

JOINT COMMITTEE ON CAPITAL REVIEW

Wednesday, April 25, 2018

9:00 a.m.

House Hearing Room 1

JLBC

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

JOHN KAVANAGH
VICE-CHAIRMAN
SYLVIA ALLEN
OLIVIA CAJERO BEDFORD
KAREN FANN
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HOUSE OF
REPRESENTATIVES

DAVID LIVINGSTON
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REBECCA RIOS

JOINT COMMITTEE ON CAPITAL REVIEW

Wednesday, April 25, 2018

9:00 a.m.

House Hearing Room 1

MEETING NOTICE

- Call to Order
- [Approval of Minutes of December 19, 2017.](#)
- DIRECTOR'S REPORT (if necessary).
- 1. [NORTHERN ARIZONA UNIVERSITY - Review of Science Annex Renovation.](#)
- 2. [ARIZONA GAME AND FISH DEPARTMENT - Review of FY 2018 Building Renewal, FY 2017 Capital Improvements and FY 2017 Boat Structures.](#)
- 3. [*ARIZONA EXPOSITION AND STATE FAIR - Review of FY 2017 Capital Improvement Expenditures.](#)
- 4. [*ARIZONA STATE PARKS - Review of Unisource Energy Services Easement.](#)
- 5. ARIZONA DEPARTMENT OF TRANSPORTATION
 - [*A. Review of Safford Equipment Service Shop and Central Phoenix Impound Storage Yard.](#)
 - [*B. Review of De-icer Buildings Project.](#)
- * 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.

4/18/18

kp

People with disabilities may request accommodations such as interpreters, alternative formats, or assistance with physical accessibility. Requests for accommodations must be made with 72 hours prior notice. If you require accommodations, please contact the JLBC Office at (602) 926-5491.



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MINUTES OF THE MEETING

JOINT COMMITTEE ON CAPITAL REVIEW

December 19, 2017

Acting Vice-Chairman David Livingston called the meeting to order at 9:06 p.m., Tuesday, December 19, 2017 in House Hearing Room 1. The following were present:

Members:	Senator Allen	Representative Livingston, Acting Vice-Chairman
	Senator Cajero Bedford	Representative Allen
	Senator Farley	Representative Cardenas
	Senator Hobbs	Representative Carter
	Senator Kavanagh	Representative Leach
	Senator Yee	Representative Rios
Absent:	Senator Lesko, Chairman	Representative Alston

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of September 19, 2017, Acting Vice-Chairman David Livingston stated that the minutes would stand approved.

CONSENT AGENDA

The following items were considered without discussion:

ARIZONA STATE LOTTERY COMMISSION - Review of FY 2018 Building Renewal Allocation Plan.

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 2018 Building Renewal Allocation Plan for \$122,200. The FY 2018 Capital Outlay Bill (Laws 2017, Chapter 306) appropriated a total of \$122,200 from the State Lottery Fund to the State Lottery Commission to fund 100% of the building renewal formula in FY 2018 for capital improvement projects. The JLBC Staff provided options and potential provisions:

(Continued)

- A. *The Commission shall report any change in the building renewal spending plan to the JLBC Staff, including non-emergency reallocations between projects. If there is significant change of scope in the reallocation reported by the Commission, the JLBC Staff shall recommend the Commission request Committee review of the reallocation.*
- B. *The reallocation of monies for emergency projects shall be addressed as follows:*
 - 1. *The Commission shall notify the Chairman and the JLBC Staff that they plan to reallocate less than \$15,000 to spend on an emergency project. The Commission can proceed without Committee review.*
 - 2. *If the emergency project is \$15,000 or greater, the Commission will request JCCR review.*
 - 3. *The Chairman can allow the Commission to move forward with an emergency project of greater than \$15,000 without Committee review.*
 - 4. *The Chairman will notify the Commission if she does not agree that a project is an emergency and that the project will require full Committee review.*

An "emergency" project is defined as unforeseen, critical in nature, and of immediate time sensitivity.

- C. *If the Commission adds a new non-emergency project not listed in this request, the agency must submit the proposed project and expenditure plan for Committee review.*

ARIZONA GAME AND FISH DEPARTMENT (AGFD) - Review of FY 2018 Building Renewal Allocation Plan.

A.R.S. § 41-1252 requires JCCR to review expenditure plans for building renewal monies prior to expenditure. The FY 2018 Capital Outlay Bill (Laws 2017, Chapter 306) appropriated a total of \$530,000 from the Game and Fish Fund for building renewal. AGFD requested Committee review of its \$488,300 FY 2018 Building Renewal Allocation Plan. The JLBC Staff provided options and potential provisions:

- A. *Prior to expenditure and in accordance with A.R.S. § 41-1252A(4), AGFD shall request Committee review of any remaining funds from FY 2018 or prior year building renewal and capital appropriations.*
- B. *The distribution of the emergency allocation of \$75,000 shall be addressed as follows:*
 - 1. *AGFD shall notify the Chairman and the JLBC Staff that they plan to spend monies on an emergency project. The Chairman can allow AGFD to move forward with an emergency project without Committee review.*
 - 2. *If the Chairman does not agree that a project is an emergency and that the project will require full Committee review, the JLBC Staff will notify AGFD.*

An "emergency" project is defined as unforeseen, critical in nature, and of immediate time sensitivity.

(Continued)

- C. *In accordance with A.R.S. § 41-1252A(4), if AGFD adds a new non-emergency project not listed in this request, the department must submit the proposed project and expenditure plan for Committee review.*
- D. *In accordance with A.R.S. § 41-790, AGFD's Headquarters Major Maintenance Fund may not use building renewal monies for movable equipment.*

STATE DEPARTMENT OF CORRECTIONS (ADC) - Review of FY 2018 Building Renewal Allocation Plan.

A.R.S. § 41-1252 requires JCCR to review expenditure plans for building renewal monies prior to expenditure. The FY 2017 Capital Outlay Bill (Laws 2016, Chapter 126) appropriated a total of \$5,464,300 from the Department of Corrections Building Renewal Fund to ADC for general building renewal, and the Committee favorably reviewed this plan at the June 16, 2016 meeting with the provision that further reallocations be reported by ADC, and that the Committee could review significant changes of scope in the reallocation. The Committee approved reallocations of the FY 2017 Building Renewal Plan at the September 21, 2016 meeting and the June 20, 2017 meeting.

ADC requests Committee review of \$460,000 in savings from the ASPC-Tucson Santa Rita locking project to increase the monies allocated for the locking systems at ASPC-Lewis and the structural dining room repairs at ASPC-Eyman (*See Table 1*). The JLBC Staff provided options and potential provisions:

Table 1			
FY 2017 Building Renewal Plan			
	Current Approved Allocation	Difference	Revised Allocation
<u>Amended Projects</u>			
Locking System Project - Tucson Santa Rita	\$ 725,000	\$ (460,000)	\$ 265,000
Control Room Locking Panel Upgrades - Lewis Bachman, Barchey, and Buckley	650,000	350,000	1,000,000
Dining Room Roof Repair - Eyman Rynning	<u>393,300</u>	<u>110,000</u>	<u>503,300</u>
Subtotal	\$1,768,300	\$ 0	\$1,768,300
<u>Projects Not Modified</u>			
Total	\$3,696,000		\$3,696,000
	\$5,464,300		\$5,464,300

- A. *ADC shall report any reallocations between projects to the JLBC Staff. If there is significant change of scope in the reallocation reported by ADC, the JLBC Staff shall recommend ADC request Committee review of the reallocation.*
- B. *If an emergency arises that is not addressed by the existing expenditure plan:*
- ADC shall notify the Chairman and the JLBC Staff that they plan to spend less than \$50,000 on an emergency project. ADC can proceed without Committee review.*
 - The Chairman can allow ADC to move forward with an emergency project of greater than \$50,000 without Committee review.*
 - The Chairman will notify ADC if she does not agree that the project is an emergency and that the project will require full Committee review.*

(Continued)

An "emergency" project is defined as unforeseen, critical in nature, and of immediate time sensitivity.

- C. *If ADC adds a new non-emergency project not listed in this request, the department must submit the proposed project and expenditure plan for Committee review.*

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Consider Recommending FY 2018 Partial Rent Exemption.

A.R.S. § 41-792.01D, authorizes the Director of ADOA, on recommendation from the JCCR, to grant a full or partial exemption from the payment of state-owned rental fees if an agency has vacated its space or lacks the financial resources to make a payment. ADOA requests the Committee recommend:

- A partial rent exemption totaling \$(5,300) for the Registrar of Contractors (ROC) and a corresponding increase of \$5,300 for the State Treasurer.
- A partial rent exemption totaling \$(57,300) for the Department of Health Services (DHS). There is no corresponding state agency rent increase as the vacated space is being leased to the federal government.
- A partial rent exemption totaling \$(20,200) for the Automobile Theft Authority (ATA). There is no corresponding state agency increase as the vacated space will be unoccupied.
- A partial rent exemption totaling \$(3,700) for the Naturopathic Physicians Medical Board. There is no corresponding state agency increase as there is no space being vacated.
- A partial rent exemption totaling \$(6,700) for the Department of Liquor Licenses and Control and an increase of \$14,500 for the Attorney General.

The JLBC Staff provided options.

Senator Kavanagh moved that the Committee give a favorable review with provisions as outlined in the JLBC Staff analysis, to the 4 consent agenda items listed above. The motion carried.

REGULAR AGENDA

UNIVERSITY OF ARIZONA (UA) - Review of Athletics Facilities Projects.

Mr. Sam Beres, JLBC Staff, stated A.R.S. § 15-1683 requires Committee review of any university project financed with system revenue bonds. UA requests Committee review of a \$67,900,000 project to construct a new indoor athletics practice facility and to renovate the softball field, aquatic center, football stadium, and the McKale Center locker rooms. The JLBC Staff provided options and potential provisions.

Mr. Dave Heeke, Director of Athletics, UA, responded to member questions.

Ms. Sabrina Vasquez, Director of State Relations, UA, responded to member questions.

Mr. Gregg Goldman, Senior VP for Business Affairs and Chief Financial Officer, UA, responded to member questions.

(Continued)

Senator Kavanagh moved that the Committee give a favorable review to the University of Arizona's athletic facilities projects with a total cost of \$67,900,000, including the issuance of \$67,200,000 in system revenue bonds. These projects include: construction of an indoor sports facility (\$18 million), renovations of Arizona Stadium (\$25 million), renovations of the Hillenbrand Softball Stadium (\$8 million), renovations of the Hillenbrand Aquatic Center (\$15 million), and renovations to locker rooms in the McKale Center (\$1.9 million).

The favorable review included 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 debt service, or any operations and maintenance costs when the projects are complete.
- B. UA shall provide the final debt service schedule and interest rate for the projects as soon as they are available.

The motion carried.

ARIZONA STATE UNIVERSITY (ASU) - Consider Approval and Review of the Hayden Library Renovation.

Mr. Matt Beienburg, JLBC Staff, stated that ASU requested review and approval of the issuance of \$90,000,000 of system revenue bonds for the project to renovate Hayden Library at the university's Tempe Campus. Tuition revenues will pay the debt service on \$55,000,000 of the bonds, while debt service on the remaining \$35,000,000 will be paid with monies in ASU's Capital Infrastructure Fund (CIF).

A.R.S. § 15-1683 requires the Committee to review any university project financed with system revenue bonds.

A.R.S. § 15-1671 requires the universities to submit the scope, purpose, and estimated cost of any capital project paid with debt financing before expending monies from the university's CIF for that project. The Committee must approve or disapprove the project. The JLBC Staff provided options and potential provisions.

Mr. Morgan Olsen, Executive Vice President, Treasurer and Chief Financial Officer, ASU, responded to member questions.

Senator Kavanagh moved that the Committee give a favorable review to the issuance of \$55,000,000 of system revenue bonds for the project and approval to the issuance of \$35,000,000 of system revenue bonds for the project that will be paid with CIF monies.

The approval and favorable review included the following provisions:

- A. Within 1 month of the debt issuance, ASU shall provide the Committee a copy of its Tax Certificate in compliance with Internal Revenue Service requirements concerning the expected economic life of the project.

Standard University Financing Provisions

- B. *Approval and 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.*
- C. *ASU shall provide the final debt service schedule and interest rate for the project as soon as they are available.*

The motion carried.

ARIZONA STATE UNIVERSITY (ASU) - Informational Item on West Campus Property.

The Committee heard discussion of ASU's development plans for the ASU West and Thunderbird School of Global Management campuses. No committee action was required.

ARIZONA BOARD OF REGENTS AND ARIZONA STATE UNIVERSITY - Recommendations Concerning Commercial Development of University Lands.

Mr. Matt Beienburg, JLBC Staff, stated that A.R.S. § 15-1682.02 requires the board or universities to report on the scope, purpose, and estimated cost of any commercial project developed on board or university land if the majority of the project's business is anticipated to come from the nonuniversity population at least 2 months before the anticipated execution of an agreement. The Committee may provide recommendations to the university. Legislative Council believes that ASU's plans to commercially develop university-owned land at Mill Avenue and University Drive are subject to A.R.S. § 15-1682.02. ASU does not concur.

At the request of the Chairman, ASU and the Arizona Board of Regents (ABOR) submitted reports on the proposed development of a retirement community and hotel/conference center on these lands. The JLBC Staff provided options and potential provisions.

Mr. Morgan Olsen, Executive Vice President, Treasurer and Chief Financial Officer, ASU, responded to member questions.

Representative Leach moved to adopt the following provisions:

- A. *It is the intent of the Committee that commercial developments that generate revenue for the university or its component units are considered to be for the benefit of the university. As a benefit to the university, these types of projects fall under A.R.S. § 15-1682.02. This statute requires the universities to report these types of projects to the Committee for possible recommendations.*
- B. *Committee action does not constitute a review of the planned multi-level parking garage project or any bond issuances necessary for its financing.*

Standard University Financing Provision

- C. *Committee action does not constitute endorsement of General Fund appropriations to offset any revenues that may be required for debt service, or any operations and maintenance costs when the projects are complete.*

(Continued)

The motion carried.

Without objection, the meeting adjourned at 11:53 a.m.

Respectfully submitted:



Kristy Paddack, Secretary



Jack Brown, Assistant Director



Representative David Livingston, Acting Vice-Chairman



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Joint Committee on Capital Review

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DATE: April 18, 2018

TO: Members of the Joint Committee on Capital Review

FROM: Sam Beres, Fiscal Analyst SB

SUBJECT: Northern Arizona University - Review of Science Annex Renovation

Request

A.R.S. § 15-1671 requires Committee review of any non-debt financed university capital project paid for with funds from the university's Capital Infrastructure Fund (CIF). Northern Arizona University (NAU) requests Committee review of its plan to pay \$17,400,000 in cash to renovate its Science Annex Building. Of the \$17,400,000 total project cost, the university intends to utilize its FY 2019 and FY 2020 General Fund CIF appropriations totaling \$9,100,000.

The CIF portion of the project will constitute NAU's first use of the \$1 billion capital investment program.

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 either option, the Committee may also consider the following standard university financing provision:

Standard University Financing Provision

- A. A favorable review by the Committee does not constitute endorsement of General Fund appropriations to offset any revenues that may be required for debt service, or any operations and maintenance costs when the project is complete.

(Continued)

Key Points

- 1) NAU plans to renovate the 3rd and 4th floors of its Science Annex Building, which are currently unoccupied due to building conditions.
- 2) The renovated floors will be used as office space for staff currently located in a nearby building that NAU plans to demolish at a future date.
- 3) The project will be paid for with \$17.4 million in cash; of that amount, \$9.1 million will come from the university's FY 2019 – FY 2020 CIF appropriations.
- 4) Occupancy is planned to begin in August 2019, with construction being completed in July 2019. NAU would utilize the FY 2020 appropriation to assist in paying final contracting bills.

Analysis

The proposed project includes the renovation of the 3rd and 4th floors of its Science Annex building. In total, the planned renovation includes 34,115 square feet. These floors are comprised of former lab space which has been unoccupied for approximately 5 years due to the condition of the building. The renovation would entail bringing both floors into compliance with building, fire, and ADA codes, as well as HVAC replacement, hazardous material remediation, and other general building improvements. NAU intends to begin construction in May 2018 and to complete the project by July 2019.

NAU does not believe it would be cost-effective to re-establish the 3rd and 4th floors of the Science Annex as lab space. According to NAU, most of the fume hoods have been de-certified, and the floor to floor height does not meet current standards for laboratories. Following the project, the renovated space would instead be used as office space largely for staff currently occupying the Peterson building, which NAU plans to demolish at a future date to make way for a new multi-disciplinary STEM building. NAU's current Capital Improvement Plan includes issuing bonds paid from CIF funding for this future project. This would require NAU to seek Committee approval prior to initiating that project.

The first 2 floors, which are comprised of classrooms, labs, and staff offices, would be vacated during the summer of 2018. However, NAU plans to re-open this space by the fall 2018 semester. The bottom floors were partially renovated in 2015.

Financing

The project is expected to have total costs of \$17.4 million, which the university intends to pay for using cash from the following sources:

- \$9.1 million in total from the university's entire FY 2019 and FY 2020 General Fund CIF appropriations (*see University Capital Infrastructure Funds below*).
- \$5.8 million in university resources dedicated to capital projects and deferred maintenance.
- \$2.5 million in gifts, which have yet to be raised.

University Capital Infrastructure Funds (2017 Bonding Package)

Laws 2017, Chapter 328 establishes A.R.S. § 15-1671, which provides General Fund appropriations from FY 2019 - 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 2019 appropriations are allocated to each university as follows:

(Continued)

- ASU: \$11,927,400
- NAU: \$4,520,900
- UA: \$10,551,700
- **Total: \$27,000,000**

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 will be deposited into a newly-created Capital Infrastructure Fund (CIF). Each university will match any General Fund contributions to its fund that are used for debt service payments at a 1:1 rate. In this particular case, there is no match requirement as NAU is not using its appropriation to issue debt.

Debt service payments made on CIF funded projects will be included in the statutory debt limit. Any cash-based capital projects funded with CIF monies must be reviewed by the Joint Committee on Capital Review, and any debt-financed projects funded with CIF monies must be approved by the Committee.

Construction Costs

The total cost of \$17.4 million to renovate 34,115 square feet of space amounts to a total per square foot cost of \$510. Of that amount, \$353 is directly tied to construction costs, while the remaining \$157 is associated with design, project management, contingencies, and other fees. NAU provided several recent renovation projects along with their costs for the sake of comparison, which can be seen in *Table 1*. The per square foot renovation cost of the Science Annex project is higher than other recent university renovation projects. NAU believes this is partly due to the higher cost of construction in Flagstaff as well as the high cost of certain project components such as the installation of a new HVAC system and the demolition of old lab space.

Table 1		
University Renovation Cost Comparison		
<u>Project</u>	<u>Total Cost per SF</u>	<u>Construction Cost per SF</u>
UA - Animal Science/Bldg. 90	\$300	\$267
ASU - Hayden Library	\$375	\$263
NAU - South Dining Hall	\$433	\$308
National Institute of Standards & Technology Building 1 (Boulder, CO)	\$613	NA
NAU - Science Annex	\$510	\$353

The NAU South Dining Hall and ASU Hayden Library projects were deemed to be comparable by the university because they involve turning a closed space into an open-concept space while the UA Building 90 project involves addressing similar building condition and code deficiencies. Finally, NAU believes that the National Institute of Standards & Technology Building (in Boulder, CO) represented a project similar in scope; however, that project included lab space rather than just office space.

The renovation will increase ongoing operations and maintenance costs by \$132,700, which will be supported by tuition and fees.

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Office of the Vice President
of Finance, Institutional
Planning and Analysis

February 16, 2018

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



Subject: Northern Arizona University (NAU) Capital Project for Review

Dear Representative Livingston:

In accordance with ARS 15-1671 and 41-1252, the Arizona Board of Regents requests the following NAU project be placed on the next available agenda for the Joint Committee on Capital Review (JCCR):

- **Science Annex Renovation**

This project will utilize \$9.1 million of the University Infrastructure Funding over Fiscal Years 2019 and 2020. The Arizona Board of Regents has approved this project at its meeting held on February 8, 2018. We request that the JCCR review this project at the next scheduled meeting.

Enclosed is the pertinent information relating to this item. If you require additional information, please do not hesitate to contact me at (928) 523-4240. Thank you for your consideration of this request.

Sincerely

A handwritten signature in dark ink, appearing to read "Bjorn Flugstad".

Bjorn Flugstad
Vice President, Finance, Institutional Planning and Analysis

Attachments

cc: Richard Stavneak, JLBC Director
Sam Beres, JLBC Analyst
Eileen Klein, ABOR
Lorenzo Martinez, ABOR
Rita Hartung Cheng, NAU
Joanne Keene, NAU
Christy Farley, NAU
Bjorn Flugstad, NAU

EXECUTIVE SUMMARY

Item Name: Combined Revised FY 2018 Capital Development Plan and Project Approval for Science Annex Building Renovation (NAU)

- ☒ Action Item
- ☒ Committee Recommendation to Full Board
- ☐ First Read of Proposed Policy Change
- ☐ Information or Discussion Item

Issue: Northern Arizona University requests approval of its Revised 2018 Capital Development Plan and Project Approval for the renovation of the 3rd & 4th Floor of the Science Annex Building. The CDP financial impact is \$17.4 million.

Previous Board Action

- FY 2018 Capital Development Plan

June 2017

Enterprise or University Strategic Plan

- ☒ Empower Student Success and Learning
- ☒ Advance Educational Attainment within Arizona
- ☒ Create New Knowledge
- ☐ Impact Arizona
- ☒ Compliance
- ☐ Real property purchase/sale/lease
- ☐ Other:

Statutory/Policy Requirements

- Pursuant to Arizona Board of Regents Policy Chapter 7-107, each university shall submit an annual Capital Development Plan for the upcoming year in accordance with the calendar approved by the President of the Board.
- ABOR Policy 7-102(B) requires that all capital projects for renovation with an estimated total project cost of \$5 million or more be brought to the Business and Finance Committee for approval.
- Capital Development Plans are reviewed by the Business and Finance Committee and approved by the Board.

Contact Information:

Dan Okoli, VP of Capital Planning & Campus Operations
Dan.Okoli@nau.edu
(928) 523-8831

EXECUTIVE SUMMARY

- Approval of the CDP allows universities to complete design and planning, execute construction and financing agreements, and begin construction as outlined in policy.

Project Description/Justification/Scope

- Northern Arizona University's Revised FY 2018 CDP totals \$17.4 million and includes one project:
 - Science Annex 3rd & 4th Floor Renovation
- NAU is requesting Project Approval, in conjunction with CDP approval, for the Science Annex 3rd & 4th Floor Renovation project in order to provide needed open office area with workstations to facilitate the advancement of, including but not limited to, STEM programs on the University campus.
- The 3rd and 4th floors of Building 20 Science Annex (formerly Chemistry) are currently not occupied due to numerous Building, Fire and ADA codes issues as well as general disrepair affecting virtually all building components including HVAC, electrical, windows (common to the entire building) and finishes. The space also contains hazardous materials, which do not necessarily pose an immediate health threat, but must be remediated prior to construction activities. The intent of this project is to bring those two floors into code compliance and general modernization. These two floors will be constructed as open office area with workstation for future occupants. The total renovation of the 3rd and 4th floors is 34,115 GSF, while the total building is 73,168 GSF.
- The university is building a North Campus Science Corridor to maximize the benefits of colocation of critical STEM programs. The Science Annex is an underutilized building as the 3rd and 4th floors are currently vacant and impaired for use. Renovation of this space allows NAU to leverage its existing capital to create added usable square footage for these critical programs. This renovation will enable the occupants of the current Peterson building to move into nearby space to permit the demolition of Peterson to make way for a new Multi-Discipline STEM Academic/Research Building (2019 – 2021 Capital Improvement Plan Priority 3). At the same time NAU will continue to evaluate all of its space use to maximize location of offices, classrooms and research clusters to foster learning, collaboration and innovation.

Project Delivery Method and Process

- This project will be delivered through the Construction Manager at Risk (CMAR) delivery method. This approach was selected to provide contractor pre-construction services and a high level of project team integration, which alleviates potentially adversarial project relationships.

Contact Information:

Dan Okoli, VP of Capital Planning & Campus Operations

Dan.Okoli@nau.edu

(928) 523-8831

EXECUTIVE SUMMARY

- NAU will utilize a request for qualifications (RFQ) to select a Design Professional (DP). Design Professional submittals are due to NAU on January 11, 2018, and the University anticipates awarding a contract as early as February 2018. Following a DP selection, the University will issue an RFQ for CM@R services. Currently that solicitation is scheduled to be published mid-January with proposals due the end of January. The University anticipates to award a CM@R contract by the end of February 2018.

Project Status and Schedule

- This project is in the Design Professional selection phase, with design and construction scheduled to begin when all approvals are in place. Construction is targeted to begin in May 2018, with Substantial Completion by May 2019.

Project Cost

- The budget for this project is \$17.4 million.
- The budget represents an estimated construction cost of \$353 per GSF and a total project cost of \$510 per gross square foot.
- This project is utilizing the CMAR delivery method in which the CMAR is at risk to provide the completed project within the agreed-upon Guaranteed Maximum Price (GMP). A final report on project cost and schedule will be provided at project completion.
- The University does not foresee the project exceeding \$17.4 million, but in the event the University anticipates the need for a budget increase, a revised Capital Development Plan shall be submitted.

Fiscal Impact and Financing Plan

- The NAU Revised FY 2018 CDP, if fully implemented, reflects a total cost of \$32.4 million (\$15 million previously approved for Recital Hall and current proposed Science Annex for \$17.4 million).
- The University does not plan to use debt to finance this renovation project. Northern Arizona University intends to fund the project accordingly; \$9.1 million will be funded using FY2019 & FY2020 State General Fund appropriations to be received as part of the University investment (bonding) program; \$2.5 million will be Gift Funds; and \$5.8 million in University resources dedicated to capital projects, deferred maintenance and building renewal.

Contact Information:

Dan Okoli, VP of Capital Planning & Campus Operations
Dan.Okoli@nau.edu
(928) 523-8831

EXECUTIVE SUMMARY

- **Debt Ratio Impact:** The projected incremental debt ratio impact for this project will be 0% above the estimated debt service of the Recital Hall project that was approved at the June 2017 Board meeting.
- The tables in Exhibits 1 and 2 provide detail project financing, funding sources and debt ratio impact.

Occupancy Plan

- This project is scheduled to accommodate office occupants in the current Peterson building. Peterson will be demolished to make way for the construction of the new STEM building, to further develop the North Campus Science Corridor.
- The Science Annex 3rd & 4th Floor Renovation is anticipated to be completed by July 2019, and will provide long term office space support for the STEM building in order to maximize academic and research space.

Overview and Alignment with Enterprise and University Goals and Objectives:

- NAU has developed the Revised CDP to align with university's campus master plan, and the system enterprise and university strategic goals and objectives.
- The primary institutional priorities supported by the CDP include
 - **Academic & Research Needs:** The educational and research programs contribute greatly to the quality of life and economic vitality of our state. However, it must continue to increase operational efficiencies and the number of degrees awarded while improving student success, retention and graduation rates. Research revenues must increase to meet the ABOR Enterprise 2025 Metrics and NAU must continue to increase the number of High Demand Degrees it awards in STEM. The renovation of the Science Annex will achieve this goal by furnishing necessary office space to STEM office users. In doing so, the need for office space in the forthcoming STEM building would be alleviated and allow the building to be dedicated to academic and research needs.
 - **Campus Operations & Infrastructure Priorities:** Facilities must be kept in a safe, operational and maintainable condition. Campus buildings and utility systems must be efficient and cost-effective to maximize the use of operational funds over time. Infrastructure improvements should be made in district-wide increments when possible to maximize economies of scale and potential cost savings. Critical maintenance and renovations must not fall behind, and NAU has prioritized building maintenance with limited state investments over the last

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EXECUTIVE SUMMARY

two years. The Science Annex 3rd & 4th floor have been unoccupied for approximately five years due to code compliance items. In completing the

renovation, not only is the building space being brought into current code compliance, but it is also providing much needed office space for the growing science corridor within the University.

- **Life Safety & Code Compliance:** Life safety and code compliance issues must take highest priority to assure the safety of students, staff and visitors. Safety and code compliance issues must be resolved promptly.
- **Funding Sources & Financing Options:** Project funding and financing should be carefully considered for every individual project, to take advantage of windows of opportunity, to maximize the resources available with minimal impacts on tuition rates and to responsibly manage the assets of the University. At this time the University is electing to use General Fund Appropriations/University Infrastructure Funding, Gift Funding and University Resources to fund the project and preserve their bond/debt capacity for further strategic initiatives.

Recommendation:

That the Business and Finance Committee review and recommend Board approval of the NAU Revised FY 2018 Capital Development Plan and Project Approval for the Science Annex Building Renovation, as presented in this executive summary.

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EXECUTIVE SUMMARY

EXHIBIT 1

Revised Project Summary

Project	Board Approval Status	Gross Square Footage	Project Cost	Amount Financed	Funding Method	Annual Debt Service	Debt Ratio
Academic/Support Projects							
Science Annex 3rd & 4th Floor Renovation	2/18	34,115	\$ 17,416,437	N/A	N/A	N/A	N/A
New Academic/Support Projects Total		34,115	\$ 17,416,437				N/A
Resubmitted Projects							
No resubmitted projects							
Resubmitted Total							
TOTAL		34,115	\$ 17,416,437				N/A

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EXECUTIVE SUMMARY

EXHIBIT 2

Annual Debt Service and Operation and Maintenance Costs By Funding Source

CAPITAL DEVELOPMENT PLAN - ANNUAL DEBT SERVICE BY FUNDING SOURCE												
Project	Amount Financed	301	TUI	AUX	ICR	OLF	SLP	FGT	GFA	DFG	OTH	TOTAL ANNUAL DEBT SERVICE
New Academic/Support Projects												
Science Annex 3rd & 4th Floor Renovation	N/A											
Academic/Support Projects Total	N/A											\$ -
Resubmitted												
No resubmitted projects	N/A											
Resubmitted Total												
Total	N/A											

OPERATION AND MAINTENANCE BY FUNDING SOURCE											
Project	TOTAL ANNUAL O&M	301	TUI	AUX	ICR	OLF	GFA	FGT	DFG	DFG	*OTH
New Academic/Support Projects											
Science Annex 3rd & 4th Floor Renovation	\$ 87,700										\$ 87,700
Academic/Support Projects Total	\$ 87,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,700
Resubmitted											
No resubmitted projects											
Resubmitted Total											
Total	\$ 87,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,700

Debt Service Funding Source Codes:

(DFG) Debt Financed by Gifts
(GFA) General Fund Appropriation

(301) 301 Fund/Other

(TUI) Tuition

(AUX) Auxiliary

(ICR) Indirect Cost Recovery

(OLF) Other Local Funds

(SLP) State Lottery Allocation Proceeds

*(OTH) Other - Local Funds
(FGT) Federal Grant

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EXECUTIVE SUMMARY

Capital Project Information Summary

University: Northern Arizona University

Project Name: Science Annex 3rd & 4th
Floor Renovation

Project Description and Location:

The construction renovation of 34,115 GSF of wet laboratory space into flexible open office space.

Project Schedule:

Planning	October 2017
Design Start	February 2018
Construction Start	May 2018
Occupancy	August 2019

Project Budget:

Total Project Cost	\$ 17,416,437
Total Project Cost per sq. ft.	\$ 510
Direct Construction Cost	\$ 12,070,000
Construction Cost per sq. ft.	\$ 353

Change in Annual

Operating/Maintenance Costs:

Utilities	\$ 45,000
Personnel	\$ 49,800
All Other Operating	\$ 37,900
	<u>\$ 132,700</u>

Funding Sources:

Capital:

• University General Fund	\$ 9,100,000
• Gifts	\$ 2,500,000
• University Resources	\$ 5,800,000
	<u>\$ 17,400,000</u>

Operation/Maintenance:

• Tuition and Fees	\$ 87,700
	<u>\$ 87,700</u>

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EXECUTIVE SUMMARY

Capital Project Cost Estimate

University: Northern Arizona University

Project: Science Annex 3rd & 4th
Floor Renovation

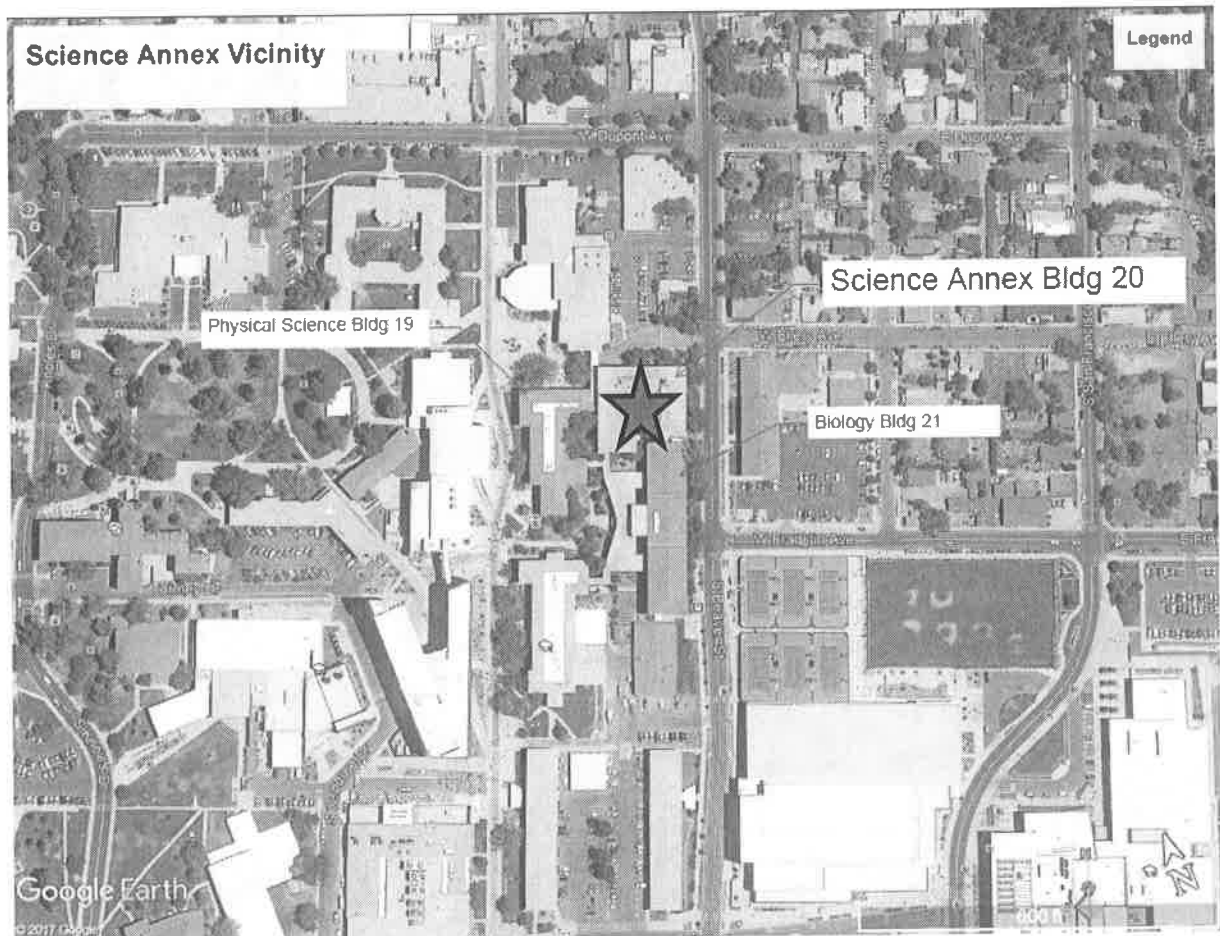
	<u>Capital Development Plan</u>	<u>Project Approval</u>
Capital Costs		
1. Land Acquisition	\$0	\$0
2. Construction Cost		
A. New Construction	\$12,070,000	\$12,070,000
B. Renovation		
C. Fixed Equipment		
D. Site Development (excl. 2.E.)		
E. Parking and Landscaping		
F. Utilities Extensions		
G. Other		
H. Inflation and Market Adjustment		
Subtotal Construction Cost	<u>\$12,070,000</u>	<u>\$12,070,000</u>
3. Fees		
A. Construction Mgr (5%)	\$603,500	\$603,500
B. Architect/Engineer	\$1,500,000	\$1,500,000
C. Other (2.29%)	\$276,403	\$276,403
Subtotal Fees	<u>\$2,379,903</u>	<u>\$2,379,903</u>
4. FF&E Movable	\$40,000	\$40,000
5. Contingency, Construction Phase (10%)	\$1,207,000	\$1,207,000
6. Contingency, Design Phase (8.0%)	\$120,000	\$120,000
7. Parking Reserve	\$0	\$0
8. Telecommunications/Security Equip	\$200,000	\$200,000
Subtotal Items 4-8	<u>\$1,567,000</u>	<u>\$1,567,000</u>
9. Additional University Costs		
A. Surveys, Tests, Inspections, etc.	\$400,000	\$400,000
B. Move-in Costs	\$400,000	\$400,000
C. Printing Advertisement	\$10,000	\$10,000
D. Commissioning		
E. 3rd Party Estimate, Audit	\$20,000	\$20,000
F. Project Management Cost (3%)	\$511,734	\$511,734
G. State Risk Mgmt Insurance (0.34%)	\$57,800	\$57,800
Subtotal Additional University Costs	<u>\$1,399,534</u>	<u>\$1,399,534</u>
TOTAL CAPITAL COST	<u><u>\$17,416,437</u></u>	<u><u>\$17,416,437</u></u>

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EXECUTIVE SUMMARY

Project Location



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STATE OF ARIZONA

Joint Committee on Capital Review

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DATE: April 18, 2018

TO: Members of the Joint Committee on Capital Review

FROM: Ben Murphy, Fiscal Analyst *BM*

SUBJECT: Arizona Game and Fish Department - Review of FY 2018 Building Renewal, FY 2017 Capital Improvements and FY 2017 Boat Structures

Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated for capital projects and building renewal. The Arizona Game and Fish Department (AGFD) is requesting Committee review of the following items:

- \$41,700 for parking lot repairs at Page Springs Hatchery.
- \$2,562,000 for the remaining portion of its Sterling Springs Hatchery renovation project.
- \$160,000 for conference room improvements and a wildlife enclosure.
- \$327,000 for 4 statewide boat structure 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.

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

- A. In accordance with A.R.S. § 41-1252A(4), if AGFD adds a new project not listed in this request, the department must submit the proposed project and expenditure plan for Committee review.

(Continued)

Key Points

AGFD is seeking review of:

- 1) \$41,700 for Page Springs Hatchery parking lot repairs.
- 2) \$2.6 million to complete the Sterling Springs Hatchery renovation project.
- 3) \$160,000 for conference room improvements and a wildlife enclosure.
- 4) \$327,000 for 4 boat structure projects.

Analysis

Building Renewal

The FY 2018 Capital Outlay Bill (Laws 2017, Chapter 306) appropriated \$530,000 from the Game and Fish Fund in FY 2018 for building renewal, which provides for the major maintenance and repair of state-owned buildings. *Table 1* provides a summary of how AGFD has spent that appropriation.

Located 10 miles south of Sedona, the Page Springs Hatchery is the largest of 6 AGFD hatcheries. These facilities are responsible for managing Arizona's trout population for recreational fishing.

Table 1

FY 2018 Building Renewal Expenditure Plan

December 2017 JCCR Meeting

5 Regional Office Projects	\$189,000
3 Wildlife Area Projects	129,700
3 Maintenance & Emergency Allocations	<u>169,600</u>
Subtotal	\$488,300

April 2018 JCCR Meeting

Page Springs Hatchery Parking Lot Project	<u>41,700</u>
Total	\$530,000

The parking lot of the hatchery's visitor center has been damaged by cottonwood tree roots. AGFD proposes \$66,700 for the replacement of damaged pavement, removal of roots, crack sealing and coating the lot, restriping and adding curbs around particularly damaged areas. Of the \$66,700 amount, \$41,700 would be funded through the building renewal appropriation and \$25,000 through other department funds.

Sterling Springs Hatchery Renovation

The FY 2017 Capital Outlay Bill (Laws 2016, Chapter 126) appropriated \$3,867,000 from the Game and Fish Fund for capital improvements, of which the department designated \$3,020,000 for a Sterling Springs Hatchery renovation and \$847,000 for general capital improvements. Because this funding lapses at the end of FY 2018, the department is seeking an extension for the Sterling Springs appropriation amount. The FY 2019 Executive Budget proposed making the Sterling Springs appropriation amount non-lapsing until the end of FY 2019.

Summarized in *Table 2*, the department has spent \$458,000 on planning, design and compliance for the hatchery project. There are 2 main components to the hatchery's renovation: a spring delivery system and a hatchery operations upgrade.

(Continued)

Phase 1 - Spring Delivery System

Using water supplied from Oak Creek, Sterling Springs Hatchery generates approximately 1.3 million trout fingerlings to be delivered to Page Springs Hatchery for their final growth stage. The water from Oak Creek is transported to the hatchery via a spring delivery system, which is a piping system with propulsion controlled by a series of electrical boxes. Phase 1 includes \$137,400 for pipe lining, \$126,000 for contractor services, \$41,100 for rehabilitation of 6 electrical boxes, \$36,000 for contingency and \$1,500 for clearing and grubbing.

Phase 2 - Hatchery Operations Upgrade

The 2 main components of Sterling Springs Hatchery operations are its recirculating aquaculture systems (RAS) building and its raceways. As fish eggs become fry (their second stage of development), they are emptied into troughs in the RAS building. The fry are fed frequently and monitored closely in the troughs until they become large enough to be transferred to the larger raceways. The fish continue to develop in the raceways. Upon becoming fingerlings (the third stage of development), the fish are loaded onto trucks and transported to Page Springs Hatchery.

The renovation includes \$779,800 for contractor services, \$554,500 for raceway construction and coating, \$325,400 for its RAS building and materials, \$69,900 for storage, \$69,400 for replacement of piping, \$94,800 for other items and \$222,800 for contingency.

The contractor services amount incorporates mobilization, remote site location considerations and quality control. The raceway construction and coating includes a removal of current raceways, construction of new raceways, a raceway epoxy coating, a new structural base, an oxygenator system, a roof and fencing. The RAS building and materials component comprises a liquid oxygen tank, structural improvements and a sump pump for flood protection. For storage, AGFD is expanding its existing storage shed and increasing equipment and chemical storage capacity. Other items in the renovation include a maintenance water tank and driveway sealcoat for the hatchery residence.

General Capital Improvements

Of the \$3,867,000 appropriated for capital improvements, \$847,000 was designated by the department as general capital improvements. Of that amount, \$675,900 has been spent leaving \$171,100 remaining for review, as summarized in *Table 3*.

Conference Room Improvements

With those available funds, AGFD proposes an expansion of its Roadrunner Room, the most frequently used conference room at its headquarters in North Phoenix. The department can configure the room to hold meetings in excess of 40 people, but finds that this configuration renders whiteboards and projectors unusable, impedes movements in and out of the room and creates a cramped environment.

Table 2

FY 2017 Sterling Springs Hatchery Expenditure Plan

<u>Unreviewed ^{1/}</u>	
Planning, design & compliance	\$ 98,000
<u>September 2017 JCCR Meeting</u>	
Planning & design	\$ 360,000
<u>April 2018 JCCR Meeting</u>	
Phase 1 - Spring Delivery System	\$ 342,000
Phase 2 - Hatchery Operations Upgrade	2,116,600
Construction Administration	75,000
Environmental Compliance	<u>28,400</u>
Subtotal	\$2,562,000
Total	\$3,020,000

1/ Discussed at September 2017 JCCR meeting.

(Continued)

Additionally, the room's entrance location causes distractions for the Human Resources office situated directly across from it. The room accommodates department training, law enforcement training and leadership meetings, which often involve large volumes of people entering and exiting the room throughout the sessions.

To remedy these concerns, the department proposes \$104,300 for expanding the room by 590 feet and moving the entrance to the headquarters' main corridor, \$31,000 for furniture with a focus on modular flexibility and mobility, \$900 for a security card reader and \$6,800 for contingency, resulting in a total cost of \$143,000.

Wildlife Center Deer Isolation Enclosure

As a part of its goals to educate the public and conserve wildlife, AGFD operates the Adobe Mountain Wildlife Center. The center rescues and rehabilitates sick, injured or orphaned animals and provides public outreach through volunteer opportunities, tours, an educational program and animal sponsorships.

AGFD is in the first phase of relocating the Wildlife Center from Adobe Mountain to its headquarters in North Phoenix. This phase includes moving all animals associated with its educational program to the headquarters, and the center's 12 deer are the only remaining animals to have not been moved.

Table 3

FY 2017 General Capital Improvements Expenditures

<u>Unreviewed ^{1/}</u>	
79 General Capital Projects	\$675,900 ^{2/}
<u>April 2018 JCCR Meeting</u>	
Headquarters Conference Room Improvements	\$ 143,000
Wildlife Center Deer Isolation Enclosure	<u>17,000</u>
Subtotal	\$ 160,000
Total	\$ 835,900
Balance Forward	\$ 11,100

^{1/} Discussed at September 2017 JCCR meeting.

^{2/} Initially described by AGFD as expending \$787,000 at September 2017 JCCR meeting; actual expenditures of \$675,900.

To accommodate the deer, AGFD proposes building at its headquarters a 24-foot by 24-foot steel shade structure for \$15,800 and an 8-foot tall chain link fence surrounding the structure for \$1,200 at a total cost of \$17,000.

Boat Structures

The FY 2017 Capital Outlay Bill (Laws 2016, Chapter 126) appropriated \$874,900 from the Watercraft Licensing Fund for boat structures projects. As described in *Table 4*, \$547,900 of that amount has been spent, leaving \$327,000 to be reviewed. AGFD proposes spending that full remaining amount on 4 projects. AGFD provides boating safety law enforcement and emergency responses on 50 lakes statewide.

Apache Lake Anchoring System

At the September 2017 JCCR meeting, the Committee favorably reviewed a department proposal which included building a single slip boathouse with a boat lift at Apache Lake. AGFD has planned for that boathouse to share an anchoring system for a Maricopa County Sheriff's Office-owned existing boathouse. However, the department has determined that the existing system is inadequate, and now proposes building its own anchoring system for a total of \$131,100.

(Continued)

Table 4

FY 2017 Boat Structures Expenditures Plan

Unreviewed ^{1/}

4 Boat Structure Projects	\$ 50,900
<u>September 2017 JCCR Meeting</u>	
3 New Boathouse/Boatlift Projects	\$497,000
<u>April 2018 JCCR Meeting</u>	
Apache Lake Anchoring System	\$131,100
Patagonia Lake Boat House Renovation	108,000
Headquarters Watercraft Shade Structure	81,900
Kingman Regional Office Boat Canopy Improvements	<u>6,000</u>
Subtotal	\$327,000
Total	\$874,900

1/ Discussed at September 2017 JCCR meeting.

Patagonia Lake Boathouse Renovation

The Arizona State Parks Board (ASPB) and AGFD currently share a boathouse at Patagonia Lake State Park. AGFD proposes renovating the boathouse's overhead doors, flotation boxes, anchoring system, electrical conduits and gangway for a total of \$108,000.

Headquarters Watercraft Shade Structure

AGFD stores a number of watercraft assets at its headquarters for both enforcement and education purposes. When stored without any covering, the assets can experience sun damage and

dry rot. Additionally, storing the assets without any electrical power source nearby can impact the department's ability to keep them adequately charged. The department proposes constructing a 30-foot by 100-foot steel canopy connected to an electrical source for battery charging at a total cost of \$81,900.

Kingman Regional Office Boat Canopy Improvements

The department's Kingman Regional Office stores law enforcement patrol boats under 2 boat canopy structures. In order to improve security, reliability and efficiency, AGFD proposes installing lighting on the boat canopies and providing an electrical source for continual boat charging. These measures would include an electrical panel, 4 LED lights, 3 electrical receptacles and asphalt removal for electrical line trenching for a total of \$6,000.

BM:kp



April 4, 2018

Senator John Kavanagh, Chairman
Joint Committee on Capital Review
Arizona State Senate
1700 W. Washington
Phoenix, AZ 85007-2890

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

Honorable Senator Kavanagh:

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 Final Building Renewal Expenditure Plan (remaining FY18 appropriated funds), Capital Project Expenditure Plan and the Watercraft Fund Expenditure Plan (remaining FY17 funds).

The following information for this review is attached:

1. Arizona Game and Fish Final Building Renewal Expenditure Plan– FY18 Appropriation GF07584 (with cost estimates)
2. Arizona Game and Fish Capital Project Expenditure Plan – FY17 Appropriation GF07903 (with cost estimates)
3. Arizona Game and Fish Final Watercraft Project Expenditure Plan – F17 Appropriation GF02501 (with cost estimates)

Sincerely,

Ty E. Gray
Director

Attachments

cc: Representative David Livingston, Vice Chairman, JCCR
Richard Stavneak, Staff Director, JLBC
Lorenzo Romero, Director, OSPB

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GOVERNOR: DOUGLAS A. DUCEY COMMISSIONERS: CHAIRMAN, JAMES R. AMMONS, YUMA | JAMES S. ZIELER, ST. JOHNS | ERIC S. SPARKS, TUCSON
KURT R. DAVIS, PHOENIX | LELAND S. "BILL" BRAKE, ELGIN DIRECTOR: TY E. GRAY DEPUTY DIRECTOR: TOM P. FINLEY

Arizona Game and Fish FY18 Final Building Renewal Expenditure Plan

Project: Page Springs Hatchery Visitor Center Parking Lot Rehabilitation

Category: Preservation of Assets; Safety

Need: The Page Springs Fish Hatchery resides on Commission-owned land on beautiful Oak Creek and has been managed by the Department's Hatchery Program since 1938. Page Springs Hatchery was named after the Page family, the previous owners of the property who had been raising trout as far back as the early 1930s. In 1990-91 the facility was renovated, making it a showcase facility with state of the art raceways and canopies, a visitor center, and a self-guided tour path. The Audubon Society identified habitat at the hatcheries and riparian area along lower Oak Creek as an Important Bird Area (IBA), and it draws thousands of wildlife watching enthusiasts.

Currently the visitor parking lot is in need of significant rehabilitation. Roots from large cottonwood trees have caused significant damage in many areas. In some cases this has created a tripping hazard to the public. Some trees have been removed for that reason. Damaged pavement areas will need to be cut out, roots removed, base material replaced and asphalt repaired. The asphalt also has substantial cracking and striping is worn off.

Solution: Cut out pavement where tree root damage has occurred, remove roots and replace compacted base material. Hot patch cut areas with asphalt. Crack seal the entire lot, apply a double seal coat and re-stripe for parking. Add new curbing around islands damaged by tree roots.

Cost Estimate

Activity	Quantity	Unit	Cost
Removals (curbing, pavement, roots)	1	LS	\$8,375.00
Pavement Rehabilitation Work	1	LS	\$58,305.00
TOTAL ESTIMATE:			\$66,680.00*
*Estimate based on AGFD Engineering Estimate (attached); AGFD proposes to use the remaining FY18 Building Renewal Balance of \$41,670 in combination with other AGFD funding sources.			

Impact of Not Approving this Request: By not funding this request this parking lot will continue to degrade to the point that it will need a costly replacement vs. rehabilitation. Parts of the lot may need to be blocked off to keep visitors from tripping.

Arizona Game and Fish FY18 Final Building Renewal Expenditure Plan

FY 2018 Building Renewal Expenditure Summary

AGFD FY18 Building Renewal Appropriation	\$530,000.00
<i>Approved Expenditures to Date</i>	<i>\$488,330.00</i>
Balance Forward	\$41,670.00
<i>Page Springs Hatchery Visitor Center Parking Lot Rehabilitation</i>	<i>\$41,670.00</i>
Final Balance	0.00

Arizona Game and Fish FY18 Final Capital Project Expenditure Plan

Project: Sterling Springs Hatchery Renovation Phase 1 and Phase II Construction

Category: Preservation of Assets

Need: The Sterling Springs facility produces approximately 600,000 fingerling trout each year for transfer to Page Springs Hatchery, where they are raised to catchable size for stocking lakes and streams statewide. The facility located between Sedona and Flagstaff on Highway 89 dates to the 1950's and is in need of major renovations in order to sustain the level of fish stocking required to support recreational trout fishing in the State of Arizona. This investment will allow the facility to improve operations, reduce costs, prevent the loss of fish to predators and associated diseases and secure the economic benefits associated with in-state fish production for the next 30 years.

Solution: Implement a comprehensive hatchery renovation project that will upgrade the spring delivery system (Phase I) and renovate the main hatchery operational facilities (Phase II) to include:

- New Rectangular Raceways
- New Raceway Hatchery Enclosure
- Other hatchery components such as pipe works, valves, filters, low-head, oxygenators, aeration, bulk oxygen storage, and settling basin with pass-through and clean-out options.

Cost Estimate

Activity	Quantity	Unit	Cost
Phase 1 – Spring Delivery System	1	LS	\$342,000.00
Phase 2 – Hatchery Operations Upgrade	1	LS	\$2,116,581.00
Construction Administration	1	LS	\$75,000.00
USFS Cost Recovery (Environmental Compliance)	1	LS	\$28,425.00
TOTAL ESTIMATE:			\$2,562,006.00
Estimates based on Design Consultants Opinion of Probable Cost (attached)			

Impact of Not Approving this Request: Not approving this capital expenditure will prevent AGFD from entering the construction phase of the project and completing it in a reasonable timeframe. This will impact the value of current expenditures for design and environmental compliance as well as result in more costly construction if postponed to a future date. Additionally, deferring renovation much longer will likely result in shutting this facility down, which would have a severe impact to AGFD's sport fishing program and to the economic benefits to the State of Arizona afforded by recreational fishing.

Arizona Game and Fish FY18 Final Capital Project Expenditure Plan

Project: AGFD Headquarters Training/Conference Room Expansion and Modernization

Category: Space Optimization/Tenant Improvements

Need: The “Roadrunner Room” is AGFD’s most heavily used asset for trainings, presentations, meetings, and other functions with over 800 hours of use from March 2017 to March 2018. The room hosts internal meetings and is frequently used by AZGFD’s external partners, including law enforcement, other state agencies and customer groups. The Roadrunner Room is AGFD’s largest conference room, with a practical capacity of 32 persons when set up in “classroom” configuration and a maximum 52 in “round table” configuration. With growth and changes to Department training requirements and operations since the headquarters facility was completed in 2007, the size and configuration limitations of this conference room have presented a growing number of inefficiencies. The Department has creatively solved limitations when possible, but the fundamental inability of the Roadrunner Room to meet demands and consequences of ad-hoc solutions will persist until seating can be increased and space optimized.

When a large accommodation is needed, such as during AZGFD’s monthly 40+ person leadership team meetings, the room is reconfigured to “round table” style in order to accommodate increased numbers. However, this solution renders many of the room features such as whiteboards and projectors unusable or suboptimal, and compromises the intention of making the leadership team meeting interactive. While this configuration maximizes the number of persons in the room the layout is cramped, uncomfortable, and inefficient for movement of persons in to and out of the Roadrunner Room. In addition to discomfort, this situation poses complications to safety concerns such as emergency evacuation. Current configuration means that the persons seated in the front of the room must wait for those at the back to exit, either for an evacuation or as routine.

Additionally, the main entry and exit to the room is across from the Human Resources Branch Chief Office and training/meeting events have been very distracting to the staff. The movement of over 40 persons during breaks and intermittently throughout a meeting can present privacy concerns during human resources meetings and disturb regular work.

The only larger room available for internal and external customers in large groups such as leadership team is the Quail Room auditorium. The auditorium is designed for commission meetings and other formal events where fixed seating is appropriate, making it overwhelming for groups of fewer than 50 persons and inappropriate for interactive or conversation driven functions.

AGFD conducts department training, including law enforcement training, that requires using the provisions of the conference room such as white boards, floor outlets, and modifiable seating arrangements. Groups are often constrained by the room size, necessitating multiple iterations of the same training, increasing workload significantly and reducing efficiency. Expansion of the Roadrunner Room would aid these groups, and open up the possibility of accommodating additional groups that are currently hosted in the oversized auditorium room which is both impractical and requires more resources to operate than the Roadrunner Room.

Arizona Game and Fish FY18 Final Capital Project Expenditure Plan

AZGFD is considering replacing the current furniture, which has degraded significantly from a decade of heavy use, with a more modular type of furniture that would maximize the room's capability. The proposed new tables would be lighter and more mobile, allowing for flexible arrangements conducive to the type of meeting taking place (interactive meetings, trainings, etc) and are easily stackable to allow more open floor space when appropriate. Smaller, and less cumbersome chairs would allow for additional flexibility in arranging the room while maximizing efficiency of the space. Finally, an appropriate number of chairs would be constructed without arm rests which inhibit the movement of uniformed officers wearing law enforcement duty belts.

Solution: AGFD proposes to expand the training/meeting room (Roadrunner room) at its State Headquarters and modernize furnishings. The remodel will increase the training/meeting area by approximately 520 square feet and increase the storage room space by approximately 70 square feet. Access to the remodeled training/conference room area will be relocated to the main corridor to reduce noise and disruptions. The expansion would optimize the use of office space in the Human Resources department. New white boards, a power rollup projector screen and projector are included. New furniture specifically designed for a training room environment will be furnished as part of the project.

Cost Estimate

Activity	Quantity	Unit	Cost
Training/Conference Room Expansion	1	LS	\$104,242.00
Security System (card reader, etc.)	1	LS	917.00
Modular Furniture Modifications	1	LS	1,332.00
Training Room Furniture (tables and chairs)	1	LS	\$29,732.00
Contingency 5%	1	LS	\$6,810.00
TOTAL ESTIMATE:			\$143,033.00
Estimates based on AGFD Continuing Services Contractor Bid and supplier quotes (attached)			

Impact of Not Approving this Request: Not approving this request would result in the continued use of a training/conference room that is often undersized for the events it is used for and would preclude AGFD from expanding its training and meeting facility opportunities. Unoptimized adjacent space would continue to be underutilized. Also, Human Resource staff will continue to be impacted by the current location of the room's entry and the distractions caused by scheduled events.

Arizona Game and Fish FY18 Final Capital Project Expenditure Plan

Project: AGFD Wildlife Center Cervid Isolation Enclosure

Category: Capital Improvement

Need: The Adobe Mountain Wildlife Center (Wildlife Center) receives hundreds of sick, injured or orphaned wild animals annually. Thanks to the dedication of volunteers and the support of the public, the facility successfully returns close to 70% of the animals back into the wild. The Center operates on a limited budget from the Heritage Fund and private donations. AGFD has recently initiated the first phase of relocating the Wildlife Center from the Adobe Mountain Correctional Facility location to its Headquarters Administrative site on Carefree Road. Funding source restrictions and funding availability has required staff to defer some critical facilities. Essentially only enough funds were available to relocate the Department's education animals, which excluded cervids (deer).

Solution: Furnish and install a structural steel 24'x24' CWD shade facility for cervid isolation.

Cost Estimate

Activity	Quantity	Unit	Cost
24'x24' CWD Steel Shade Structure	1	LS	\$15,820.00
93 Lft 8' tall chain link fencing panels and 3' gate	1	LS	\$1,180.00
TOTAL ESTIMATE:			\$17,000.00
Estimates based on AGFD Continuing Services Contractor Bid and supplier quotes (attached)			

Impact of Not Approving this Request: The Wildlife Center would no longer be able to provide wildlife rehabilitation or holding of confiscated or orphaned cervids, which requires adherence to an established isolation protocol due to the threat of Chronic Wasting Disease (CWD). In the past the Center held up to twelve cervids annually.

FY 2018 Capital Project Expenditure Summary

AGFD FY17 Capital Project Appropriation GF07903	\$3,807,000.00
Sterling Springs Fish Hatchery Component	\$3,020,000.00
<i>Approved Expenditures to Date (Design Phase)</i>	<i>\$458,000.00</i>
Balance Forward	\$2,562,000.00
<i>Proposed Phase 1 Construction</i>	<i>\$342,000.00</i>
<i>Proposed Phase 2 Construction</i>	<i>\$2,116,580.00</i>
<i>Construction Administration</i>	<i>\$75,000.00</i>
<i>US Forest Service Cost Recovery (Environmental Compliance)</i>	<i>\$28,420.00</i>
Final Balance	0.00

Arizona Game and Fish FY18 Final Capital Project Expenditure Plan

Capital Project Component	\$847,000.00
<i>Expenditures to Date</i>	<i>\$675,902.92</i>
Balance Forward	\$171,907.08*
<i>AGFD Headquarters Training/Conference Room Expansion</i>	<i>\$143,033.00</i>
<i>AGFD Wildlife Center Cervid Isolation Enclosure</i>	<i>17,000.00</i>
Total Planned Expenditures:	\$ 160,033.00
Balance Forward:	\$11,604.08*

*Pursuant to ARS 41-1252 AGFD will submit an expenditure plan for the balance to a future JCCR meeting for review and approval.

Arizona Game and Fish FY18 Final Watercraft Fund Expenditure Plan

Project: Apache Lake Boat House Anchoring System

Category: Preservation of Assets

Need: The Maricopa County Sheriff's Office (MCSO) owns and operates an existing boat house for their watercraft operations at Apache Lake. Under a separate, and previously approved, funding proposal, the Arizona Game and Fish Department (AGFD) is constructing an additional boat house for an AGFD law enforcement patrol boat, to be constructed near the existing MCSO boat house. This new boat house was originally intended to share the existing anchoring system at the site, but, it has been determined that the existing anchor system is in need of renovation. Adding the new AGFD boat house to the system would require significant additional costs and delays.

Solution: The new AGFD boat house will be secured in place with its own pilings, dock and gangway, making it independent of the existing MCSO anchor system.

Cost Estimate

Activity	Quantity	Unit	Cost
Apache Lake Anchoring System at old and New Boathouses	1	LS	\$124,832.00
5% Contingency	1	LS	<u>\$6,242.00</u>
TOTAL			\$131,074.00

Impact of Not Approving this Request: AGFD is committed to insuring administrative assets are properly designed and constructed. This proposal is in direct support of this philosophy and the previously approved AGFD boat house to be constructed at this site. To defer this work would jeopardize the stability of the new AGFD boat house being constructed at the site, and would potentially result in cancellation of the project.

Project: Patagonia Lake Boat House Renovation

Category: Preservation of Assets

Need: The Arizona Game and Fish Department (AGFD) currently shares a boat house at Patagonia Lake State Park with Arizona State Parks and Trails. The boat house provides not only a secure location for state watercraft, but also protection from the elements, further extending the lifespan and lower maintenance costs for the watercraft in question. Various aspects of this boat house have been identified for renovation, including the overhead doors, flotation boxes, anchor system, electrical conduits, and the access gangway.

Solution: The existing boat house and related features would be renovated to replace aged parts, and to insure all aspects of the facility are fully functional and able to be easily maintained into the future.

Arizona Game and Fish FY18 Final Watercraft Fund Expenditure Plan

Cost Estimate

Activity	Quantity	Unit	Cost
Patagonia Lake Boat House Renovation	1	LS	\$101,763.00
5% Contingency	1	LS	<u>\$6,242.00</u>
TOTAL			108,005.00

Impact of Not Approving this Request: AGFD is committed to insuring administrative assets are properly maintained. This proposal is in direct support of this philosophy and would insure our prior investments in watercraft and watercraft facilities are properly maintained. To defer this work would result in further degradation of the existing facility, and would likely result in the boat house becoming non-functional in the near future.

Project: AGFD Headquarters Watercraft Shade Structure

Category: Preservation of Assets

Need: Lack of covered storage/parking for watercraft programmatic assets including law enforcement patrol boats, boating education boats, paddle sport mobile education trailers and OUI command post trailers impacts multiple AGFD watercraft related programs. Sun damage to expensive messaging/outreach vehicle wraps, dry rot damage to trailer tires and the inability to charge batteries to keep them maintained compromises the maintenance of these assets and prevents their ready deployment. Construction of a shade canopy for protection against sun and environmental damage and electrical service to keep batteries fully charged and properly maintained is prudent fiscal responsibility of Department and watercraft program assets. Properly maintained and readily available patrol boats and other boating assets ultimately increases officer presence, resulting in safer waterways for Arizona's boating public.

Solution: Construct a new 30'W X 100'L steel canopy with power for lighting, battery charging and utility outlets.

Cost Estimate

Activity	Quantity	Unit	Cost
AGFD HQ Watercraft Shade Structure	1	LS	\$80,861.00
Hard Dig Allowance	1	LS	<u>\$1,050.00</u>
TOTAL			\$81,911.00

Arizona Game and Fish FY18 Final Watercraft Fund Expenditure Plan

Impact of Not Approving this Request: AGFD is committed to insuring administrative assets are properly maintained. This proposal is in direct support of this philosophy and would insure our prior investments in watercraft and watercraft facilities are properly maintained. To defer this work would result in further degradation of existing assets.

Project: AGFD Kingman Regional Office Boat Canopy Power and Lighting

Category: Security/Safety

Need: The Kingman Regional Office has a two boat canopy structures to provide shaded storage for their enforcement patrol boats, but no power was supplied to the canopies when they were constructed. Lighting is needed for both security and to aid in nighttime operations. Also batteries in the boats must be continually charged. Properly maintained and readily available patrol boats and other boating assets ultimately increases officer presence, resulting in safer waterways for Arizona's boating public.

Solution: Supply and install a new 60 amp sub panel, four LED lights (2 each canopy), two 120V receptacles on south canopy and one 120V receptacle on the north canopy. Power will originate at the Administrative building and will require cutting of asphalt, trenching and asphalt replacement.

Cost Estimate

Activity	Quantity	Unit	Cost
Kingman Regional Office Boat Canopies Power and Lighting	1	LS	\$5,969.00

Impact of Not Approving this Request: AGFD is committed to providing secure storage for its watercraft assets and ensuring a safe work environment for its employees. Deferring this project would result in continuing an elevated threat of theft and vandalism. Nighttime enforcement operations would continue to be hampered by the lack of sufficient lighting.

Arizona Game and Fish FY18 Final Watercraft Fund Expenditure Plan

FY 2018 Watercraft Fund Expenditure Summary

AGFD FY17 Watercraft Fund Appropriation GF02501	\$874,290.00
Expenditures to Date	\$547,304.00
Balance Forward	\$326,986.00
Planned Expenditures	
Apache Lake Boat House Anchoring System	\$131,074.00
Patagonia Lake Boat House Renovation	\$108,005.00
AGFD Headquarters Watercraft Shade Structure	\$81,911.00
AGFD Kingman Regional Office Boat Canopy Power and Lighting	\$5,969.00
Total Planned Expenditures:	\$326,959.00
Balance:	\$27.00



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Joint Committee on Capital Review

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DATE: April 18, 2018

TO: Members of the Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Chris Gustafson, Senior Fiscal Analyst *CG*

SUBJECT: Arizona Exposition and State Fair Board - Review of FY 2017 Capital Improvement Expenditures

Request

Pursuant to A.R.S. § 41-1252 the Arizona Exposition and State Fair (AESF) Board requests Committee review of the scope, purpose and estimated cost of 4 capital projects with a total cost of \$395,000. The FY 2017 Capital Outlay Bill (Laws 2016, Chapter 126) appropriated \$1,000,000 from the Arizona Exposition and State Fair Fund to the AESF Board for capital improvements. Along with the \$303,000 reviewed by the Committee at its June 2017 meeting, the current request would leave \$302,000 remaining from AESF's FY 2017 Capital appropriation.

Recommendation

The Committee has at least the following 2 options:

1. A favorable review.
2. An unfavorable review.

Under either option, the JLBC Staff recommends the following provisions:

- A. AESF shall report to the JLBC Staff if the actual cost of any project included in the expenditure plan exceeds the estimated cost by more than 20%.
- B. If an emergency arises that is not addressed by the existing expenditure plan:

(Continued)

Key Points

- 1) The State Fair is requesting review of \$395,000 for 4 capital improvement projects.
- 2) The State Fair is appropriated \$1.0 million in FY 2018 for capital improvements and the Committee previously gave a favorable review to \$303,000 for capital projects in June 2017.
- 3) Projects include asphalt repairs, as well as continuing work on projects previously reviewed by the Committee.

1. AESF shall notify the Chairman and the JLBC Staff that they plan to spend less than \$50,000 on an emergency project. AESF can proceed without Committee review.
2. The Chairman can allow AESF to move forward with an emergency project of greater than \$50,000 without Committee review.
3. The Chairman will notify AESF if he does not agree that the project is an emergency and that the project will require full Committee review.

An "emergency" project is defined as unforeseen, critical in nature, and of immediate time sensitivity.

- C. It is the intent of the Committee to not review the \$120,000 allocation from the FY 2017 Arizona Department of Administration (ADOA) building renewal appropriation for the repair of the 1938 Works Progress Administration Civic Building until the provisions pursuant to Laws 2016, Chapter 126 are met. Statute does not permit ADOA to spend the \$120,000 until matching funds from the City of Phoenix are received. When ADOA and the Arizona Exposition and State Fair Board subsequently request review of the 1938 WPA Civic Building Project, they shall include information on how total project funds will be spent and if the repairs will be sufficient to make the building operational.
- D. No monies from the FY 2017 (Laws 2016, Chapter 126) or FY 2018 (Laws 2017, Chapter 306) capital appropriation may be spent on projects related to the 1938 WPA Civic Building without prior Committee review.

Provisions A-D repeat existing conditions from prior JCCR review of AESF projects.

Analysis

Background

The AESF requests the Committee review the following 4 projects:

1. Phase 2 Installation of Water System Isolation Valves

Currently, when a valve to the water supply breaks, AESF is unable to isolate the broken valve resulting in a loss of fresh water to large sections of the facility. Phase 1 of the project was favorably reviewed at the June 2017 JCCR meeting. Phase 2 would install an additional 4 isolation valves that can cut off water in a damaged section while rerouting the rest of the water supply intact. The total project involves 12 valves, 4 of which were completed in Phase 1. The estimated cost of Phase 2 is \$40,000.

2. Phase 3 LED Lighting Upgrade

This is the third phase of LED Lighting upgrades at the State Fair property. AESF will be upgrading LED lights in Phase 3 to create a brighter exhibition space in the Home Arts Building, the Entry Gates

(Continued)

and parking lots along 19th Avenue and the Commercial Exhibits Building. The upgrades will also reduce electricity costs. At its June 2017 JCCR meeting, the Committee favorably reviewed \$50,000 for Phase 2 of the LED lighting upgrade for the parking lots around the fairgrounds. In 2016, the Committee favorably reviewed \$75,000 for Phase 1. The estimated cost of Phase 3 is \$105,000.

3. Purchase of Adjustable Trussing

A truss is used to provide vendors and shows extra light by installing temporary lighting in areas where existing fixed lights leave a room too dark for displays and exhibitions. AESF believes this will help with attracting more visitors for vendors. In 2017, the Committee approved \$20,000 for Phase 2 of this project. Phase 1 was completed with operating funds. Estimated project cost is \$50,000.

4. Asphalt Repair

Damages to asphalt in the driveways and walkways of the state fair complex have been identified. The project would replace potholes and other damages on the south portion of Avenue of the Flags and walkways into the Commercial Exhibits Building. The total cost is \$200,000.

Reasonableness of Cost Estimates

The expenditure plan represents AESF's estimated cost of the proposed projects. Costs of the projects are based on contracted services and estimates for in-house construction when possible. AESF has indicated it will use ADOA General Services to identify the most expedient and least costly processes to accomplish these projects, whether through bid, state contracts, or in-house labor.

Works Progress Administration Civic Building Renovations

The FY 2017 Capital Outlay Bill (Laws 2016, Chapter 126) allocated \$120,000 from the ADOA building renewal appropriation to repair the 1938 Works Progress Administration (WPA) Civic Building on the State Fair grounds. The bill stipulated that ADOA may not spend the monies allocated for this purpose unless the department receives matching monies from the City of Phoenix to repair the building and the state maintains control and ownership of the building. ADOA requested review of this funding at the June 2016 JCCR meeting. The Committee did not review the request since the statutory conditions had not been met.

The City of Phoenix approved \$200,000 for the historical preservation and renovation of the 1938 WPA Civic Building, contingent upon the state signing a conservation easement. ADOA subsequently determined it is against state policy to enter into such an agreement, resulting in an impasse with conversations ongoing. AESF reports that no significant activity has occurred since the June 2017 Committee meeting, the last time the Committee reviewed an AESF capital request.

The FY 2019 Baseline Budget contains a footnote that extends the \$120,000 from lapsing until the end of FY 2020. Given the current lack of activity on the project, the Committee may consider a provision prohibiting any of the FY 2017 or FY 2018 AESF capital appropriations from being spent on the 1938 WPA Civic Building without prior Committee review.

The Committee may consider a provision requiring ADOA and the Arizona Exposition and State Fair report on how total project funds will be spent and if the repairs will be sufficient to make the building operational when they request review of the \$120,000 allocation for the WPA Civic Building Project. This report would be due when this item is resubmitted at a later time for JCCR review. This provision is identical to ones adopted at the June 2017 and June 2016 JCCR meetings.



April 3, 2018

The Honorable David Livingston
Joint Committee on Capital Review
Arizona House of Representatives
1700 W. Washington, Room 224
Phoenix, AZ 85007

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

Dear Representative David Livingston:

The Arizona Exposition and State Fair (AESF) respectfully requests a favorable review for the expenditure from the FY17 appropriation in the amount of \$395,000 for the following capital improvements and building renewal projects:

1. Phase 2 - Water System Isolation Valves.....\$40,000
2. Phase 3 - LED Lighting Upgrade.....\$105,000
3. Phase 3 - Trussing.....\$50,000
4. Asphalt Repair and Improvement.....\$200,000

A brief description follows:

1. Phase 2 Installation of Water System Isolation Valves - \$40,000

This is the second phase of a three phase project. Due to the age of the facility, the Fairgrounds experiences regular failure to the fresh water supply system. Because of the nature of the facility operation, the situation is further exacerbated by the greater probability of system failure at the most inopportune times (i.e., during major events, due to the demands of the system). Currently, the water infrastructure has a limited ability to isolate zones when repair is needed. This inability to isolate lines needed for repair causes the necessary closure of primary water lines, leaving restrooms and concession stands inoperable across the grounds. Subsequently, health and safety concerns often arise and have caused delayed opening of the fair and consequential loss in revenue from both admission and food sales. Phase 2 would include the installation of four (4) of the remaining eight isolation valves needed. This repair is needed and being sought for the safety and convenience of the public.



2. Phase 3 LED Lighting Upgrade (Wesley Bolin Building, Plaza Building, AG Center and 17th Ave. Entrance) - \$105,000

This is the third phase of a transition to LED Lighting. Improved lighting in the designated areas will provide more illumination to the buildings, and make the buildings more attractive to current and potential promoters. Among other uses, the buildings are used by commercial sales vendors during events. The improved lighting will allow for improved display of products that should lead to increased sales and help generate additional sales tax revenue for the State. The upgrade to lighting on the 17th Avenue driveway will make it safer and easier for cars and pedestrians to traverse this mixed use area.

Upgrades completed during previous phases include the following areas: Entry Gates, 19th Avenue, Avenue of the Flags and the Cattle Barn, Commercial Building and the Home Arts Building. This project is pressing as rebates offered by the utility company are set to expire.

In addition, converting to an LED lighting system is a much needed step towards improving energy conservation as LED lighting will increase efficiency and decrease cost. LED lighting will also reduce heat generation in the buildings.

These needed repairs and upgrades are being sought to improve public safety, as well as to improve efficiency of operation and conserve energy.

3. Purchase of Adjustable Trussing - \$50,000

This is the third phase of trussing purchases. Each phase increases the inventory held on hand and reduces the costs associated with equipment rental.

Adjustable trussing is used to provide infrastructure necessary to install temporary lighting and/or shading in a variety of areas around the Fairgrounds during events. Increased lighting in walkways will improve safety, as well as increase traffic in less traveled areas. Additionally, trussing can be used to create entry ways, as well as ambiance, as needed for more successful events and more effective directing of patron movement.

This purchase is needed and is being sought to improve venue attractiveness and utility, as well as to improve efficiency and the hosting of more successful events. This purchase will also increase public safety and comfort. Furthermore, the investment in purchase is a sound business decision as it replaces rental equipment with a State-owned asset having a life expectancy that extends far beyond the anticipated recover on expenditure.



4. Asphalt Repair - \$200,000

Significant areas of the asphalt pavement on the south portion of the Avenue of the Flags and walkways into the Commercial Exhibits Buildings have deteriorated due to age and use. The damaged asphalt has several potholes and poses a serious trip hazard. Removal of the damaged asphalt and repair will inhibit further degradation of the pavement and decrease the risk of trip and injury hazards. Furthermore, several small areas in the lot are currently dirt. These dirt areas are where food concessions set up during the fair and rental events. The Maricopa County Health Department has indicated concern during inspections and asked this problem be resolved. These dirt areas are also adjacent to a rolled curb. When the area is transversed, the dirt spreads to the curb and creates an easy slip hazard that has been problematic.

This repair and improvement is needed and being sought for safety of the public.

The costs of the above projects are based on contracted services and estimates for in-house construction as much as possible. AESF will utilize ADOA General Services 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,

A handwritten signature in dark ink, appearing to read "Wanell Costello". The signature is fluid and cursive.

Wanell Costello
Executive Director

CC: Richard Stavneak, JLBC
Jacob Wingate, OSPB
Chris Gustafson, JLBC



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DATE: April 18, 2018

TO: Members of the Joint Committee on Capital Review

FROM: Ben Murphy, Fiscal Analyst *BM*

SUBJECT: Arizona State Parks - Review of Unisource Energy Services Easement

Request

Arizona State Parks (ASP) requests the Committee review their proposed easement agreement with Unisource Energy Services (UES) at Lake Havasu State Park. ASP will provide to UES an easement from an electrical box to a transformer to provide 13 cabins and a restroom shower building with electricity.

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) JCCR previously reviewed new cabins for Lake Havasu State Park.
- 2) Using existing transformers for these cabins is not economical.
- 3) A local electric company would install a new transformer and supply power to the cabins.

Analysis

Located on the western edge of Mohave County, Lake Havasu State Park is among the most frequently visited of the 29 state parks in Arizona. As part of its statewide cabin installation project favorably reviewed in September 2016, ASP is installing 13 of its 100 pre-engineered cabins at Lake Havasu State

(Continued)

Park. ASP is also establishing a new restroom shower building in the cabins' vicinity using funds favorably reviewed in July 2013.

The cabins and restroom are in an area of the park where using electricity from existing transformers is not a viable solution. Instead, ASP has proposed an easement agreement where UES, an electrical service provider (provider), uses existing power lines serving the nearby residential neighborhood to provide the site with electricity.

The provider would install an electrical box at the edge of the park's property, wiring it to an existing power line nearby. ASP would then grant UES a 10-foot wide easement centered on a trench and conduit (tube protecting electrical line) starting at the installed electrical box and ending at the transformer pad, upon which the transformer will stand. The transformer will provide power to the cabins and restroom shower building.

UES would be responsible for the design, installation, maintenance and repair of the transformer and the utility line leading to the electrical box. ASP would be responsible for the electrical lines from the transformer to the cabins and restroom.

ASP benefits from not having to purchase and maintain its own transformer, while UES benefits from the addition of ASP as an electrical service customer. While the transformer and its installation will cost around \$100,000 to \$120,000, UES expects a return on investment from ASP electrical bill revenues.

BM:kp



Doug Ducey
Governor



ARIZONA STATE PARKS & TRAILS

BEST IN U.S.!

Sue Black
Executive Director



April 5, 2018

The Honorable, Representative Livingston, Chairman
Joint Committee on Capital Review
1716 West Adams
Phoenix, AZ 85007



RE: Request for JCCR review of an Easement between the Arizona State Parks and Trails and Unisource Energy Services.

Dear Representative Livingston,

Arizona State Parks and Trails (ASPT) requests review by the JCCR of the agency's proposed easement with Unisource Energy Services for the installation of a new electrical service and transformer at Lake Havasu State Park. ASPT requested that Unisource Energy Services provide the new service in order to provide electricity to the new cabins and restroom shower building in this section of the park.

Per the terms of the easement, ASPT is responsible for the easement drawing and legal description that will need to be provided by a registered land surveyor. The surveyor will complete the survey when the trench and conduit is installed. The easement will be 10' wide, centered on the trench and conduit, and also must encompass the transformer pad at the service end, as well as the cabinet up at the East end, and terminate at the property line/existing easement at the East end.

Under this easement, Unisource will be responsible for the design, installation and long term maintenance and repair of the utility line including the transformer. ASPT will be responsible for the electrical lines from the transformer on. This is a benefit to ASPT as we will no longer be responsible for the utility transformer.

Exhibit A is the conceptual design of the utility. The final as built drawings will be the basis of the easement and will be updated after construction.

ASPT is ready to move forward with our recommended Easement with Unisource Energy Services, pending favorable review by the JCCR. If you have any questions regarding the proposed agreement, please contact me at (602) 542-4174, or sblack@azstateparks.gov.

Sincerely,

Sue Black,
Executive Director

cc: Richard Stavneak, Director, JLBC
Matthew Gress, Director, OSPB



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Joint Committee on Capital Review

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REBECCA RIOS

DATE: April 18, 2018

TO: Members of the Joint Committee on Capital Review

FROM: Ben Murphy, Fiscal Analyst **BM**

SUBJECT: Arizona Department of Transportation - Review of Safford Equipment Service Shop and Central Phoenix Impound Storage Yard

Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated for capital projects. The Arizona Department of Transportation (ADOT) is requesting Committee review of \$4,000,000 from the State Highway Fund for the construction of a new Safford Equipment Service shop. The department is also requesting review of \$240,000 from the State Highway Fund for the establishment of an impound storage yard in Central Phoenix. Funding for both projects was included in the FY 2018 Capital Outlay Bill (Laws 2017, Chapter 306).

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 either option, the Committee may also consider the following provision:

- A. ADOT shall report any project reallocations above \$100,000.

(Continued)

Key Points

ADOT is requesting review of:

- 1) Construction of a new \$4.0 million equipment shop with 11 work bays to keep equipment indoors and improve workplace efficiency. Besides repairing ADOT vehicles, the equipment shop does work for other state agencies and local governments.
- 2) The creation of a \$240,000 storage yard in Central Phoenix.

Analysis

Safford Equipment Service Shop

The FY 2018 Capital Outlay Bill (Laws 2017, Chapter 306) appropriated \$4.0 million from the State Highway Fund in FY 2018 to the department to construct a new equipment service shop in Safford.

ADOT operates 20 equipment service shops through the state. The department maintains over 4,400 vehicles and equipment including light-duty vehicles, medium- and heavy-duty trucks, snow removal equipment, trailers, forklifts and other equipment. Equipment Services' primary responsibility is to maintain those vehicles, including preventive maintenance, repairs, tire management, fuel management and emissions services. ADOT also provides these services to other agencies and local governments through interagency service agreements and intergovernmental agreements.

The Safford Equipment Shop is currently a 2,500 square foot converted carpenter shop facility. The facility provides repair and maintenance for 6 ADOT Highway Maintenance teams, which use heavy-duty equipment. However, the Safford Shop does not have the size to accommodate such equipment inside the current structure,

resulting in technicians working on the equipment outdoors. The shop has 5 multipurposed bays, a number which ADOT reports requires technicians to spend considerable time waiting while parts and materials arrive. Without extra bays, technicians can handle only one vehicle at a time, without ability to shift focus to another vehicle while waiting for parts. The Safford shop services about 432 distinct vehicles.

Described by cost in *Table 1*, the new 18,100 square foot shop would include 8 bays for vehicle repair at \$219,600 each, 1 bay for welding work, 1 bay for vehicle inspection and 1 bay for tire management.

Table 1

Safford Equipment Shop Expenditure Plan

Construction

8 Repair Bays	\$ 1,756,800
1 Welding Bay	146,400
1 Inspection Bay	292,800
1 Tire Bay	146,400
Structure	<u>960,800</u>
Subtotal	\$ 3,303,200

Other

Architecture & Engineering Services	\$ 330,300
Furniture, Fixtures & Equipment	150,000
Telecomm/Datacomm	100,000
Security System	15,000
Environmental Clean Up	25,000
Relocation Costs	25,000
Contingency	<u>51,500</u>
Subtotal	\$ 696,800

Total	\$4,000,000
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(Continued)

Each bay consists primarily of metal tables, metal shelving, tools, tool storage and with the exception of the welding bay, a 2-post car lift.

Central Phoenix Impound Storage Yard

The FY 2018 Capital Outlay Bill (Laws 2017, Chapter 306) appropriated \$240,000 from the State Highway Fund in FY 2018 to the department for capital improvements to an impound storage yard in Tempe. However, ADOT reports that the Tempe yard will be displaced due to the Broadway Curve widening project scheduled for FY 2019 to FY 2021. ADOT now proposes to spend the \$240,000 on a new impound storage yard in Central Phoenix at 1226 N. 25th Avenue. The property once served as a motorcycle skill testing site, but has been unused in recent years as those tests were moved to a different location.

Table 2

**Central Phoenix Impound Yard
Expenditure Plan**

<u>Item</u>	<u>Cost</u>
Security	\$120,600
Electrical Service	46,800
Fencing	38,300
Contingency	<u>34,300</u>
Total	\$240,000

ADOT Enforcement and Compliance (ECD) officers serve law enforcement functions as relates to vehicle weight requirements, registration compliance, commercial permits and vehicle inspections. In instances where the ECD seizes a vehicle used in the commission of a crime, it may store those vehicles at an impound storage yard. Additionally, ADOT's Office of Inspector General stores vehicles associated with dealer fraud, title fraud or other criminal activities at the impound yard.

For its expenditure plan, as summarized in *Table 2*, ADOT proposes security cameras, card readers and data circuit for \$120,600; electrical services, conduits and lighting for \$46,800; an 8-foot high barbed wire fence with a gate operator and vehicle detection device for \$38,300; and a contingency of \$34,300. These measures would transform the existing Central Phoenix property into an impound storage yard.

BM:kp



Director's Office

An Arizona Management System Agency

Douglas A. Ducey, Governor

John S. Hallkowski, Director

Scott Omer, Deputy Director/Chief Operating Officer

Kevin Blesty, Deputy Director for Policy

Dallas Hammit, Deputy Director for Transportation

April 4, 2018

The Honorable David Livingston
Chairman
Joint Committee on Capital Review
1716 West Adams Street
Phoenix, AZ 85007



Dear Chairman Livingston:

We respectfully request to be placed on the agenda of the next JCCR meeting for review of a project related to ADOT's FY2018 capital outlay appropriation.

ADOT was appropriated \$4,000,000 for the construction of a new equipment repair and maintenance shop in Safford. The current shop is a converted carpenter shop facility. It does not allow for a safe environment work area for the technicians performing repair and maintenance of the current heavy duty fleet equipment located in the Safford area. Many repairs on the large equipment have to be performed outside, exposing the technicians to extreme weather conditions. This project allows for the construction of a new 18,050 SF shop to replace the outdated and undersized present facility in the Safford Maintenance Yard. The new facility would be built at an adjacent site and would include eight repair bays, one welding bay, one inspection bay and one tire bay. It would provide working stalls for light, medium, and heavy duty preventive maintenance services and repairs. The old facility would be used for storage of materials for the ongoing highway maintenance and repair mission.

The cost of the project is estimated to be:

\$3,303,200 - Construction (18,050 SF x \$183/SF)
\$330,320 - Architecture & Engineering Services (10%)
\$150,000 - Furniture, Fixtures & Equipment
\$100,000 - Telecomm/Datacomm
\$15,000 - Security System
\$25,000 - Environmental cleanup of old building
\$25,000 - Relocation/Move in costs
\$51,480 - Contingency

\$4,000,000 - Total

We appreciate your consideration and approval of this request. If you have any questions or need additional information, please contact Keith Fallstrom, ADOT Budget Director, at 602.712.6594.

Sincerely,

A handwritten signature in dark ink, appearing to read 'John S. Halikowski', written in a cursive style.

John S. Halikowski
ADOT Director

Cc: Richard Stavneak, JLBC Director
Ben Murphy, JLBC Analyst
Ben Blink, OSPB Analyst
John Hetzel, ADOT



Director's Office

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April 4, 2018

The Honorable David Livingston
Chairman
Joint Committee on Capital Review
1716 West Adams Street
Phoenix, AZ 85007



Dear Chairman Livingston:

We respectfully request to be placed on the agenda of the next JCCR meeting for review of a project related to ADOT's FY2018 capital outlay appropriation.

ADOT was appropriated \$240,000 to perform capital improvements to an existing impound storage yard located in Tempe. The department has decided that rather than improving the current impound yard in Tempe, that it would be best to relocate the facility to a new site in west central Phoenix (1226 N 25th Ave) as the current site will be lost to the eventual widening of Interstate 10 in the vicinity of the Broadway Curve. The new site in west Phoenix was chosen because it already has a sufficiently sized pavement that was no longer being used for motorcycle skills testing. Funds will be used at the new location to extend electrical service, install lighting, security fencing and build a vehicle gate with access control, and to provide security cameras and other security monitoring equipment.

The total cost of the project is estimated to be \$240,000 based on vendor quotes for an amount of \$205,707 plus \$ 34,293 for contingency.

We appreciate your consideration and approval of this request. If you have any questions or need additional information, please contact Keith Fallstrom, ADOT Budget Director, at 602.712.6594.

Sincerely,

John S. Halikowski
ADOT Director

Cc: Richard Stavneak, JLBC Director
Ben Murphy, JLBC Analyst
Ben Blink, OSPB Analyst
John Hetzel, ADOT

IMPOUND YARD PROJECT BUDGET

**1226 North 25th Avenue
Phoenix, AZ**

<u>Budget:</u>	<u>\$ 240,000</u>
<u>Fencing:</u>	\$ 38,301
American Fence (Quoted using contract #ADSP013-046427) 8' high fence w/ barb wire & razor wire, new gate with gate operator and pavement loops	
<u>Security:</u>	
DH Pace (Quoted using contract #ADSP016-141515) Security cameras and Card Readers	\$ 119,770
AZNet (Quoted costs based on their state contract rates) Data Circuit, router and switch	\$ 800
<u>Electrical & Conduit:</u>	
Corbin Electric (Quoted using contract #ADSP014-081408) Electrical service Underground and overhead conduit Lighting mounted under freeway structure	\$ 46,836
<u>Contingency:</u>	\$ 34,293
Total:	<u>\$ 240,000</u>



STATE OF ARIZONA

Joint Committee on Capital Review

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DATE: April 18, 2018

TO: Members of the Joint Committee on Capital Review

FROM: Ben Murphy, Fiscal Analyst **BM**

SUBJECT: Arizona Department of Transportation - Review of De-icer Buildings Project

Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for capital projects with costs greater than \$250,000. The Arizona Department of Transportation (ADOT) is requesting Committee review of \$1,100,000 from the State Highway Fund for the construction of 2 de-icer buildings, as appropriated by the FY 2018 Capital Outlay Bill (Laws 2017, Chapter 306).

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.

The cost projections are consistent with the low bid and are within the proposed budget for the project.

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

- A. ADOT shall report any project reallocations above \$100,000.

(Continued)

Key Points

- 1) De-icer buildings are used for storage and mechanized loading of highway de-icing materials.
- 2) Over the past 4 fiscal years, ADOT has been appropriated \$7.9 million for 18 new buildings statewide.
- 3) The buildings reduce loading time, decrease snowplow cycle time, protect materials from weather conditions and help ADOT in complying with environmental requirements.

Analysis

The FY 2018 Capital Outlay Bill (Laws 2017, Chapter 306) appropriated \$1.1 million from the State Highway Fund in FY 2018 to the department to construct 2 new buildings to house de-icer chemicals and bulk sand used during winter months to de-ice highways.

The new de-icer buildings will replace existing deteriorated facilities and outside storage, which currently house the chemicals and sand. These new mechanized bulk storage facilities will reduce the loading time for snow plows and help ADOT incorporate environmental enhancements requested by the Arizona Department of Administration's Risk Management Division, minimizing the potential for environmental incidents.

ADOT estimates a total cost of \$1.1 million to construct new de-icer buildings at 2 locations (Show Low and Oraibi), as shown in the following table:

ADOT's Estimated Cost for 2 De-Icer Buildings	
	<u>Estimated Cost</u>
2 De-Icer Buildings	\$ 915,000 ^{1/}
Contingency	140,500
Engineering	<u>44,500</u>
Total	\$ 1,100,000
^{1/} Low bid	

ADOT's estimated cost for the 2 proposed locations averages \$479,800 per location excluding contingency. This is lower than the \$488,200 per location favorably reviewed by the Committee in June 2016, the last time the Committee reviewed these types of projects. The \$479,800 per location is consistent with the low bid and is within the proposed budget for the project.

Between FY 2014 and FY 2018, a total of \$7.9 million has been appropriated for de-icer buildings at 18 sites, but the funding has only been sufficient for 16 buildings.

BM:kp

March 1, 2018

The Honorable David Livingston
Chairman
Joint Committee on Capital Review
1716 West Adams Street
Phoenix, AZ 85007



Dear Chairman Livingston:

We respectfully request to be placed on the agenda of the next JCCR meeting for review of a project related to ADOT's FY2018 capital outlay appropriation.

ADOT was appropriated \$1,100,000 for the construction of de-icer materials storage buildings as part of a multi-year program to help meet environmental wastewater regulations protecting surface and groundwater. Funds will be used to build a storage building at each of the following two (2) maintenance yards: Show Low and Oraibi.

The total cost of the project is estimated to be \$1,100,000 which includes the current bid amount of \$914,960 plus \$ 44,514 for engineering services and \$ 140,526 for contingency.

We appreciate your consideration and approval of this request. If you have any questions or need additional information, please contact Keith Fallstrom, ADOT Budget Director, at 602.712.6594.

Sincerely,

A handwritten signature in green ink that reads 'John S. Halikowski'.

John S. Halikowski
ADOT Director

CC: Richard Stavneak, JLBC Director ✓
Ben Murphy, JLBC Analyst
Ben Blink, OSPB Analyst
John Hetzel, ADOT

Solicitation No: ADOT18-00007933
Solicitation Title: Construction of De-Icing Materials Buildings

Bid Recap

			A J Robers Industrial, Inc	Straight Arrow Contracting, LLC	Caruso Construction Inc.	Stratton Builders	Mustang Steel Erectors	Bayley Construction
			BASE BID					
Location	QTY	UOM	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price
Oraibi Maintenance Yard	1	Total	\$ 395,124.00	\$ 484,000.00	\$ 497,700.00	\$ 482,476.00	\$ 476,338.07	\$ 575,062.00
Show Low Maintenance Yard	1	Total	\$ 472,959.00	\$ 454,000.00	\$ 474,100.00	\$ 499,771.00	\$ 532,235.78	\$ 625,990.00
		Subtotal	\$ 868,083.00	\$ 938,000.00	\$ 971,800.00	\$ 982,247.00	\$ 1,008,573.85	\$ 1,201,052.00
		Taxes	\$ 46,877.00	\$ 43,094.00	\$ 48,939.00	\$ 43,397.00	\$ 67,267.00	\$ 69,052.00
		Total	\$ 914,960.00	\$ 981,094.00	\$ 1,020,739.00	\$ 1,025,644.00	\$ 1,075,840.85	\$ 1,270,104.00