center

The budget includes \$25,498,600 from the General Fund in FY 2024 for state participation in repayment of \$300,000,000 for the expansion of the Phoenix Convention Center. Adjustments are as follows:

Distribution Increase

The budget includes an increase of \$499,200 from the General Fund in FY 2024 to increase the distribution to the City of Phoenix pursuant to A.R.S. § 9-602.

Background – In FY 2005, the City of Phoenix issued \$600,000,000 in Certificates of Participation (COPs) to finance expansion of the Phoenix Convention Center. Of that amount, \$300,000,000 will be repaid by the state. The project was completed in January 2009.

There is a statutory debt service schedule for these payments. Under this schedule, the state’s annual contribution is scheduled to gradually increase to \$29,998,925 by FY 2044.

Table 1

Phoenix Convention Center Debt Service

<u>Fiscal Year</u>	<u>Debt Service</u>	<u>Fiscal Year</u>	<u>Debt Service</u>
FY 2024	25,498,550	FY 2035	29,995,775
FY 2025	25,998,700	FY 2036	29,999,975
FY 2026	26,497,375	FY 2037	29,995,825
FY 2027	26,997,100	FY 2038	29,995,850
FY 2028	27,495,125	FY 2039	29,996,750
FY 2029	27,998,700	FY 2040	29,995,225
FY 2030	28,499,525	FY 2041	29,997,975
FY 2031	28,999,575	FY 2042	29,996,150
FY 2032	29,495,550	FY 2043	29,996,175
FY 2033	29,999,150	FY 2044	29,998,925
FY 2034	29,996,250		

Statute requires the Auditor General to estimate annually how the amounts of General Fund revenues resulting from the Convention Center expansion compare to debt service payments made by the state since the project’s calendar year (CY) 2009 completion. If the cumulative estimated revenues from the project fail to meet the state’s cumulative debt service, the state is to reduce its payments to the City of Phoenix by the shortfall amount.

The latest study found that estimated General Fund revenues exceeded the state's debt service payments by \$12,829,500 through CY 2021 (see Table 2). As a result, the state has not reduced payments to the City of Phoenix during this time.

Table 2
Project Revenue and Debt Service Payments
(\$ in Millions)

Calendar Year ^{1/}	Project Revenue	Debt Service	Annual Net Revenues ^{2/}	Cumulative Net Revenues
2021	\$6.6	\$24.5	(17.9)	\$12.8
2020	7.2	24.0	(16.8)	30.7
2019	23.6	23.5	0.1	47.5
2018	23.5	23.0	0.5	47.4
2017	19.0	22.5	(3.5)	46.9
2016	20.6	20.4	0.2	50.4
2015	20.5	20.4	0.1	50.2
2014	15.0	20.4	(5.4)	50.1
2013	9.1	20.4	(11.3)	55.5
2012	13.6	5.6	8.0	66.8
2011	15.4	0.0	15.4	58.8
2010	14.7	10.0	4.7	43.4
2009	17.3	5.0	12.3	38.7
2004-2008	26.4	0.0	26.4	26.4

^{1/} Statute requires the Auditor General study to include estimates by calendar year but specifies the state's debt service obligation by fiscal year. Debt service payments for fiscal years are listed in the calendar year they were made.
^{2/} Represents gross revenue less debt service for each fiscal year.

Source: Auditor General report, *An Economic and Fiscal Impact Analysis Update, Phoenix Convention Center (2021)*

The study compares current convention center revenues to a "base scenario" (had the facility not been upgraded) in order to determine the project's net revenues. This "base scenario" assumed the facility would become functionally obsolete and generate minimal revenues by 2021.

Rio Nuevo District

The budget includes \$16,000,000 from the General Fund in FY 2024 for distributions to finance the development of a multipurpose facility and supporting projects in the Rio Nuevo Multipurpose Facilities District. This amount is unchanged from FY 2023.

The FY 2023 General Appropriation Act displayed the projected Rio Nuevo distribution as \$16,000,000 in FY 2023. This amount was based on assuming the Rio Nuevo distribution would generally return to pre-pandemic levels (the FY 2019 distribution was \$15,958,900). Subsequent to the passage of the FY 2023 budget, actual FY 2022 information became available, and the FY 2022 actual distribution was \$16,516,600.

Given that data, the FY 2024 JLBC Baseline subsequently revised both the FY 2023 and FY 2024 Rio Nuevo distribution estimates to \$17,000,000. However, the enacted FY 2024 budget spending plan retained the prior \$16,000,000 estimate for FY 2023 and continued that \$16,000,000 assumed distribution in the FY 2024 General Appropriation Act.

While the General Appropriation Act each year displays a projected amount for information purposes, the actual amount distributed to the district will reflect allocations required by A.R.S. § 42-5031.

Background – Tucson voters approved Proposition 400 in November 1999, establishing the Rio Nuevo Multipurpose Facilities District. The district receives a diversion of state Transaction Privilege Tax (TPT) revenue to finance the development of a multipurpose facility and supporting projects. The district stretches east from Downtown Tucson along the retail-intensive Broadway Boulevard. (See Table 3 for the history of Rio Nuevo TPT payments).

Table 3
State TPT Payments to the Rio Nuevo District

Fiscal Year	Distributions
FY 2022	\$16,516,600
FY 2021	9,525,700
FY 2020	14,478,800
FY 2019	15,958,900
FY 2018	13,562,700
FY 2017	13,988,500
FY 2016	13,088,800
FY 2015	6,958,000
FY 2014	9,486,100
FY 2013	9,755,800
FY 2012	11,957,900
FY 2011	14,099,900
FY 2010	8,727,300
FY 2009	10,399,300
FY 2008	15,456,200
FY 2007	14,974,900
FY 2006	10,968,200
FY 2005	7,469,600
FY 2004	5,081,200
Total	\$222,454,400

A.R.S. § 48-4203 requires that any construction project (or other improvement to real property) controlled by the District with a cost of more than \$500,000 be presented to the Joint Committee on Capital Review (JCCR).

The Rio Nuevo Board of Directors submitted information to JCCR in October 2022 regarding 4 projects that have been approved by the District. The board agreed to spend a total of \$6,800,000 on these projects. The Committee took no action on this report.