

JOINT COMMITTEE ON CAPITAL REVIEW

Thursday, April 23, 2026

11:05 a.m. or Upon Adjournment of JLBC

Senate Hearing Room 109



STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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VICE-CHAIRMAN

LELA ALSTON
MARK FINCHEM
JOHN KAVANAGH
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PHOENIX, ARIZONA 85007

(602) 926-5491

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JOINT COMMITTEE ON CAPITAL REVIEW
Thursday, April 23, 2026
11:05 A.M. or Upon Adjournment of JLBC
Senate Appropriations, Room 109

MEETING NOTICE

- Call to Order
- Approval of Minutes of January 29, 2026.
- 1. *ARIZONA DEPARTMENT OF CORRECTIONS - Review of FY 2026 Building Renewal and Yuma Fire Alarm Projects.
- 2. *ARIZONA GAME AND FISH DEPARTMENT - Review of FY 2026 Capital Projects.
- 3. *ARIZONA STATE LOTTERY COMMISSION - Review of FY 2026 Building Renewal Allocation Plan.
- 4. *ARIZONA STATE PARKS BOARD - Review of FY 2026 Verde River State Park and Capital Improvement Projects.
- 5. *ARIZONA PIONEERS' HOME - Review of Window and Door Replacement Project.
- 6. *DEPARTMENT OF PUBLIC SAFETY - Review of FY 2026 Area Office Replacements.
- 7. *ARIZONA DEPARTMENT OF TRANSPORTATION - Review of ADOT Capital Projects.
- 8. ARIZONA STATE UNIVERSITY
 - *A. Review of MacroTechnology Works and Bateman Physical Sciences Center H Wing Building Renovations.
 - *B. Review of Building and Infrastructure Enhancement Modifications Increase.

9. UNIVERSITY OF ARIZONA
 - *A. Approval of Deferred Maintenance Projects.
 - *B. Review of Third-Party Financed Housing and Dining Facility.

 10. *ARIZONA EXPOSITION AND STATE FAIR BOARD - Review of State Fair Capital Projects - Arizona Exposition and State Fair Fund.
- * Consent Agenda - These items will be considered in one motion and no testimony will be taken.

The Chairman reserves the right to set the order of the agenda.

04/16/2026

JB

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MINUTES OF THE MEETING

JOINT COMMITTEE ON CAPITAL REVIEW

January 29, 2026

The Chairman called the meeting to order at 1:34 p.m., Thursday, January 29, 2026 in Senate Hearing Room 109. The following were present:

Members:	Senator Farnsworth, Vice-Chairman	Representative Livingston, Chairman
	Senator Alston	Representative Carbone
	Senator Finchem	Representative Gress
	Senator Kavanagh	Representative Stahl Hamilton
	Senator Kuby	Representative Travers
	Senator Leach (Temporary member in place of Senator Werner)	
	Senator Sundareshan	

Absent:	Senator Werner	Representative De Los Santos
		Representative Way

APPROVAL OF MINUTES

Senator Farnsworth moved that the Committee approve the minutes of November 10, 2025. The motion carried.

CONSENT AGENDA

The following items were considered without further discussion:

1. DEPARTMENT OF HEALTH SERVICES (DHS) - Review of Arizona State Hospital Lease Agreement.

A.R.S. § 36-136 requires Committee review of lease agreements of Arizona State Hospital (ASH) property. The Department of Health Services (DHS) requested Committee review of a lease agreement with a private health vendor to operate a transitional housing shelter on ASH grounds. The JLBC Staff provided options.

2. DEPARTMENT OF JUVENILE CORRECTIONS - Review of Adobe Mountain School Capital Projects.

A.R.S. § 41-1252 requires Committee review of the expenditure of monies appropriated for land acquisition, capital projects and building renewal. The Department of Juvenile Corrections (DJC) requested Committee review of its revised plan to spend \$1,177,600 from the Criminal Justice Enhancement Fund and the DJC Local Cost Sharing Fund to complete 2 capital projects at the Adobe Mountain School facility as shown below. The JLBC Staff provided options.

- \$641,000 to replace the make-up air unit in the kitchen; and
- \$536,600 for upgrades to the fire protection system

3. ARIZONA STATE UNIVERSITY (ASU) - Approval of SPEED Bonds and Review of System Revenue Bonds for ASU Health Headquarters Facility.

A.R.S. § 15-1682.03 requires Committee approval of any university projects financed with lottery revenue (SPEED) bonds. A.R.S. § 15-1683 requires Committee review of any university project financed with system revenue bonds. Arizona State University (ASU) requested Committee approval of \$123,500,000 in SPEED bonds and Committee review of \$71,200,000 in system revenue bond issuances for a total of \$194,700,000 to construct an ASU Health headquarters facility. The JLBC Staff provided options and potential provisions:

Standard University Financing Provisions

- A favorable review by the Committee does not constitute endorsement of General Fund appropriations to offset any revenues that may be required for operations and maintenance costs when the project is complete.*
- ASU shall provide the final debt service schedule and interest rate for the project as soon as they are available.*
- On or before October 15 of each year until completion of the project, ASU shall report to the JLBC Staff on the status and expenditures of the project. The report shall include the project expenditures to date, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.*

4A. NORTHERN ARIZONA UNIVERSITY (NAU) - Approval of Cline Library Renovation SPEED Bond Project.

A.R.S. § 15-1682.03 requires Committee approval of any university projects financed with lottery revenue (SPEED) bonds. Northern Arizona University requested approval of their plan to issue \$39,750,000 in lottery revenue bonds for a renovation of the Cline Library. The JLBC Staff provided options and potential provisions:

Standard University Financing Provisions

- A favorable review by the Committee does not constitute endorsement of General Fund appropriations to offset any revenues that may be required for operations and maintenance costs when the project is complete.*
- NAU shall provide the final debt service schedule and interest rate for the projects as soon as they are available*

- C. *On or before October 15 of each year until completion of the project, NAU shall report to the JLBC Staff on the status and expenditures of the project. The report shall include the project expenditures to date, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.*

4B. NORTHERN ARIZONA UNIVERSITY (NAU) – Approval of Nursing Building SPEED Bond Project.

A.R.S. § 15-1682.03 requires Committee approval of any university projects financed with lottery revenue (SPEED) bonds. Northern Arizona University requested approval of their plan to issue \$48,000,000 in lottery revenue bonds for the construction of a new nursing building. The JLBC Staff provided options and potential provisions:

Standard University Financing Provisions

- A. *A favorable review by the Committee does not constitute endorsement of General Fund appropriations to offset any revenues that may be required for operations and maintenance costs when the project is complete.*
- B. *NAU shall provide the final debt service schedule and interest rate for the projects as soon as they are available*
- C. *On or before October 15 of each year until completion of the project, NAU shall report to the JLBC Staff on the status and expenditures of the project. The report shall include the project expenditures to date, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.*

5. UNIVERSITY OF ARIZONA (UA) - Approval of a Revision in the SPEED Bond Financing of the Center for Applied Molecular and Immunological Therapies (CAMI) Building.

A.R.S. § 15-1682.03 requires the Joint Committee on Capital Review to approve any university projects financed with lottery revenue (SPEED) bonds. University of Arizona requested approval of their plan to issue \$75,000,000 in lottery revenue bonds to construct the Center for Advanced Molecular and Immunological Therapies (CAMI). This project was previously reviewed in the Committee's January 2025 meeting at a cost of \$292,000,000. UA requested two changes: 1) the overall cost would decline to \$232,000,000 and 2) shift \$75,000,000 in financing from system revenue bonds to the newly expanded SPEED lottery bond authority. The JLBC Staff provided options and potential provisions:

Standard University Financing Provisions

- A. *A favorable review by the Committee does not constitute endorsement of General Fund appropriations to offset any revenues that may be required for operations and maintenance costs when the project is complete.*
- B. *UA shall provide the final debt service schedule and interest rate for the project as soon as they are available.*
- C. *On or before October 15 of each year until completion of the project, UA shall report to the JLBC Staff on the status and expenditures of the project. The report shall include the project expenditures to date, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.*

Representative Farnsworth moved that the Committee give a favorable review of the agency requests in consent agenda items 1 and 2, and approval of items 3, 4A, 4B, and 5 with the applicable JLBC Staff provisions. The motion carried by a voice vote.

Without objection, the meeting adjourned at 1:36 p.m.

Respectfully submitted:

Jennifer Burns

Jennifer Burns, Secretary

Richard Stavneak

Richard Stavneak, Director

David Livingston

Representative David Livingston, Chairman



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DATE: April 15, 2026

TO: Members of the Joint Committee on Capital Review

FROM: Jordan Johnston, Principal Fiscal Analyst

SUBJECT: Arizona Department of Corrections - Review of FY 2026 Building Renewal and Yuma Fire Alarm Projects

Request

The Arizona Department of Corrections (ADC) is requesting review of \$13,139,300 in capital expenditures. There are 2 components to the department's request. These items were on the November 2025 agenda but were not reviewed at that time.

A.R.S. § 41-1252 requires Committee review of expenditure plans for building renewal monies. ADC is requesting the Committee review its FY 2026 allocation plan for \$4,639,300. The expenditure plan includes a total of 19 projects across state prisons and the Correctional Officer Training Academy (COTA).

A.R.S. § 41-1252 also requires Committee review of capital projects with estimated costs exceeding \$250,000. ADC is requesting the Committee review its expenditure plan to upgrade the fire system at the Yuma prison. The FY 2026 Capital Outlay Bill appropriated \$8,500,000 to ADC for this purpose.

Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the requests.
2. An unfavorable review of the requests.

Key Points

- 1) ADC is requesting review of \$4.6 million from the FY 2026 Capital Outlay bill as follows:
 - a. \$2.7 million for plumbing and water projects.
 - b. \$1.0 million for facility improvements (restrooms, generators, ramp, furniture).
 - c. \$940,000 for building system upgrades (lighting, HVAC, roof repairs, flooring).
- 2) The FY 2026 Capital Outlay Bill included \$8.5 million to upgrade the fire alarm system at the Yuma prison. The FY 2026 funding will complete upgrades at all state-operated prisons.
- 3) These items were on the November 2025 JCCR agenda but were not reviewed at that time.

Analysis

FY 2026 Building Renewal

ADC is requesting review of 19 individual projects totaling \$4.6 million including a \$64,300 contingency. *Table 1* below provides a summary of the planned expenditures by project type. For a detailed list of projects, please see the attached agency submission.

Plumbing and Water Projects	\$ 2,650,000
Facility Improvements (restrooms, generators, ramp, furniture)	985,000
Building System Upgrades (lighting, HVAC, roof repairs, flooring)	940,000
Contingency	<u>64,300</u>
Building Renewal Total	\$4,639,300

Fire System Replacements

The FY 2026 Capital Outlay Bill appropriated \$8.5 million from the General Fund to ADC to replace the fire alarm systems at the Yuma prison. ADC plans to use this funding to repair and replace fire alarms and sprinkler systems at Yuma prison, which would complete the department's multi-year project to replace these systems at all 9 of the state-operated prisons.

JJ:jbu

April 8, 2026

The Honorable David Livingston
Chairman, Joint Committee on Capital
Review
Arizona House of Representatives
1700 W. Washington
Phoenix, Arizona 85007

The Honorable David Farnsworth
Vice-Chairman, Joint Committee on Capital
Review
Arizona State Senate
1700 W. Washington
Phoenix, Arizona 85007

Subject: Review of FY 2026 Building Renewal and Capital Project Appropriations

Dear Representative Livingston and Senator Farnsworth:

The Arizona Department of Corrections, Rehabilitation, and Reentry (ADCRR) requests placement on the next meeting agenda of the Joint Committee on Capital Review (JCCR) to review plans for the FY 2026 Building Renewal (remaining FY 2026 previously unreviewed projects) and the Yuma Fire Life Safety Capital Project Appropriations from Laws 2025, Chapter 235. The enclosure summarizes the projects planned from this appropriation.

If I can provide additional information, please do not hesitate to contact me.

Sincerely,



Ryan Thornell
Director

Enclosure



cc: Richard Stavneak, Director, Joint Legislative Budget Committee
Ben Henderson, Director, Governor's Office of Strategic Planning and Budgeting
Jordan Johnston, Principal Fiscal Analyst, Joint Legislative Budget Committee
Luke VanderSchaff, Budget Analyst II, Governor's Office of Strategic Planning and Budgeting

FY 2026 BUILDING RENEWAL

S/N	Project location	Project Name	Project Scope	Project Category	Est. Budget	Impact	Custody	Total
1	Safford	Ft. Grant Cameras in Inmate housing	Add cameras to 29 small inmate dorms	Security Issue	\$50,000	7	2	12
2	Tucson	Complex wide Staff restroom upgrades	Staff restroom upgrades complex wide	Infrastructure and Building	\$200,000	2	8	13
3	Phoenix	Aspen - Replace privacy screen and add Gate 3 privacy screen	Replace sun damaged screens and enhance gate areas	Security Issue	\$75,000	1	5	7
4	Winslow	Kaibab Lighting upgrade	South Yard lighting upgrade. Lighting upgrade to high mast	Major Building Services	\$225,000	7	8	20
5	Tucson	Santa Rita Replace Generator	Replace generator and Automatic Transfer Switch (ATS)	Infrastructure and Building	\$300,000	7	8	21
6	Douglas	Miles Detention Generator Replacement	Install new generator	Infrastructure and Building	\$225,000	7	8	21
7	Eyman	Complex Isolation Valves	Acquire water shut off valve and install with complex staff	Infrastructure and Building	\$250,000	3	10	20
8	Lewis	Rebuild all Air handlers on East side	Take down and rebuild each Air handler on each housing unit on east side (42)	Major Building Services	\$225,000	5	10	20
9	Yuma	Replace non-op motors and pumps at the Waste Water Treatment Plant (WWTP)	Replace not fictional 40HP Motor and impeller assembly at the raw Water Station and 60hp motor and pump at distribution station	Infrastructure and Building	\$55,000	2	8	20
10	Lewis	6 water tanks inspected, Cathodic protection put back in service, coating & cleaning & repair	Repair, clean and coat tanks at water treatment plant,	Major Building Services	\$500,000	3	10	19
11	Yuma	Aerobic Treatment System (ATS) at WWTP replacement	ATS switch at the Waste water Plant not transferring automatically, needs to be done manually. ATS needs to be replaced so that it is operable automatically,	Infrastructure and Building	\$50,000	6	8	19
12	Eyman	Independent Well Upgrade	Upgrade secondary backup well controls, metering and electrical so that it is a standalone fully functional well	Infrastructure and Building	\$175,000	3	10	19
13	Safford	Graham Roof replacements	Replace existing 3 tab shingles with modern roofing materials, total of 4 inmate living areas	Major Building Services	\$135,000	6	5	18
14	Douglas	Repair and refurbish complex transformers	Repair and refurbish complex transformers	Major Building Service	\$125,000			
15	Douglas	Eggers water reservoir tank repairs	Repair corrosion, repair or replace cathodic protection, insulating access hatch and recoating of tank to prevent corrosion	Infrastructure and Building	\$120,000	3	5	17.5
16	Lewis	Test & replace all water shut off valves	Hire a contractor to test and/or replace all shut off valves to the units	Major Building Services	\$250,000	3	10	17
17	Perryville	Complex Water Tanks Service	Clean, repair and recoat #1 tank	Infrastructure and Building	\$250,000	3	8	16
18	Douglas	Gila/ Mohave kitchens Floor Resurfacing	Removal of old broken tile and grout, install new slip resistant tread tile and sealed grout to prevent injury and minimize health code violations	Major Building Services	\$230,000	1	5	13
19	Tucson	Dialysis structure	Install a dialysis structure	New construction	\$400,000	2	4	9
20	Perryville	Santa Cruz - Ramps for ADA	Install ADA ramps	Infrastructure and Sitework	\$150,000	2	5	9
21	Perryville	Santa Cruz - kitchen #13 conversion into medical space	convert former kitchen to medical space	Infrastructure and Building	\$700,000	1	5	7
22	COTA	Replace Mats in Cadet Gym	Gym mats are over 20 years old and need to be replaced to prevent injury.	Infrastructure and Building	\$110,000	1	0	4
23	Lewis	Waste Water Chemical Project	Address deterioration and Waste Water chemical storage building	Infrastructure and Building	\$1,000,000	4	8	17
			Projects Contingency		\$64,300			

TOP 23

Legend:

projects reviewed by JCCR 11/10/2025
projects deferred from FY24
projects deferred from FY25
new projects for FY26
projects moved ahead originally planned for FY27

FY 2026 BR Projects Total	\$5,864,300
FY 2026 BR Projects reviewed 11/10	\$1,225,000
FY 2026 BR Projects unreviewed	\$4,639,300
Total FY 2026 BR Appropriation	\$5,864,300



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DATE: April 15, 2026

TO: Members of the Joint Committee on Capital Review

FROM: Nate Belcher, Senior Fiscal Analyst

SUBJECT: Arizona Game and Fish Department – Review of FY 2026 Capital Projects

Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated for building renewal and capital projects and for any capital project with an estimated cost of more than \$250,000. The Arizona Game and Fish Department (AGFD) requests the Committee review a total of \$2,630,000 for 3 capital projects, which will be funded by federal grants, Game and Fish Fund monies, and legal settlements.

Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the request.
2. An unfavorable review of the request.

Key Points

- 1) AGFD is seeking review of \$2.6 million in federal grants, Game and Fish Fund monies, and legal settlements for 3 capital projects:
 - \$1.5 million to construct a new entrance to the Ben Avery Shooting Facility.
 - \$280,000 to construct up to 16,000 feet of new fencing around the Cunningham Tracts Wildlife Area near Quartzsite in La Paz County.
 - \$850,000 to rehabilitate about 2 miles of water delivery ditches and prepare 5 acres of wetland for wildlife use at Cluff Ranch Wildlife Area near Safford in Graham County.

Analysis

The Department is seeking review of 3 capital projects totaling \$2.6 million that are funded by federal grants, matching monies, Game and Fish Fund monies, and legal settlements:

Ben Avery Shooting Facility- New Entrance Construction

AGFD is requesting to spend \$1.5 million from federal Pittman-Robertson Act grants and the Game and Fish Fund to construct a new primary entrance to the Ben Avery Shooting Facility in north Phoenix. This project would include constructing new sections of roadway in addition to signage, walls, and landscaping. Neighboring highways are expanding, limiting entering and exiting vehicles to only right turns into and out of the facility as a result, so the additional entrance would increase the accessibility of the site to visitors and resolve potential traffic safety concerns.

Cunningham Tracts Wildlife Area Boundary Fence

AGFD is requesting to spend \$280,000 from federal Pittman-Robertson Act grants and the Game and Fish Fund to construct up to 16,000 feet (just over 3 miles) of bison-proof fencing in the Cunningham Tracts Wildlife Area near Quartzsite in La Paz County. This new fencing would keep local livestock off the property, which they currently access and graze on to the detriment of the Department's conservation efforts. Currently, sections of the boundary fencing are damaged, missing, or nonexistent, which the project would fix with the new line of fencing.

Cluff Ranch Wildlife Area Natural Resource Restoration

The Cluff Ranch Wildlife Area, located near Safford in Graham County, contains long irrigation ditches which are used to convey water to wetlands. AGFD requests review of \$850,000 from a legal settlement and the Game and Fish Fund for a project to repair and straighten about 2 miles of water delivery ditches, renovate a pond, and develop 5 acres of wetland for use by migratory waterfowl in the Cluff Ranch Wildlife Area.

Wildlife and Sportfish Restoration Program grant programs, which include grants funded in the Pittman-Robertson and Dingell-Johnson Acts, require states to fund at least 25% of project costs from non-federal revenue, with federal monies covering the remaining 75%. Each year, the Legislature appropriates \$3,058,000 from the Game and Fish Fund for AGFD to use as matching monies for the Pittman-Robertson and Dingell-Johnson grant programs. The Ben Avery Shooting Facility entrance project and Cunningham Tracts Wildlife Area boundary fence project both include AGFD's matching funds.

NB:jbu



April 1, 2026

The Honorable David Livingston, Chairman
Joint Committee on Capital Review
Capitol Complex
1700 W. Washington
Phoenix, AZ 85007-2890

Re: Request for Placement on Joint Committee on Capital Review Agenda

Chairman Livingston:

In accordance with A.R.S. § 41-1252 A(4), the Arizona Game and Fish Department respectfully requests to be on the next scheduled agenda of the Joint Committee on Capital Review to review the Arizona Game and Fish Department's additional capital projects expenditure plan.

Sincerely,

A handwritten signature in black ink, appearing to read "Joshua Hurst".

Joshua Hurst,
Deputy Director

cc: The Honorable David C. Farnsworth, Vice Chair, JCCR
Richard Stavneak, Staff Director, JLBC
Ben Henderson, Director, OSPB

ARIZONA

azgfd.gov | 602.942.3000

5000 W. CAREFREE HIGHWAY, PHOENIX AZ 85086

GOVERNOR: KATIE HOBBS **COMMISSIONERS:** CHAIR MARSHA PETRIE SUE, SCOTTSDALE | JEFF BUCHANAN, PATAGONIA | JAMES E. GOUGHNOUR, PAYSON
KURT KERR, PINETOP | JESSICA MANUELL, PARKS **DIRECTOR:** TOM P. FINLEY **DEPUTY DIRECTOR:** JOSHUA W. HURST



Arizona Game and Fish Department Additional Capital Project Expenditure Plan Fiscal Year 2026

Overview: The Arizona Game and Fish Department (AZGFD) manages over five hundred facilities statewide, encompassing administrative offices, sites, shooting ranges, actively and passively managed wildlife areas, dams, boating facilities, and other recreational enhancements. These facilities range in age from historic structures dating back to the 1930s to recently constructed operational and administrative buildings. Maintaining these assets is crucial for AZGFD, necessitating a comprehensive maintenance program that includes scheduled replacement or renovation of major building systems and infrastructure. This approach minimizes costly repairs and extends the value and useful life of these critical assets. On November 10, 2025, Joint Committee on Capital Review gave a favorable review of the AZGFD's plans to spend \$330,000 of its FY 2025 building renewal appropriation and \$1,642,000 of its FY 2026 building renewal appropriation for 30 building renewal and capital projects plus contingency funding. The following outlines AZGFD's plan for additional capital projects for Fiscal Year 2026-2027.

Arizona Game and Fish Department Capital Project Description:

Project: Ben Avery Shooting Facility Construction of New Entrance

Funding Source: Pittman-Robertson Section 4 Grant

Category: New Construction

Need: The Ben Avery Shooting Facility (BASF) is one of the largest publicly operated shooting facilities in the nation and serves hundreds of thousands of visitors annually. The property immediately south of BASF has recently been sold and is undergoing development. As part of this development, roadway improvements and updates to State Route 74 (SR 74) will include additional travel lanes, medians, and new traffic signals. These improvements will significantly alter traffic patterns along the southern boundary of the facility.

Under the planned roadway modifications, the current east entrance to BASF will be converted to a right-in/right-out access only. This change will limit full turning movements and create potential traffic safety concerns for staff and visitors attempting to access the facility. Without a redesigned entrance that integrates with the future signalized intersection, safe ingress and egress to the facility will be compromised.

To ensure long-term operational safety and accessibility, a new primary entrance aligned with the future 43rd Avenue near Long Shot Lane is required.

Solution: AZGFD proposes to hire a contractor to construct the new entrance. The Ben Avery New Entrance Project is proposed to be constructed in FY27.

The project will construct a new primary entrance aligned with the future 43rd Avenue near Long Shot Lane to integrate with planned traffic signals associated with SR 74 improvements. The



work will include utilizing portions of existing roadways and constructing new roadway segments to provide safe access to the east side of the Ben Avery Shooting Facility.

Improvements will also include installation of monument signage, decorative walls, and landscaping at the entrance and along the southern property boundary within the Range Protection Zone. The Department will continue coordination with the Arizona Department of Transportation and the City of Phoenix to ensure the entrance design aligns with roadway improvements and future traffic control modifications, ultimately providing safe and efficient ingress and egress for staff and visitors.

Cost Estimate: \$1,500,000

Impact of Not Approving this Request: AZGFD is committed to maintaining a safe and high-quality environment for both employees and visitors. Failure to fund and complete this project poses significant public health and safety risks. If this project is not approved, the Ben Avery Shooting Facility will be limited to right-in/right-out access at its existing east entrance following SR 74 roadway improvements, significantly reducing safe and efficient access for visitors and staff. This restriction would increase the risk of traffic congestion, unsafe turning movements, and delays during peak use and special events. Emergency vehicle access could also be impacted, creating potential public safety concerns. In addition, postponing the project would likely result in higher future construction costs and missed opportunities to coordinate with the Arizona Department of Transportation and the City of Phoenix during their roadway improvement efforts. Failure to act proactively may compromise long term operational efficiency and the overall accessibility of one of Arizona's premier public shooting facilities.

Project: Cunningham Tracts Wildlife Area Boundary Fence

Funding Source: Pittman-Robertson Grant and Game and Fish Fund

Category: New Construction

Need: This project is necessary to meet the acquisition and management goals for the Cunningham Tracts Wildlife Area, by clearly securing and protecting the property boundary. Currently, sections of the boundary fencing are damaged, missing, or nonexistent, allowing livestock to trespass onto the property. Livestock intrusion degrades vegetation, impacts soil conditions, and limits the Department's ability to enhance and protect wildlife habitat. Constructing and repairing a properly designed wildlife-friendly exclusion fence along the property boundary will prevent livestock access, protect natural resources, and allow the property to be managed as intended for wildlife habitat conservation.

Arizona Game and Fish Department
Building Renewal and Capital Projects Expenditure Plan
Fiscal Year 2026-2027



Solution: AZGFD will hire a contractor to install fencing around the property. The project at the Cunningham Tracts North and South parcels, will include the construction of up to approximately 16,000 feet of wildlife-friendly fence tied into existing U.S. Forest Service fencing. Installation will use up to approximately 1,600 T-posts spaced about 10 feet apart and installed with hand operated or gas powered post pounders. Project activities include clearing vegetation along the fence line using chainsaws and hand tools, and removing large downed trees currently impacting existing fencing.

Cost Estimate: \$280,000

Impact of Not Approving this Request: If this request is not approved, the property will remain out of compliance with its acquisition objectives. Livestock will continue to access the property, causing ongoing damage to vegetation and wildlife habitat. This will limit the Department's ability to manage the property for conservation purposes and may result in additional resource degradation and future restoration costs.

Project: Cluff Ranch Natural Resource Damage Assessment restoration project

Funding Source: Morenci Mine Natural Resource Damage Assessment (Settlement Dollars) and Game and Fish Funds

Category: Infrastructure Improvements and New Construction

Need: The Cluff Ranch Wildlife Area (CRWA) in Graham County, on the north slope of the Pinaleno Mountains about 7 miles from Safford, Arizona.

Sections of the existing water delivery ditches have experienced erosion, structural failure, and uncontrolled stormwater inflows, which reduce water conveyance effectiveness and degrade wetland habitats. Without intervention, these conditions will continue to threaten habitat quality, compromise restoration efforts, and risk damage to adjacent natural and cultural resources. The project is therefore needed to restore and stabilize the water delivery infrastructure, enhance wetland habitats across 5 acres of moist soil units, and renovate Pond No. 1, supporting both wildlife conservation and public recreational values.

Solution: This project will rehabilitate approximately 2 miles of water delivery ditches, renovate Pond No. 1, and develop 5 acres of moist soil units for migratory waterfowl. Stabilization measures include flow-control structures, post-assisted log features, and rip-rap armoring at stormwater inflows. These measures will restore the water system, maintain historic irrigation

Arizona Game and Fish Department
Building Renewal and Capital Projects Expenditure Plan
Fiscal Year 2026-2027



improvements, conserve the Ash Creek riparian corridor, mesquite bosque, agricultural fields, and water impoundments, and support CRWA’s wildlife conservation and recreational objectives.

Cost Estimate: \$850,000

Impact of Not Approving this Request: If this project is not approved, ongoing erosion, structural failures, and uncontrolled stormwater flows will likely worsen, further destabilizing ditch alignments and causing additional bank erosion and sediment transport. Over time, this will increase maintenance demands, diminish restoration effectiveness, and compromise the functionality of CRWA for both wildlife and public use. Failure to act would also undermine the intended recovery of migratory bird and terrestrial resource injuries identified in the Restoration Plan/Environmental Assessment (RP/EA), limiting the property’s ecological and community value

Fiscal Year 2026-2027 Additional Capital Projects Expenditure Plan			
Capital Project Title	Project Category	Funding Source	Cost Estimated
Ben Avery Shooting Facility Construction of New Entrance	New Construction	Pittman-Robertson Section 4 Grant	\$1,500,000.00
Cunningham Tracts Wildlife Area Boundary Fence	New Construction	Pittman-Robertson Grant / Game and Fish Fund	\$280,000.00
Cluff Ranch Natural Resource Damage Assessment restoration project	Infrastructure Improvements and New Construction	Morenci Mine Natural Resource Damage Assessment (Settlement Dollars) / Game and Fish Funds	\$850,000
Total Projects Cost			\$2,630,000.00

Funding note: The Wildlife and Sportfish Restoration (WSFR) Program provides funds to state fish and wildlife agencies derived from excise taxes on sporting equipment in accordance with the Pittman-Robertson and Dingell-Johnson acts. Grant funds are available for projects outlined in those respective acts including the restoration, conservation, management, and enhancement of wildlife and their habitats as well as projects to promote outdoor recreation.

Arizona Game and Fish Department
Building Renewal and Capital Projects Expenditure Plan
Fiscal Year 2026-2027



STATE OF ARIZONA

Joint Committee on Capital Review

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SENATE

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

(602) 926-5491

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DATE: April 15, 2026

TO: Members of the Joint Committee on Capital Review

FROM: Benjamin Newcomb, Senior Economist

SUBJECT: Arizona State Lottery Commission - Review of FY 2026 Building Renewal Allocation Plan

Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for building renewal monies. The Arizona State Lottery Commission requests the Committee review its FY 2026 Building Renewal Allocation Plan. The FY 2026 Capital Outlay Bill appropriated \$218,200 from the Lottery Fund to the Commission to fund 100% of the building renewal formula in FY 2026 for capital improvement projects.

Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the request.
2. An unfavorable review of the request.

Key Points

- 1) The Arizona State Lottery Commission is requesting a review of its \$218,200 FY 2026 Building Renewal appropriation expenditure plan.
- 2) The Commission will use the funds to make upgrades and repairs to its primary operational facility, located in Phoenix. These include replacing the motor control cabinet, removing an obsolete cooler damper, replacing heat pumps, and replacing a sliding door.

Analysis

The Commission primarily operates out of a 38,500 square foot state-owned building in Phoenix. The Commission plans to spend the entire \$218,200 from the State Lottery Fund on upgrades and repairs to the main Phoenix facility. This includes \$67,300 to replace the motor control cabinet, \$10,900 to remove an old cooler damper, \$122,300 to replace 11 heat pumps, and \$17,700 to replace an automatic sliding door in the building.

Replace Motor Control Cabinet- \$67,300

The electrical infrastructure for the Phoenix office includes a motor control cabinet containing transformers, relays, breakers, and other equipment necessary to operate the building's air conditioning and heating systems. The Commission reports that the typical lifespan of a motor control cabinet is 25 to 40 years. The cabinet to be replaced is original to the building, which is 40 years old.

The Commission proposes replacing the cabinet with a newer model that is more energy efficient.

Remove Cooler Damper- \$10,900

The Phoenix office building includes a warehouse that was previously cooled by evaporative coolers but is now air conditioned. The damper for the old evaporative coolers is still in the warehouse and allows air conditioning to escape the warehouse and external environmental elements to enter, causing damage to products stored in the facility.

The Commission proposes to remove the damper and seal the area to prevent water and dust from entering and air conditioning from escaping.

Replace Heat Pumps- \$122,300

The Phoenix building has a total of 42 heat pumps that help provide air conditioning to the building. The Commission reports that pumps typically need to be replaced every 15 years. There are 11 pumps between 13 and 16 years old that the Commission reports are malfunctioning and need to be replaced.

The Commission proposes replacing them with energy efficient units that are more reliable, thus reducing maintenance costs in the future.

Replace Sliding Door- \$17,700

The Phoenix office building includes an automatic sliding door that was installed in 1987. The door was originally the entrance to a small server room and was designed for a limited amount of foot-traffic. Last year, the Commission reconfigured the old server room into a conference area. The Commission reports that increased use and age of the sliding door has contributed to frequent breakdowns, disrupting the normal workflow of the office and requiring specialized repairs.

The Commission proposes replacing the automatic sliding door with a wooden double door.

BN:jbu



Katie Hobbs
Governor

Alec Esteban Thomson
Executive Director

March 11, 2026

The Honorable David Livingston, Chairman
Joint Committee on Capital Review
Arizona House of Representatives
1700 West Washington Street
Phoenix, AZ 85007

The Honorable David C. Farnsworth, Vice-Chairman
Joint Committee on Capital Review
Arizona State Senate
1700 West Washington Street
Phoenix, AZ 85007



Subject: JCCR Agenda Request

Dear Representative Livingston and Senator Farnsworth:

The Arizona Lottery respectfully requests placement on the next JCCR meeting agenda to review the Lottery's FY26 Building Renewal Allocation Plan.

A.R.S. 41-1252 requires Committee review of the expenditure plans for building renewal monies.

Information for this item is attached.

Sincerely,

Alec E. Thomson
Executive Director

Attachment

cc: Richard Stavneak, Director, JLBC jlbcwebmaster@azleg.gov
Ben Henderson, Director, OSPB bhenderson@az.gov
Ben Newcomb, JLBC bnewcomb@azleg.gov
Tyler Hagedoorn, OSPB thagedoorn@az.gov
Zach Hughes, OSPB zhughes@az.gov

PHOENIX 4740 E. University Drive, Phoenix, AZ 85034 | TUCSON 2955 E. Grant Road, Tucson, AZ 85716

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**Arizona Lottery – Building Renewal Funds
FY26 Allocation Plan**

Background

The Arizona Lottery currently operates out of three facilities – a 38,500 sq. ft. building in Phoenix owned by the State of Arizona, a 3,398 sq. ft. building leased in Tucson, and a 440 sq. ft. leased Kingman location housed within a local Walmart. The Phoenix facility includes administrative offices as well as a ticket sales and redemption area. The Tucson and Kingman offices provide ticket sales and redemption services. This plan provides information on proposed maintenance expenses for the Phoenix facility.

Allocation

As part of the FY26 approved budget, the Lottery received a capital outlay appropriation of \$218,200 from the Lottery Fund for building renewal purposes.

FY26 Capital Outlay/Building Renewal Allocation:	\$218,200
Proposed FY26 Expenditures –	
Replace Motor Control Cabinet	67,300
Cooler Damper Removal	10,900
Replace Eleven Heat Pumps	122,300
Sliding Door Replacement	<u>17,700</u>
TOTAL:	\$218,200

Cost estimates were either supplied by state-contracted vendors or provided by ADOA. All projects are funded from the Lottery Fund - no General Funds monies are impacted.

1. Replace Motor Control Cabinet - \$67,300

The motor control cabinet is part of the electrical infrastructure for the Lottery Phoenix office building. It is original to the building which is nearing 40 years old. The cabinet consists of transformers, contactors, relays, starters, overloads, breakers, fuses, and wiring. This is the main physical control cabinet that operates the air conditioning and heating systems for the building.

The typical lifespan is normally 25 to 40 years and the cabinet is at the end of its useful life; the motor control cabinet should be replaced to maintain efficient operations.

Proposed Solution

Replace the motor control cabinet with a new, more energy efficient model for maintaining electrical systems.

Principal Benefits

The primary benefit is to protect the electrical infrastructure.

2. Cooler Damper Removal - \$10,900

The Lottery Phoenix office building has a 12,000 sq. ft. warehouse that is currently air conditioned, but previously had evaporative coolers. The damper associated with the coolers is obsolete, but allows air conditioning to escape and also allows dust and rain to enter the warehouse. On occasion this has caused damage to products stored in the warehouse.

Proposed Solution

Remove existing warehouse damper and seal area.

Principal Benefits

The principal benefit would be improved efficiency by preventing air conditioning from escaping via the damper. An additional benefit includes protecting warehouse materials from potential dust and water damage.

3. Replace Eleven Heat Pumps - \$122,300

The Lottery Phoenix office building has a total of 42 heat pump units that condition the air in individual zones throughout the building, which are nearing the end of their operational lifespan. Thirty-one of the units were last replaced in 2013; the remaining units were replaced several years earlier (approximately 2010), all currently exceeding their 15-year lifespan.

The Lottery planned to replace four units in the FY25 allocation plan, but was only able to replace two due to cost increases between timing of the original quotes and allocation plan approval. The remaining two units still require replacement along with an additional nine units. All eleven units range from 13 to 16 years old and have had leaks and/or faulty TXV/metering devices. The units are installed in a T-grid ceiling, making diagnosis and repair costs prohibitive. These heat pumps are at the end of their useful life and should be replaced.

Proposed Solution

Remove and replace four of the existing building heat pumps with more energy-efficient units.

Principal Benefits

The principal benefits include more reliable equipment and reduced operational impact caused by system failures. In addition, maintenance costs will be reduced due to more energy-efficient units and fewer repairs.

4. Sliding Door Replacement - \$17,700

The Lottery recently reconfigured/repurposed an approximately 800 sq. ft. server equipment room as part of the FY25 allocation plan. The existing space was not utilized as configured and was transformed into a more usable space as a meeting and conference area.

Originally installed in 1987, the automatic sliding door was engineered for low-traffic requirements of a restricted server room. Now nearly 40 years old, the hardware suffers from chronic mechanical fatigue and frequent breakdowns, disrupting agency business. Maintaining this obsolete technology is no longer viable, as the rising cost of specialized repairs outweighs the reliability of a modern, manual door solution.

Proposed Solution

Remove the existing glass auto-sliding door and replace it with a wood double door, including drywall and paint repair.

Principal Benefits

The principal benefit is improved operational efficiency and fewer repairs since traditional hinged doors provide a more effective way to enter and exit the room as compared to an aging 1987 sliding door system. An additional benefit would be enhanced safety for Lottery employees and guests, since malfunctioning sliding doors create the potential for injury or risk.



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MICHAEL WAY

DATE: April 15, 2026

TO: Members of the Joint Committee on Capital Review

FROM: Nate Belcher, Senior Fiscal Analyst

SUBJECT: Arizona State Parks Board - Review of FY 2026 Verde River State Park and Capital Improvement Projects

Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated for building renewal and capital projects. The Arizona State Parks Board (ASPB) requests Committee review of \$4,133,300 from State Parks Revenue Fund (SPRF) and General Fund appropriations for a capital project and FY 2026 major repair and maintenance projects. This amount includes \$500,000 from the General Fund for initial construction at the future Verde River State Park and \$3,633,300 from SPRF for major repair and maintenance projects.

Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the request.
2. An unfavorable review of the request.

A.R.S. § 41-794 requires ASPB to report quarterly on the status of all appropriated capital projects, such as building renewal projects, including actual spending.

Key Points

- 1) The Arizona State Parks Board (ASPB) is seeking review of \$500,000 from the General Fund for initial construction efforts at Verde River State Park.
- 2) In addition, ASPB would allocate its \$3.6 million FY 2026 capital improvements appropriation from the State Parks Revenue Fund to 10 different categories, including \$900,000 for infrastructure projects, \$555,000 for building shell work, \$475,000 for building interiors, and \$400,000 for major building services.

Analysis

Verde River State Park Construction

The FY 2026 budget includes \$500,000 from the General Fund for initial construction efforts at the site of the future Verde River State Park. ASPB seeks review of their plans to spend this appropriation on work to install a new potable well on the property. This project includes well design, a storage tank, booster pumps, and electrical hookup installation.

FY 2026 Capital Improvement Projects

The FY 2026 budget includes \$3.6 million from the State Parks Revenue Fund for ASPB capital improvements, which funds 100% of the Board's agency-specific building renewal formula. ASPB may use the funding for major maintenance and building renewal, including projects for water/wastewater facilities, septic tanks, roofing repairs, and structural stabilization.

As outlined in *Table 1* on the next page, ASPB requests that the Committee review its allocations across the following 10 project categories:

1. Fire and Life Safety

\$365,000 will be used for fire and life safety projects statewide. These include fire alarm replacements at park cabins statewide, replacement of security cameras at Slide Rock, and egress route protection at Fort Verde and McFarland.

2. Building Shell

\$555,000 will be allocated to statewide building shell projects. These projects include roof replacements at Buckskin Mountain, Lake Havasu, and Picacho Peak as well as exterior work on a building at Tonto Natural Bridge and a skylight replacement at Red Rock.

3. Major Building Services

\$400,000 will go towards statewide major building service projects with a focus on HVAC and electrical components. These projects include HVAC unit replacements at Slide Rock, MacFarland, Picacho Peak, Catalina, Patagonia, and Red Rock state parks in addition to boiler repairs at Oracle and lift station generator repairs at Lake Havasu.

4. Building Interiors

\$475,000 will fund projects such as the replacement of worn interior flooring and millwork in the buildings at Buckskin Mountain, Homolovi, and Patagonia state parks.

5. Special Construction/Hazard Abatement

\$110,000 will be used for special construction and hazardous abatement projects. In addition to funding cave entry stabilization at Kartchner Caverns, these monies will go toward protecting a boat ramp at Alamo Lake from erosion.

6. Americans with Disabilities Act (ADA) Compliance
\$100,000 will be allocated to install ramps, sidewalks, and other facilities to bring ASPB's public facilities into compliance with the ADA. ASPB did not specify any projects within this category.

7. Infrastructure
\$900,000 will fund infrastructure improvements at various state parks. Parks is pursuing projects to replace electrical switch gear at Kartchner Caverns, replace a well at Dankworth Pond, stabilize a sewer line at Lost Dutchman, construct a new main entryway for Slide Rock, and install new water lines and valves at Lake Havasu.

8. Preventative Maintenance
\$290,700 will go toward preventative maintenance projects for a wide range of equipment, including but not limited to HVAC, electrical, wastewater, and pest control systems. Parks did not specify any allocations within this category.

9. Other Projects
\$87,600 will be used to advance the scoping and design efforts of potential and emergency projects.

10. Emergency Repairs
\$350,000 will go toward emergency repairs as the need arises. APSB did not list any projects in this category.

ASPB FY 2026 Capital Improvement Projects	
<u>Project Type</u>	
Fire and Life Safety	\$ 365,000
Building Shell	555,000
Major Building Services	400,000
Building Interiors	475,000
Special Construction/Hazard Abatement	110,000
ADA Compliance	100,000
Infrastructure	900,000
Preventative Maintenance	290,700
Other Projects	87,600
Emergency Repairs	<u>350,000</u>
Total Request	\$3,633,300

NB:jbu



Katie Hobbs
Governor

ARIZONA

STATE PARKS & TRAILS

Bob Broscheid
Executive Director



January 22, 2026

The Honorable Representative David Livingston, Chairman
Joint Committee on Capital Review
Arizona State House of Representatives
1700 West Washington Street
Phoenix, Arizona 85007



RE: Arizona State Parks Board FY26 Capital Projects for the Joint Committee on Capital Review

Dear Representative Livingston:

The Arizona State Parks Board (Arizona State Parks & Trails - ASPT) respectfully requests to be placed on the agenda of the next Joint Committee on Capital Review (JCCR) meeting being held January 29, 2026 for review of funding to complete the projects outlined in the table on the following pages.

ASPT is requesting Committee review on these capital projects pursuant to A.R.S § 41-1252(A)(4) & (C). Upon such review, ASPT will proceed with construction activities for these projects.

Thank you for your consideration of this request. If you have any questions or need additional information, please contact Tom Kmetz, Chief of Development, at 602-542-6920.

Sincerely,

Robert Broscheid
Executive Director
Arizona State Parks Board

cc: The Honorable Senator David Farnsworth, Chairman, JLBC
Ben Henderson, Director, Office of Strategic Planning and Budgeting
Richard Stavneak, JLBC Director
Nate Belcher, JLBC Analyst
Rudy Cen, OSPB Budget Analyst
Mark Weise, Assistant Director Operations & Development



Katie Hobbs
Governor

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Bob Broscheid
Executive Director



Kevin Brock, Assistant Director Chief Financial Officer

Arizona State Parks & Trails
Capital Improvement Projects Appropriations
Brief project descriptions follow below

	CIP Project	FY26
Verde River state park construction (Upper Verde/Del Rio Property)		\$ 500,000
Capital Improvements - Major Maintenance		\$3,633,300

Upper Verde/Del Rio Property (Verde River state park construction)

ASPT received a FY26 appropriation of \$500,000 for Verde River State Park construction.

These funds will be used for installing a new potable well on ASPT new property. The current well is not up to potable water standards and is owned by the Town of Chino Valley. The new well will provide ASPT with its own potable water source that can be readily used by on-site ASPT personnel.

The new well will include well design, storage tank, booster pumps, electrical power and distribution to two residence sites.

Without this project the property cannot have on site personnel to maintain, oversee, or provide security to the property.

Capital Improvements- Major Maintenance

CATEGORY CODES	
Fire & Life Safety	\$ 365,000
Shell: Superstructure; Exterior Walls & Roofing	\$ 555,000
Major Building Services	\$ 400,000
Interiors: Interior Construction Stairs; Finishes	\$ 475,000
Special Construction & controls; Hazardous Abatement	\$ 110,000
ADA accessibility	\$ 100,000
Infrastructure & Building Sitework	\$ 900,000



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Executive Director



Preventative maintenance	\$ 290,664
Other Projects - Building Renewal Scoping	\$ 87,636
Emergency Repairs	\$ 350,000
Total	\$ 3,633,300

Fire and Life Safety

The purpose of these deferred maintenance tasks are to improve or eliminate an impending condition that threatens life or property within the ASPT Building System or infrastructure statewide. ASPT utilizes the ADOA Quadrennial reports, State Fire Marshal Report, and Risk Management assessments to help prioritize improvements; in addition to self-identification of areas of concern. Types of deferred maintenance tasks can include, but are not limited to: Fire alarm systems, fire suppression systems, security alarm systems, air quality systems, water supply for fire suppression and potable quality, wastewater treatment and compliance, security systems such as access control, locks, and camera devices and footage storage systems, and building egress routes.

See table Deferred maintenance tasks

Building Shell

Building Shell improvements are to address deficiencies in existing roofs, exterior enclosures, walls, windows and/or doors. Neglect of exterior roofs, walls, windows and doors escalates deterioration of building structural systems, leads to potential mold growth, and increases the risk of damage to interior contents. Further, the costs of structure damage and mold abatement can often exceed the cost of replacing a roof membrane. This deferred maintenance task category is dedicated to proactively replacing failing roof and exterior systems throughout the ASPT Building System to mitigate negative impacts of interruption to mission critical functions and expensive "crisis-mode" abatements, emergency repairs, and replacements.

See table Deferred maintenance tasks

Major Building Services

The deficiencies in the Major Building Services category reflect worsening conditions of HVAC, electrical, plumbing, and structural components across the ASPT Building System. Many of the systems are original to building construction. These systems have surpassed their useful lives and can no longer meet the demands of the facilities they support. Many systems are so weakened that unpredictable and imminent failure conditions threaten mission critical functions of public safety and institutional operations. Replacing aged and inefficient systems with new and more efficient systems will generate energy savings, protect assets, and provide comfortable climate control in Arizona's extreme environment. Failure to address aging and dilapidating systems may result in a



Katie Hobbs
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Bob Broscheid
Executive Director



shutdown of mission critical State services and expensive emergency basis procurements. Numerous systems throughout the ASPT Building System are original to building construction. These aging systems, in particular, the waste and vent piping, are failing at an increasing rate. Failure to replace deteriorating piping, especially the water and wastewater lines, will result in further damage to ceilings, walls, flooring and mechanical and electrical building systems. See table Deferred maintenance tasks

Building Interior

Replacement of worn interior flooring, stairway treading, and wall finishes have been in a "deferred indefinitely" status for many years. Many floor coverings, many over 20 years old, have long been in a deferred status and are in such poor condition they require immediate attention to avert or eliminate safety hazards. Conditions inside ASPT buildings include floor coverings completely worn through, ongoing patch maintenance, extensive damage to common hallway walls, missing or damaged ceiling tiles, stains, unraveling seams and tears, delaminating stairway treads, unsuccessful duct tape repairs, and extensive rippling. Paint is not matching and faded, as well as, walls marked and scraped. ASPT will use these funds to provide a safe and presentable work environment for all ASPT employees and visitors.

See table Deferred maintenance tasks

Infrastructure

Infrastructure deferred maintenance tasks can include existing roadways, parking lots, sidewalks and walkways, electrical service entrances (SES) and mechanical utilities, water supply and distribution, sanitary and storm sewers, waste treatment, electrical distribution, site lighting, fencing, and communications. Many of these type systems have been in a "deferred indefinitely" status for many years and are in an exhausted state of deterioration. These aging systems are failing at an increasing rate. Failure to replace deteriorating piping, will result in further damage to State property and may create an environmental impact or reporting condition. Electrical systems are rusting out, rodent damaged, and are long overdue for replacement; from both a code safety concern to park operation being out of service.

See table Deferred maintenance tasks

Special Construction & controls; Hazardous Abatement

This will be for special construction and hazardous abatement priority deferred maintenance tasks. This can include, but not limited to, design and implementation of shoreline stabilization efforts to prevent continued erosion at ASPT's water parks; marina repair for maintenance for break walls and or dredging efforts; as well as repairing and/or replacing dilapidated boat docks causing safety, liability, or long-term maintenance issues; repair or replacement of boat ramps. This also consists



Katie Hobbs
Governor

ARIZONA
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Bob Broscheid
Executive Director



of building/infrastructure or special construction and hazardous abatement mitigation effort of existing sites.

See table Deferred maintenance tasks

ADA Accessibility

There are numerous ADA deficiencies in the ASPT Park's System that require remedy. Deficiencies include building access ramps, sidewalks, bathroom fixtures, drinking fountains, handrails, parking spaces, sites/amenities, and general reconfigurations of entrances and other areas in buildings to allow or facilitate access to services and workplaces for persons with disabilities. In addition, many recreational areas within the ASPT system need to be ADA compliant. ASPT will determine projects per the ASPT ADA Transition Plan and as ADA requests/complaints arise. ASPT will report these expenditures on the CIP quarterly report per A.R.S. 41-794.

Preventative Maintenance

Arizona Revised Statute 41-793.01D The agency responsible for a building system shall allocate and expend the amounts appropriated for building renewal within the building system. The department may use up to eight per cent of the amount appropriated for routine preventive maintenance. Preventive maintenance which can include preventive maintenance contracts for HVAC, backup power generators, pavement maintenance (small repairs), wastewater pump stations, septic systems, Termite treatment, etc. ASPT will determine projects as routine preventative maintenance needs arise. ASPT will report these expenditures on the CIP quarterly report per A.R.S. 41-794.

Other Projects - Building Renewal Scoping

This is for scoping and design services for potential projects. Some of the requests received for funding consideration have deficient, vague, or very broad scopes of work, no supporting documentation, and insufficient, unreliable, or aged cost estimates. The proposed allocation supports ASPT in the development and implementation of detailed scopes of work that adequately and cost effectively address the requirements of current and future project requests. ASPT will determine projects as needed to provide for scoping, permitting, or estimates for current or future tasks request needs. ASPT will report these expenditures on the CIP quarterly report per A.R.S. 41-794.

Emergency Repairs

Allocated for statewide emergency repairs for system or equipment that has failed and is critical to Park operations. ASPT will determine projects as emergency repairs are needed. ASPT will report these expenditures on the CIP quarterly report per A.R.S. 41-794.



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Joint Committee on Capital Review

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DATE: April 15, 2026

TO: Members of the Joint Committee on Capital Review

FROM: Destin Moss, Fiscal Analyst

SUBJECT: Arizona Pioneers' Home - Review of Window and Door Replacement Project

Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated for building renewal and capital projects and for any capital project with an estimated cost of more than \$250,000. The FY 2026 Capital Outlay Bill appropriated \$1.5 million from the Pioneers' Home Miners' Hospital Fund for window and door replacements at the Arizona Pioneers' Home. The Home is requesting review of \$463,600 of the appropriated amount to begin the final phase of the window and door replacement project.

Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the request.
2. An unfavorable review of the request.

Key Points

- 1) The FY 2026 budget appropriated \$1.5 million to the Arizona Pioneers' Home for window and door replacements.
- 2) The Home plans to use \$463,600 of the appropriated amount for the beginning of the final phase of the window and door replacement project.

Analysis

The Arizona Pioneers' Home was built in 1911. The facility consists of 10 structures with a total area of 71,160 square feet. Some building components have reached the end of their useful lives, including various windows and doors which no longer close as intended or are otherwise damaged. The Pioneers'

Home seeks review of its expenditure plan of the window and door replacements funded during the FY 2026 budget cycle. The project would be managed by the Arizona Department of Administration, and this phase will cost a total of \$463,600. This amount includes a 2% contingency buffer to address unforeseen circumstances during implementation.

DM: jbu



Arizona Pioneers' Home

Katie Hobbs
Governor

300 South McCormick Street
Prescott, Arizona 86303
Phone (928) 445-2181 FAX (928) 778-1148

Jessica Sullivan
Superintendent/AL Manager

February 17, 2026

The Honorable David Livingston, Chairman
Joint Committee on Capital Review
Arizona House of Representatives
1700 West Washington Street
Phoenix, Arizona 85007

The Honorable David Farnsworth, Vice Chairman
Joint Committee on Capital Review
Arizona State Senate
1700 West Washington Street
Phoenix, Arizona 85007



Dear Representative Livingston and Senator Farnsworth:

The Arizona Pioneers' Home (APH) respectfully requests placement on the agenda of the Joint Committee on Capital Review (JCCR). Laws 2025, First Regular Session, Chapter 135, (SB 1722) appropriated \$1,515,000 from the miners' hospital for miners with disabilities land fund to the Arizona Pioneers' Home in FY 2026 for capital improvement projects. A.R.S. § 41-1252 requires the agency to submit the scope, purpose, and estimated costs to the Joint Committee on Capital Review (JCCR). The Arizona Pioneers' Home is requesting a favorable review of \$463,572.23 of the \$1,515,000 capital appropriation.

Arizona Pioneers' Home Window Replacements Phase

Estimated Costs: \$ 463,572.23

The Arizona Pioneers' Home was commissioned in 1909 by the territorial government of Arizona as a home for the aged and infirmed to repay the faithful and longtime Arizona residents who helped pioneer and build the state. The Home opened its doors in 1911, in 1929 the scope of the home was broadened to serve also as Arizona's hospital for disabled miners. We continue these traditions and legacy today, licensed by the Arizona Department of Health Services. In 1995 the Arizona Pioneers' Home was honored to be placed on the National Registry of Historic Places by the United States Department of Interior. In 2020 the Arizona Pioneers' Home restoration efforts approved by the JCCR came to a standstill due to the Coronavirus pandemic. The Pandemic halted any continued preservation projects considering precautions set in place for our Residents safety. In 2022 the Arizona Pioneers Home resumed the approved courtyard window restoration, completing 47 windows. In 2023 the Arizona Pioneers' Home again partitioned the State Historical Preservation Office for approval for the final 18 courtyard windows to be restored, it was deemed in April of 2023 concurrence with our No Adverse Effect determination and the 18 additional courtyard windows were completed. The FY 2026 budget included 1,515,000 from the Miners' Hospital for Miners with Disabilities Land Fund for completion of our historic window and door replacements. This North/East portion of the project will be completed in 12 phases, covering

a total of 84 windows, 7 windows per phase for minimal interruptions to our geriatric population. Each phase we anticipate two weeks for completion, estimating 24 weeks total.

The proposed \$463,572.23 includes a two percent contingency fee for unforeseen possibilities. The Arizona Department of Administration will be providing construction management services for the project.

If you have any questions regarding the Arizona Pioneers' Home Allocation Plan please contact Jessica Sullivan, Superintendent/A.L Manager, at (928) 277-2763.

Respectfully,

A handwritten signature in black ink, appearing to be 'JS', written over a faint horizontal line.

Jessica Sullivan
Superintendent/A.L Manager

cc: Richard Stavneak, Director, JLBC Staff
Destin Moss, Fiscal Analyst, JLBC Staff
Ben Henderson, Director, OSPB
Jessica Donohoe , Budget Analyst, OSPB



STATE OF ARIZONA

Joint Committee on Capital Review

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PHOENIX, ARIZONA 85007

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DATE: April 15, 2026

TO: Members of the Joint Committee on Capital Review

FROM: Jordan Johnston, Principal Fiscal Analyst

SUBJECT: Department of Public Safety - Review of FY 2026 Area Office Replacements

Request

A.R.S. § 14-1252 requires Committee review of capital projects with estimated costs exceeding \$250,000. The Department of Public Safety (DPS) is requesting the Committee review its expenditure plan to replace area offices in Sanders and Payson. The FY 2026 Capital Outlay Bill appropriated \$2,000,000 from the General Fund to DPS for this purpose.

Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the request.
2. An unfavorable review of the request.

Key Points

- 1) DPS constructs area offices statewide to provide a workplace for troopers close to their patrol assignments as well as a dedicated space for processing detainees and holding evidence.
- 2) The FY 2026 Capital Outlay Bill appropriated \$2.0 million from the General Fund for area office replacements in Sanders and Payson. The current area offices in Sanders (672 square feet) and Payson (993 square feet) would be replaced with 1,440 square foot modular building on state-owned land.

Analysis

Sanders and Payson Area Office Replacements

In order to provide highway patrol services across Arizona, troopers are stationed at various intervals throughout the state. Area offices provide a workplace for troopers close to their patrol assignments as well as a dedicated space for processing detainees and holding evidence. The Sanders area office was constructed in 1960 and is 672 square feet. The Payson area office was constructed in 1960 and is 993 square feet. Both sites are located on ADOT land.

The FY 2026 Capital Outlay Bill appropriated \$2.0 million from the General Fund to replace these area offices in Sanders and Payson. The department intends to install new 1,440 square foot modular buildings, including office space, squad room, detainee processing room, and evidence room. *Table 1* below provides a summary of the planned expenditures.

Purchase and Installation of Area Offices	\$ 1,800,000
Data Lines and Utilities	100,000
Demolition and Abatement	<u>100,000</u>
Total	\$2,000,000

JJ:jbu



ARIZONA DEPARTMENT OF PUBLIC SAFETY

2102 WEST ENCANTO BLVD. P.O. BOX 6638 PHOENIX, ARIZONA 85005-6638 (602) 223-2000

“Courteous Vigilance”

KATIE HOBBS Governor JEFFREY GLOVER Director

February 25, 2026



Representative David Livingston, Chairman
Joint Committee on Capital Review
1716 West Adams
Phoenix, Arizona 85007

Dear Chairman Livingston:

Laws 2025, Chapter 235 (Senate Bill 1737) appropriates \$2,000,000 from the General Fund to the Department of Public Safety (DPS) to replace the Sanders and Payson Area Offices.

Per A.R.S. § 41-1252, the JCCR must review the intended scope, purpose, and estimated cost of this project before the Department can expend the monies for construction. With this letter, we request placement on the next available agenda.

If necessary, the Department can provide additional information to your staff prior to the meeting date. Any questions may be addressed to Mike Dodd, DPS Comptroller, at 602-223-2463.

Sincerely,

Jeffrey Glover, Colonel
Director

cc: Senator David C. Farnsworth, Vice-Chairman
Ben Henderson, OSPB
Richard Stavneak, JLBC

Attachment

Arizona Department of Public Safety (DPS)

Area Office Replacements
Laws 2025, Chapter 235 (Senate Bill 1737)
\$2,000,000

Summary

Laws 2025, Chapter 235 (SB1737) allocated \$2,000,000 to the Arizona Department of Public Safety (DPS) for area office replacement. A.R.S. § 41-1252 requires DPS to present the scope, purpose, and estimated costs to the Joint Committee on Capital Review (JCCR) for review. The scope of this review is for replacement area offices in Sanders and Payson.

Purpose

To support Arizona's vast highway system while improving highway safety and providing emergency response, state troopers are stationed at reasonable travel intervals throughout the State. Due to the great distances between Arizona's centers of population, area offices are necessary to maintain coverage across the state. The Payson Office, which is used by Criminal Investigations, was built in 1960 and is 993 square feet in size. It houses six detectives and two sergeants, who require a larger and more efficient workspace. The Sanders Office was also built in 1960 and is only 672 square feet. This modular office has outlived its useful life span and requires more space for processing detainees. The most cost-effective solution at these remote locations is modular offices. DPS occupies area offices on ADOT land in Sanders and Payson, which is suitable for replacement of the area offices.

Procurement Method Pricing and Cost Breakdown

DPS has used a contract modular office vendor to replace other area offices. These floor plans will be used with minimal changes to minimize costs and the amount of site work required for installation. The standard area office is a 1,440-square-foot office space, with sergeant offices, a squad room, a detainee processing room, and evidence room. Below is the estimated cost breakdown for the two area office-replacements:

Purchase and installation of two area offices	\$1,800,000
Installation of data lines and utilities	\$100,000
Demolition and abatement of current area offices	\$100,000
TOTAL	\$2,000,000

The project is contingent on a favorable review from the JCCR.



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DATE: April 15, 2026

TO: Members of the Joint Committee on Capital Review

FROM: Jordan Johnston, Principal Fiscal Analyst

SUBJECT: Arizona Department of Transportation - Review of ADOT Capital Projects

A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated for capital projects. The Arizona Department of Transportation (ADOT) requests review of 2 capital projects totaling \$13,812,000 from the State Highway Fund, which were funded in the FY 2026 Capital Outlay Bill:

- \$6,951,000 for a new vehicle repair shop in Avondale, and
- \$6,861,000 for new maintenance facilities in Little Antelope and Gray Mountain.

These items were on the November 2025 agenda, but they were held by the Committee.

Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the request.
2. An unfavorable review of the request.

Key Points

The Arizona Department of Transportation (ADOT) is seeking review of the following \$13.8 million in State Highway Fund appropriations:

- 1) \$6.9 million for the construction of a new 10,000 square foot vehicle repair shop located in Avondale that services over 265 department and state fleet vehicles and heavy equipment.
- 2) \$6.9 million for the construction of 2 new 3,500 square foot maintenance facilities located in Little Antelope and Gray Mountain to facilitate road maintenance services in northern Arizona.

These items were on the November 2025 JCCR agenda but were held by the Committee.

Analysis

Vehicle Repair Shop in Avondale

ADOT currently manages a facility in Avondale that services over 265 department and state fleet vehicles and heavy equipment. The department reports that this facility includes a storage canopy with no doors, securable areas, climate control, restrooms, or administrative support spaces. In addition, ADOT states this facility provides difficult working conditions, especially during the hot summer months.

ADOT is proposing to spend \$6.9 million to construct a new 10,000 square foot vehicle repair shop in Avondale with an enclosed structure with the comparable maintenance spaces, equipment, and other amenities. *Table 1* breaks down the cost of constructing the vehicle repair shop by category.

Table 1	
Vehicle Repair Shop Expenditure Plan	
<u>Item</u>	<u>Cost Estimate</u>
Construction	\$ 5,346,000
Design and Construction Administration	535,000
Furniture, Fixtures, and Equipment	535,000
Contingency	<u>535,000</u>
Total Appropriated Budget	\$6,951,000

Maintenance Facilities in Little Antelope and Gray Mountain

ADOT utilizes approximately 45 maintenance buildings throughout the state. Constructed in 1960's and 1970's, the department reports that the maintenance facilities in Little Antelope and Gray Mountain are too small for current staff size and for equipment to be enclosed during the winter months.

ADOT is proposing to spend \$6.9 million to construct 2 new 3,500 square foot maintenance facilities to coordinate highway maintenance services in northern Arizona. The new office space and crew area will provide employees with ADA-compliant restrooms, a breakroom, computer workstations, and a training area. In addition, the new facilities will include 1,000 square feet of space to be outfitted by the Department of Public Safety (DPS) to support highway patrol operations. *Table 2* breaks down the cost of the new maintenance facilities in Little Antelope and Gray Mountain by category.

Table 2	
Little Antelope/Gray Mountain Maintenance Facilities Expenditure Plan	
<u>Item</u>	<u>Cost Estimate</u>
Construction	\$ 5,322,000
Design and Administration	532,000
Furniture, Fixtures, and Equipment	475,000
Contingency	<u>532,000</u>
Total Appropriated Budget	\$6,861,000

These items were on the November 2025 agenda, but they were held. At the meeting, a member asked what would happen with the Avondale facility once the new building is constructed. ADOT responded that the existing repair shop would be converted into vehicle parking and storage. A member also asked what current facilities are at Little Antelope and Gray Mountain. ADOT responded that the Little Antelope and Gray Mountain facilities are both mobile home structures used as offices. They also clarified that each facility will be demolished once the new maintenance facilities are completed.

Construct New Maintenance Offices and Crew Rooms in Little Antelope and Gray Mountain

In FY 2026, ADOT was appropriated \$6,861,000 to construct two new 3,500-square-foot Roadway Maintenance Offices in northern Arizona—one at Little Antelope and one at Gray Mountain—to replace existing substandard facilities.

The Little Antelope maintenance staff currently operates from a converted mobile home constructed in 1971 that is inadequate for the 12 assigned staff. Similarly, the Gray Mountain maintenance staff operates from two mobile homes—one constructed in the 1960s and another in 1988—that were combined to create a single facility and are also inadequate for the 11 assigned staff. Both facilities are aging mobile home structures used as operational offices and are now in significant disrepair. The existing structures will be demolished once the new Maintenance Office and Crew Room buildings are completed.

Combining these two locations into a single project allows ADOT to utilize a common building design and achieve potential cost efficiencies due to the proximity of the sites. The new facilities will significantly improve working conditions for maintenance staff, particularly during the winter snow removal season when assigned and augmented crews must remain on standby to keep highways safe and passable.

The FY 2027 estimated costs are summarized below:

Item	Amount
Construction	\$5,322,000
Design and Construction Administration	\$532,000
Information Technology/Security	\$0
Furniture, Fixtures & Equipment	\$475,000
Contingency	\$532,000
FY 2026 Appropriation Total	\$6,861,000

Construct New Repair Shop in Avondale

In FY 2026, ADOT was appropriated \$6,951,000 to construct a new 10,000-square-foot equipment repair facility in Avondale.

ADOT has operated the Avondale location since February 1984, with equipment shop operations beginning in 1994. The existing facilities consist of an open-air canopy constructed in 1980 and several storage sheds used to secure equipment and tools.

Currently, maintenance staff perform vehicle repairs under the canopy without doors, secure work areas, restrooms, or administrative space. With more than 150 days per year exceeding 90 degrees, the outdoor work environment does not provide appropriate conditions for quality vehicle maintenance or employee safety.

The new Avondale Vehicle Repair Shop will provide a secure, enclosed, climate-controlled maintenance facility with the equipment, workspace, and amenities typical of other ADOT repair shops. The facility will support seven to nine staff responsible for maintaining more than 265 vehicles and pieces of heavy equipment.

Once construction is complete, the existing canopy structure will remain in the facility inventory and will be repurposed for vehicle parking and storage.

Item	Amount
Construction	\$5,346,000
Design and Construction Administration	\$535,000
Information Technology/Security	\$0
Furniture, Fixtures & Equipment	\$535,000
Contingency	\$535,000
FY 2026 Appropriation Total	\$6,951,000

Thank you for your consideration of this request. If you have any questions or need additional information, please contact DeeAnn Brewer, ADOT Budget Manager, at (602)712-8304.

Sincerely,



Jennifer Toth
ADOT Director

CC: The Honorable David Farnsworth, Vice-Chairman, JCCR
Ben Henderson, Director, Office of Strategic Planning and Budgeting
Richard Stavneak, Director, Joint Legislative Budget Committee (JLBC)
Jordan Johnston, JLBC Principal Fiscal Analyst
Trevor Malzewski, JLBC Analyst
Tyler Hagedoorn, OSPB Budget Manager
Ben Onesko, OSPB Analyst
Wayde Webb, Jr, ADOT Deputy Director, Chief Operating Officer
Teri Kennedy, ADOT Administrative Services Director
John Hetzel, ADOT Facilities Administrator
jlbwebmaster@azleg.gov



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DATE: April 15, 2026

TO: Members of the Joint Committee on Capital Review

FROM: Grace Timpany, Fiscal Analyst

SUBJECT: Arizona State University – Review of MacroTechnology Works and Bateman Physical Sciences Center H Wing Building Renovations

Request

A.R.S. § 15-1683 requires Committee review of any university projects financed with system revenue bonds. Arizona State University (ASU) requests Committee review of \$155,000,000 in system revenue bond issuances to renovate the MacroTechnology Works (MTW) building at the ASU Research Park and the Bateman Physical Sciences Center H Wing at the Tempe Campus. ASU will fund the debt service with tuition revenues.

Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the request.
2. An unfavorable review of the request.

Under any option, the Committee may also consider the following standard university financing provisions:

Standard University Financing Provisions

- A. A favorable review by the Committee does not constitute endorsement of General Fund appropriations to offset any revenues that may be required for operations and maintenance costs when the project is complete.
- B. ASU shall provide the final debt service schedule and interest rate for the project as soon as they are available.

- C. On or before October 15 of each year until completion of the project, ASU shall report to the JLBC Staff on the status and expenditures of the project. The report shall include the project expenditures to date, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.

Key Points

- 1) ASU intends to issue \$155.0 million in system revenue bonds for 2 projects:
 - \$40.0 million to renovate infrastructure and research lab spaces at the MTW building located in the ASU Research Park.
 - \$115.0 million to renovate lab and office spaces in the Bateman Physical Sciences H Wing on the Tempe campus.
- 2) ASU plans to issue bonds for both projects this spring and April 2027. The total annual debt service will be approximately \$12.0 million and will be funded with tuition revenues.
- 3) Construction is expected to be completed by December 2028 for the MTW building and July 2028 for the Bateman Physical Sciences H Wing.

Analysis

ASU intends to complete 2 building renovations at a total cost of \$155.0 million. Of the \$155.0 million, \$40.0 million is to renovate spaces in the existing 261,188 square foot MTW building located within the ASU Research Park at 7700 S. River Parkway in Tempe. MTW is a semiconductor facility which serves as a lab for collaboration with industry partners. The building houses specialized equipment related to microelectronics manufacturing and includes space for faculty and student research. ASU will use approximately \$17.0 million to renovate infrastructure and research lab spaces in partnership with a current third-party vendor who is also investing in the space. The other \$23.0 million will be used for infrastructure and space utilization to expand the research, development and prototyping facility. ASU states this will allow additional partners to work in the space and address the needs of incoming researchers and grant applications.

The remaining \$115.0 million will be used to renovate 17 wet labs, 15 dry labs and 24 office spaces in the Bateman Physical Sciences H Wing located on the Tempe campus at 525 E. University Drive. Wet labs typically include physical samples and chemicals which requires specialized safety equipment. Dry labs generally include computational and data analysis equipment. Renovations include demolition and improvement of interior spaces, upgrades or full replacement of mechanical, electrical and plumbing systems, exterior envelope improvements, and upgrades to accessibility and life safety systems. ASU states that these upgrades will improve the reliability and capacity of building utilities.

Financing

ASU intends to issue \$115.0 million in system revenue bonds with an anticipated rating of Aa2 (Moody's)/ AA (S&P) and interest rates between 4.4% and 6.0% over 20-year terms. Estimated issuance costs across both projects are \$1.2 million.

The annual debt service will be approximately \$12.0 million from FY 2027 to FY 2047 and ASU will fund the debt service using tuition revenue. The debt service on these projects will increase ASU's current debt ratio by 0.27% from 4.70% to 4.97%. (See Table 2 for a summary of the bond financing terms.)

Construction Costs

MacroTechnology Works Building

Of the \$40.0 million project cost, direct construction costs are \$33.7 million (see Table 2). Due to the nature of these projects, there is no cost per square foot. However, ASU has completed renovations of other portions of the MTW building with costs ranging from \$1,254 to \$7,000 per square foot.

ASU reports that components of the project will be delivered either through the Construction Manager at Risk (CMAR) or Job Order Contracting (JOC) method depending on the nature of the work. Construction is expected to begin in June 2026 and be completed by December 2028.

Bateman Physical Sciences H Wing

Of the \$115.0 million total project cost, direct construction costs are \$80.6 million. The total project cost per square foot is \$873, while direct construction costs per square foot are \$611 (see Table 2). For comparison, ASU renovated other sections of the Bateman Physical Sciences Center in 2023 at a total cost per square foot of \$683.

ASU reports that the project is being delivered through the CMAR method. Construction began in December 2025 and is expected to be completed in July 2028.

Operations and Maintenance Costs

ASU does not anticipate any additional Operations and Maintenance costs for either project.

Construction Timeframe	December 2025 – December 2028
Issuance Amount	\$155.0 million
Issuance Date	April 2026 – April 2027
Issuance Transaction Fees	\$1,207,000
Rating	Aa2 (Moody's)/AA (S&P)
Interest Rate	4.4% - 6.0%
Term	20 years
Total Debt Service Costs	\$240.7 million
Debt Service Payments	\$12.0 million
Payment Source	Tuition Revenue
Debt Ratio Increase	0.27%

Table 2		
ASU Renovation Project Construction Costs		
	<u>MacroTechnology Works Building</u>	<u>Bateman Physical Sciences H Wing</u>
Total Square Footage	N/A	131,710
<u>Funding</u>		
System Revenue Bonds	\$40,000,000	\$115,000,000
<u>Construction Costs</u>		
Direct Construction Costs	\$33,700,000	\$80,600,000
Other Costs ^{1/}	<u>\$6,300,000</u>	<u>\$34,400,000</u>
Total	\$40,000,000	\$115,000,000
<u>Cost Per Square Foot</u>		
Direct Construction Costs	N/A	\$611
Other Costs ^{1/}	<u>N/A</u>	<u>\$262</u>
Total	N/A	\$873
Operations & Maintenance	\$0	\$0
^{1/} Includes equipment, project design and management fees and other costs		

GT:jbu



January 16, 2026

The Honorable David Livingston, Chairman
Joint Committee on Capital Review
Arizona State Senate
1700 West Washington Street
Phoenix, AZ 85007

Dear Chairman Livingston:

In accordance with ARS section 15-1683, the Arizona Board of Regents requests that the following Arizona State University bond-financed projects be placed on the next Joint Committee on Capital Review agenda:

- MacroTechnology Works (MTW) Partnership Renovations
- Physical Sciences Center H (PSH) Research Laboratory Complex Modernization
- Building and Infrastructure Enhancements and Modifications (funding increase)

Enclosed is pertinent information relating to this item. If you have any questions or desire any clarification on the enclosed material, please contact me at (480) 727-9920.

Sincerely,

A handwritten signature in black ink, appearing to read "Morgan R. Olsen". The signature is fluid and cursive, with a long horizontal stroke at the end.

Morgan R. Olsen
Executive Vice President, Treasurer and CFO

c: Richard Stavneak, Director, JLBC
Grace Timpany, Fiscal Analyst, JLBC
Chad Sampson, Executive Director, ABOR
Bradley Kendrex, Vice President, Finance and Administration, ABOR
Tim Smith, Vice President, Facilities Development and Management, ASU
Adam Deguire, Vice President, Government and Community Engagement, ASU
Matthew Simon, Associate Vice President, State & Federal Relations, ASU
Kendra Burton, Executive Director, State Relations, ASU

OFFICE OF THE EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

BUSINESS AND FINANCE

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(480) 727-9920 FAX: (480) 727-9922

1. MacroTechnology Works Partnership Renovations

This project will renovate infrastructure, equipment and research lab spaces including deferred maintenance, operational systems and new tool installations at MacroTechnology Works (MTW) within the ASU Research Park, located at 7700 S. River Parkway, Tempe, Arizona.

A large third-party capital investment and partnership spurred the need for this project to position the partnership for successful research and development and/or pilot production. Approximately \$17 million will be used to renovate infrastructure and research lab spaces in partnership with Applied Materials Inc. (AMAT). Approximately \$23 million will be used to provide improved infrastructure and space utilization capacity to expand the research, development and prototyping facility. The renovated research spaces will allow for additional industry partners to work with ASU to develop collaborative spaces and shared equipment areas within the existing 261,188 GSF building.

These projects will renovate existing research laboratories into the latest state-of-the-art facilities that will meet the growing demands of the university's research initiatives and comply with code requirements.

The MTW building accelerates semiconductor, advanced materials and energy device research as a unique national resource that combines the equipment, expertise and training necessary to develop new technology from proof of concept to pilot scale.

Increasing research activity and the resultant arrival of new faculty continue to make laboratory renovation projects a university imperative. Spaces must be updated and renovated to address the needs of incoming researchers and to support successful grant applications. These laboratories will provide the core infrastructure required to enable faculty and students to compete in the global marketplace of ideas; not only stimulating advances in science and human health, but also potentially advancing the regional economy.

The building will support ASU's mission to become a leading global center for interdisciplinary research, discovery, innovation, entrepreneurship and development. The facility will strengthen regional economic competitiveness for jobs in the microelectronics and semiconductors industries through research, discovery and value-added programs. The education and innovations gained will serve the growing demand for engineering talent at companies like Intel and Taiwan Semiconductor Manufacturing Company, which have made large investments into Arizona semiconductor manufacturing operations.

The design for each project that is part of this bundle will be completed within approximately 6-9 months after the DP contract is awarded. General construction for these projects is scheduled to begin when the designs are completed and after all approvals are in place. Construction on all project components is targeted for

completion by December 2028.

The budget for this project is \$40 million. The budget represents an estimated construction cost of \$33.7 million.

The approximately \$40 million project will be debt-financed with system revenue bonds and amortized over approximately a twenty-year term. Funding annual debt service of \$3.0 million from tuition revenue is included in current budget planning. The projected incremental debt ratio impact for this project is 0.07 percent.

There are no expected increases in O&M costs associated with this project.

Project Costs:

Total Project Cost	\$ 40,000,000
Total Project Construction Cost	\$ 33,700,000

Total Project Cost per GSF	N/A
Construction Cost per GSF	N/A

An Arizona Board of Regents (ABOR) executive summary for this project is attached, which outlines the project description and other relevant information. The Annual Capital Plan for this project, including a waiver request of the ABOR Policy requiring CIP approval, received ABOR approval on September 25, 2025 and the Individual Project and Financing Approval was approved at the ABOR meeting on November 20, 2025.

Project Financing Summary

Project Cost

MacroTechnology Works Partnership Renovations	\$40,000,000
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Project Costs Financed

System Revenue Bonds	\$40,000,000
Estimated Costs of Issuance	\$275,000
Anticipated Rating – System Revenue Bonds	Aa2 (Moody's) and AA (S&P)
Assumed Interest Rate	5.3% to 6.0%
Term	20 years

Estimated Debt Service

Annual Debt Service (FY 2027 to FY 2047)	\$3,020,000
Total Estimated Debt Service (20 years)	\$60,425,000
Funding Sources: Tuition	

Debt Ratio

Debt Ratio on Existing Debt	4.70%
Incremental Debt Ratio	<u>0.07%</u>
Debt Ratio with Project	4.77%
Statutory Debt Limit (ARS section 15-1683)	8.00%



**MacroTechnology Works Partnership Renovations
System Revenue Bonds
Estimated Debt Service**

Estimated Issuance April 2026

Fiscal Year	Principal	Interest	Total
2027	1,235,000	942,542	2,177,542
2028	1,490,000	687,889	2,177,889
2029	1,550,000	630,971	2,180,971
2030	1,610,000	571,606	2,181,606
2031	1,675,000	505,596	2,180,596
2032	1,745,000	436,921	2,181,921
2033	1,820,000	360,141	2,180,141
2034	1,900,000	281,881	2,181,881
2035	1,985,000	193,721	2,178,721
2036	2,080,000	99,632	2,179,632
Total	17,090,000	4,710,900	21,800,900



**MacroTechnology Works Partnership Renovations
System Revenue Bonds
Estimated Debt Service**

Estimated Issuance April 2027

Fiscal Year	Principal	Interest	Total
2028	399,000	1,532,000	1,931,000
2029	727,000	1,205,000	1,932,000
2030	764,000	1,167,000	1,931,000
2031	804,000	1,127,000	1,931,000
2032	848,000	1,084,000	1,932,000
2033	892,000	1,040,000	1,932,000
2034	939,000	993,000	1,932,000
2035	987,000	944,000	1,931,000
2036	1,040,000	891,000	1,931,000
2037	1,094,000	837,000	1,931,000
2038	1,153,000	779,000	1,932,000
2039	1,213,000	718,000	1,931,000
2040	1,277,000	654,000	1,931,000
2041	1,344,000	586,000	1,930,000
2042	1,416,000	515,000	1,931,000
2043	1,491,000	440,000	1,931,000
2044	1,570,000	361,000	1,931,000
2045	1,653,000	278,000	1,931,000
2046	1,741,000	190,000	1,931,000
2047	1,833,000	98,000	1,931,000
Total	23,185,000	15,439,000	38,624,000

2. Physical Sciences Center H Research Lab Complex Modernization

This project will renovate Bateman Physical Sciences Center H (PSH) to meet the current and future demands of the university's academic and research programs. The project scope includes the comprehensive renovation of the existing laboratories, offices and classrooms while maintaining the same general space types within PSH, located at 525 E. University Drive on the Tempe campus.

The project will renovate 17 wet labs, 15 dry labs and 24 office spaces. This work is essential to increase the facility's research capabilities, extend the building's useful life and create a more efficient and flexible learning and research environment.

Commonly referred to as the Bateman Complex, the approximately 131,710 gross-square-foot (GSF) H-Wing was constructed in 1991 and primarily houses wet and dry instructional laboratories, wet research laboratories, classrooms and office spaces.

The renovation will address significant building infrastructure needs including the demolition and improvement of interior spaces, upgrades and/or full replacement of mechanical, electrical, and plumbing systems, exterior envelope improvements and enhancements to accessibility and life safety systems. These critical upgrades will significantly improve the reliability and capacity of building utilities, enabling the support of research initiatives that are not currently possible within the existing building constraints.

These renovations will directly support ASU's mission of advancing innovative research and providing high-quality, accessible education by creating state-of-the-art wet and dry instructional laboratories, wet research laboratories, classrooms and office spaces that meet the evolving needs of faculty, students and research partners.

This project will be delivered through the Construction Manager at Risk (CMAR) delivery method.

ASU selected Mortenson Company as the CMAR and BWS Architects as the Design Professional (DP) for this project. The CMAR selection process included nine submissions and four teams were interviewed. The DP selection process included 18 submissions and three teams were interviewed.

The project is scheduled to begin construction once JCCR approval is received. The project is scheduled for completion in July 2028.

The budget for this approximately 131,710 GSF project is \$115 million. The budget represents an estimated construction cost of \$80.6 million, which is approximately \$611 per GSF. The estimated total project cost is \$873 per GSF.



The \$115 million project will be debt-financed with system revenue bonds and amortized over approximately a twenty-year term. Funding for annual debt service of \$9.0 million from tuition revenue is included in current budget planning. The projected incremental debt ratio impact for this project is 0.20 percent.

There are no expected increases in O&M costs associated with this project.

Project Costs:

Total Project Cost	\$ 115,000,000
Total Project Construction Cost	\$ 80,600,000
Total Project Cost per GSF	\$ 873
Construction Cost per GSF	\$ 611

An Arizona Board of Regents (ABOR) executive summary for this project is attached, which outlines the project description and other relevant information. The Annual Capital Plan for this project received ABOR approval on September 25, 2025 and the Individual Project and Financing Approval was approved at the ABOR meeting on November 20, 2025.

Project Financing Summary

Project Cost

PSH Research Laboratory Complex Modernization	\$115,000,000
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Project Costs Financed

System Revenue Bonds	\$115,000,000
Estimated Costs of Issuance	\$932,000
Anticipated Rating – System Revenue Bonds	Aa2 (Moody's) and AA (S&P)
Assumed Interest Rate	4.4% to 4.8%
Term	20 years

Estimated Debt Service

Annual Debt Service (FY 2027 to FY 2047)	\$9,019,000
Total Estimated Debt Service (20 years)	\$180,314,000
Funding Sources: Tuition	

Debt Ratio

Debt Ratio on Existing Debt	4.70%
Incremental Debt Ratio	<u>0.20%</u>
Debt Ratio with Project	4.90%
Statutory Debt Limit (ARS section 15-1683)	8.00%



**PSH Research Laboratory Complex Modernization
System Revenue Bonds
Estimated Debt Service**

Estimated Issuance April 2026

Fiscal Year	Principal	Interest	Total
2027	1,863,000	4,771,000	6,634,000
2028	2,899,000	3,733,000	6,632,000
2029	3,025,000	3,604,000	6,629,000
2030	3,160,000	3,470,000	6,630,000
2031	3,303,000	3,329,000	6,632,000
2032	3,451,000	3,182,000	6,633,000
2033	3,604,000	3,028,000	6,632,000
2034	3,765,000	2,868,000	6,633,000
2035	3,930,000	2,700,000	6,630,000
2036	4,104,000	2,525,000	6,629,000
2037	4,287,000	2,342,000	6,629,000
2038	4,478,000	2,151,000	6,629,000
2039	4,679,000	1,952,000	6,631,000
2040	4,888,000	1,743,000	6,631,000
2041	5,105,000	1,526,000	6,631,000
2042	5,332,000	1,298,000	6,630,000
2043	5,571,000	1,061,000	6,632,000
2044	5,819,000	813,000	6,632,000
2045	6,076,000	553,000	6,629,000
2046	6,350,000	283,000	6,633,000
Total	85,689,000	46,932,000	132,621,000



**PSH Research Laboratory Complex Modernization
System Revenue Bonds
Estimated Debt Service**

Estimated Issuance April 2027

Fiscal Year	Principal	Interest	Total
2028	622,000	1,763,000	2,385,000
2029	1,003,000	1,382,000	2,385,000
2030	1,050,000	1,335,000	2,385,000
2031	1,098,000	1,286,000	2,384,000
2032	1,150,000	1,235,000	2,385,000
2033	1,204,000	1,181,000	2,385,000
2034	1,260,000	1,125,000	2,385,000
2035	1,319,000	1,066,000	2,385,000
2036	1,379,000	1,005,000	2,384,000
2037	1,443,000	941,000	2,384,000
2038	1,511,000	873,000	2,384,000
2039	1,582,000	803,000	2,385,000
2040	1,656,000	729,000	2,385,000
2041	1,733,000	652,000	2,385,000
2042	1,814,000	571,000	2,385,000
2043	1,898,000	486,000	2,384,000
2044	1,987,000	398,000	2,385,000
2045	2,079,000	305,000	2,384,000
2046	2,177,000	208,000	2,385,000
2047	2,278,000	106,000	2,384,000
Total	30,243,000	17,450,000	47,693,000

ITEM 7.13: Request to Approve Individual Project and Financing for MTW Partnership Renovations, Including Waiver of ABOR Policy 7-102 Requiring Committee Review, for Arizona State University

Requested Action: Arizona State University (ASU) asks the board for individual project and financing approval of the MTW Partnership Renovations project, including waiver of ABOR policy 7-102 requiring committee review, as described in this executive summary. The \$40 million major capital project will be debt-financed with system revenue bonds and amortized over approximately a thirty-year term.

Background

- Annual Capital Plan September 2025
- Capital Improvement Plan Project Waiver Request September 2025

Project Justification/Description/Scope

- This project will renovate infrastructure, equipment and research lab spaces including deferred maintenance, operational systems and new tool installations at MacroTechnology Works (MTW) within the ASU Research Park, located at 7700 S. River Parkway, as depicted on the map attached as Exhibit A.
- \$17M will be used to renovate infrastructure and research lab spaces in partnership with Applied Materials Inc. (AMAT).
- \$23M will be used to address deferred maintenance and provide improved infrastructure and space utilization to expand this research, development and prototyping facility. The renovated research spaces will allow for additional industry partners to work with ASU to develop collaborative spaces and shared equipment areas within the existing 261,188 gross-square-foot (GSF) building.
- These projects will renovate the existing research laboratories to provide state-of-the-art facilities that will meet the growing demands of the university's research initiatives and comply with code requirements.
- The MTW building accelerates semiconductor, advanced materials and energy device research as a unique national resource that combines the equipment, expertise and training necessary to develop new technology from proof of concept to pilot scale.
- Increasing research activity and the arrival of new faculty continue to make laboratory renovation projects a university priority. Spaces must be updated and renovated to address the needs of incoming researchers and to support successful grant applications. These laboratories will provide the core infrastructure required to enable faculty and students to compete in the global marketplace of ideas, not only

Contact Information:

Morgan R. Olsen, ASU

Morgan.R.Olsen@asu.edu

480-727-9920

stimulating advances in science and human health but also potentially advancing the regional economy

- The building will support ASU's mission to become a leading global center for interdisciplinary research, discovery, innovation, entrepreneurship and economic development. The facility will strengthen regional economic competitiveness for microelectronics and semiconductor industry jobs through research, discovery and value-added programs. The education and innovations gained will serve the growing demand for engineering talent at companies like Intel and Taiwan Semiconductor Manufacturing Company, which have made huge investments in Arizona semiconductor manufacturing operations.
- At its September 25-26, 2025 board meeting, the board granted ASU a waiver to ABOR Policy 7-102.B.2.a. which requires a project to have been approved as part of the prior Capital improvement Plan (CIP) in order to appear in the Annual Capital Plan (ACP). The project was not originally included in the previous CIP, which was approved by ABOR on September 28, 2024. A large third-party capital investment by AMAT and the Materials-to-Fab partnership spurred the need for this project so AMAT can best position themselves for successful research and development and/or pilot production opportunities.

Project Delivery Method and Process

- Depending on the nature of the work, the components of this project may be delivered either through the Construction Manager at Risk (CMAR) or Job Order Contracting (JOC) method.
- ASU has not yet selected a CMAR, JOC or design professional (DP) firm for this project bundle. Contractors and DPs will be selected according to ABOR policy and Arizona law.

Project Status and Schedule

- The designs for each project that is part of this bundle will be completed within approximately 6-9 months after the DP contract is awarded.
- General construction for these projects is scheduled to begin when the designs are completed and after all approvals are in place. Construction on all project components is targeted for completion by December 2028.

Project Cost

- The budget for this project is \$40 million. The budget represents an estimated construction cost of \$33.7 million.

- No preliminary external cost estimates have been provided by third-party consultants. Independent cost estimates will be provided by the DP, CMAR or JOC contractor after these selections are complete.
- For projects selected to use the CMAR delivery method, the construction manager will be at risk to provide the completed project within the agreed-upon guaranteed maximum price (GMP).
- Comparable Projects:

Project	Description	Location	Project Size GSF	Total Project Cost/GSF	Year Completed
MTW Area 2 Renovations	Infrastructure upgrades for semiconductor processing cleanroom space and tool installations	Tempe	10,000	\$7,000	2026
Bateman Physical Sciences Center D & E Wings	Infrastructure, classroom and research lab upgrades at existing building	Tempe	87,866	\$683	2023
MTW Area 5 Rolston Lab Renovation	Infrastructure and lab upgrades at existing building	Tempe	860	\$1,274	2022
MTW Area 3 & 5 Lab TI	Infrastructure and lab upgrades at existing building	Tempe	4,306	\$1,254	2022
Average Comparable Total Project Cost			\$2,553		

Fiscal Impact and Financing Plan

- The \$40 million project will be debt-financed with system revenue bonds and amortized over approximately a thirty-year term. Funding annual debt service of \$2,673,000 from tuition revenue is included in current budget planning.
- **Debt Ratio Impact:** The projected incremental debt ratio impact for this project is 0.06 percent.
- There are no expected increases in O&M costs associated with this project.
- ASU will:
 - (a) issue one or more series of system revenue bonds to finance the project, costs of issuance and payments to a bond insurer or other credit enhancer, provided such payments result in a benefit that exceeds the amount of such payments.
 - (b) issue bonds at a price at, above or below par, on a tax-exempt or taxable basis, in one or more series, at a fixed or variable rate of interest.
 - (c) enter into necessary agreements, including those related to bond insurance or other

credit enhancement agreements, if any.

- (d) utilize a financial advisor, bond counsel, and bond trustee for the financing. The system revenue bonds will be marketed and sold either on a competitive or negotiated basis, in the open market or to one or more investment banking firms currently in a pool of bond underwriters procured by the three state universities, or by the State of Arizona, or by a direct sale to a bank or banks or other financial institutions.

Occupancy Plan

- Some project components will reconfigure and renew research labs. Current occupants will be temporarily relocated as needed for renovations. Occupants generally will reoccupy the spaces upon completion.

Statutory/Policy Requirements

- Pursuant to ABOR Policy 7-102.B.4, each university shall submit an individual project and financing plan.
- Individual project and financing plans are reviewed by the University Governance and Operations Committee and approved by the board.
- Approval of the individual project and financing plan authorizes the university to proceed with financing and execution of construction contracts for the project.
- Pursuant to ABOR Policy 7-102.D, a university may request a waiver of this board policy as long as it is in the best interest of the university and it complies with applicable state laws.

Capital Project Information Summary

University: Arizona State University **Project Name:** MTW Partnership Renovations

Project Description and Location: This project will renovate infrastructure, equipment and research lab spaces including deferred maintenance, operational systems and new tool installations at MacroTechnology Works (MTW) within the ASU Research Park. In total, \$17 million will be used to renovate infrastructure and research lab spaces in partnership with Applied Materials Inc. (AMAT), and \$23 million will be used to provide improved infrastructure and space utilization capacity to expand the research, development and prototyping facility. The renovated research spaces will allow for additional industry partners to work with ASU to develop collaborative spaces and shared equipment within the existing 261,188 GSF building, located at 7700 S. River Parkway, as depicted on the map attached as Exhibit A.

Project Schedule:

Planning	July	2025
Design Start	July	2025
Construction Start	June	2026
Construction Completion	December	2028

Project Budget:

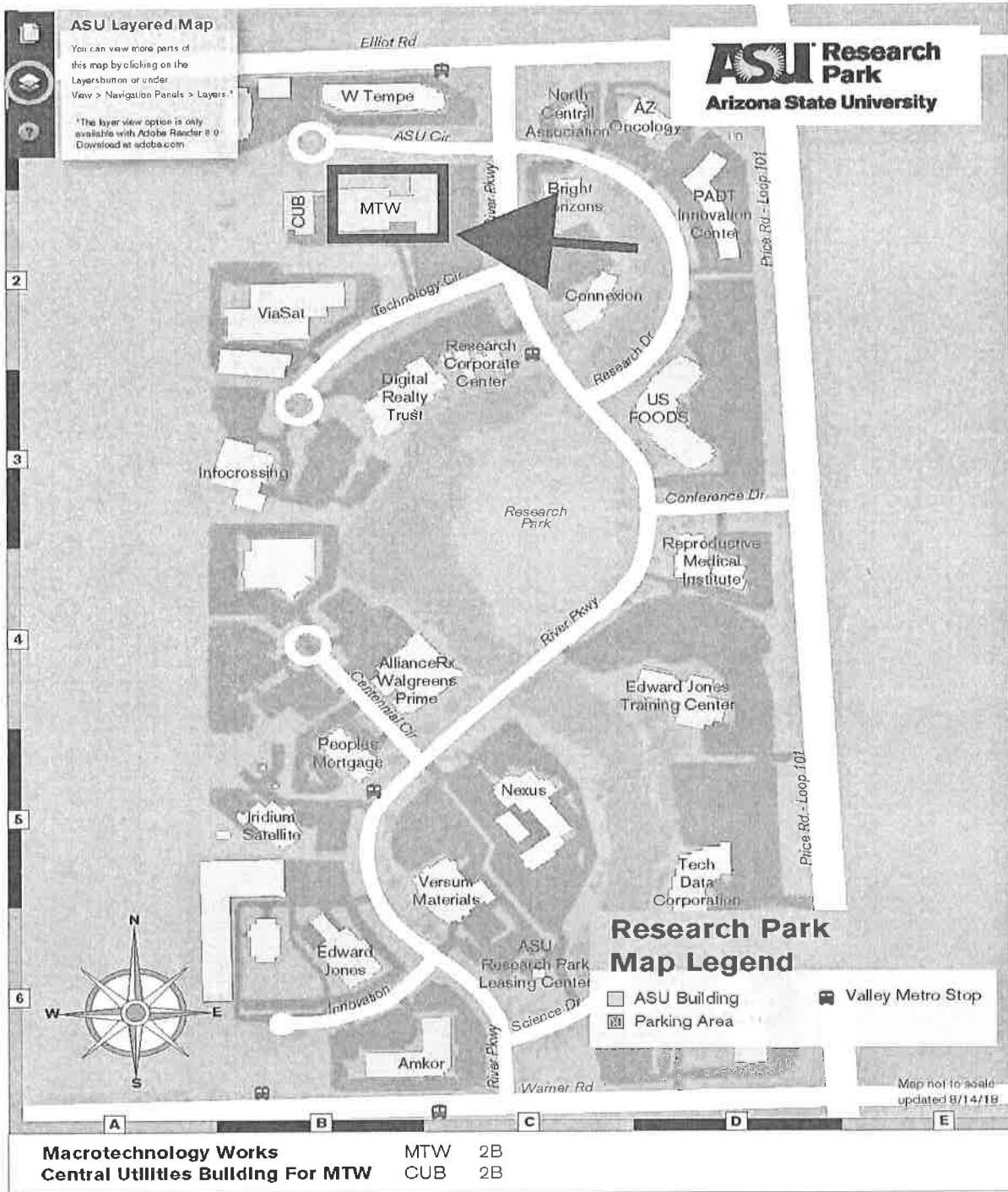
Total Project Cost	\$	40,000,000
Total Project Construction Cost	\$	33,700,000
Total Project Cost per GSF	\$	N/A
Construction Cost per GSF	\$	N/A
Utilities	\$	0
Personnel	\$	0
All Other Operating	\$	0
Subtotal	\$	0

**Estimated Annual
O & M Cost: \$0**

Funding Sources:

A. System Revenue Bonds	\$	40,000,000
Debt Service Funding Source:		Tuition
B. Operations/Maintenance	\$	0
Funding Sources:		Not Applicable

Exhibit A
MTW Partnership Renovations
Site Location Map



ITEM 7.16: Request to Approve Individual Project and Financing for PSH Research Laboratory Complex Modernization, Including Waiver of ABOR Policy 7-102 Requiring Committee Review, for Arizona State University

Requested Action: Arizona State University (ASU) asks the board for individual project and financing approval of its PSH Research Laboratory Complex Modernization project, including waiver of ABOR policy 7-102 requiring committee review, as described in this executive summary. The approximately 131,710 square foot, \$115 million major capital project will be debt-financed with system revenue bonds and amortized over approximately a thirty-year term and funded by tuition revenue.

Background

- Annual Capital Plan September 2025
- FY 2026–2029 Capital Improvement Plan September 2024

Project Justification/Description/Scope

- This project will renovate Bateman Physical Sciences Center H Wing (PSH) to meet the current and future demands of the university’s academic and research programs. The project scope includes the comprehensive renovation of the existing laboratories, offices and classrooms while maintaining the same general space types within PSH, located at 525 E. University Drive on the Tempe campus. This is depicted on the map attached as Exhibit A.
- The project will renovate 17 wet labs, 15 dry labs and 24 office spaces. This work is essential to increase the facility’s research capabilities, extend the building’s useful life and create a more efficient and flexible learning and research environment.
- The Bateman Complex is comprised of multiple wings, including the 131,710 gross-square-foot (GSF) H-Wing constructed in 1991. H Wing primarily houses wet and dry instructional laboratories, wet research laboratories, classrooms and office spaces
- The renovation will address significant building infrastructure needs, including the demolition and improvement of interior spaces, upgrades and/or full replacement of mechanical, electrical and plumbing (MEP) systems, exterior envelope improvements and enhancements to accessibility and life safety systems. These critical upgrades will significantly improve the reliability and capacity of building utilities, enabling the support of research initiatives that are not currently possible.
- These renovations will directly support ASU’s mission of advancing innovative research and providing high-quality, accessible education by creating state-of-the-art wet and dry instructional laboratories, wet research laboratories, classrooms and office spaces that meet the evolving needs of faculty, students and research partners.

Contact Information:

Morgan Olsen, ASU

Morgan.R.Olsen@asu.edu

480-727-9920

Project Delivery Method and Process

- This project will be managed through the Construction Manager at Risk (CMAR) delivery method. This approach was selected to facilitate a coordinated design with constant contractor input and guidance throughout the project development and costing phases.
- The project delivery plan maximizes value by creating efficiencies in both the design and construction phases through a team approach, while ensuring complete alignment with ASU standards.
- ASU has selected Mortenson Company as the CMAR and BWS Architects as the Design Professional (DP) for this project. The CMAR selection process included nine submissions and four teams were interviewed. The DP selection process included 18 submissions and three teams were interviewed.

Project Status and Schedule

- The project is scheduled to begin construction in December 2025 and completion in July 2028.

Project Cost

- The budget for this approximately 131,710 GSF project is \$115 million. The budget represents an estimated construction cost of \$80.6 million, which is approximately \$611 per GSF. The estimated total project cost is \$873 per GSF.

• **Comparable Projects:**

Project	Description	Location	Project Size GSF	Total Project Cost/GSF	Year Completed
ISTB7	New five-story, high-performance research facility	Tempe	281,378	\$682	2022
ISTB12	New three-story, state-of-the-art research facility	Polytechnic	173,194	\$1,080	2025
Bateman Physical Sciences Center D and E Wing	Renovations included infrastructure, classroom and research lab upgrades	Tempe	87,866	\$683	2023
Average Comparable Total Project Cost				\$815	

Fiscal Impact and Financing Plan

- This \$115 million project will be debt-financed with system revenue bonds and amortized over approximately a thirty-year term. Tuition revenue funding for the estimated annual debt service of \$8,047,000 is included in current budget planning.

- **Debt Ratio Impact:** The projected incremental debt ratio impact for this project is 0.17 percent.
- There are no expected increases in operations and maintenance costs associated with this project.
- ASU will:
 - (a) issue one or more series of system revenue bonds to finance the project, costs of issuance and payments to a bond insurer or other credit enhancer, provided such payments result in a benefit that exceeds the amount of such payments.
 - (b) issue bonds at a price at, above or below par, on a tax-exempt or taxable basis, in one or more series, at a fixed or variable rate of interest.
 - (c) enter into necessary agreements, including those related to bond insurance or other credit enhancement agreements, if any.
 - (d) utilize a financial advisor, bond counsel, and bond trustee for the financing. The system revenue bonds will be marketed and sold either on a competitive or negotiated basis, in the open market or to one or more investment banking firms currently in a pool of bond underwriters procured by the three state universities, or by the State of Arizona, or by a direct sale to a bank or banks or other financial institutions.

Occupancy Plan

- Some project components will reconfigure research labs, classrooms and office spaces. Current occupants will be temporarily displaced as needed for renovations. Occupants will reoccupy the spaces upon completion.

Statutory/Policy Requirements

- Pursuant to ABOR Policy 7-102.B.4, each university shall submit an individual project and financing plan.
- Individual project and financing plans are reviewed by the University Governance and Operations Committee and approved by the board.
- Approval of the individual project and financing plan authorizes the university to proceed with financing and execution of construction contracts for the project.
- Pursuant to ABOR Policy 7-102.D, a university may request a waiver of this board policy as long as it is in the best interest of the university and it complies with applicable state laws.

Capital Project Information Summary

University: Arizona State University **Project Name:** PSH Research Laboratory
Complex Modernization

Project Description and Location: This project will renovate PSH to meet the current and future demands of the university’s academic and research programs, extend the building’s useful life and create a more efficient and flexible learning and research environment. The project will renovate 17 wet labs, 15 dry labs and 24 office spaces while maintaining the same general types of spaces within PSH, located at 525 E. University Drive on the Tempe campus, as depicted on the map attached as Exhibit A.

Project Schedule:

Planning	April	2024
Design Start	January	2025
Construction Start	December	2025
Construction Completion	July	2028

Project Budget:

Total Project Cost	\$ 115,000,000
Total Project Construction Cost	\$ 80,600,000
Total Project Cost per GSF	\$ 873
Construction Cost per GSF	\$ 611

Estimated Annual O&M Cost:

Utilities	\$ 0
Personnel	0
All Other Operations	0
Subtotal	\$ 0

Funding Sources:

A. System Revenue Bonds	\$ 115,000,000
Debt Service Funding Source:	Tuition
B. Operation/Maintenance	\$ 0
Funding Source:	Not Applicable

Capital Project Budget Summary

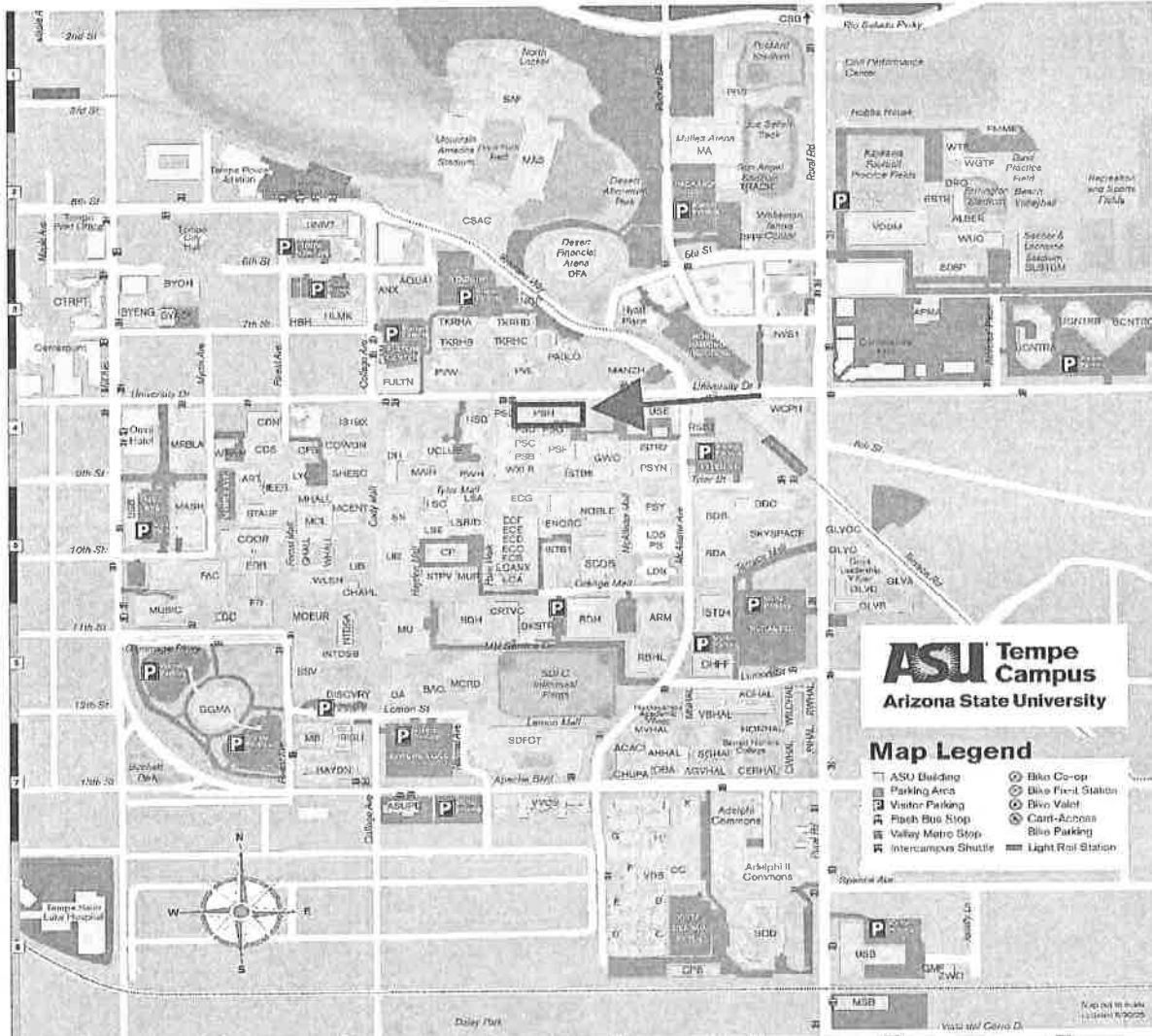
University: Arizona State University
Project: PSH Research Laboratory Complex
 Modernization

	Annual Capital Plan
Capital Costs	
1. Land Acquisition	\$0
2. Construction Cost	
A. New Construction	\$0
B. Tenant Improvement	\$80,500,000
C. Special Fixed Equipment	\$0
D. Site Development (excl. 2.E.)	\$0
E. Parking and Landscaping	\$0
F. Utilities Extensions	\$0
G. Other* (Demolition/abatement)	\$100,000
Subtotal Construction Cost	<u>\$80,600,000</u>
3. Fees	
A. CMAR Pre-Construction	\$1,500,000
B. Architect/Engineer	\$9,000,000
C. Other	\$2,400,000
Subtotal Consultant Fees	<u>\$12,900,000</u>
4. FF&E Movable	\$2,013,649
5. Contingency, Design Phase	\$840,000
6. Contingency, Constr. Phase	\$10,500,000
7. Parking Reserve	\$0
8. Telecommunications Equipment	\$3,000,000
Subtotal Items 4-8	<u>\$16,353,649</u>
9. Additional University Costs	
A. Surveys, Tests, Haz. Mat. Abatement	\$100,000
B. Move-in Costs	\$500,000
C. Printing Advertisement	\$0
D. Keying, signage, facilities support	\$110,000
E. Project Management Cost	\$4,060,389
F. State Risk Mgt. Ins. (.0034 **)	\$375,962
Subtotal Addl. Univ. Costs	<u>\$5,146,351</u>
Total Capital Cost	<u><u>\$115,000,000</u></u>

* Universities shall identify items included in this category.

** State Risk Management Insurance factor is calculated on construction costs and consultant fees.

Exhibit A
 PSH Research Laboratory Complex Modernization
 Site Location Map



Acacia Hall	ACACI 7E	Emb' Heat & Pow. Fac.	CHPF 6F	Helmic Center	HLMK 3C	Music Building	MUSIC 6B	Student Services Bldg.	SSV 6C
Accuria Hall	ACHAL 6F	Community Serv. Bldg.	CSD 1F	Honors Hall	HONHAL 7F	Neesh Hall	NEEB 5B	Sun Angel Clubhouse	SAC 1H
Adelphi Commons	ADEL 7F		COOR 5B	Interdiscipl. A/B	INTDISA/B 6C	Nelson Fine Arts Center	FAO 5B	Sun Devil Clubhouse	SAC 1H
Agave Hall	ACVHAL 7F	Cottonwood Hall	COWHD 7F	Interdiscipl. Sc. & Tech. 1	ISTB1 6D	Noble Incl. Library	NOBLE 6E	Sun Devil Sports Part.	SDSP 3H
Aquatic Complex	AQUAT 3D	Cowden Fam. Reces.	COWDN 4C	Interdiscipl. Sc. & Tech. 2	ISTB2 4E	Northern Chillar Plant	NCP 3D	Sun Angel Stadium	TRACK 2F
Armstrong Hall	ARM 6E	Creativity Commons	CRVCO 8D	Interdiscipl. Sc. & Tech. 3	ISTB3 8F	Off-Camp. Bldg. Srv.	OCRS 6G	Sun Devil Sports Part.	SDSP 3H
Arroyo Hall	ARHAL 7E	Danforth Chapel	CHAPL 5C	Interdiscipl. Sc. & Tech. 4	ISTB4 4E	Old Main	MAIN 4D	Sun Devil Sports Part.	SDSP 3H
Art Building	ART 4B	Dawson Financial Arena	DFA 3E	Interdiscipl. Sc. & Tech. 5	ISTB5 4E	Orchidhouse (Brckyd.)	BYOH 3B	Sun Devil Sports Part.	SDSP 3H
Art Warehouse	ARWH 4B	Design Annex	DEGNX 3C	Interdiscipl. Sc. & Tech. 6	ISTB6 4C	Palo Verde East	PVE 2D	Sun Devil Sports Part.	SDSP 3H
ASU at Mirabelle	MRBLA 4B	Design North	CDN 4B	Interdiscipl. Sc. & Tech. 7	ISTB7 7C	Palo Verde West	JOBA 7E	Sun Devil Sports Part.	SDSP 3H
Basal Hall	MB 7C	Design South	CDS 4B	Interdiscipl. Sc. & Tech. 8	ISTB8 4E	Payra Hall	E0B 6B	Sun Devil Sports Part.	SDSP 3H
Business Admin.	BA 6C	Discovery Hall	DISCVRY 6C	Interdiscipl. Sc. & Tech. 9	ISTB9 4E	Perform. & Media Arts	APMA 3G	Sun Devil Sports Part.	SDSP 3H
Business Admin. C-Wing	BAC 6D	Dixie Gammage Hall	GHAL 6C	Interdiscipl. Sc. & Tech. 10	ISTB10 4C	Physical Sci. Wings	PSB-H 4D	Sun Devil Sports Part.	SDSP 3H
Biology Incl. Bldg. A	BDA 5F	Durham Hall	DW 4C	Irish Hall	IRISH 7C	Piper Writers House	ASUPD 7C	Sun Devil Sports Part.	SDSP 3H
Biology Incl. Bldg. B	BDB 5F	Educational Lecture Hall	EDD 6B	Jobba Hall	JOBA 7E	Police	PSY 5E	Sun Devil Sports Part.	SDSP 3H
Biology Incl. Bldg. C	BDC 5F	Engineering Center	ECA-G 5D	Juniper Hall	JUNIPAL 7F	Psychology Building	PSY 5E	Sun Devil Sports Part.	SDSP 3H
Bookstore	BKSTR 6D	Engrin. Research Cntr.	ENGRD 5D	Life Sciences Center	LS 6D	Psychology North	PSYN 4E	Sun Devil Sports Part.	SDSP 3H
Brickyard Arisan Crtryd.	BYACD 3B	Farmar Education Bldg.	FED 6B	Life Sciences C-Wing	LSC 6D	Rosewood Hall	RWAL 6F	Sun Devil Sports Part.	SDSP 3H
Brickyard Engr.	BYENG 3A	Ferrington Softball Stdm.	ALBER 2H	Life Sciences Tower	LSE 6D	Ross-Blanley Hall	RBHL 6E	Sun Devil Sports Part.	SDSP 3H
Buildg. Hall	BDH 6E	Fulton Center	FULTN 4C	Lycuam Theatre	LVC 4C	Saga Hall	SGHAL 2F	Sun Devil Sports Part.	SDSP 3H
Carson Bldg. Ath Cntr.	CSAC 2D	Gammage Auditorium	GGMA 8B	Manzanita Hall	MANZH 4E	San Pablo Hall	PASLO 3D	Sun Devil Sports Part.	SDSP 3H
Centerpoint	CTRPT 3A	Goldwater Center	GW 4E	Manzanita Hall	MANZH 4E	Schwada Building	SCOB 6E	Sun Devil Sports Part.	SDSP 3H
Cereus Hall	CRHAL 7F	Grak Ldrsp. Vig. A-D	GLVA-D 5G	Manzanita Hall	MANZH 4E	Sch. Hu. Ex. Sec. Chu.	SCHSC 4C	Sun Devil Sports Part.	SDSP 3H
Center for Fam. Studies	CPS 4C	Grak Ldrsp. Vig. C-C	GLVCO 5A	Marriott Union	MU 6C	Social Sciences	SS 5C	Sun Devil Sports Part.	SDSP 3H
Central Plant	CP 6D	Grounds Maint. Facility	GWF 6F	Marquette Hall	MARQU 6F	Sonora Center	SCD 6F	Sun Devil Sports Part.	SDSP 3H
Central Plant South	CPS 6F	Harrington-Birchall House	HBB 3C	Material Sci. Bldg.	MAT 6D	Stauter Comm.	STAUF 6B	Sun Devil Sports Part.	SDSP 3H
Cholla Apartments	CHOLA 5G	Hayden Hall	HAYDN 7C	Memorial Hall	MHALL 6C	Sun Devil Fll. Cntr.	SDFCT 6E	Sun Devil Sports Part.	SDSP 3H
Chiparosa Hall	CHUPA 7E	Health Service	HSB 4D	McClintock Hall	MCL 6C	Student Athlete Facility	SAT 1D	Sun Devil Sports Part.	SDSP 3H
College Ave. Market	CAM 3C			McCord Hall	MCRD 6D	Student Pavilion	STPV 6D	Sun Devil Sports Part.	SDSP 3H



STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

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MICHAEL WAY

DATE: April 15, 2026

TO: Members of the Joint Committee on Capital Review

FROM: Grace Timpany, Fiscal Analyst

SUBJECT: Arizona State University – Review of Building and Infrastructure Enhancement Modifications Increase

Request

A.R.S. § 15-1683 requires Committee review of any university project financed with system revenue bonds. A.R.S. § 15-1671 requires Committee review of cash projects funded by the Capital Infrastructure Fund (CIF). Arizona State University (ASU) requests Committee review of \$30,000,000 in system revenue bond issuances and \$20,000,000 in CIF cash for building and infrastructure enhancement modifications. ASU will fund debt service with tuition revenues.

This project was previously reviewed at the Committee's December 2024 meeting at a cost of \$45,000,000 in system revenue bonds. ASU is requesting an increase of \$50,000,000 for a total of \$95,000,000 to fund new deferred maintenance priorities.

Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the request.
2. An unfavorable review of the request.

Under any option, the Committee may also consider the following standard university financing provisions:

Standard University Financing Provisions

- A. A favorable review by the Committee does not constitute endorsement of General Fund appropriations to offset any revenues that may be required for operations and maintenance costs when the project is complete.
- B. ASU shall provide the final debt service schedule and interest rate for the project as soon as they are available.
- C. On or before October 15 of each year until completion of the project, ASU shall report to the JLBC Staff on the status and expenditures of the project. The report shall include the project expenditures to date, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.

Key Points

- 1) ASU intends to complete various building improvements across all campuses to address life safety deficiencies and aging systems.
- 2) The total project cost is \$95.0 million, of which \$75.0 million will be system revenue bond issuances and \$20.0 million will be CIF cash.
- 3) This project was previously reviewed in the December 2024 JCCR meeting. ASU is requesting a \$50.0 million increase in funding to fund new deferred maintenance priorities.
- 4) ASU expects to issue bonds in spring 2026. The annual debt service of \$5.9 million will be funded using tuition revenues.

Analysis

ASU intends to complete building improvements across all campuses to address life safety deficiencies and aging systems, and elevator and roof repairs. This project was previously reviewed in the December 2024 JCCR meeting at a total cost of \$45.0 million. ASU is requesting the \$50.0 million increase to fund additional deferred maintenance priorities. New projects include additional roofs, electrical equipment, HVAC systems, air handler units, fire alarms, elevators, control systems, chillers, mechanical equipment, control systems and campus lighting. ASU states that some components have exceeded their useful life, and these items are needed to maintain compliance with code requirements and address Arizona Board of Regent (ABOR) directives to reduce deferred maintenance.

Financing

ASU plans to issue \$75.0 million in system revenue bonds with an anticipated rating of Aa2 (Moody's)/ AA (S&P) and an estimated interest rate of 4.4% over a 20-year term. Estimated issuance costs are \$609,000.

The annual debt service for the \$75.0 million will be approximately \$5.9 million from FY 2027 to FY 2047 and ASU will fund the debt service using tuition revenue. The debt service on this project will increase ASU's current debt ratio by 0.13% from 4.70% to 4.83%. (See Table 1 on page 4 for a summary of the bond financing terms.)

For the remaining \$20.0 million, ASU intends to pay cash using CIF cash reserves. ASU has remaining CIF monies from its FY 2022 through FY 2026 appropriations.

University Capital Infrastructure Funds (2017 Bonding Package)

Laws 2017, Chapter 328 established A.R.S. § 15-1671, which provides General Fund appropriations from FY 2019 to FY 2043 for new university research facilities, building renewal, or other capital construction projects. The law appropriates \$27.0 million 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 universities may use these monies for debt service on infrastructure long-term financing and for cash construction costs. New debt issued under this program may not exceed \$1.0 billion.

Under the law, each university's General Fund appropriation is deposited into a newly-created Capital Infrastructure Fund (CIF). Each university must match any General Fund contributions to its fund that are used for debt service payments at a 1:1 rate. In this instance, there is no match requirement as ASU is not using its appropriation to issue debt.

CIF cash projects are subject to JCCR review, while university bonding projects financed with CIF monies require committee approval.

ASU has previously received Committee review/approval for 6 CIF-funded projects totaling \$455.0 million in bonds issued. After this project, ASU will have \$5.1 million in CIF capacity remaining.

Construction Costs

Of the \$95.0 million total project cost, direct construction costs are \$85.4 million. Due to the nature of this project, there is no estimated cost per square foot.

Depending on the nature of the work, components of this project may be delivered through the Design-Build (DB), Construction Manager at Risk (CMAR) or Job Order Contracting (JOC) methods. ASU will select contractors and Design Professionals (DP) once project approval is in place. The entire project is expected to be completed by December 2027.

Operations and Maintenance Costs

ASU does not expect Operations and Maintenance costs to increase as a result of this project.

Construction Timeframe	November 2024 – December 2027
Issuance Amount	\$75.0 million
Issuance Date	April 2026
Issuance Transaction Fees	\$609,000
Rating	Aa2 (Moody's)/AA (S&P)
Interest Rate	4.40%
Term	20 years
Total Debt Service Costs	\$117.0 million
Debt Service Payments	\$5.9 million
Payment Source	Tuition Revenue
Debt Ratio Increase	0.13%

GT:jbu



January 16, 2026

The Honorable David Livingston, Chairman
Joint Committee on Capital Review
Arizona State Senate
1700 West Washington Street
Phoenix, AZ 85007



Dear Chairman Livingston:

In accordance with ARS section 15-1683, the Arizona Board of Regents requests that the following Arizona State University bond-financed projects be placed on the next Joint Committee on Capital Review agenda:

- MacroTechnology Works (MTW) Partnership Renovations
- Physical Sciences Center H (PSH) Research Laboratory Complex Modernization
- Building and Infrastructure Enhancements and Modifications (funding increase)

Enclosed is pertinent information relating to this item. If you have any questions or desire any clarification on the enclosed material, please contact me at (480) 727-9920.

Sincerely,

Morgan R. Olsen
Executive Vice President, Treasurer and CFO

- c: Richard Stavneak, Director, JLBC
Grace Timpany, Fiscal Analyst, JLBC
Chad Sampson, Executive Director, ABOR
Bradley Kendrex, Vice President, Finance and Administration, ABOR
Tim Smith, Vice President, Facilities Development and Management, ASU
Adam Deguire, Vice President, Government and Community Engagement, ASU
Matthew Simon, Associate Vice President, State & Federal Relations, ASU
Kendra Burton, Executive Director, State Relations, ASU

3. Building and Infrastructure Enhancements and Modifications

This is a funding increase of \$50 million for the project, previously approved by JCCR for \$45 million on December 18, 2024, to be funded \$30 million with system revenue bonds and \$20 million from Capital Infrastructure Fund (CIF) reserves, which, if approved, would bring the total project cost to \$95 million.

This project encompasses enhancements and modifications to ASU buildings and infrastructure across all ASU campuses that will address the university's primary areas of concern, which include, but are not limited to, life safety deficiencies; aging mechanical, critical building and utility distribution systems; and timeworn and unreliable elevators and roofs.

Components of the ASU built environment have exceeded their useful life and some are incapable of effectively supporting the advancement of the university's mission of academic and research excellence. The planned project will ensure the efficient, reliable and safe operation of all essential campus facilities, infrastructure and systems, including those that must continue without interruption to support the university's critical academic and research initiatives.

A \$50 million revision to the project budget is proposed to fund new deferred maintenance priorities for building and infrastructure improvements. These priorities include, but are not limited to, building roofs, electrical equipment, HVAC systems, air handler units, fire alarms, elevators, control systems, chillers, mechanical equipment, control systems and campus lighting.

This project will enhance the quality of the campus infrastructure and systems, enable the university to maintain compliance with code requirements and address ABOR directives to reduce deferred maintenance. Projects essential for life safety, code compliance and the advancement of university strategic initiatives will be given top priority.

Depending on the nature of the work, the new components of this project bundle may be delivered through the Design-Build (DB), Construction Manager at Risk (CMAR) or Job Order Contracting (JOC) methods.

ASU has not yet selected a DB, CMAR, JOC or Design Professional (DP) firm for any new components of this project bundle. Contractors and DPs will be selected according to ABOR policy and Arizona law.

DPs will be selected after project approval is in place. The project design will be completed approximately 6-12 months after the DP contract has been awarded for that component of work.

General construction is currently in progress on various components of this project

bundle. Construction for the new deferred maintenance priorities are scheduled to begin when the design is complete and after all approvals are in place. Construction on all project components is targeted for completion by December 2027.

The total budget for this project bundle is \$95 million. The total project construction cost is \$85.4 million, but the individual project costs will vary depending on the scope and scale of the building and infrastructure modifications included in this bundle.

The \$95 million project will be partially debt-financed with approximately \$75 million of system revenue bonds. The debt service of \$5.9 million is funded by tuition revenue and will be paid over approximately a twenty-year term. Funding for annual debt service is included in current budget planning. The projected incremental debt ratio impact for this project is 0.13 percent.

The remaining project cost of approximately \$20 million will be cash-funded from Capital Infrastructure Fund (CIF) reserves.

There are no expected increases in O&M costs associated with this project.

Project Costs:

Total Project Cost	\$ 95,000,000
Total Project Construction Cost	\$ 85,400,000

Total Project Cost per GSF	N/A
Construction Cost per GSF	N/A

An Arizona Board of Regents (ABOR) executive summary for this project that is attached, which outlines the project description and other relevant information. The Annual Capital Plan for this project received ABOR approval on September 26, 2024 and the Individual Project and Financing Approval was approved at the ABOR meeting on September 26, 2024. An amended Individual Project and Financing Approval for the \$50 million funding increase is scheduled for review on February 19, 2026.

Project Financing Summary

Project Cost

Building and Infrastructure Enhancements and Modifications	\$95,000,000
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Project Costs Financed

System Revenue Bonds	\$75,000,000
Estimated Costs of Issuance	\$609,000
Anticipated Rating – System Revenue Bonds	Aa2 (Moody's) and AA (S&P)
Assumed Interest Rate	4.4%
Term	20 years

Estimated Debt Service

Annual Debt Service (FY 2027 to FY 2047)	\$5,853,000
Total Estimated Debt Service (20 years)	\$117,016,000
Funding Sources: Tuition	

Debt Ratio

Debt Ratio on Existing Debt	4.70%
Incremental Debt Ratio	<u>0.13%</u>
Debt Ratio with Project	4.83%
Statutory Debt Limit (ARS section 15-1683)	8.00%



**Building and Infrastructure Enhancements and Modifications
System Revenue Bonds
Estimated Debt Service**

Estimated Issuance April 2026

Fiscal Year	Principal	Interest	Total
2027	1,644,000	4,209,000	5,853,000
2028	2,558,000	3,294,000	5,852,000
2029	2,669,000	3,180,000	5,849,000
2030	2,788,000	3,061,000	5,849,000
2031	2,915,000	2,937,000	5,852,000
2032	3,045,000	2,807,000	5,852,000
2033	3,180,000	2,672,000	5,852,000
2034	3,322,000	2,530,000	5,852,000
2035	3,468,000	2,382,000	5,850,000
2036	3,621,000	2,228,000	5,849,000
2037	3,783,000	2,067,000	5,850,000
2038	3,952,000	1,898,000	5,850,000
2039	4,128,000	1,722,000	5,850,000
2040	4,313,000	1,538,000	5,851,000
2041	4,505,000	1,346,000	5,851,000
2042	4,704,000	1,145,000	5,849,000
2043	4,916,000	936,000	5,852,000
2044	5,134,000	717,000	5,851,000
2045	5,361,000	488,000	5,849,000
2046	5,603,000	250,000	5,853,000
Total	75,609,000	41,407,000	117,016,000

EXECUTIVE SUMMARY

Item Name: Individual Project and Financing for Building and Infrastructure Enhancements and Modifications for Arizona State University

Action Item

Requested Action: Arizona State University (ASU) asks the board for individual project and financing approval of its Building and Infrastructure Enhancements and Modifications project, as described in this executive summary. The \$45 million major capital project will be debt-financed with system revenue bonds. The debt service will be paid over an approximate twenty-year term and funded by tuition revenue.

Background/History of Previous Board Action

- FY 2025 – 2028 Capital Improvement Plan September 2023

Project Justification/Description/Scope

- This project encompasses enhancements and modifications to ASU buildings and infrastructure across all ASU campuses that will address the university's primary areas of concern, which include, but are not limited to, life safety deficiencies; aging mechanical, critical building and utility distribution systems; and timeworn and unreliable elevators and roofs.
- Many components of the ASU built environment have exceeded their useful life and some are incapable of effectively supporting the advancement of the university's mission of academic and research excellence. The planned project will ensure the efficient, reliable and safe operation of all essential campus facilities, infrastructure and systems, including those that must continue without interruption to support the university's critical academic and research initiatives.
- This project will enhance the quality of the campus infrastructure and systems, enable the university to maintain compliance with code requirements and address ABOR directives to reduce deferred maintenance. Projects essential for life safety, code compliance and the advancement of university strategic initiatives will be given top priority.

Contact Information:
Morgan R. Olsen, ASU

Morgan.R.Olsen@asu.edu

480-727-9920

EXECUTIVE SUMMARY

Project Delivery Method and Process

- Depending on the nature of the work, components of this project bundle may be delivered through the Design-Build (DB), Construction Manager at Risk (CMAR) or Job Order Contracting (JOC) methods.
- ASU has not yet selected a DB, CMAR, JOC or Design Professional (DP) firm for any components of this project bundle. Contractors and DPs will be selected according to ABOR policy and Arizona law.

Project Status and Schedule

- DPs will be selected after project approval is in place. The project design will be completed approximately 6-12 months after the DP contract has been awarded for that component of work.
- General construction is scheduled to begin when the design is complete and after all approvals are in place. Construction on all project components is targeted for completion by December 2027.

Project Cost

- The total budget for this project bundle is \$45 million.
- Independent cost estimates will be provided by the DP, DB, CMAR or JOC contractor after these selections are complete.
- For projects selected to use the DB or CMAR delivery method, the construction manager will be at risk to provide the completed project within the agreed-upon Goods Manufacturing Practice (GMP).
- The total project construction cost is \$34.5 million, but the individual project costs will vary depending on the scope and scale of the building and infrastructure modifications included in this bundle.

Fiscal Impact and Financing Plan

- The \$45 million project will be debt-financed with system revenue bonds and amortized over an approximately twenty-year term. The annual debt service of \$3,306,600 will be funded by tuition revenue and is included in current budget planning.

EXECUTIVE SUMMARY

- ASU will:
 - (a) issue one or more series of system revenue bonds to finance the project, costs of issuance of the bonds and payments to a bond insurer or other credit enhancer, provided such payments result in a benefit that exceeds the amount of such payments
 - (b) issue bonds at a price at, above or below par, on a tax-exempt or taxable basis, in one or more series, at a fixed or variable rate of interest
 - (c) enter into necessary agreements, including those related to bond insurance or other credit enhancement agreements, if any
 - (d) utilize a financial advisor, bond counsel, and bond trustee for the financing. The system revenue bonds will be marketed and sold on a negotiated basis, either to one or more investment banking firms currently in a pool of bond underwriters procured by the three state universities or by the State of Arizona or by a direct sale to a bank or banks or other financial institutions.
- **Debt Ratio Impact:** The projected incremental debt ratio impact for this project bundle is 0.07 percent.
- There are no expected increases in operations and maintenance costs associated with this project bundle.

Occupancy Plan

- This project will not affect occupancy or existing programs but will provide increased infrastructure to support the advancement of the university's academic and research initiatives.

Committee Review and Recommendation

The University Governance and Operations Committee reviewed this item at its September 12, 2024, meeting and recommended forwarding the item to the board for approval.

Statutory/Policy Requirements

- Pursuant to ABOR Policy 7-102.B.4, each university shall submit an individual project and financing plan.
- Individual project and financing plans are reviewed by the University Governance and Operations Committee and approved by the board.
- Approval of the individual project and financing plan authorizes the university to proceed with financing and execution of construction contracts for the project.

EXECUTIVE SUMMARY

Capital Project Information Summary

University: Arizona State University **Project Name:** Building and Infrastructure Enhancements and Modifications

Project Description and Location: These projects encompass enhancements and modifications to ASU buildings and infrastructure that will address the university’s primary areas of concern at all ASU campuses. These concerns include, but are not limited to, life safety deficiencies; the replacement of aging mechanical, critical building and utility distribution systems; and the repair and replacement of timeworn and unreliable elevators and roofs.

Project Schedule:

Planning	November	2022
Design Start	April	2023
Construction Start	November	2024
Construction Completion	December	2027

Project Budget:

Total Project Cost	\$	45,000,000
Total Project Construction Cost	\$	34,500,000
Total Project Cost per GSF	\$	n/a
Construction Cost per GSF	\$	n/a

Estimated Annual O&M Cost:

Utilities	\$	0
Personnel		0
All Other Operations		0
Subtotal	\$	0

Funding Sources:

A. System Revenue Bonds	\$	45,000,000
Debt Service Funding Source:		Tuition
Operation/Maintenance	\$	0
Funding Source:		Not Applicable



STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

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DATE: April 15, 2026

TO: Members of the Joint Committee on Capital Review

FROM: Grace Timpany, Fiscal Analyst

SUBJECT: University of Arizona – Approval of Deferred Maintenance Projects

Request

A.R.S. § 15-1671 requires Committee approval of any debt financed university capital projects paid for with funds from the university's Capital Infrastructure Fund (CIF). These monies are from the \$1 billion capital investment program enacted in 2017. The University of Arizona (UA) requests Committee approval of \$75,000,000 in bond issuances for deferred maintenance projects and renovations across multiple campuses.

Committee Options

The Committee has at least the following 2 options:

1. Approval of the request.
2. Disapproval of the request.

Under either option, the Committee may also consider the following provisions:

Standard University Financing Provisions

- A. A favorable review by the Committee does not constitute endorsement of General Fund appropriations to offset any revenues that may be required for operations and maintenance costs when the project is complete.
- B. UA shall provide the final debt service schedule and interest rate for the projects as soon as they are available.
- C. On or before October 15 of each year until completion of the project, UA shall report to the JLBC Staff on the status and expenditures of the project. The report shall include the project expenditures

to date by type of building system, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.

Key Points

- 1) UA seeks approval to complete projects across multiple campuses including deferred maintenance for athletics facilities and technology infrastructure, and renovations at the Student Union Memorial Center.
- 2) These projects will be funded with \$75.0 million in system revenue bonds.
- 3) The annual debt service will be \$4.8 million with 50% paid by General Fund appropriations and 50% paid by tuition revenue.

Analysis

UA intends to issue \$75.0 million in system revenue bonds to complete 3 deferred maintenance and renovation projects:

- \$50.0 million for deferred maintenance and upgrades to athletics facilities including Arizona Stadium, the McKale Center and other sports facilities. Projects include electrical, lighting, seating, and restroom upgrades. UA states the buildings are in need of significant infrastructure and maintenance improvements, and the work will enhance safety and gameday experience.
- \$20.0 million for Student Union Memorial Center renovations. Renovations identified by a Facilities Condition Assessment will include HVAC modernization, and electrical and plumbing systems upgrades. UA states that these renovations will ensure the longevity of the facility and will also include establishment of a student welcome center and student one-stop service center.
- \$5.0 million for technology infrastructure deferred maintenance and upgrades. This project addresses a multi-year backlog of deferred network infrastructure and classroom technology replacements across campus. Maintenance includes replacement of end-of-life firewalls, power supply units, wireless controllers, access points and network operations fleet vehicles, renovation of campus dispatch centers, and upgraded technology in instructional spaces across multiple colleges and buildings. UA states that some of these components are beyond end-of-life or no longer receiving manufacturer security patches or bug fixes, and upgrades are needed to reduce cybersecurity and operational risks.

Financing

UA plans to issue \$75.0 million in system revenue bonds with an anticipated rating of Aa3 (Moody's)/AA- (S&P) and an estimated interest rate of 4.00% over a 25-year term. Estimated issuance costs are \$540,000.

The annual debt service will be \$4.8 million from FY 2027 to FY 2051. Of the total 120.6 million in debt service costs, \$60.3 million will be paid from tuition revenue and \$60.3 million will be paid from the General Fund. *(See Table 1 for a summary of the bond financing terms).*

The debt service on these projects will increase UA's current debt ratio by 0.17% from 3.44% to 3.61%.

University Capital Infrastructure Funds (2017 Bonding Package)

Laws 2017, Chapter 328 established A.R.S. § 15-1671, which provides General Fund appropriations from FY 2019 to FY 2043 for new university research facilities, building renewal, or other capital construction projects. The law appropriates \$27.0 million 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 FY 2026 appropriations are allocated to each university as follows:

- ASU: \$13,566,700
- NAU: \$5,142,200
- UA: \$12,001,900
- **Total: \$30,710,800**

The universities may use these monies for debt service on infrastructure long-term financing and for cash construction costs. New debt issued under this program may not exceed \$1.0 billion.

Under the law, each university's General Fund appropriation is deposited into a newly-created Capital Infrastructure Fund (CIF). Each university must match any General Fund contributions to its fund that are used for debt service payments at a 1:1 rate.

CIF cash projects are subject to JCCR review, while university bonding projects financed with CIF monies require committee approval.

UA has previously received Committee review/approval for 8 CIF-funded projects, totaling \$42.9 million in cash expenditures and \$288.7 million in bond issued. Including this project, UA will have committed approximately \$11.4 million or 95.3% of its annual CIF appropriation for debt service.

Issuance Amount	\$75.0 million
Issuance Date	Mid 2026
Issuance Transaction Fees	\$540,000
Rating	Aa3 (Moody's)/AA- (S&P)
Interest Rate	4.00%
Term	25 years
Total Debt Service Costs	\$120.6 million
Debt Service Payments	\$4.8 million
Payment Source	\$60.3 million General Fund (CIF) \$60.3 million tuition revenue
Debt Ratio Increase	0.17%



THE UNIVERSITY OF ARIZONA
Business Affairs

BUSINESS AFFAIRS
Old Main
1200 East University Boulevard
PO Box 210021
Tucson, Arizona 85721
Ofc: 520-621-5977
businessaffairs.arizona.edu

March 26, 2026

The Honorable David Livingston, Chairman
Joint Committee on Capital Review
House of Representatives
1700 West Washington St.
Phoenix, AZ 85007



Dear Representative Livingston,

In accordance with A.R.S. §15-1671, the Arizona Board of Regents request the proposed Deferred Maintenance and Upgrades as well as Student Success and Student Union Memorial Center projects for the University of Arizona (U of A) be placed on the next Joint Committee on Capital Review agenda for review.

The total cost for the projects is \$75 million. The projects will be financed through \$75 million of System Revenue Bonds (SRBs) issued by the U of A. The U of A plans to use state appropriations from the Capital Infrastructure Fund (CIF) to pay for half of the debt service and retained tuition matching funds to pay the other half. The estimated annual debt service for the project is \$4.8 million, increasing the U of A's annual debt service ratio by 0.17%.

Attached are the Arizona Board of Regents executive summaries prepared for their review of the projects. The projects were originally reviewed and approved by the board in September 2025. The attached summaries, which update the financing information, will be reviewed at the April 16, 2026, board meeting.

If you have any questions please contact me at johnarnold@arizona.edu

Sincerely,

John Arnold
Chief Financial Officer



Project Summary

Athletics Deferred Maintenance and Upgrades: \$50,000,000

Investments in Arizona Stadium, McKale Center and other sports facilities will address deferred maintenance and necessary upgrades in the high-profile athletic buildings, which are in need of significant infrastructure and deferred maintenance improvements. Work includes electrical, lighting, seating, and restroom upgrades to enhance safety and gameday experience.

Student Experience and Student Union Memorial Center Enhancements: \$20,000,000

The Student Union Memorial Center was last renovated in 2001 and functions as a focal point of the student experience on campus. Investments in student-centered spaces will be guided by the results of a Facilities Condition Assessment, which identified key deferred maintenance needs including modernization of HVAC, electrical and plumbing systems to ensure the longevity of this critical facility. Enhancements will include the establishment of a student welcome center and a student one-stop service center within the existing Student Union.

Technology Infrastructure Deferred Maintenance and Upgrades: \$5,000,000

The technology capital bond proposal addresses a multi-year backlog of deferred network infrastructure and classroom technology replacements across campus, with numerous components now at or beyond end-of-life and no longer receiving manufacturer security patches or bug fixes, creating material cybersecurity and operational continuity risks that cannot be deferred.

Investments include replacement of end-of-life firewalls, UPS units, core and aggregation switches, wireless controllers and access points, fleet vehicles critical to network operations, renovation of campus dispatch centers, and a comprehensive classroom technology refresh spanning instructional spaces across multiple colleges and buildings.

Bond and Finance Summary

Total Project Budget:	\$75,000,000
Estimated System Revenue Bond Par Amount:	\$67,985,000
Estimated System Revenue Bond Premium Amount:	\$7,555,000
Estimated Cost of Issuance:	\$540,000
Estimated Interest Rate:	4.00% (5% Coupons)
Payment Terms:	Approximately 25 years
Fund Source for Total Debt Payment:	State Appropriations & Retained Tuition
Total Annual Debt Service (by fund source):	
Principal & Int. FY27-51 (Avg.) \$4,824,000	State Appropriations & Retained Tuition
Total Debt Service Through Maturity: \$120,591,000	
Anticipated Date of Issuance:	Mid 2026
Expected Bond Rating:	AA- (S &P) Aa3 (Moody's)

Debt Ratio Information:

Current Projected Debt Ratio (FY27):	3.44%
Increment Debt Ratio for All Proposed Projects:	0.17%
Projected Highest Debt Ratio:	3.61%

ITEM X.X: The University of Arizona Requests Approval of its Amended Individual Project and Financing for Athletics Deferred Maintenance and Infrastructure Upgrades

Requested Action: The University of Arizona (U of A) asks the board for amended individual project and financing approval of the Athletics Deferred Maintenance and Infrastructure Upgrade Project, including waiver of ABOR Policy 7-102 requiring committee review, as described in this executive summary. The \$50,000,000 major capital project will be financed with System Revenue Bonds. The debt service will be paid over 25 years from state appropriations and retained tuition, as described in this executive summary.

Background

- At its September 25-26, 2025, meeting, the board approved this project through the University of Arizona's (U of A) Capital Improvement Plan, Annual Capital Plan, and Individual Project and Financing capital development plan processes.
- An amendment is now requested due to a change in the funding source. The project was originally approved to be financed with SPEED revenues bonds; however, U of A now intends to fund the project using system revenue bonds.

Project Justification/Description/Scope

- Addressing Deferred Maintenance needs and aging building infrastructure is part of the University's Capital Plan. In addition, analyzing and addressing the Deferred Maintenance prioritized needs of all mechanical, electrical, plumbing, and life and safety items allow for the continuity of operations at the University of Arizona. The renovations will all last 25-30 plus years before needing to be replaced.
- The age of replacement for HVAC upgrades, building auto systems, plumbing, elevator, and roofs ranges at least 30 plus years. Maintenance has been performed on all mechanical, electrical, plumbing, and life safety equipment on a daily, monthly, and annual basis. Routine repairs are completed as needed and annual preventative maintenance also takes place on all equipment. These deferred maintenance projects are addressing mechanical/electrical/plumbing/life and safety and not addressing complete building replacement. In essence by replacing, we are extending the life of the buildings for decades
- Investments in Arizona Stadium, McKale Center and other sports facilities are prioritized as high-profile athletic buildings in need of significant infrastructure and deferred maintenance improvements. Work includes electrical, lighting, seating, and restroom upgrades to enhance safety and gameday experience.

Project Delivery Method and Process

- All projects will follow State contracts that have been competitively bid, as well as national or governmental requests for proposals, with the lowest cost being one of the evaluation components. In-house project managers are overseeing all projects.

Project Status and Schedule

- Project construction commenced in March 2026. The initial project phases are anticipated to be completed and ready for occupancy in September 2026.

Project Cost

- The construction cost for this project is \$42,500,000 and the total project cost is \$50,000,000

- Comparable similar previously approved projects:

Comparable Similar Previously Approved Projects					
Project	University	Total Project Budget	Project GSF	Total \$/GSF	Constr. \$/GSF
HVAC	University of Arizona	\$18,700,000	650,917	\$28.73	\$24.62
Fire Safety	University of Arizona	\$6,402,025	189,608	\$33.76	\$28.94
Building Automation	University of Arizona	\$1,600,000	574,733	\$2.78	\$2.39
Elevator	University of Arizona	\$872,500	331,674	\$2.63	\$2.25
ADA Compliance	University of Arizona	\$299,000			
Generators	University of Arizona	\$745,000	342,620	\$2.17	\$1.86
Roof	University of Arizona	\$860,000	133,686	\$6.43	\$5.51
Plumbing	University of Arizona	\$899,600	401,582	\$2.24	\$1.92
Electrical Code	University of Arizona	\$842,500	18,074	\$46.61	\$39.95
Flooring	University of Arizona	\$260,000	129,785	\$2.00	\$1.72
Athletics Safety Upgrades	University of Arizona	\$1,200,000	34,177	\$35.11	\$30.10

Fiscal Impact and Financing Plan

- U of A plans to finance \$50,000,000 for the project using System Revenue Bonds (SRB). The annual debt service on the SRB is estimated to be \$3,200,000 based on a conservative estimate of a 5% percent interest rate for a 25-year maturity. The University plans to use state appropriations tied to the Capital Infrastructure Fund established in ARS 15-1671 to pay for half of the debt service and retained tuition matching funds to pay the other half. These sources fund debt service on other capital projects and have existing capacity to cover this project.
- The Operations and Maintenance (O&M) cost for the project is already included in the University’s current budget.

- U of A will:
 - (a) sell one or more series of system revenue bonds to finance the project, costs of issuance and payments to a bond insurer or other credit enhancer, provided such payments result in a benefit that exceeds the amount of such payments;
 - (b) sell bonds at a price at, above or below par, on a tax-exempt or taxable basis, in one or more series, at a fixed or variable rate of interest;
 - (c) enter into necessary agreements, including those related to bond insurance or other credit enhancement agreements; and
 - (d) utilize a financial advisor, bond counsel, and bond trustee for the financing. The system revenue bonds will be marketed and sold on a negotiated basis, either to one or more investment banking firms currently in a pool of bond underwriters procured by the three state universities or by the State of Arizona or by a direct sale to a bank or banks or other financial institutions.

Debt Ratio Impact

- The estimated annual debt service of \$3,200,000 on this project’s SRBs would increase the U of A debt ratio by .11 percent. The projected highest debt ratio is 3.6 percent, excluding SPEED revenue bonds, and 4.7 percent if including SPEED revenue bonds. This remains well below the 8.0 percent debt ratio limit established by ABOR policy and state statute.

Occupancy Plan

- Work will be coordinated with building managers and there will be no displacement.

Statutory/Policy Requirements

- Pursuant to ABOR Policy 7-102.B.4, each university shall submit an individual project and financing plan.
- Individual project and financing plans are reviewed by the University Governance and Operations Committee and approved by the board.
- Approval of the individual project and financing plan authorizes the university to proceed with financing and execution of construction contracts for the project.

**Capital Project Information Summary
 Athletics Deferred Maintenance and Infrastructure Upgrades**

Project Description / Location:

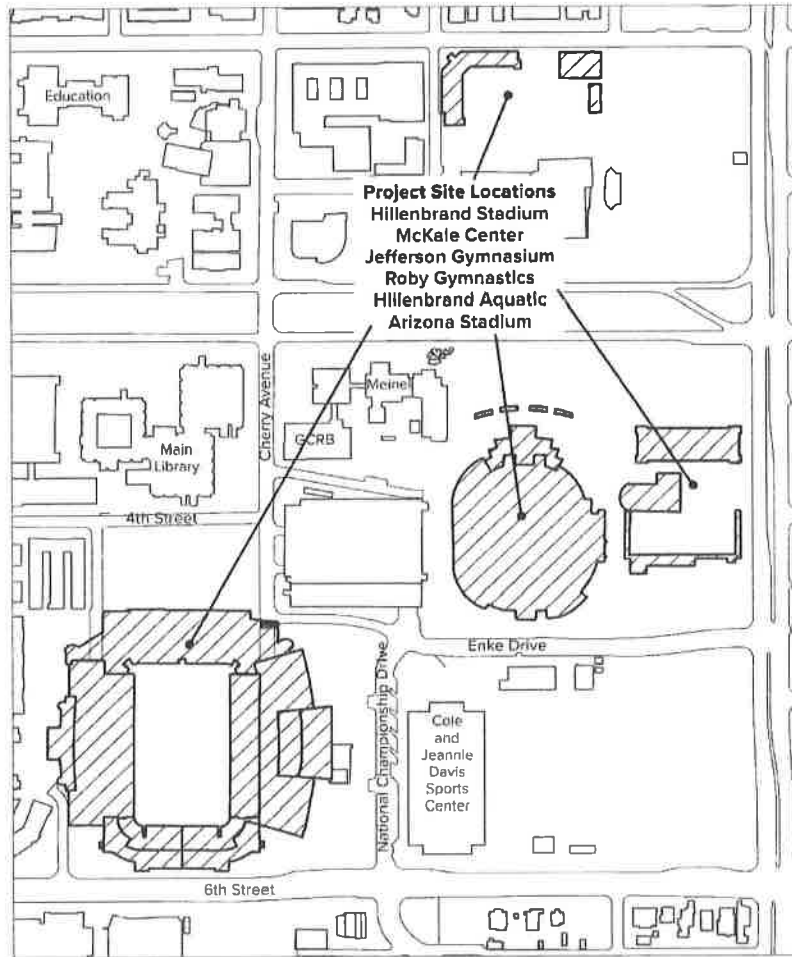
This project will address deferred maintenance needs of the buildings located at multiple athletic facilities on campus.

	<u>FY 2026 Annual Capital</u> <u>Plan</u> Sept 2025	<u>Individual Project</u> <u>Financing Report</u> Sept 2025
<u>Project Schedule (Beginning Month/Year):</u>		
Planning	N/A	N/A
Design	N/A	N/A
Construction	Sept 2025	Sept 2025
Occupancy	June 2026	June 2026
<u>Project Budget:</u>		
Total Project Cost	\$ 50,000,000	\$ 50,000,000
Direct Construction Cost - Renovation	\$ 42,500,000	\$ 42,500,000
Change in Annual Oper./Maint. Cost	N/A	N/A
 <u>Funding Sources:</u>		
Capital:		
• System Revenue Bonds	\$ 50,000,000	\$50,000,000
Operation/Maintenance:	N/A	N/A

**University of Arizona
Capital Project Budget Summary
Athletics Deferred Maintenance and Infrastructure Upgrades**

<u>Date of Budget Estimate</u>	<u>FY 2026 Annual Capital Plan</u>		<u>Individual Project Financing</u>
		<u>Sept 2025</u>	<u>Report</u> <u>Sept 2025</u>
1. Land	\$		\$
2. Construction Cost			
A. New Construction	\$		\$
B. Renovation	\$	42,500,000	\$ 42,500,000
C. Fixed Equipment	\$		\$
D. Site Development (exclude 2.E.)	\$		\$
E. Parking & Landscaping	\$		\$
F. Utilities Extensions	\$		\$
G. Other (asbestos only)	\$		\$
Subtotal Construction Cost	\$	42,500,000	\$ 42,500,000
3. Consultant Fees			
A. Construction Manager	\$	200,000	\$ 200,000
B. Architect/Engineering Fees	\$	2,000,000	\$ 2,000,000
C. Other (Programming, Special Consult.)	\$		\$
Subtotal Consultant Fees	\$	2,200,000	\$ 2,200,000
4. Furniture Fixtures and Equipment	\$	1,500,000	\$ 1,500,000
5. Contingency, Design Phase	\$	500,000	\$ 500,000
6. Contingency, Construction Phase	\$	1,700,000	\$ 1,700,000
7. Parking Reserve	\$		\$
8. Telecommunications Equipment	\$	<u>1,200,000</u>	<u>1,200,000</u>
Subtotal Items 4-8	\$	4,900,000	\$ 4,900,000
9. Additional University Costs			
A. Surveys and Tests	\$		\$
B. Move-in Costs	\$		\$
C. Public Art	\$		\$
D. Printing/Advertisement	\$		\$
E. Univ. Facilities & Project Management	\$	200,000	\$ 200,000
F. State Risk Mgt. Ins	\$	200,000	\$ 200,000
Subtotal Additional University Costs	\$	400,000	\$ 400,000
TOTAL CAPITAL COST	\$	50,000,000	\$ 50,000,000

U of A
Project Site Location Map
Athletics Deferred Maintenance and Infrastructure Upgrades



**Athletics Deferred Maintenance
and Infrastructure Upgrades**



ITEM X.X: The University of Arizona Requests Approval of its Amended Individual Project and Financing for Student Experience and Student Union Enhancements, Including of Waiver of ABOR Policy 7-102 Requiring Committee Review

Requested Action: The University of Arizona (U of A) asks the board for amended individual project and financing approval of its Student Experience and Student Union Memorial Center Enhancements project, as described in this executive summary. The \$20,000,000 major capital project will be financed with System Revenue Bonds. The debt service will be paid over 25 years from state appropriations and retained tuition, as described in this executive summary.

Background

- At its September 25-26, 2025, meeting, the board approved this project through the University of Arizona's (U of A) Capital Improvement Plan, Annual Capital Plan, and Individual Project and Financing capital development plan processes.
- An amendment is now requested due to a change in the funding source. The project was originally approved to be financed with SPEED revenues bonds; however, U of A now intends to fund the project using system revenue bonds.

Project Justification/Description/Scope

- The Student Union Memorial Center was last renovated in 2001 and functions as a focal point of the student experience on campus. Investments in student-centered spaces will be guided by the results of a Facilities Condition Assessment, which identified key deferred maintenance needs including modernization of HVAC, electrical and plumbing systems to ensure the longevity of this critical facility.
- Addressing Deferred Maintenance needs and aging building infrastructure is part of the University's Capital Plan. In addition, analyzing and addressing the Deferred Maintenance prioritized needs of all mechanical, electrical, plumbing, and life and safety items allow for the continuity of operations at the University of Arizona. Overall renovated items will be more cost-effective, in some cases lower than 50%. The renovations will all last 25-30 plus years before needing to be replaced.
- The age of replacement for HVAC upgrades, building auto systems, plumbing, elevator, and roofs ranges at least 30 plus years. Maintenance has been performed on all mechanical, electrical, plumbing, and life safety equipment on a daily, monthly, and annual basis. Routine repairs are completed as needed and annual preventative maintenance also takes place on all equipment. These deferred maintenance projects are addressing mechanical/electrical/plumbing/life and safety and not addressing complete building replacement. In essence by replacing, we are extending the life of the buildings for decades.

- This project encompasses multiple projects at the Student Union Memorial Center and other student dining venues.

Project Delivery Method and Process

- All projects will follow State contracts that have been competitively bid, as well as national or governmental requests for proposals, with the lowest cost being one of the evaluation components. In-house project managers are overseeing all projects.

Project Status and Schedule

- Project construction commenced in March 2026. The initial project phases are expected to be completed and ready for occupancy in August 2026.

Project Cost

- This project encompasses multiple projects at the Student Union Memorial Center and other student dining venues.
- The construction cost for this project is \$17,000,000 and the total project cost is \$20,000,000.
- Comparable similar previously approved projects:

Comparable Similar Previously Approved Projects					
Project	University	Total Project Budget	Project GSF	Total \$/GSF	Constr. \$/GSF
HVAC	University of Arizona	\$18,700,000	650,917	\$28.73	\$24.62
Fire Safety	University of Arizona	\$6,402,025	189,608	\$33.76	\$28.94
Building Automation	University of Arizona	\$1,600,000	574,733	\$2.78	\$2.39
Elevator	University of Arizona	\$872,500	331,674	\$2.63	\$2.25
ADA Compliance	University of Arizona	\$299,000			
Generators	University of Arizona	\$745,000	342,620	\$2.17	\$1.86
Roof	University of Arizona	\$860,000	133,686	\$6.43	\$5.51
Plumbing	University of Arizona	\$899,600	401,582	\$2.24	\$1.92
Electrical Code	University of Arizona	\$842,500	18,074	\$46.61	\$39.95
Flooring	University of Arizona	\$260,000	129,785	\$2.00	\$1.72
Student Union Tunnel Repair	University of Arizona	\$635,000	245,035	\$2.59	\$2.22
Honors Kitchen Hood	University of Arizona	\$210,000	8,000	\$26.25	\$22.50

Fiscal Impact and Financing Plan

- U of A plans to finance \$20,000,000 for the project using System Revenue Bonds (SRB). The

annual debt service on the SRB is estimated to be \$1,300,000 based on a conservative estimate of 5 percent interest rate for a 25-year maturity. The University plans to use state appropriations tied to the Capital Infrastructure Fund established in ARS 15-1671 to pay for half of the debt service and retained tuition matching funds to pay the other half. These sources fund debt service on other capital projects and have existing capacity to cover this project.

- The Operations and Maintenance (O&M) cost for the project is already included in the University's current budget.
- U of A will:
 - (a) sell one or more series of system revenue bonds to finance the project, costs of issuance and payments to a bond insurer or other credit enhancer, provided such payments result in a benefit that exceeds the amount of such payments;
 - (b) sell bonds at a price at, above or below par, on a tax-exempt or taxable basis, in one or more series, at a fixed or variable rate of interest;
 - (c) enter into necessary agreements, including those related to bond insurance or other credit enhancement agreements; and
 - (d) utilize a financial advisor, bond counsel, and bond trustee for the financing. The system revenue bonds will be marketed and sold on a negotiated basis, either to one or more investment banking firms currently in a pool of bond underwriters procured by the three state universities or by the State of Arizona or by a direct sale to a bank or banks or other financial institutions.

Debt Ratio Impact

- The estimated annual debt service of \$1,300,000 on this project's SRBs would increase the U of A debt ratio by .05 percent. The projected highest debt ratio is 3.6 percent, excluding SPEED revenue bonds, and 4.7 percent if including SPEED revenue bonds. This remains well below the 8.0 percent debt ratio limit established by ABOR policy and state statute.

Occupancy Plan

- Work will be coordinated with building managers and there will be no displacement.

Statutory/Policy Requirements

- Pursuant to ABOR Policy 7-102.B.4, each university shall submit an individual project and financing plan.
- Individual project and financing plans are reviewed by the University Governance and Operations Committee and approved by the board.

- Approval of the individual project and financing plan authorizes the university to proceed with financing and execution of construction contracts for the project.

U of A
 Capital Project Information Summary
 Student Experience and Student Union Memorial Center Enhancements

Project Description / Location:

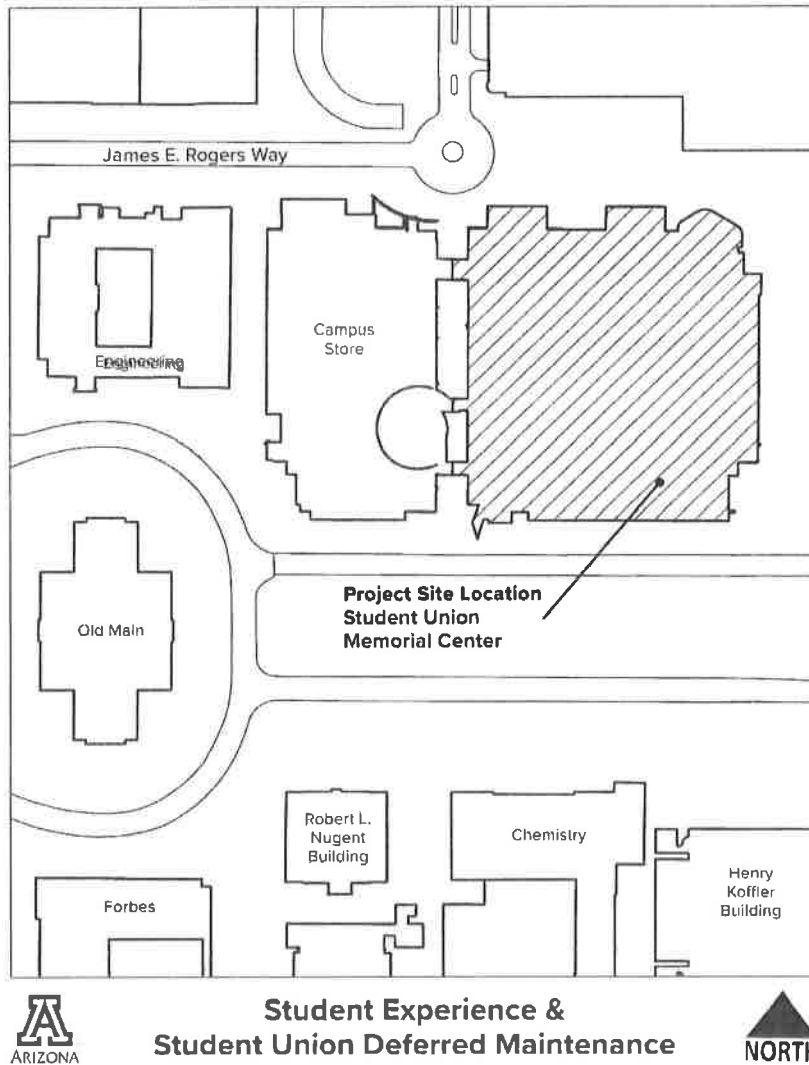
This project will address deferred maintenance needs of the building at the Student Union Memorial Center and other student dining venues.

	<u>FY 2026 Annual Capital Plan</u> Sept 2025	<u>Individual Project Financing Report</u> Sept 2025
<u>Project Budget:</u>		
Total Project Cost	\$ 20,000,000	\$ 20,000,000
Total Project Cost per GSF	N/A	N/A
Direct Construction Cost	\$ 17,000,000	\$ 17,000,000
Construction Cost per GSF	N/A	N/A
Change in Annual Oper./Maint. Cost	N/A	N/A
Utilities		
Personnel		
Other		
<u>Funding Sources:</u>		
Capital:		
• System Revenue Bonds	\$ 20,000,000	\$20,000,000
Operation/Maintenance:	N/A	N/A

University of Arizona
Capital Project Budget Summary
Student Experience and Student Union Memorial Center Enhancements

<u>Date of Budget Estimate</u>	<u>FY 2026 Annual Capital Plan</u>		<u>Individual Project Financing Report</u>	
	<u>Sept 2026</u>		<u>Sept 2026</u>	
1. Land	\$		\$	
2. Construction Cost				
A. New Construction	\$		\$	
B. Renovation	\$	16,300,000	\$	16,300,000
C. Fixed Equipment	\$		\$	
D. Site Development (exclude 2.E.)	\$		\$	
E. Parking & Landscaping	\$		\$	
F. Utilities Extensions	\$		\$	
G. Other (asbestos only)	\$		\$	
Subtotal Construction Cost	\$	16,300,000	\$	16,300,000
3. Consultant Fees				
A. Construction Manager	\$	200,000	\$	200,000
B. Architect/Engineering Fees	\$	500,000	\$	500,000
C. Other (Programming, Special Consult.)	\$	<u>200,000</u>	\$	<u>200,000</u>
Subtotal Consultant Fees	\$	900,000	\$	900,000
4. Furniture Fixtures and Equipment	\$	1,000,000	\$	1,000,000
5. Contingency, Design Phase	\$	500,000	\$	500,000
6. Contingency, Construction Phase	\$	1,000,000	\$	1,000,000
7. Parking Reserve	\$		\$	
8. Telecommunications Equipment	\$		\$	
Subtotal Items 4-8	\$	2,500,000	\$	2,500,000
9. Additional University Costs				
A. Surveys and Tests	\$		\$	
B. Move-in Costs	\$		\$	
C. Public Art	\$		\$	
D. Printing/Advertisement	\$		\$	
E. Univ. Facilities & Project Management	\$	200,000	\$	200,000
F. State Risk Mgt. Ins	\$	<u>100,000</u>	\$	<u>100,000</u>
Subtotal Additional University Costs	\$	300,000	\$	300,000
TOTAL CAPITAL COST	\$	20,000,000	\$	20,000,000

U of A Project Site Location Map
Student Experience and Student Union Memorial Center Enhancements
(U of A)





STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

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DATE: April 15, 2026

TO: Members of the Joint Committee on Capital Review

FROM: Grace Timpany, Fiscal Analyst

SUBJECT: University of Arizona – Review of Third-Party Financed Housing and Dining Facility

Request

A.R.S. § 15-1682.02 requires Committee review of any university project using indirect debt financing (also known as third-party financing). The University of Arizona (UA) requests Committee review of \$250,000,000 in third-party financing to construct a new student residence hall and related amenities near the UA Health Sciences Campus in Tucson. The third-party will finance and construct the facility in exchange for a 50-year ground lease of the 2.99 acres of land for the residence hall.

Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the request.
2. An unfavorable review of the request.

Under any option, the Committee may also consider the following standard university financing provisions:

Standard University Financing Provisions

- A. A favorable review by the Committee does not constitute endorsement of General Fund appropriations to offset any revenues that may be required for operations and maintenance costs when the project is complete.
- B. UA shall provide the final debt service schedule and interest rate for the project as soon as they are available.

- C. On or before October 15 of each year until completion of the project, UA shall report to the JLBC Staff on the status and expenditures of the project. The report shall include the project expenditures to date, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.

Key Points

- 1) UA intends to enter into a 2.99-acre ground lease with a third-party entity to construct a new 686,000 square foot residence hall located near the UA Health Sciences Campus in Tucson.
- 2) The 19-story building will include more than 1,200 student beds, a dining hall, parking and related resident amenities.
- 3) The third-party would finance \$250.0 million to construct the residence hall in exchange for a 50-year ground lease. At the end of the ground lease, facility ownership will be transferred to the Arizona Board of Regents (ABOR).
- 4) Once construction is completed, the University will enter into a management agreement with the third-party to manage the facility. The debt service for the bonds will be paid from revenues earned through operations of the facility. Any revenue in excess of the financing payment will go to the University through the provision of the ground lease.

Analysis

Under the proposed agreement, the Collegiate Housing Foundation (CHF) would enter into a purchase agreement with Mortensen Development, Inc (MDI), the current landowner and developer of a 2.49-acre parcel of land which is adjacent to UA owned land. The land is located at the northwest corner of Speedway Boulevard and Campbell Avenue in Tucson directly south of UA's Health Sciences Campus. CHF is a non-profit 501(c)3 organization that assists colleges and universities with acquiring or developing student housing and other educational facilities.

Upon purchase, CHF would convey the land to UA and enter into a 50-year ground lease of the purchased land combined with approximately 0.5-acres of UA land. As lessee, CHF will independently finance, develop, construct, and operate a new residence hall facility on the full 2.99-acres of leased land. UA would not be party to the development agreement or construction contract but would be consulted on design modifications. CHF will be responsible for entering into any other necessary development agreements for the project.

UA is implementing an expectation that first-year students live on campus beginning in the Fall 2026 semester, anticipated to total approximately 6,000 residents. UA states that while it currently has enough capacity to support the students, there is a need for new and updated student housing to replace approximately 600 to 700 beds of older, higher maintenance housing and expand its housing inventory. The new residence hall would be available starting in the Fall of 2028. The residence hall would be equivalent with other UA student housing, offering the same services and subject to reasonable university rules. UA states that this project will provide new beds for students without the University having to finance, design or build them.

Financing

The 2.99-acre ground lease between UA and CHF would be for a period of up to 50 years. CHF will issue \$250.0 million in tax-exempt bonds to construct and develop the building. Debt service will be paid with revenues earned through operations of the facility. CHF will also operate and maintain the building for the duration of the ground lease and remit any excess revenues to UA. At the end of the ground lease or once the bonds are fully redeemed, whichever comes first, the residence hall will become ABOR property.

The university's debt ratio will not be impacted as financing will be independently secured by CHF.

Construction Costs

Of the \$250.0 million cost, \$145.0 million are direct construction costs. Total costs per square foot are \$364, while direct construction costs per square foot are \$211 (see Table 1). For comparison, UA completed a 341,292 square foot residential hall located in the University's Honors Village in 2019 at a total cost of \$246 per square foot.

Operations and Maintenance Costs

Operations and Maintenance costs will be paid by CHF.

UA CAMI Building Construction		
Total Square Footage	686,000	
<u>Funding</u>		
Third-Party Tax-Exempt Bonds	<u>\$250.0 million</u>	
Total	\$250.0 million	
<u>Costs</u>		
Direct Construction Costs	\$145.0 million	(\$211 per sq. ft.)
Other Costs ^{1/}	<u>\$105.0 million</u>	<u>(\$150 per sq. ft.)</u>
Total	\$250.0 million	(\$364 per sq. ft.)
Operations and Maintenance	N/A	
^{1/} Includes equipment, furniture, project design and management fees, and other costs.		

GT:jbu



THE UNIVERSITY OF ARIZONA
Business Affairs

BUSINESS AFFAIRS
Old Main
1200 East University Boulevard
PO Box 210021
Tucson, Arizona 85721
Ofc: 520-621-5977
businessaffairs.arizona.edu

March 18, 2026

The Honorable David Livingston, Chairman
Joint Committee on Capital Review
Arizona State House
1700 West Washington Street
Phoenix, AZ 85007



Dear Representative Livingston:

In accordance with A.R.S. §15-1682.02 the University of Arizona requests that the following third-party financed housing and dining facility be placed on the next Joint Committee on Capital Review agenda.

If you have questions, please contact me at Johnarnold@arizona.edu.

Sincerely,

John Arnold
Chief Financial Officer



Third-Party Financed Housing and Dining Facility

Project Description

Living on campus is a strong predictor of student success. U of A data indicates that since 1988, first-year students living on campus have an average 81 percent first-to second-year retention compared to 73 percent for those living off campus. The university's student housing is aging with significant deferred maintenance needs. With this project, the university seeks to both replace approximately 600-700 beds with deferred maintenance of more than \$50 million and to expand the housing inventory.

Collegiate Housing Foundation (CHF) is a 501(c)3 organization that has assisted colleges and universities with acquiring or developing student housing and other educational auxiliary facilities. This partnership will provide new beds without the University having to finance, design or build them. Since 1996, CHF has worked on 70 projects with 47,000 beds in 26 states.

As part of this project, CHF will enter into a purchase agreement with Mortensen Development, Inc. (MDI), the current landowner and project developer, or an affiliated entity for the acquisition of the approximate 2.49 acre parcel located near the northwest corner of Speedway Blvd. and Campbell Ave., currently known as the Palm Shadows apartments.

CHF will convey the parcel to the U of A in exchange for a 50-year ground lease of the conveyed-parcel.

CHF or related entity will finance and construct a residence hall consisting of more than 1,200 beds and a dining hall with a targeted Fall 2028 occupancy. Once completed the University will enter into a management agreement with CHF to manage the facility. At the end of the ground lease the facility ownership will be transferred to the University.

The debt service for the bonds issued by CHF will be paid from revenues earned through the operations of the facility. Any revenue in excess of the payment will flow to the University through the provision of the ground lease.

The associated Arizona Board of Regents executive summaries and presentation for this project are attached. The summaries outline the project description and other relevant information. ABOR approved this project at the February 19, 2026 meeting.

Item 5.8: The University of Arizona Requests Approval of its Individual Project and Financing for Third-Party Project for New Student Residence Hall, Including Waiver of ABOR Policy 7-102 Requiring Committee Review and Major Capital Projects to Appear on the Previous Capital Improvement Plan and Annual Capital Plan

Requested Action: The University of Arizona asks the board for individual project and financing approval of a third-party project for a new student residence hall and related amenities to be located on the U of A campus at the northwest corner of Campbell Ave. and Speedway Blvd., including waiver of ABOR Policy 7-102 requiring committee review and Major Capital Projects to appear on the previous Capital Improvement Plan and Annual Capital Plan, as described in this executive summary. The approximately 686,000 square foot, \$250 million major capital project will be financed with third-party issued debt. The annual debt service will be paid over an approximate 40-year term and funded by associated residence hall fees.

Background

- This Project was not brought to the University and Governance Operations Committee as an action item during the February 5 meeting due to ongoing negotiations among the parties at that time. Further, this Project was not included in the U of A's Annual Capital Plan (ACP) because it is a unique and timely opportunity that was not previously available but meets the university's FY 2028 anticipated need for student housing as referenced in the FY 2027-2030 Capital Improvement Plan (CIP) approved by the board in September 2025. U of A therefore requests a waiver of any policy requirements to first bring this matter as an action item to the committee or to the full board as part of its ACP.

Project Justification/Description/Scope

- The University of Arizona (U of A) is committed to increasing the retention rates of first year students and improving its overall graduation rates. Living on campus is a strong predictor of student success. As part of its strategic imperatives, U of A is implementing an expectation that first year students live on campus beginning in fall semester of 2026. This expectation applies to most first-time, full-time students, regardless of admission pathway, with exceptions for students living within 30 miles of campus or those facing specific circumstances or hardships.
- At the same time, U of A has a pressing need for new and updated student housing as it seeks to update or replace approximately 600 – 700 beds of older housing with an estimated cost of \$50 million.
- As a critical component of its new on-campus housing requirement, U of A proposes a Third-Party Project for new student housing that will be available for the 2028-29 school year, starting in the Fall of 2028. The Third-Party Project will ease the strain on U of A's

Contact Information:

Richard Cate, U of A

rcate1@arizona.edu

520-621-5977

inventory of older dormitories and add to its modern housing options.

- The new facility is anticipated to feature up to 19 stories in height, 686,000 square feet of floor space, 1200+ beds, a dining hall, parking, and related resident amenities. The project will be located prominently at the northwest corner of Speedway Blvd. and Campbell Ave. in Tucson. The site is immediately south of U of A's health sciences campus, in close proximity to many other university buildings, and has excellent public transportation access via streetcar, bus, and bicycle and pedestrian paths.
- The U of A's most recent Campus Master Plan (2009) identified the general site for future mixed-used redevelopment, and more specifically as a strong candidate for a public-private partnership (P3). U of A is currently preparing a new Campus Master Plan that is likewise anticipated to designate the site for P3 redevelopment, leveraging its current mixed ownership, proximity to research and academic buildings, and access to public transit.

Project Delivery Method and Process

- The proposed residence hall will be delivered as a Third-Party Project via a real property acquisition, conveyance, and concomitant ground lease under ABOR Policy Chapter 7.
- Third-Party Projects are addressed under ABOR Policy Manual Chapter 7 (Buildings, Infrastructure and Land) as Capital Projects in which a component unit of a university, a non-university organization, or a developer pays for, issues bonds for, or otherwise finances the Capital Project that is located on university property, is intended to house any university activities, may eventually become state assets, or includes university guarantees of revenues to the component unit, organization, or developer or the university would make debt service payments on behalf of the component unit, organization, or developer.
- In this project, Collegiate Housing Foundation (CHF), a non-profit Section 501(c)(3) charitable organization, will enter into a purchase agreement with Mortensen Development, Inc. (MDI) or an affiliated entity for the acquisition of an approximate 2.49 acre parcel located near the northwest corner of Speedway Blvd. and Campbell Ave., currently known as the Palm Shadows apartments (Parcel) that will be contingent upon CHF's closing on tax-exempt bond financing that it will raise for the project. Under that agreement, CHF will pay a purchase price of no more than a fair market value as supported by an independent appraisal, and MDI will convey the Parcel to the U of A. U of A will enter into a 50-year ground lease to CHF of the conveyed-parcel combined with an adjacent U of A parcel of approximately 0.5 acres located at the corner of Speedway Blvd. and Campbell Ave. that presently contains a medical office and small parking lot no longer in use by the university (together, the Leased Site). The site for the proposed ground lease is depicted on the attached map.

- MDI, currently has a purchase and sale agreement for the Parcel, for which it had pursued the private development of a mixed-use facility. The U of A approached MDI to inquire whether it would shift the design and use of the project for student housing that aligns with the university's strategic goals. MDI was willing to adjust its project to a non-profit development with CHF. If the board approves the Project, CHF will execute a purchase and sale agreement to acquire the Parcel from MDI or an affiliated entity, and U of A will enter into a contingent purchase and sale agreement with MDI for the Parcel. The initial design pursued by MDI can be repurposed for student housing. Additionally, the Parcel is surrounded by U of A property.
- As lessee, CHF will independently finance, develop, construct, and operate a new residence hall facility on the Leased Site. CHF will enter into a development agreement and construction contract with the general contractor, MDI. Due to its location on campus, U of A is the Authority Having Jurisdiction (AHJ) for regulatory compliance and design input. U of A will not be party to the development agreement and/or construction contract between CHF and MDI, however U of A will be consulted on design modifications.
- CHF will be responsible for entering into any necessary development agreements for the Project. The general contractor will be MDI, which was already well underway in preparing construction plans with designer Gensler for the mixed-use facility at the time U of A inquired about the project.

Project Status and Schedule

- Prior to being considered for a U of A residence hall, the project, as a private multifamily development, was approved by the City of Tucson with construction plans already being prepared. The project is currently in the design phase and will shift to prepare plans consistent with U of A design standards.
- If approved by the board, plan review and permitting would commence immediately under U of A's regulatory requirements. CHF would acquire the Parcel in pad-ready condition in May 2026, and construction would commence soon thereafter.
- Construction of the project would continue through late summer of 2028, with the first residents taking occupancy for the Fall 2028 academic semester.

Project Cost

- Direct construction cost of the project is estimated at about \$145 million (\$211 per GSF). The total cost of development is anticipated not to exceed \$250 million (\$364 per GSF).

- Design and construction costs represent 73.6% of the overall estimate, with the remainder from the builder/developer’s acquisition of the property (12.1%), soft costs such as studies and planning fees (9.5%), and project contingencies (4.8%).
- Comparable similar previously approved projects:

Comparable Similar Previously Approved Projects					
Project	University	Total Project Budget	Project GSF	Total \$/GSF	Year
Honors Village (Residential Component Only)	U of A	\$84M	341,292	\$246/gsf	2019

Fiscal Impact and Financing Plan

- CHF’s acquisition and conveyance of the Parcel and U of A’s execution of the ground lease to CHF form an essentially integrated real property transaction. U of A estimates the value of conveyed Parcel combined with the 0.5 acres of U of A property (the Leased Site) to be between \$27 – \$33 million based on independent appraisals. U of A estimates the total value of the Project to be around \$250 million.
- The total cost of CHF's real property acquisition, ground lease, and development will be independently funded by CHF via tax exempt bond financing that it secures; the debt service will be repaid through occupancy revenues. CHF expects that the bond will have a 40-year repayment term.
- Under the ground lease, CHF will develop and construct the residence hall for use by U of A students beginning in the Fall of 2028. Additionally, it will operate and maintain the Project for the duration of the ground lease, either by contracting with the U of A or a third-party for such work, which will be determined near the time of construction completion. After accounting for debt service, development, and operational costs, CHF will remit any surplus revenues to the U of A under the terms of the lease. At the end of the 50-year lease or once the bonds are fully redeemed, whichever comes first, the improvements (residence hall) will become ABOR property.
- U of A is not expending public funds on the Third-Party Project.
- U of A will bring the Third-Party Project forward for review by the Joint Committee on Capital Review (JCCR) because it will be enabled through indirect or third-party financing, as required by Arizona Revised Statutes § 15-1682.02.

- Upon approval of this item, the following are each separately authorized in the name and on behalf of the board to take all appropriate actions to submit the Project for JCCR review, to finalize negotiations, and to sign and deliver all documents and agreements necessary to consummate the transaction described in this executive summary on substantially the terms described herein: the U of A President, U of A Senior Advisor to the President for Operations, U of A Chief Financial Officer, and U of A Chief Facilities and Planning Officer, any successor titles to such positions, each separately, to take all appropriate actions to enter into any and all necessary documents related the Project on substantially the terms described in this executive summary.
- **Debt Ratio Impact:** While bond rating agencies may consider this project in assessing the U of A's overall creditworthiness, there is no direct impact to the university's debt ratio as financing will be independently secured by CHF.

Occupancy Plan

- The project will provide modern residence hall space for over 1,200 students, plus a dining hall and related student amenities on U of A property within the campus boundaries.
- U of A has instituted an on-campus residency expectation for all first-year students, anticipated to total approximately 6,000 residents, effective in the Fall 2026 semester. While the U of A currently has sufficient capacity of more than 7,200 beds in existing residence halls to meet this expectation plus accommodating demand from returning students, this project will facilitate the university's housing and student experience goals while decommissioning older, high-maintenance-cost dormitories.
- U of A will treat the residence hall equivalent with other U of A student housing, such as including the residence hall in its student-housing materials, offering it to students on a similar basis as other housing, and providing residents with the same services and access (such as network and transportation systems), subject to reasonable university rules.

Statutory/Policy Requirements

- ABOR Policy 7-102.B.4 requires each university to submit an individual project and financing plan for Major Capital Projects, including Third-Party Projects. Individual project and financing plans are reviewed by the University Governance and Operations Committee and approved by the board. Approval of the individual project and financing plan authorizes the university to proceed with financing and execution of construction contracts for the project.
- ABOR Policy 7-102.B.2 requires universities to list Major Capital Projects, including Third-Party Projects in their Annual Capital Plan. Approval of the annual capital plan authorizes universities to see Legislative review for debt-funded or Third-Party Projects,

if applicable.

- ABOR Policy 7-102.D provides that a university may request a waiver of policy so long as it is in the best interests of the university and it complies with applicable state laws.

University of Arizona
Capital Project Information Summary
New Residence Hall Project

Project Description / Location:

The Project includes a new, up-to 19-story residence hall with 1,200+ beds in 686,000 gross square feet. The Project also includes a dining hall, parking, and related resident amenities. The new facility will be located at the northwest corner of Speedway Boulevard and Campbell Avenue in Tucson, as depicted in the attached map. This Third-Party Project will be fully funded, developed, and operated by Collegiate Housing Foundation pursuant to a 50-year ground lease of real property that CHF will acquire and convey to the U of A concomitant with a ground lease and permitted use. CHF will independently secure tax-exempt financing for the Project and will be responsible for the debt service, the term of which is expected to be 40 years. Three options are being considered for the room configuration of the project. The option with the greatest number of beds is described below. All information provided below relates to CHF's obligations for the Project.

Project Schedule (Beginning Month/Year):

Planning	(In Progress, subject to modification for the Project)
Design	(In Progress)
Construction	March 2026
Occupancy	August 2028

Project Budget:

Total Project Cost	\$ 250,000,000
Total Project Cost per GSF	\$ 364
Direct Construction Cost – New	\$ 144,996,000
Construction Cost per GSF – New	\$ 211

Funding Sources:

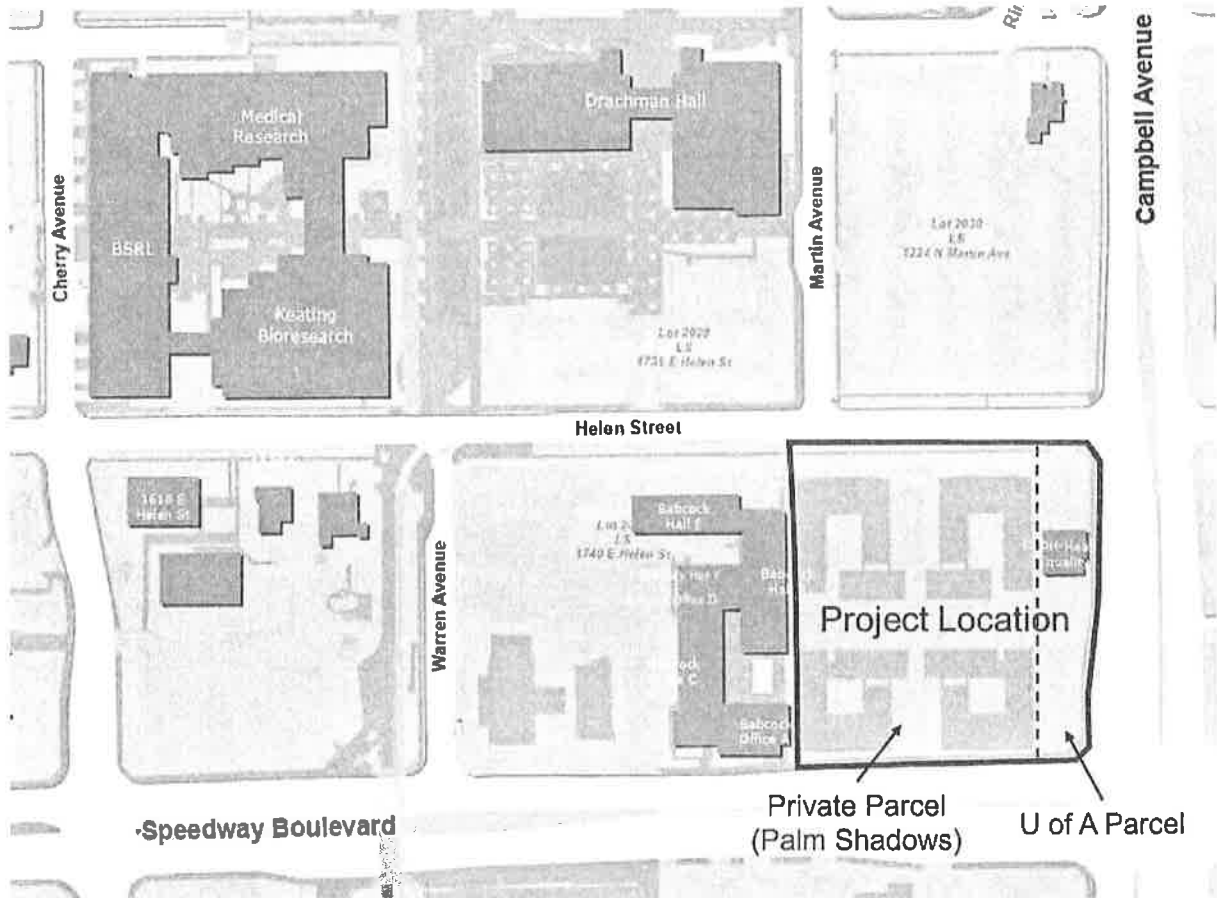
Capital:	
• Collegiate Housing Foundation (Tax-Exempt Bonds)	\$ 250,000,000
Operation/Maintenance:	
• Occupancy Revenues	100%

University of Arizona Capital
 Project Budget Summary
 New Residence Hall Project

1,455 Bed Option

Total Development Budget	\$ / Bed	% of Total Budget	Total Budget
Site Acquisition			
Site Acquisition	\$17,595	10.3%	\$25,600,000
Sourcing/Broker Fee	\$528	0.3%	\$768,000
Asset Management	\$460	0.3%	\$670,000
Real Estate Taxes	\$48	0.0%	\$70,000
Palm Shadows Demo, Abatement , Earthwork	\$2,118	1.2%	\$3,081,000
Total Site Acquisition Costs	\$20,748	12.2%	\$30,189,000
Design and Construction			
Direct Construction Cost	\$99,654	58.5%	\$144,996,000
Liability Insurance	\$1,203	0.7%	\$1,750,000
Builder's Risk Insurance	\$481	0.3%	\$700,000
Subcontractor Default Insurance	\$1,416	0.8%	\$2,061,000
Payment & Performance Bond	\$1,185	0.7%	\$1,724,000
Tax (65% of Contract Value)	\$6,437	3.8%	\$9,366,000
Overhead and GC Fee	\$5,179	3.0%	\$7,535,000
Design/Build Contingency	\$4,713	2.8%	\$6,857,000
Design	\$4,728	2.8%	\$6,879,000
Design Fees - Concept Update	\$411	0.2%	\$598,000
Total Design and Construction Costs	\$125,406	73.0%	\$182,468,000
Soft Costs			
Reports, Studies, Testing	\$123	0.1%	\$179,000
Planning Fees	\$2,526	1.5%	\$3,675,989
Low Voltage (Outside of DB Contract)	\$309	0.2%	\$450,000
Travel Expense	\$103	0.1%	\$150,000
PLL Insurance	\$55	0.0%	\$80,000
Developer Expense	\$344	0.2%	\$500,000
Program, Design & Development Consultant	\$1,375	0.8%	\$2,000,000
FF&E	\$3,200	1.9%	\$4,656,000
Marketing/ Lease Up Start-up Costs Allowance	\$842	0.5%	\$1,225,000
Legal & Professional Fees	\$859	0.5%	\$1,250,000
Closing, Title, Escrow	\$206	0.1%	\$300,000
Developer Fee	\$6,244	3.7%	\$9,084,840
Total Soft Costs	\$16,186	9.5%	\$23,550,829
Financing Costs			
Financing Fees	CHF	CHF	CHF
Interest Reserve	CHF	CHF	CHF
Total Financing Costs	CHF	CHF	CHF
Contingency			
Hard Cost Contingency	\$7,524	4.4%	\$10,947,960
Soft Cost Contingency	\$597	0.3%	\$867,959
Total Contingency	\$8,121	4.8%	\$11,815,919
Total Development Budget	\$170,482	100.0%	\$248,021,748

University of
Arizona Project Site
Location Map
New Residence Hall Project



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ITEM 5.9: The University of Arizona Requests Approval of a Ground Lease, Conveyance of Real Property, and Related Agreements for Development of New Third-Party Student Residence Hall, Including Waiver of ABOR Policies Requiring Committee Review

Requested Action: The University of Arizona asks the board to approve the conveyance of real property and enter into a related ground lease of university-owned real property located near the northwest corner of Speedway Blvd. and Campbell Ave. in Tucson to Collegiate Housing Foundation or a related entity for the development of a third-party project for student housing on the material terms and conditions, including waiver of ABOR policies requiring committee review, as described in this executive summary.

Background

- The University of Arizona (U of A) is committed to increasing the retention rates of first-year students and improving its overall graduation rates. Living on campus is a strong predictor of student success. U of A data indicates that since 1988, first-year students living on campus have averaged 81% first-to-second-year retention, compared to 73% for those living off campus. Moreover, students who live on campus for at least one year also have a 50% higher four-year graduation rate than those who never live on campus.¹ On-campus living also provides students with extra layers of safety, including CatCard-controlled access to residence halls, University of Arizona Police Department presence, emergency blue light phones and late-night transportation services.
- As part of its strategic imperatives, U of A is implementing an expectation that first-year students live on campus beginning in fall semester of 2026. This expectation applies to most first-time, full-time students, regardless of admission pathway, with exceptions for students living within 30 miles of campus or those facing specific circumstances or hardships.
- At the same time, U of A has a pressing need for new and updated student housing as it seeks to update or replace approximately 600 – 700 beds of older housing, with an estimated deferred maintenance cost of over \$50 million.
- Located on the northwest corner of East Speedway Boulevard and North Campbell Avenue, the future residence hall would be scheduled to open in time for the Fall 2028 semester. The development will house approximately 1200+ students and will include a 19-story tower and an eight-story podium containing student housing, support services and amenities, such as dining and parking facilities (Project).

¹ According to U of A 2020 student census data.

Discussion

- For several years, developers have been proposing a high-rise apartment plus retail complex on the Northwest corner of Speedway and Campbell, a site known as Palm Shadows Apartments. The site is of strategic significance to the U of A because it is surrounded by university-owned property and sits prominently at the Northeastern gateway to the university.
- Mortenson Development, Inc. (MDI) has a purchase and sales agreement with the current owner of the Palm Shadows property. Upon its purchase, Mortenson will control the site and the design and development work it has undertaken associated with the property, which can be efficiently modified to accommodate a traditional student housing use.
- The proposed third-party Project will be enabled through a property acquisition and conveyance and concomitant 50-year ground lease from U of A to Collegiate Housing Foundation (CHF) or a related limited liability company. CHF is non-profit Section 501(1)(3) charitable organization established in 1996 for the sole purpose of assisting colleges and universities in acquiring or developing student housing facilities.
- CHF will purchase the Palm Shadows site (Parcel) from MDI for fair market supported by an independent appraisal and convey it to the U of A in exchange for U of A's ground lease to CHF of that site plus an approximately 0.5-acre parcel of ABOR property that sits adjacent to Palm Shadows along Campbell Ave. that presently contains a medical office and small parking lot no longer in use by the university (together, the Lease Site). CHF's acquisition of the Parcel will be funded by tax-exempt bonds that CHF secures on its own behalf. Under the terms of the ground lease, CHF would engage directly with MDI to construct the Project, utilizing the design and development work MDI has already undertaken associated with the Palm Shadows property.
- CHF will maintain and operate the Project for the full term of the ground lease. The Project may include limited ground retail leases, provided that the substantial use of the Site shall be for student housing. CHF may operate the residence hall by contracting with the U of A or a third-party entity, which will be determined near the time of construction completion.
- U of A will treat the residence hall equivalent with other U of A student housing, such as including the residence hall in its student-housing materials, offering it to students on a similar basis as other housing, and providing residents with the same services and access (such as network and transportation systems), subject to reasonable university rules.
- The total cost of the Project will be independently funded by CHF via tax-exempt bond financing that it secures, which will be repaid through Project revenues. After

accounting for its debt service, development, and operational costs, CHF would remit remaining revenues to the U of A under the terms of the ground lease. At the end of the lease, proposed to be 50 years, the Project will become ABOR property.

- The expected legal description and visual depiction of the Palm Shadows portion of the ground lease is included in **Exhibit A**. The legal description of the U of A's current portion of the ground lease site is included in **Exhibit B**. The exact legal description of the combined sites for the ground lease will be finalized after U of A accepts the Palm Shadows property (Lease Site). A visual depiction of the Lease Site is included in Exhibit B.
- The term of the ground lease is anticipated to be no more than 50 years, commencing no later than February 23, 2027.
- CHF will be responsible for all costs and expenses of operating and maintaining the Project, except for certain U of A residence life and technology services that will be provided by U of A as part of its on-campus housing.

Fiscal Impact

- A necessary predicate and material consideration for the ground lease to CHF will be its purchase and conveyance of the Parcel in pad-ready condition to the U of A. CHF will independently finance the Project and repay the debt service. U of A estimates the total value of the Project to be around \$250 million.
- CHF's acquisition and conveyance of the Parcel and U of A's execution of the ground lease to CHF form an essentially integrated real property transaction. U of A estimates the value of conveyed Parcel to be worth up to \$27 million based on independent appraisals. The annual ground lease payment will be the net cash flow from the Project plus \$1.00.
- Under the ground lease, CHF will be reimbursed from Project revenues for its operating expenses, including costs it incurs in connection with Project inspections, IRS rebate calculations and payments, enforcement of project document obligations, and all other Project-related duties required of it.
- CHF will (i) retain a \$10,000 monthly fee from financial close of the bond issuance until operations begin from the bond funding, and (ii) once operations begin, CHF will retain an annual fee equal to 1.5% of the Project's gross revenues, paid monthly as an operating expense.
- Once the bonds are fully paid, ownership of the Project will revert to the University or, at the University's option, be transferred to a university-designated 501(c)(3) nonprofit acceptable to CHF.

- Upon approval of this item, the following are each separately authorized in the name and on behalf of the board to take all appropriate actions to finalize negotiations and to sign and deliver all documents and agreements necessary to consummate the transaction described in this executive summary on substantially the terms described herein: the U of A President, U of A Senior Advisor to the President for Operations, U of A Chief Financial Officer, and U of A Chief Facilities and Planning Officer, any successor titles to such positions, each separately, to take all appropriate actions to enter into any and all necessary documents to ground lease and develop the Project on the subject Site on substantially the terms described in this executive summary.

Statutory/Policy Requirements

- ABOR Policy 7-102(A) requires committee review and board approval of all Major Capital Projects. Major Capital Projects are those capital projects with a total project cost of \$10,000,000 or greater, including New Construction, Renovation, Infrastructure, Information Technology or Third-Party Projects.
- ABOR Policy 7-102(A)(3) requires approval of Major Capital Projects where the board and the university share with other entities (e.g., federal, state, local, development groups, public/private ventures, etc.) the control, financing, or ownership (current or future) of the project and/or its delivery process and that are for university use and are subject to review under ABOR Policy 7-207(A)(1).
- ABOR Policy 7-201 outlines board policy regarding the purchase of real property. Purchases of real property in Arizona for less than \$1,000,000 do not require board approval.
- ABOR Policy 7-207(A) requires that all lease agreements and amendments of lease agreements of real property, including lease agreements in connection with and development of capital projects, as defined in ABOR Policy 7-102(A)(3), shall be reviewed by the University Governance and Operations Committee and approved by the board before becoming effective.
- ABOR Policy 7-207.C provides that a university may request a waiver of the board policy as long as it is in the best interest of the university and it complies with applicable state laws.
- This Project was not brought to the committee as an action item during the February 5 meeting due to the time-sensitive, ongoing negotiations among the parties at that time. U of A therefore requests a waiver of any policy requirements to first bring this matter as an action item to the committee.

Exhibit A Legal Description of Palm Shadows Parcel

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF PIMA, STATE OF ARIZONA AND IS DESCRIBED AS FOLLOWS:

Parcel 1:

Lots 4, 5, 6 and 7, all in Block 2 of BARNES SUBDIVISION, per map recorded in Book 4 of Maps and Plats, page 90, in the office of the County Recorder of Pima County, Arizona;

EXCEPT the South 25 feet of Lot 7 as conveyed to the City of Tucson by Deed recorded in Docket 1746, page 278;

FURTHER EXCEPT that portion as conveyed to the City of Tucson by Deed recorded in Docket 8643, page 29.

Parcel 2:

All that part of the Southeast Quarter of Section 6, Township 14 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona, described as follows, to wit:

BEGINNING at a point in the North line of Speedway Boulevard, which point is 64.7 feet North and 300 feet West of the Southeast corner of said Section 6, and which point is further defined as being the Southwest corner of Block 2 of BARNES SUBDIVISION, according to the map of record in Book 4 of Maps and Plats, page 90, in the office of the County Recorder of said Pima County, Arizona;

THENCE North along the West line of said Block 2 of BARNES SUBDIVISION 405 feet to a point in the South line of Helen Street, extended;

THENCE Westerly along the South line of Helen Street, extended, 160 feet to a point;

THENCE Southerly, along the East line, extended, of the land conveyed by Tucson Street Railway to Joel H. Huntsman, a distance of 405 feet to a point in the North line of Speedway Boulevard;

THENCE Easterly, along the North line of Speedway Boulevard, 160 feet to the PLACE OF BEGINNING;

EXCEPTING THEREFROM the South 25 feet heretofore conveyed to the City of Tucson by Deed recorded March 10, 1961, in Docket 1746, page 278;

FURTHER EXCEPT that portion conveyed to the City of Tucson by Deed recorded in Docket 8643, page 29.

Parcel 3:

That certain 20 foot alley between Lots 4, 5, 6 and 7, Block 2, BARNES SUBDIVISION, in the City of Tucson, according to the plat of record in the office of the Pima County Recorder in Book 4 of Maps and Plats, page 90, as abandoned by Ordinance No. 2308, more fully described as follows:

BEGINNING at the Southeast corner of Lot 4, Block 2, BARNES SUBDIVISION;

THENCE South 20 feet to the Northeast corner of Lot 7, Block 2 of said subdivision;

THENCE West along the North line of said Lot 7 to the Northwest corner of Lot 7;

THENCE North 20 feet to the Southwest corner of Lot 6, Block 2, of said subdivision;

THENCE East along the South line of Lots 4, 5 and 6, Block 2, of said subdivision, to the POINT OF BEGINNING.

Exhibit B
Detailed Description of U of A Site

Street Address: 1107 & 1145 North Campbell Avenue.

Location: Southwest corner of North Campbell Avenue and East Speedway Boulevard, Tucson, Pima County, Arizona 85719

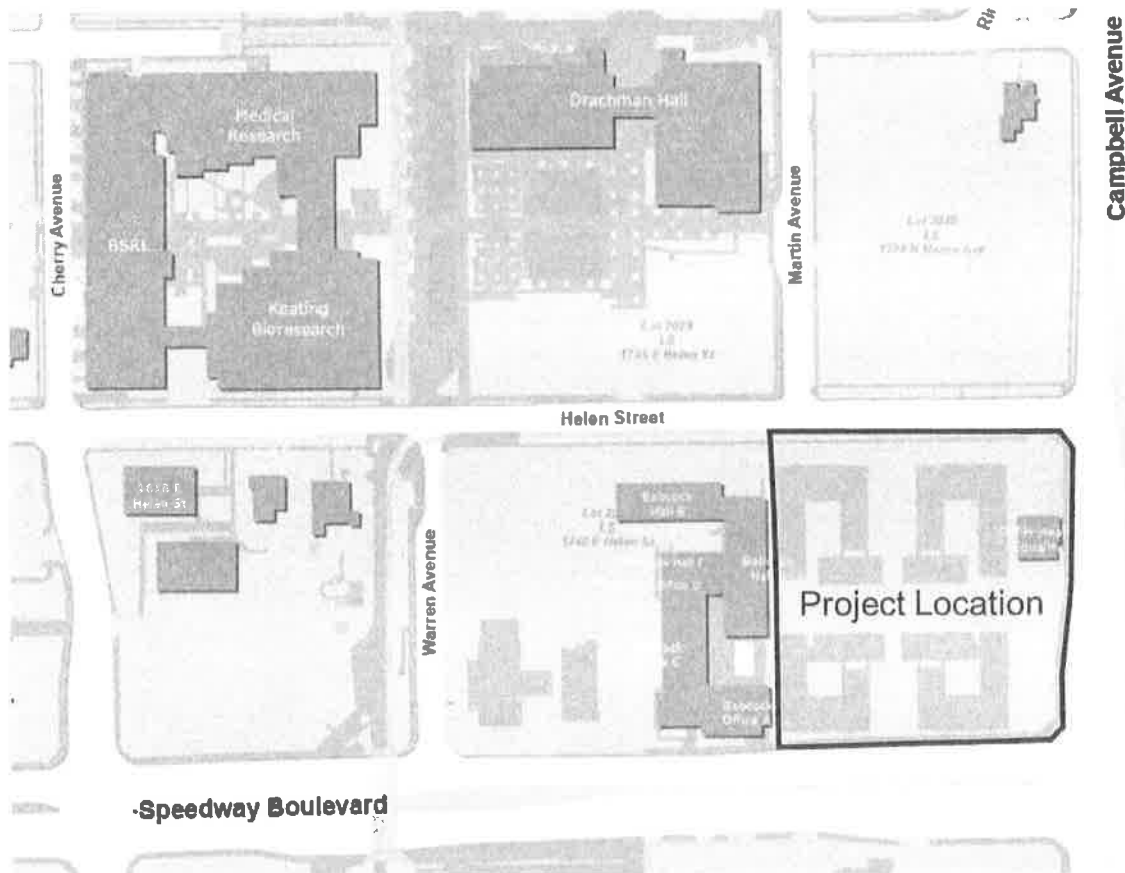
Jurisdiction: City of Tucson.

Tax Parcel Number: 123-18-040D, 123-18-0940 & 123-18-032D.

Census Tract: 6.00/1

Legal Description: Portions of Lots 1, 2, 3, 8, 9 10 Block 2, Barnes, Pima County, Arizona.

**University of Arizona
Ground Lease Project Site**





STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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VICE-CHAIRMAN
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JOHN KAVANAGH
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PRIYA SUNDARESHAN
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1716 WEST ADAMS
PHOENIX, ARIZONA 85007

(602) 926-5491

azjbc.gov

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STACEY TRAVERS
MICHAEL WAY

DATE: April 15, 2026

TO: Members of the Joint Committee on Capital Review

FROM: Nate Belcher, Senior Fiscal Analyst

SUBJECT: Arizona Exposition and State Fair Board - Review of State Fair Capital Projects - Arizona Exposition and State Fair Fund

Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated for building renewal and capital projects. In addition, an FY 2026 budget footnote allows the Arizona Exposition and State Fair (AESF) Board to spend up to \$2,000,000 of its own monies for enhanced state fair operations on capital projects. AESF requests Committee review of \$800,000 from the Arizona Exposition and State Fair Fund for 2 capital projects.

Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the request.
2. An unfavorable review of the request.

A.R.S. § 41-794 requires AESF to report quarterly on the status of all appropriated capital projects.

Key Points

1. The FY 2026 budget allows the Arizona Exposition and State Fair Board (AESF) to use up to \$2.0 million of its operating funding for enhanced state fair operations.
2. AESF is seeking Committee review of \$800,000 of this amount for the increased costs of 2 projects that the Committee previously reviewed favorably:
 - \$400,000 for Arizona Veterans' Memorial Coliseum ("Coliseum") for replacing 2 seating risers. With these additional funds, \$850,000 would be available for the project.
 - \$400,000 for prefabricated restrooms for the Exhibit Building. With these additional funds, \$900,000 would be available from this project.

Analysis

The Arizona Exposition and State Fair fund consists of revenues generated from the fair and other events; AESF's operating and capital appropriations are from this fund. AESF's FY 2026 operating budget includes \$2.0 million for enhanced state fair operations. An FY 2026 General Appropriations Act footnote stipulates that AESF may use this funding for capital projects provided they first receive Committee review of proposed projects. AESF is to submit a report for review including the scope, purpose and estimated cost of projects.

AESF is proposing to expend \$800,000 for the following 2 projects:

1. Exhibit Building- Prefabricated Restrooms

\$400,000 for replacing temporary restroom facilities at the south end of the Exhibit Building, installed 20 years ago. AESF previously received favorable review of \$450,000 for this project at the December 2024 JCCR meeting, and AESF now estimates the total cost at \$850,000. The cost estimate for this project increased due to the purchase of a different model of restroom that met accessibility requirements. Additionally, the project now includes installation of any associated utilities or foundations. We are continuing to work with AESF on whether the current cost estimates are final.

2. Arizona Veterans' Memorial Coliseum- Riser Replacement Supplement

\$400,000 for the increased costs of replacing 2 sets of risers in the Coliseum building. The Committee provided a favorable review in December 2024 to use \$500,000 for this project based on the agency's initial estimate. After approval, AESF worked with ADOA to scope the project, and received a formal quote of \$844,700 in December 2025. AESF has received a statewide job order contract for the project. AESF now estimates the cost at \$900,000 for these risers often used as seats at revenue generating events. Potential clients have cited the condition of the risers when declining to book their events at the Coliseum.

NB:jbu



April 6, 2026

The Honorable David Livingston, Chairman
Joint Committee on Capital Review (JCCR)
Arizona State House of Representatives
1700 West Washington
Phoenix, AZ 85007

Re: Request for Placement on Joint Committee on Capital Review Agenda

Dear Representative Livingston:

Staff at the Arizona Exposition and State Fair (AESF), with full approval of the AESF Board of Directors, respectfully requests a favorable review for additional funds for Capital Improvement Projects already approved for FY25. In alignment with the FY 2026 Budget, the additional funds for completing these CIP Projects would be expended from the balance of the Agency's FY2026 General Operating Appropriation. The total expenditure request is in the amount of \$800,000 in additional funds for the capital improvement projects outlined below. All projects will be funded using Agency generated funds.

1. Pre-Fab Restroom	\$400,000
2. Coliseum Seating Riser Replacement	<u>\$400,000</u>
	\$800,000

1. Pre-Fab Restroom - \$400,000

The temporary restrooms at the south end of the Exhibit Building are over 20 years old and severely dilapidated. The units have RV-style fixtures that are proprietary and no longer available. This project includes the purchase and installation of a pre-fabricated restroom to replace the six stalls in the current temporary units and includes installing any utilities and foundation as needed. The original approved budget for this project was \$450,000 but more recent pricing of the project has increased.

2. Coliseum Seater Rising Replacement - \$400,000

There are collapsible risers in the Coliseum on three sides of the arena floor. Portable folding chairs are installed on the risers after the risers are expanded, creating the "lower bowl" seating. In addition to being used during concerts and other presentations during the Fair, the risers are currently used for AIA and graduation events, which generate in excess of \$600,000 in revenue for the Agency annually. The north and south risers are known to be over 35 years old.



The riser units are outdated and worn out, making the risers not only hard to open and close, but also require an excessively large crew size and inordinate amount of time to set up for event seating. Additionally, due to the poor working conditions, opening and closing the risers presents a safety concern. The units, when fully extended, are not appropriately stable and create trip hazards that are mitigated through unconventional means. Due to the age of the units, parts are not available to repair or retrofit the current units and replacement is required. Additionally, the poor condition of the risers has been included as a negative decision making factor expressed by major events and sporting leagues when considering the venue as a location.

Staff recommends the replacement of both the north and south risers. The intent would be to replace both sides if an adequate budget exists. Otherwise, the project will be completed in two phases, with one side being completed with this approval. The other side will be completed after further consideration by the Board. The original approved budget for this project was \$500,000 but more recent pricing of the project has increased.

AESF will utilize ADOA General Services Division to identify the most expedient and fiscally responsible processes to accomplish these projects, whether through bid, state contracts, or in-house labor.

If you have any questions or require additional information concerning the requests, please contact me at 602-252-6771

Sincerely,

Dale Adams

Dale Adams

Executive Director

CC: Senator David Farnsworth, Vice-Chairman, JCCR
Richard Stavneak, Director, JLBC
Ben Henderson, Director, OSPB
Rudy Cen, Budget Analyst, OSPB
Nate Belcher, Senior Fiscal Analyst, JLBC
Ian O'Grady, Policy Assistant, Governor's Office



Additional Information for April 2026 JCCR CIP Approval Request - Additional Funds

At the February 2026 Arizona Exposition and State Fair Board of Directors meeting, the Board approved additional funds for two projects previously approved at the December 2024 JCCR meeting.

Capital Improvement Projects Additional Funds - Total Request of \$800,000

1. Pre-Fab Restroom - \$400,000 (total project amount of \$850,000)

The original project budget amount of \$450,000 submitted and approved at the December 2024 JCCR meeting was a rough estimate based on project specifications to purchase and install a pre-fabricated restroom on the Fairgrounds where there are currently six-stall temporary units. The upgrade was to include installation of any utilities and foundation as needed.

In the time since the December 2024 JCCR approval of the original \$450,000 and as a result of the design process, additional discussions have been held with the contractor and pre-fab restroom providers to consider other models of pre-fab restrooms that were most suitable in meeting both least cost parameters and adequate restroom accessibility.

The most recent rough estimate for this project involves installing two units at a rough turnkey cost of \$395,000-\$435,000 delivered and installed.

2. Coliseum Seater Rising Replacement - \$400,000 (total project amount of \$900,000)

The original project budget amount of \$500,000 submitted and approved at the December 2024 JCCR meeting was not the official quote. Rather, the \$500,000 was a rough estimate obtained from a bleacher provider in order to initiate the RFP process. The bleacher project required an RFP in order to get official quotes but the agency was unable to initiate the RFP process without the assurance that the project was approved to move forward. As such, the rough estimate was submitted for consideration and approval.

Upon approval, the agency worked with GSD to obtain an official quote and received the official quote from GSD in December 2025 at an amount of \$844,656.67. This official quote is more accurate based on the scope of the project and has necessitated the request for an additional \$400,000, bringing the project total cost to \$900,000.

A copy of the Satewide JOC for the AESF Coliseum Bleacher Riser Replacement is attached for reference.



Statewide Job Order Contract

Summary Of Costs

JOC Project Name: AESF Coliseum Bleacher Riser Replacement

JOC Project Number: PCS-26-002.00

Amount of Proposal: \$806,843.93 Purchase Order Amount to Contractor

Gordian Invoice: \$37,812.74 Purchase Order Amount to Consultant

Total Commitment: \$844,656.67

Contractor: S. J. Anderson Company

Contractor:
S. J. Anderson Company
6824 E Brown Rd. Suite 100
Mesa, AZ 85207
Phone: 480-539-4187

Consultant:
The Gordian Group
30 Patewood Drive, Suite 350
Greenville, SC 29615
602-317-1433

All proposals associated with this project:

Job Order Number	Project Amount	Price Proposal Amount
PCS-26-002.00	\$806,843.93	\$806,843.93