

JCCR MEETING

At its August 17 meeting, the Joint Committee on Capital Review considered the following issues:

ADOA Building Renewal – The JCCR favorably reviewed an allocation plan for \$1 million of the \$3.5 million FY 2005 building renewal appropriation from the Capital Outlay Stabilization Fund. The Committee review included a provision that ADOA submit an allocation plan for the remaining \$2.5 million.

ASU-East Research Infrastructure Project – The JCCR favorably reviewed the issuance of \$12 million in Certificates of Participation (COPs) for the construction of the 39,400 square foot Interdisciplinary Science and Technology Building III on the ASU-East Campus. The COPs will be repaid over a 25 year period using some of the COP proceeds to make interest only payments on the debt service through FY 2007. Beginning in FY 2008, \$783,000 from General Fund appropriations from Laws 2003, Chapter 267 and \$156,000 from savings from a refinanced COP issuance will be used to make the \$939,000 annual debt service payments.

The review included provisions noting that a favorable review did not constitute endorsement of General Fund appropriations for operational costs when the project was complete and requiring reporting on the use of project contingency allocations.

Yuma/La Paz Community College District Bond Projects – The JCCR favorably reviewed the \$73.9 million General Obligation bond proposal projects. The district plans to hold the bond election in November 2004. An additional \$10 million from other sources will also fund the projects. The bonds will be repaid over a 27 year period. The secondary property tax is estimated to increase by \$48 on average for every \$100,000 of house value.

The district would allocate \$57.9 million to construct 194,501 square feet of new space at various campuses, and \$25.9 million to renovate 101,511 square feet of existing space.

The review included the provision that the district return to the Committee for review prior to each actual bond issuance to provide greater detail on the projects to be funded with each individual issuance.

DEQ Rent Payments – The JCCR recommended that ADOA authorize a permanent exemption for DEQ from the payment of the rental lease fee in one lump sum payment and instead allow DEQ to make the payments on a quarterly basis.

Mines and Mineral Resources Rent Exemption – The JCCR recommended that ADOA authorize a partial FY 2005 General Fund rent exemption of \$136,400 for the Arizona Department of Mines and Mineral Resources.

Phoenix Civic Plaza Expansion Project – The JCCR received a semi-annual project progress report. Construction

has begun on the expansion, which will increase the rentable space at the facility to over 900,000 square feet. The project is on schedule and expected to be completed in 2009. In addition, the city is undertaking a hotel project to add 1,000 hotel rooms in the area. The hotel is expected to be completed in 2008.

The \$600 million financing plan for the Civic Plaza Expansion provides that the state will pay the debt service on \$300 million and the City of Phoenix will pay the debt service on the remaining \$300 million. Bond financing for the \$280 million hotel project will be secured by hotel revenues and city non-General Fund excise taxes.

The Committee requested updated information comparing the \$210,000 per room costs of the hotel project with other publicly financed hotels. The JLBC Staff also recommended that the city's next report provide a discussion of updated financing cost estimates for both the expansion project and the hotel, as well as any revisions to the construction timelines for both projects.

NAU Green Building Savings – The JCCR received the report on costs of meeting "green building" standards as compared to savings generated through energy and other operating efficiencies. The payback period from savings to recoup additional design and construction costs is estimated to be 50 years. The JLBC Staff recommended that the Arizona Board of Regents establish standard rates of return to evaluate energy efficient construction designs in the future.

UofA Capital Project Contingency Allocations – The JCCR received reports on the reallocation of contingency monies to cover higher than expected construction material costs for the Medical Research Building, Residence Life Building Renewal Phase I, and Highland Avenue Parking Structure projects. The individual total budgets for the three projects remain unchanged from the original amounts.