

Capital Outlay - Arizona Department of Administration

FY 2025
APPROVED

SPECIAL LINE ITEMS

Building Renewal	19,000,000 ^{1/2/}
AGENCY TOTAL	19,000,000

FUND SOURCES

<u>Other Appropriated Funds</u>	
Capital Outlay Stabilization Fund	19,000,000
SUBTOTAL - Other Appropriated Funds	19,000,000
SUBTOTAL - Appropriated Funds	19,000,000
TOTAL - ALL SOURCES	19,000,000 ^{3/4/5/}

AGENCY 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 (ADOT). 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. 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 2024-2025 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 2024-2025 for building projects related to retrofitting facilities for space consolidation initiatives. (Capital Outlay Appropriation Act footnote)
- 3/ 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)
- 4/ 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)
- 5/ Capital Outlay Appropriation Act funds are appropriated as a Lump Sum by Project by Agency.

The following amounts are one-time appropriations:

Building Renewal

The budget includes \$19,000,000 from the Capital Outlay Stabilization Fund (COSF) in FY 2025 for building renewal. These monies are to be used for major repair and maintenance of ADOA-owned buildings. This amount funds 32.4% of the ADOA building renewal formula. In FY 2025, 100% of the formula would be \$58,671,400. This

formula value has been adjusted to exclude building renewal funding for the Arizona State Parks Board and Arizona Pioneers' Home, as these agencies receive direct building renewal appropriations (capital improvements) in the FY 2025 Capital Outlay Bill.

The FY 2024 appropriation to ADOA for building renewal was \$39,124,700, which consisted of \$25,124,700 from the General Fund and \$14,000,000 from COSF. This total

funding level in FY 2024 represented 58.2% of the ADOA formula.

Other Issues

FY 2024 and Prior Year Individual Project Revisions

The FY 2025 Capital Outlay Bill includes 5 prior year project revisions. In order to provide General Fund savings to the state, some projects received a reduction in funding. *Table 1* displays the various revisions made in the budget. The table shows the original appropriation, the amount of the reduction made to the appropriation, and the newly revised total.

Rent Adjustments

In FY 2025, state building rent payments total \$31,993,700 which is estimated to be paid from the following fund sources: \$18,919,400 from the General Fund, \$9,489,500 from Other Appropriated Funds, and \$3,584,800 from Non-Appropriated Funds.

The FY 2025 budget does not adjust agency budgets for any changes in space or rental charges. The current rental charges are as follows: Office - \$17.87 per sq. ft./Storage - \$6.43 per sq. ft. *(Please see the Summary of Rent Charges for agency rent charges as of July 1, 2024).*

	ADOA Capital Appropriation Revisions		
	<u>Original GF</u> <u>Appropriation</u>	<u>GF Reduction</u>	<u>Revised GF</u> <u>Appropriation</u>
FY 23 - Building Renewal	\$37,594,200	\$ (12,875,800)	\$24,718,400
FY 23 - West Adams Building Renovations	52,274,000 ^{1/}	(48,263,600)	4,010,400
FY 23 - Building Demolition Funding	1,568,000	(68,600)	1,499,400
FY 24 - Building Renewal	25,124,700	(22,539,500)	2,585,200
FY 24 - Electric Vehicle Charging for State Facilities	5,000,000	(5,000,000)	-
Total	\$121,560,900	\$(88,747,500)	32,813,400

^{1/} Includes \$5,000,000 FY 2023 supplemental for this purpose.