

## **JOINT COMMITTEE ON CAPITAL REVIEW**

**Tuesday, April 27, 2021**

**9:30 a.m. or upon adjournment of the JLBC meeting**

**House Hearing Room 1**

**JLBC**

STATE OF ARIZONA

## Joint Committee on Capital Review

STATE  
SENATE

DAVID M. GOWAN  
CHAIRMAN

LELA ALSTON  
SEAN BOWIE  
RICK GRAY  
SINE KERR  
VINCE LEACH  
REBECCA RIOS

1716 WEST ADAMS  
PHOENIX, ARIZONA 85007

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JOANNE OSBORNE  
BEN TOMA

### JOINT COMMITTEE ON CAPITAL REVIEW

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The meeting will be held via teleconference software.

Members of the public may access a livestream of the meeting here:

(<https://www.azleg.gov/videoplayer/?clientID=6361162879&eventID=2021041041>)

### MEETING NOTICE

- Call to Order
- [Approval of Minutes of December 16, 2020.](#)
- DIRECTOR'S REPORT (if necessary).
- 1. [\\*\\*\\*ADOPTION OF COMMITTEE RULES AND REGULATIONS.](#)
- 2. ARIZONA DEPARTMENT OF ADMINISTRATION
  - [\\*\\*\\*A. Consider Recommending FY 2021 Partial Rent Exemptions.](#)
  - [\\*\\*\\*B. Review of Phoenix Veterans' Home Cooling Tower Project.](#)
- 3. [\\*\\*\\*ARIZONA STATE UNIVERSITY - Consider Review and Approval of Bateman Physical Sciences Center Financing Project.](#)
- 4. [\\*\\*\\*NORTHERN ARIZONA UNIVERSITY - Review of Science Annex Renovation.](#)
- 5. [\\*\\*\\*ARIZONA WESTERN COLLEGE - Review of Revenue Bond Projects.](#)

\*\*\* Consent Agenda - These items will be considered in one motion and no testimony will be taken.

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

04/19/2021

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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.



STATE OF ARIZONA

## Joint Committee on Capital Review

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### MINUTES OF THE MEETING

#### JOINT COMMITTEE ON CAPITAL REVIEW

December 16, 2020

The Chairman called the meeting to order at 10:24 a.m., Wednesday, December 16, 2020 via video conference. The following were present:

Members:	Senator Gowan	Representative Cobb, Chairman
	Senator Alston	Representative Fernandez
	Senator Bowie	Representative Fries
	Senator Bradley	Representative Kavanagh
	Senator Gray	Representative Lieberman
	Senator Kerr	Representative Toma

Absent:	Senator Leach	Representative Petersen
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#### APPROVAL OF MINUTES

Senator Gowan moved that the Committee approve the minutes of September 23, 2020. The motion carried.

Senator Gowan moved that items 2C - University of Arizona - Consider Approval of Chemistry Building Renovation Financing Project and 2D - University of Arizona - Review of Facilities Management Building Project be placed on the consent agenda. The motion carried.

#### CONSENT AGENDA

The following items were considered without discussion:

#### **ARIZONA STATE UNIVERSITY (ASU) - Review of Multipurpose Arena Construction Project.**

Pursuant to A.R.S. § 15-1683, the Committee is required to review any university projects financed with system revenue bonds. ASU requested Committee review of its planned issuance of \$115,000,000 of

(Continued)

system revenue bonds to fund construction of a Multipurpose Arena. The JLBC Staff provided options and potential provisions:

Standard University Financing Provisions

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

Additional Provision

- D. *On or before October 15 of each year, ASU shall report to the JLBC Staff on the amount of each revenue source used for the Multipurpose Arena project debt service and provide an update on the terms and conditions of the Multipurpose Arena venue management contract. ASU shall continue to provide the report each year until notified by the Joint Committee on Capital Review Chairman.*

**UNIVERSITY OF ARIZONA (UA) - Consider Review and Approval of Grand Challenges Research Building and Applied Research Building Financing Projects.**

Pursuant to A.R.S. § 15-1671, the Committee is required to review non-debt financed expenditures and approve any debt financed university capital projects paid for with funds from the university's Capital Infrastructure Fund (CIF). UA requested Committee review of \$16,300,000 in cash expenditures and approval of \$183,700,000 in bond issuances to construct new research facilities, for total project costs of \$200,000,000. Of this amount, \$99,000,000 is for the Grand Challenges Building, \$85,000,000 is for the Applied Research Building, and \$16,000,000 is for utility infrastructure upgrades. The JLBC Staff provided options and potential provisions:

Standard University Financing Provisions

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

(Continued)

**UNIVERSITY OF ARIZONA (UA) -Review of Deferred Maintenance Project.**

Pursuant to A.R.S. § 15-1671, the Committee is required to review non-debt financed expenditures for capital projects paid for with funds from the university's Capital Infrastructure Fund (CIF). UA requested Committee review of \$600,000 in cash expenditures from CIF to pay for deferred maintenance projects on its main campus. The JLBC Staff provided options and potential provisions:

Standard University Financing Provisions

- A. *A favorable review by the Committee does not constitute endorsement of General Fund appropriations to offset any revenues that may be required for operations and maintenance costs when the project is complete.*
- B. *On or before October 15 of each year until completion of the project, UA shall report to the JLBC Staff on the status and expenditures of the Deferred Maintenance project. The report shall include the project expenditures to date by type of building system, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.*

**UNIVERSITY OF ARIZONA (UA) - Consider Approval of Chemistry Building Renovation Financing Project.**

Pursuant to A.R.S. § 15-1671, the Committee is required to approve any debt financed university capital projects paid for with funds from the university's Capital Infrastructure Fund (CIF). UA requested approval of \$42,000,000 in bond issuances to renovate the Chemistry Building. The JLBC Staff provided options and potential provisions:

Standard University Financing Provisions

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

**UNIVERSITY OF ARIZONA (UA) - Review of Facilities Management Building Project.**

Pursuant to A.R.S. § 15-1683, the Committee is required to review any university projects financed with system revenue bonds. UA requested review of \$15,500,000 in bond issuances to fund construction of a Facilities Management building. In addition to system revenue bonds, UA will fund construction with \$8,500,000 in land sale proceeds, for a total project cost of \$24,000,000. The JLBC Staff provided options and potential provisions:

Standard University Financing Provisions

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

(Continued)

- B. *UA shall provide the final debt service schedule and interest rate for the project as soon as they are available.*
- C. *On or before October 15 of each year until completion of the project, UA shall report to the JLBC Staff on the status and expenditures of the Facilities Management Relocation and Consolidation Facility project. The report shall include the project expenditures to date, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.*

**ARIZONA STATE PARKS BOARD (ASPB) - Review of Alamo Lake State Park Wastewater Treatment Project.**

A.R.S. § 41-1252 requires the Committee to review the scope, purpose and estimated cost for capital improvements. ASPB requested review of its proposal to use \$325,000 from the non-appropriated State Lake Improvement Fund (SLIF) to replace the main sewer pipe at the Alamo Lake State Park wastewater treatment facility. The JLBC Staff provided options and a potential provision:

- A. *On or before January 31, 2021 and July 31, 2021, ASPB shall report to the JCCR Chairman and the JLBC Staff on the status of the Alamo Lake State Park wastewater treatment project.*

**ARIZONA GAME AND FISH DEPARTMENT (AGFD) - Review of Building Renewal Reallocation Plan.**

A.R.S. § 41-1252 requires the Committee to review expenditure plans for monies appropriated for building renewal. AGFD requested Committee review of its reallocation plan of \$523,600 in FY 2020 and FY 2021 building renewal monies for new building renewal projects. (See *Table 1*) The JLBC Staff provided options and a potential provision:

- A. *The AGFD shall report any change in the building renewal spending plan to the Joint Committee on Capital Review Chairman and the JLBC Staff. If there is significant change of scope in the reallocation reported by AGFD, the Chairman may require further Committee review.*

**Table 1**

**Building Renewal Reallocation Plan - New Projects**

Regional Office Projects

Ben Avery Clay Target Center - Pavement Repair	\$125,000
Pinetop - Staff Office Renovations	8,700
Pinetop - Re-roofing Project	47,500
Flagstaff - Fleet Parking Automatic Gate Controller Replacement	8,900
Flagstaff - Parking Lot Repairs	35,000
Mesa - Office Exterior LED Lighting Upgrade	22,500
Tucson - Security Camera System Replacement	32,000
Subtotal	\$279,600

Wildlife Area Projects

Canyon Creek Hatchery - Pavement Repair	\$120,000
Robbins Butte - Domestic Well Renovation/Deepening	52,000
Sipe - Generator Replacement	47,000
Tonto Creek Hatchery - Pavement Repair	25,000
Subtotal	\$244,000

<b>Total</b>	<b>\$523,600</b>
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(Continued)

**ARIZONA STATE LOTTERY COMMISSION - Review of FY 2021 Building Renewal Allocation Plan.**

A.R.S. § 41-1252 requires the Committee to review expenditure plans for building renewal monies. The Arizona State Lottery Commission requested Committee review of its FY 2021 Building Renewal Allocation Plan for \$146,700 from the State Lottery Fund. The JLBC Staff provided options and a potential provision:

- A. *The commission shall report any change in the building renewal spending plan to the Joint Committee on Capital Review Chairman and the JLBC Staff. If there is significant change of scope in the reallocation reported by the commission, the Chairman may require further Committee review.*

Senator Gowan moved that the Committee give a favorable review, or approval, as applicable, including provisions as outlined in the JLBC Staff analysis, to the 8 consent agenda items listed above. The motion carried.

**REGULAR AGENDA**

**ARIZONA DEPARTMENT OF CORRECTIONS (ADC) - Lewis/Yuma Capital Project: Review of FY 2021 Budget Funding and Quarterly Project Report.**

Mr. Geoff Paulsen, JLBC Staff, stated A.R.S. § 14-1252 requires the Committee to review expenditure plans for monies appropriated for capital projects. The FY 2021 Capital Outlay Bill appropriated \$30,000,000 for the Lewis and Yuma Lock, HVAC, and Fire Systems project. At the September meeting, the Committee reviewed \$14,100,000 for the project. ADC requested review of an additional \$8,900,000 to continue work on the project. The JLBC Staff provided options and potential provisions.

Pursuant to a provision from the June 2019 Committee meeting, ADC also submitted its quarterly report detailing its progress on the Lewis and Yuma Lock, HVAC, and Fire Systems project.

Mr. David Shinn, Director, ADC, responded to member questions.

Senator Gowan moved that the Committee give a favorable review to the additional funding and quarterly report, including the following provisions:

- A. *The department shall comply with American Correctional Association (ACA) standards for all locks purchased and installed as part of this project.*
- B. *In future quarterly reports, the department shall address the number and location of locks that have been repurposed and installed on non-cell doors.*

The motion carried.

Without objection, the meeting adjourned at 10:53 a.m.

(Continued)



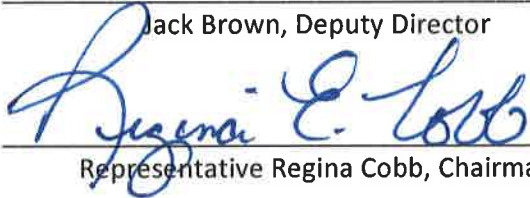
Respectfully submitted:



Kristy Paddack, Secretary

*Jack Brown*

Jack Brown, Deputy Director



Representative Regina Cobb, Chairman





STATE OF ARIZONA

## Joint Committee on Capital Review

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JOANNE OSBORNE  
BEN TOMA

DATE: April 20, 2021

TO: Members of the Joint Committee on Capital Review

FROM: Richard Stavneak, Director

SUBJECT: Adoption of Committee Rules and Regulations

The Committee will consider the attached rules and regulations for adoption at its April xx<sup>th</sup> meeting. The rules are the same as in the prior session.

RS:lm  
Attachment

## JOINT COMMITTEE ON CAPITAL REVIEW

### RULES AND REGULATIONS

#### RULE 1

##### NAME OF COMMITTEE AND METHOD OF APPOINTMENT

The name of the Committee is the Joint Committee on Capital Review, hereinafter referred to as the Committee, consisting of fourteen members designated or appointed as follows:

1. The Chairman of the Senate and House of Representatives Appropriations Committees.
2. The Majority and Minority Leaders of the Senate and House of Representatives.
3. Four members of the Senate and four members of the House of Representatives who are members of their Appropriations Committees and who are appointed to the Committee by the President of the Senate and the Speaker of the House of Representatives, respectively.

#### RULE 2

##### CHAIRMAN OF THE COMMITTEE

The Chairman of the Senate Appropriations Committee shall have a term as Chairman of the Joint Committee on Capital Review from the first day of the First Regular Session to the first day of the Second Regular Session of each legislature and the Chairman of the House of Representatives Appropriations Committee shall have a term as Chairman from the first day of the Second Regular Session to the first day of the next legislature's First Regular Session.

#### RULE 3

##### QUORUM

A majority of the members of the Committee shall constitute a quorum for the transaction of business.

#### RULE 4

##### MEETINGS OF THE COMMITTEE

The Committee shall meet as often as the members deem necessary.

#### RULE 5

##### COMMITTEE PROCEEDINGS

The Committee proceedings shall be conducted in accordance with Mason's Manual of Legislative Procedure, except as otherwise provided by these rules.

## RULE 6

### STATUTORY POWER AND DUTIES OF THE COMMITTEE

The Committee shall:

1. Develop and approve a uniform formula for computing annual building renewal funding needs and a uniform format for the collection of data for the formula.
2. Approve building systems for the purposes of computing and funding building renewal and for preparing capital improvement plans.
3. Review the state capital improvement plan and make recommendations to the Legislature concerning funding for land acquisition, capital projects and building renewal. The recommendations should give priority to funding fire and life safety projects.
4. Review the expenditure of all monies appropriated for land acquisition, capital projects and building renewal.
5. Review the scope, purpose and estimated cost of the project prior to the release of monies for construction of new capital projects.
6. Approve transfers within a budget unit of monies appropriated for land acquisition, capital projects or building renewal.
7. Review and approve the acquisition of real property or buildings by the Arizona Department of Administration and Arizona Department of Transportation.
8. Review the acquisition of real property or buildings by the Department of Economic Security.
9. Approve the acquisition of real property or buildings by the Department of Child Safety.
10. Determine the rental fee charged to state agencies for using space in a building owned by the state.
11. Along with the Legislature, approve expenditures from the Corrections Fund by the Director of the Department of Administration for major maintenance, construction, lease, purchase, renovation or conversion of Corrections or state operated juvenile facilities.
12. Review Arizona Board of Regents, Community College and Game and Fish bond projects.
13. Review of Arizona Board of Regents indirect debt financing projects.
14. Review School Facilities Board and school district lease-to-own projects.
15. The Committee shall have other duties and responsibilities as outlined in statute or determined by the Chairman, consistent with law.

## RULE 7

### STAFF

The Joint Legislative Budget Committee Staff shall provide staff assistance to the Committee as directed by the Committee.

## RULE 8

### AGENDA FOR MEETINGS

An agenda for each Committee Meeting shall be prepared by the Director, and, whenever possible, mailed or delivered to members of the Committee, not less than one week prior to the meeting. The Director must have at least three weeks prior notice for any state agency-requested items that appear on the agenda, unless the Chairman of the Committee approves of a later submission.

## RULE 9

### ORDER OF BUSINESS

The Order of Business at a committee meeting shall be determined by the Chairman of the Committee. It shall normally be as follows:

- Call to order and roll call
- Approval of minutes
- Director's Remarks (if any)
- Review of capital projects
- Other Business - For Information Only
- Adjournment

## RULE 10

### ADOPTION AND AMENDMENT OF THE RULES AND REGULATIONS

These rules and regulations shall be adopted and may be amended by a majority vote of the Committee members.





STATE OF ARIZONA

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BEN TOMA

**DATE:** April 20, 2021

**TO:** Members of the Joint Committee on Capital Review

**FROM:** David Hoffer, Economist

**SUBJECT:** Arizona Department of Administration - Consider Recommending FY 2021 Partial Rent Exemptions

### Request

A.R.S. § 41-792.01D, authorizes the Director of the Arizona Department of Administration (ADOA), on recommendation from the Joint Committee on Capital Review, to grant a full or partial exemption from the payment of state-owned rental fees if an agency does not occupy their space or lacks the financial resources to make a payment. ADOA requests the Committee recommend partial rent exemptions for 2 agencies totaling \$10,300 in FY 2021.

### Committee Options

The Committee has at least the following 2 options:

1. The Committee recommends the partial FY 2021 rent exemptions of \$(2,300) for the Department of Insurance and Financial Institutions (DIFI) and \$(8,000) for the State Board for Private Postsecondary Education. The Committee also recommends corresponding rent increases for ADOA and the Commission for Postsecondary Education.
2. The Committee does not recommend the partial rent exemptions.

#### Key Points

- 1) Statute allows ADOA to grant rent exemptions to agencies who do not occupy their state-owned space or lack resources to make a payment.
- 2) ADOA reallocated 834 square feet of storage space from the Department of Insurance and Financial Institutions and requests a partial rent exemption of \$(2,300). ADOA will charge the ADOA ASET Office a corresponding increase for occupying the space.
- 3) ADOA reallocated 1,615 square feet of office and storage from State Board for Private Postsecondary Education and requests a partial rent exemption of \$(8,000). ADOA will charge the Commission for Postsecondary Education a corresponding increase.

(Continued)



## Analysis

A.R.S. § 41-792.01D provides that the rental fee charged to state agencies that occupy state-owned buildings is the greater of the amount reported by the JLBC Staff or the adjusted amount based on actual occupancy. ADOA annually provides the JLBC Staff the rentable square feet space allocated to agencies that occupy ADOA owned-managed space.

ADOA reallocated office space as follows:

- The Department of Insurance and Financial Institutions (DIFI) was appropriated \$5,400 in FY 2021 for its occupancy at 1919 W. Jefferson Street. ADOA reallocated 834 square feet of storage space to ADOA's Arizona Strategic Enterprise Technology (ASET) Office in March 2021. ADOA requests a prorated rent exemption of \$(2,300) for DIFI and will bill a corresponding rent increase to the ADOA Arizona Strategic Enterprise Technology (ASET) Office.
- The State Board for Private Postsecondary Education was appropriated \$21,300 in FY 2021 for its occupancy at 1740 West Adams. ADOA reallocated 1,615 square feet of office space to the Commission for Postsecondary Education in December 2020. The Commission for Postsecondary Education was located in a private building prior to moving to 1740 West Adams. ADOA requests a prorated rent exemption of \$(8,000) for the State Board for Private Postsecondary Education and will bill a corresponding rent increase to the Commission for Postsecondary Education.

DH:kp

**Douglas A. Ducey**  
Governor



**Andy Tobin**  
Director

**ARIZONA DEPARTMENT OF ADMINISTRATION**

**OFFICE OF THE DIRECTOR**  
100 N 15TH AVENUE  
PHOENIX, ARIZONA 85007  
602-542-1500

March 23, 2021



The Honorable Senator David M. Gowan, Chairman  
Joint Committee on Capital Review (JCCR)  
Arizona State Senate  
1700 West Washington Street  
Phoenix, Arizona 85007

The Honorable Representative Regina E. Cobb, Vice-Chairman  
Joint Committee on Capital Review (JCCR)  
Arizona House of Representatives  
1700 West Washington Street  
Phoenix, Arizona 85007

Re: Capital Outlay Stabilization Fund (COSF) Rent Exemption

Dear Senator Gowan and Representative Cobb:

The Arizona Department of Administration (ADOA) requests the Joint Committee on Capital Review (JCCR) give a favorable review and recommendation of a Capital Outlay Stabilization Fund (COSF) FY 2021 partial rent exemption of \$2,300 for the Department of Insurance and Financial Institutions (DIFI) for its occupancy at ADOA's owned-managed 1919 West Jefferson Street, Phoenix, AZ.

A.R.S. § 41-792.01(D) provides that agencies that occupy state-owned buildings shall pay the higher of the amount reported by Joint Legislative Budget Committee (JLBC) Staff or the pro rata share based on actual occupancy. The ADOA Director, on recommendation of the JCCR, may authorize a whole or partial exemption of COSF rent if the agency does not have the financial resources to pay its rent or vacates space after the beginning of the fiscal year.

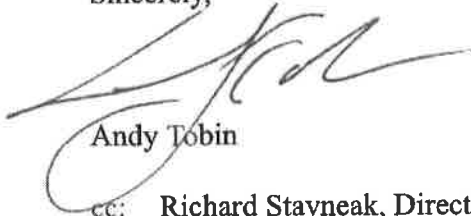
The DIFI formerly occupied approximately 834 Rentable Square Feet (RSF) of storage space at 1919 West Jefferson Street. Beginning on March 1, 2020, the DIFI has consolidated its fraud unit footprint to 100 North 15th Avenue, Phoenix, AZ, second floor. ADOA Arizona Strategic Enterprise Technology (ASET) Enterprise Infrastructure and Communication (EIC) will backfill

Senator David M. Gowan  
Representative Regina E. Cobb  
March 23, 2021  
Page 2 of 2

DIFI's former 834 RSF of storage space. ADOA GSD will bill ADOA ASET for its FY 2021 pro rata five (5) months share of the space of \$2,300 and an annualized amount on an ongoing basis.

Please let me know if you have any questions regarding ADOA's rent exemption request for DIFI.

Sincerely,



Andy Tobin

cc: Richard Stavneak, Director, JLBC Staff  
Rebecca Perrera, Principal Fiscal Analyst, JLBC Staff  
Matthew Gress, Director, OSPB  
Bill Greeney, Deputy Director, OSPB  
Will Palmisano, Senior Budget Manager, OSPB  
Theresa Vencill, Budget Analyst, OSPB  
Ashley Ruiz, Assistant Director, ADOA/DBF  
Jacob Wingate, Chief Financial Officer, ADOA/DBF  
Elizabeth Alvarado-Thorson, Deputy Director, ADOA  
Ray Di Ciccio, Deputy Director, ADOA  
Nola Barnes, Assistant Director, ADOA/GSD  
Lisa Kautz, Budget Administrator, ADOA/GSD  
Evan G. Daniels, Director, DIFI

**Douglas A. Ducey**  
Governor



**Andy Tobin**  
Director

**ARIZONA DEPARTMENT OF ADMINISTRATION**

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March 23, 2021

The Honorable Senator David M. Gowan, Chairman  
Joint Committee on Capital Review (JCCR)  
Arizona State Senate  
1700 West Washington Street  
Phoenix, Arizona 85007



The Honorable Representative Regina E. Cobb, Vice-Chairman  
Joint Committee on Capital Review (JCCR)  
Arizona House of Representatives  
1700 West Washington Street  
Phoenix, Arizona 85007

Re: Capital Outlay Stabilization Fund (COSF) Rent Exemption

Dear Senator Gowan and Representative Cobb:

The Arizona Department of Administration (ADOA) requests a Joint Committee on Capital Review (JCCR) favorable review and recommendation of a Capital Outlay Stabilization Fund (COSF) FY 2021 partial rent exemption of \$8,000 for the State Board for Private Postsecondary Education (Board) for its occupancy at ADOA's owned-managed building at 1740 West Adams Street, Phoenix, AZ.

A.R.S. § 41-792.01(D) provides that agencies that occupy state-owned buildings shall pay the higher of the amount reported by Joint Legislative Budget Committee (JLBC) Staff or the pro rata share based on actual occupancy. The ADOA Director, on recommendation of the JCCR, may authorize a whole or partial exemption of COSF rent if the agency does not have the financial resources to pay its rent or vacates space after the beginning of the fiscal year.


The Board formerly occupied approximately 1,615 Rentable Square Feet (RSF) of office and storage space on the third floor and lower level of the facility. Beginning on December 1, 2020, the Commission for Postsecondary Education (Commission) was relocated from its privately leased space at 2020 North Central Avenue; Suite 650, Phoenix, AZ to the ADOA

Senator David M. Gowan  
Representative Regina E. Cobb  
March 23, 2021  
Page 2 of 2

owned-managed 1740 West Adams Street facility and backfilled approximately 49% of the Board's footprint on the third floor and all of its storage space in the lower level. ADOA will bill the Commission for its FY 2021 pro rata share of its new space allocation of \$8,000.

Please let me know if you have any questions regarding ADOA's rent exemption request for the Board.

Sincerely,



Andy Tobin

cc: Richard Stavneak, Director, JLBC Staff  
Rebecca Perrera, Principal Fiscal Analyst, JLBC Staff  
Matthew Gress, Director, OSPB  
Bill Greeney, Deputy Director, OSPB  
Theresa Vencill, Budget Analyst, OSPB  
Will Palmisano, Senior Budget Manager, OSPB  
Ashley Ruiz, Assistant Director, ADOA/DBF  
Jacob Wingate, Chief Financial Officer, ADOA/DBF  
Elizabeth Alvarado-Thorson, Deputy Director, ADOA  
Ray Di Ciccio, Deputy Director, ADOA  
Nola Barnes, Assistant Director, ADOA/GSD  
Lisa Kautz, Budget Administrator, ADOA/GSD  
Kevin LaMountain, Executive Director, State Board Private Postsecondary Education





STATE OF ARIZONA

## Joint Committee on Capital Review

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REGINALD BOLDING  
RANDALL FRIESE  
JOHN KAVANAGH  
AARON O. LIEBERMAN  
JOANNE OSBORNE  
BEN TOMA

DATE: April 20, 2021

TO: Members of the Joint Committee on Capital Review

FROM: Lauren Jorgensen, Fiscal Analyst

SUBJECT: Arizona Department of Administration - Review of Phoenix Veterans' Home Cooling Tower Project

### Request

A.R.S. § 41-1252 requires Committee review of capital projects with estimated costs exceeding \$250,000. The Arizona Department of Administration (ADOA), on behalf of the Arizona Department of Veterans' Services (ADVS), requests Committee review of \$500,000 of non-appropriated monies in FY 2021 and FY 2022 for a cooling tower replacement at the Phoenix Veterans' Home.

### 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) ADVS reports that the cooling tower is at the end of its useful life.
- 2) The project will be fully funded by federal dollars through a State Energy Program grant.
- 3) The project will require \$226,605 in FY 2021 for purchase and fabrication of equipment and \$273,395 in FY 2022 for installation costs.

(Continued)

## **Analysis**

The Phoenix State Veterans' Home is a 200-bed facility which opened in 1995. The current cooling tower is original to the construction of the Home and is at the end of its useful life. ADOA and ADVS have secured a \$500,000 State Energy Program grant that will fully fund the cooling tower replacement project. The State Energy Program is within ADOA and is funded through a non-competitive grant from the US Department of Energy. The program receives approximately \$1.2 million annually to assist state agencies and local governments with energy conservation projects.

In FY 2021, \$226,605 will be used for equipment purchases and fabrication. The remaining funding, \$273,395, will be used in FY 2022 to complete the installation of the cooling tower. The repairs will be overseen by the ADOA General Services Division.

U:kp



**Douglas A. Ducey**  
Governor



**Andy Tobin**  
Director

**ARIZONA DEPARTMENT OF ADMINISTRATION**

**OFFICE OF THE DIRECTOR**  
100 N 15TH AVENUE  
PHOENIX, ARIZONA 85007  
602-542-1500

March 23, 2021



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

Dear Chairman Gowan,

This Arizona Department of Administration (ADOA) General Services Division (GSD), on behalf of the Arizona Department of Veterans' Services (AZDVS), respectfully requests placement on the April 2021 agenda of the Joint Committee on Capital Review (JCCR). The purpose of this request is to obtain a favorable review of a project to replace the cooling tower at the Arizona State Veterans' Home located at 4141 North Silvestre Herrera Way, Phoenix, AZ 85012.

The cooling tower is original to construction of the Phoenix Veterans' Home and currently meets the critical cooling for the veterans and staff in this medical facility. However, the cooling tower is at the end of its useful life, and in need of immediate replacement. If the cooling tower is not replaced it is at risk of complete failure.

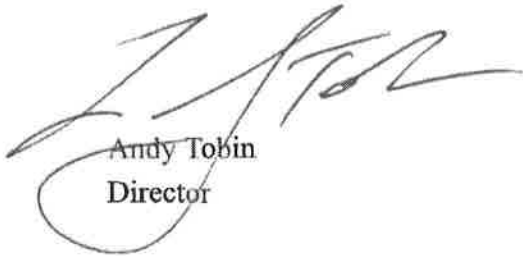
The cooling tower project is located in the mechanical yard of the Phoenix Veterans' Home. The scope of work includes the replacement of two (2) 140 Ton Baltimore Aircoil Company (BAC) Fluid Coolers with one (1) 280 Ton BAC Fluid Cooler, two (2) Taco condenser water pumps, one (1) Taco air-dirt separator, new 6" interconnecting piping with valves and fittings, and relocation of the existing electrical service to the new cooling tower power connection.

AZDVS and ADOA GSD coordinated efforts to conduct an energy study that successfully secured a State Energy Program (SEP) grant to provide \$500,000 of federal money to fully fund the project.

The SEP project funding is split between Fiscal Years (FY) 2021 and 2022. In FY 2021, \$226,605 will encumber the purchase and fabrication of the equipment. In FY 2022, \$273,395 will be used to complete the installation of the cooling tower. The estimated project completion is October 2021.

If you have any questions regarding the Phoenix Veterans' Home cooling tower project, please contact John Hauptman, General Manager, Planning and Construction Services, at 480-322-8031.

Sincerely,



Andy Tobin  
Director

cc: Richard Stavneak, Director, JLBC Staff  
Rebecca Perrera, Principal Fiscal Analyst, JLBC Staff  
Matt Gress, Director, OSPB  
Bill Greeney, Deputy Director, OSPB  
Will Palmisano, Senior Budget Manager, OSPB  
Theresa Vencill, Budget Analyst, OSPB  
Wanda Wright, Director, AZDVS  
Elizabeth Thorson, Deputy Director, ADOA  
Ray DiCiccio, Deputy Director, ADOA  
Nola Barnes, Assistant Director, ADOA/GSD  
Ashley Ruiz, Assistant Director, ADOA/DBF  
Jacob Wingate, Chief Financial Officer, ADOA/DBF  
Elizabeth Bartholomew, Legislative Liaison, ADOA  
John Hauptman, General Manager, ADOA/DBF/PCS  
Thomas Sahhar, State Energy Programs Manager, ADOA/GSD





STATE OF ARIZONA

## Joint Committee on Capital Review

STATE  
SENATE

DAVID M. GOWAN  
CHAIRMAN  
LELA ALSTON  
SEAN BOWIE  
RICK GRAY  
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1716 WEST ADAMS  
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HOUSE OF  
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JOANNE OSBORNE  
BEN TOMA

DATE: April 20, 2021

TO: Members of the Joint Committee on Capital Review

FROM: Morgan Dorcheus, Senior Fiscal Analyst

SUBJECT: Arizona State University - Consider Review and Approval of Bateman Physical Sciences Center Financing Project

### Request

A.R.S. § 15-1671 requires Committee review of non-debt financed expenditures and Committee approval of any debt financed university capital projects paid for with funds from the university's Capital Infrastructure Fund (CIF). These monies are from the \$1 billion capital investment program enacted in 2017. ASU requests Committee approval of \$51,000,000 in bond issuances to renovate the Bateman Physical Sciences Center.

A.R.S. § 15-1683 requires Committee review of any university projects financed with system revenue bonds. ASU requests review of \$9,000,000 in bond issuances that will not be funded by CIF, for a total project cost of \$60,000,000.

### Committee Options

The Committee has at least the following 2 options:

1. A favorable review and approval of \$60,000,000 in bond issuances.
2. An unfavorable review and disapproval of \$60,000,000 in bond issuances.

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

#### Standard University Financing Provisions

- A. A favorable review and approval 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.

(Continued)

- B. ASU shall provide the final debt service schedules and interest rates for the projects as soon as they are available.
- C. On or before October 15 of each year until completion of the project, ASU shall report to the JLBC Staff on the status and expenditures of the Bateman Physical Sciences Center project. The report shall include expenditures to date, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.

**Key Points**

- 1) ASU plans to renovate 90,400 square feet of space in the Bateman Physical Sciences Center.
- 2) ASU will issue \$60.0 million of system revenue bonds:
  - \$51.0 million will be funded through the \$1 billion capital investment program.
  - \$9.0 million will be funded by tuition revenues.
- 3) Annual debt service payments will increase over the 21-year term from \$2.6 million in FY 2023 to \$4.5 million in FY 2043.
- 4) Approximately 57% of the debt service will be funded by tuition revenues and 43% will be funded by General Fund appropriations from the \$1 billion capital investment program.

**Analysis**

ASU intends to renovate 90,400 square feet of space in the D and E wings of the Bateman Physical Sciences Center, which were originally constructed in 1965 and 1982. The project will include abatement, demolition and reconfiguration of the building interior, major building system upgrades, roof replacement, window replacements, and improvements to the building's life safety systems and accessibility. The project will also increase the number of instructional laboratories in the building to accommodate student growth and upgrade the existing research laboratories and office space used by the university's science programs.

ASU plans to complete the project by May 2023 at a cost of \$60.0 million.

**Financing**

ASU intends to issue \$60.0 million in system revenue bonds in April 2022, of which \$51.0 million will be funded by the university's Capital Infrastructure Fund and \$9.0 million be funded by tuition revenues. ASU anticipates a rating of Aa2 (Moody's)/AA (S&P) and an interest rate of 2.86% over a 21-year term.

ASU will make debt service payments of \$433,100 in FY 2022, \$2.6 million from FY 2023 – FY 2025, \$3.9 million from FY 2026 – FY 2032, \$4.2 million from FY 2033 – FY 2039, and \$4.5 million from FY 2040 – FY 2043. Approximately 57% of the payments will be funded by tuition revenues and 43% will be funded by General Fund appropriations from the \$1 billion bonding package.

Of the \$83.7 million in cumulative debt service payments (principal and interest), approximately \$48.0 million will be paid from tuition revenues and \$35.7 million will be paid from the General Fund. *(See Table 2 for a summary of the bond financing terms).*

The debt service on this project increases ASU's current debt ratio by 0.11%, from 4.60% to 4.71%.

(Continued)

University Capital Infrastructure Funds (2017 Bonding Package)

Laws 2017, Chapter 328 established A.R.S. § 15-1671, which provides General Fund appropriations from FY 2019 - 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 2021 appropriations are allocated to each university as follows:

- ASU: \$12,381,200
- NAU: \$4,692,900
- UA: \$10,953,200
- **Total: \$28,027,300**

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

Under the law, each university's General Fund appropriation is deposited into a newly-created Capital Infrastructure Fund (CIF). Each university must match any General Fund contributions to its fund that are used for debt service payments at a 1:1 rate. The \$1.0 billion of new projects would thus be funded half by state appropriations and half from university resources.

Debt service payments made on CIF-funded projects are included in the universities' 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.

ASU has previously received Committee approval for 5 CIF-funded projects totaling \$404.0 million in bonds issued. The Bateman Physical Sciences Center project will increase bond issuances under the program by \$51.0 million.

Construction Costs

Of the \$60.0 million total project costs, direct construction costs (excluding items such as design and project management costs) are \$48.0 million. As shown in *Table 1*, total project costs per square foot are \$664, while direct construction costs per square foot are \$531.

The most recent ASU renovation project was reviewed by the Committee in April 2020. The project included renovations for approximately 50,000 square feet of classroom and laboratory space. The project cost a total of \$35.0 million, or \$300 per square foot, and included spaces in multiple campus buildings. Higher construction costs for the current project are likely due to the cost of increasing the number of laboratories and upgrading existing laboratories in the Bateman Physical Sciences Center, the cost of purchasing specialized equipment for laboratories, and the inclusion of a new roof system, major building system upgrades, window replacements, added insulation, and other project-specific costs.

ASU states that the renovation project will begin in May 2021 and that the Construction Manager at Risk (CMAR) will complete the project under the guaranteed maximum price arrangement with ASU by May 2023.

Operations and Maintenance Costs

ASU does not expect annual operations and maintenance costs to change once the project is complete.

(Continued)

**Table 1**

**Bateman Physical Sciences Center Renovation**

Total Square Footage	90,400	
<b>Funding</b>		
System Revenue Bonds <sup>1/</sup>	60,000,000	
<b>Costs</b>		
Direct Construction Costs	\$48,000,000	(\$531 per sq. ft.)
Other Costs <sup>2/</sup>	<u>12,000,000</u>	<u>(\$133 per sq. ft.)</u>
<b>Total</b>	<b>\$60,000,000</b>	<b>(\$664 per sq. ft.)</b>
Operations & Maintenance	\$0	

<sup>1/</sup> Annual debt service payments on \$60.0 million principal are based on an interest rate of 2.86% for a total debt service cost of \$83.7 million. Debt service will be paid by a combination of CIF monies (50% General Fund, 50% tuition revenues) and university tuition revenues.

<sup>2/</sup> Includes equipment, furniture, project design and management fees, and other costs.

**Table 2**

**Bateman Physical Sciences Center Financing Terms**

Construction Timeframe	May 2021 – May 2023
Issuance Amount	\$60.0 million
Issuance Date	April 2022
Issuance Transaction Fees	\$580,000
Rating	Aa2 (Moody's)/AA (S&P)
Interest Rate	2.86%
Term	21 years
Total Debt Service Costs	\$83.7 million
Debt Service Payments	\$433,100 (FY 2022) \$2.6 million (FY 2023 – FY 2025) \$3.9 million (FY 2026 – FY 2032) \$4.2 million (FY 2033 – FY 2039) \$4.5 million (FY 2040 – FY 2043)
Payment Source	\$35.7 million General Fund (CIF) \$35.7 million Tuition (CIF) \$12.3 million Other Tuition Revenues
Debt Ratio Increase	0.11%



April 5, 2021

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



Dear Senator Gowan:

In accordance with A.R.S. 15-1683 and 15-1671, the Arizona Board of Regents requests that the following Arizona State University bond-financed project be placed on the next Joint Committee on Capital Review agenda:

- Bateman Physical Sciences Center Improvements

Enclosed is pertinent information relating to this item.

If you have any questions or desire any clarification on the enclosed material, please contact me at (480) 727-9920.

Sincerely,

DocuSigned by:  
A handwritten signature in blue ink, appearing to read "Morgan R. Olsen".  
BB8D5EF52F47438...

Morgan R. Olsen  
Executive Vice President, Treasurer and CFO

Enclosures

c: Richard Stavneak, Director, JLBC  
John Arnold, Executive Director, Arizona Board of Regents, ABOR  
Lorenzo Martinez, Chief Financial Officer and Director of Finance, ABOR  
Matt Salmon, Vice President, Government Affairs, ASU  
Adam C. Deguire, Associate Vice President, Government Affairs, ASU  
Kendra Burton, Director, State Relations, ASU  
Alex Kohnen, Interim Vice President, Facilities Development and Management, ASU  
Joanne Wamsley, Vice President for Finance and Deputy Treasurer, ASU  
Morgan Dorcheus, Fiscal Analyst, JLBC

OFFICE OF THE EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

BUSINESS AND FINANCE

PO BOX 877505, TEMPE, AZ 85287-7505  
(480) 727-9920 FAX: (480) 727-9922



**Joint Committee on Capital Review  
Arizona State University  
April 2021 Meeting**

## **1. Bateman Physical Sciences Center Improvements**

### **Project Description**

This project will update and increase the number of chemistry instructional laboratories and update the research laboratories and office spaces in the D and E wings of this aging multifunctional complex, located in the core of the Tempe campus. The planned improvements will enable the university to improve its utilization of the spaces required to advance research and discovery of public value and fulfill the evolving program needs associated with new fields of learning and teaching methodologies.

The guiding principles of this project include modernizing, enhancing and increasing the number of spaces for students to collaborate, learn and conduct research; updating building technology and comfort; improving accessibility; and reducing energy consumption. The approximately 90,400 gross-square-foot project will encompass comprehensive improvements to the basement and three upper floors of the Center's D wing, built in 1965, as well as improvements to the basement and three upper floors of the E wing, built in 1982.

The \$60.0 million project will be debt-financed with system revenue bonds. The debt service for \$51.0 million of the bonds will be funded by the State of Arizona Capital Infrastructure Fund and matched with tuition. The debt service for the remaining \$9.0 million of bonds will be funded by tuition.

An Arizona Board of Regents executive summary for this project is attached, which outlines the project description and other relevant information. This project received Capital Development Plan approval at the February 11, 2021, Arizona Board of Regents meeting, which is the final required ABOR approval.

### **Project Costs**

Total Project Cost	\$ 60,000,000
Total Project Construction Cost	\$ 48,000,000
Total Project Cost per GSF	\$ 664
Construction Cost per GSF	\$ 531

**Joint Committee on Capital Review  
Arizona State University  
April 2021 Meeting**

**Project Summary –Revenue Bonds**

<u>Projects:</u>	<u>Funding Sources:</u>	<u>Amount:</u>
Bateman Physical Sciences Center Improvements	CIF Fund/Tuition	\$ 60,000,000

**Financing Information**

<u>System Revenue Bonds:</u>		
Project Costs		\$ 60,000,000
Estimated Costs of Issuance		\$580,000
Anticipated Bond Rating	Aa2 (Moody's) and AA (S&P)	
Assumed Interest Rate		2.86%
Term		21 years

<u>Estimated Debt Service Information:</u>	
FY 2022 (interest only)	\$433,147
FY 2023 to FY 2043	\$3,964,480
Total Estimated Debt Service	\$83,687,228

**Debt Ratio**

Debt Ratio on Existing Debt	4.60%
Incremental Debt Ratio	.11%
Project Debt Ratio	4.71%

**Joint Committee on Capital Review  
Arizona State University  
April 2021 Meeting**

**Arizona State University  
Bateman Physical Sciences Center Improvements  
System Revenue Bonds (CIF Bonds)**

<u>Fiscal Year</u>	<u>Estimated Issuance April 2022</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022		\$368,154	\$368,154
2023	\$585,000	1,472,614	2,057,614
2024	600,000	1,455,883	2,055,883
2025	620,000	1,438,723	2,058,723
2026	1,700,000	1,420,991	3,120,991
2027	1,935,000	1,372,371	3,307,371
2028	2,025,000	1,317,030	3,342,030
2029	2,120,000	1,259,115	3,379,115
2030	2,220,000	1,198,483	3,418,483
2031	2,320,000	1,134,991	3,454,991
2032	2,430,000	1,068,639	3,498,639
2033	2,540,000	999,141	3,539,141
2034	2,655,000	926,497	3,581,497
2035	2,770,000	850,564	3,620,564
2036	2,895,000	771,342	3,666,342
2037	3,020,000	688,545	3,708,545
2038	3,155,000	602,173	3,757,173
2039	3,290,000	511,940	3,801,940
2040	3,430,000	417,846	3,847,846
2041	3,575,000	319,748	3,894,748
2042	3,725,000	217,503	3,942,503
2043	3,880,000	110,968	3,990,968
Total	\$51,490,000	\$19,923,261	\$71,413,261

**Joint Committee on Capital Review  
Arizona State University  
April 2021 Meeting**

**Arizona State University  
Bateman Physical Sciences Center Improvements  
System Revenue Bonds (Non-CIF Bonds)**

<u>Fiscal Year</u>	<u>Estimated Issuance April 2022</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022		\$64,994	64,994
2023	\$325,000	259,974	584,974
2024	335,000	250,679	585,679
2025	345,000	241,098	586,098
2026	350,000	231,231	581,231
2027	360,000	221,221	581,221
2028	370,000	210,925	580,925
2029	385,000	200,343	585,343
2030	395,000	189,332	584,332
2031	405,000	178,035	583,035
2032	415,000	166,452	581,452
2033	425,000	154,583	579,583
2034	440,000	142,428	582,428
2035	450,000	129,844	579,844
2036	465,000	116,974	581,974
2037	475,000	103,675	578,675
2038	490,000	90,090	580,090
2039	505,000	76,076	581,076
2040	520,000	61,633	581,633
2041	530,000	46,761	576,761
2042	545,000	31,603	576,603
2043	560,000	16,016	576,016
Total	<u>\$9,090,000</u>	<u>\$3,183,967</u>	<u>\$12,273,967</u>

**EXECUTIVE SUMMARY**

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**Arizona State University  
Capital Development Plan—Project Justification Report  
Bateman Physical Sciences Center Improvements**

**Previous Board Action**

- FY 2022 Capital Improvement Plan October 2020

**Project Justification/Description/Scope**

- This project will update and increase the number of chemistry instructional laboratories and update the research laboratories and office spaces in the D and E wings of this aging multifunctional complex. The complex is located in the core of the Tempe campus, as depicted on the attached map as Exhibit D. The planned improvements will enable the university to improve its utilization of the spaces required to advance research and discovery of public value and fulfill the evolving program needs associated with new fields of learning and teaching methodologies.
- The guiding principles of this project include modernizing, enhancing and increasing the number of spaces for students to collaborate, learn and conduct research; updating building technology and comfort; improving accessibility; and reducing energy consumption. The approximately 90,400 gross-square-foot project will encompass comprehensive improvements to the basement and three upper floors of the Center's D wing, built in 1965, as well as improvements to the basement and three upper floors of the E wing, built in 1982.
- The scope of this project will include the abatement, demolition and improvement of all interior spaces. Research labs will be consolidated on one level at the north and south perimeter of the D wing. These labs will be equipped to accommodate diverse dry lab needs and enable future specialization as necessary. Fume hood capacity, storage, and wet lab functions will be centrally located, with layouts designed to maximize efficiency and provide the flexibility required to support the university's current and future research initiatives.
- The planned improvements also include the creation of additional chemistry instructional labs to meet the demand for space to support student enrollment growth. These labs will include upgraded equipment and technology and incorporate a flexible design to accommodate current and emerging pedagogies. Adjacent informal spaces will be included to function as an extension of the classrooms, designed to foster creative collaboration that promotes effective solutions.

## **EXECUTIVE SUMMARY**

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- Additionally, a new roofing system will be installed and minor exterior envelope improvements are planned, including window replacements to improve the weather tightness of the building envelope, added insulation to increase the energy efficiency of the building, as well as masonry repairs. The existing building systems, including mechanical, plumbing and electrical, are beyond their useful life and will be replaced with new, energy-efficient systems. Life safety and accessibility improvements also are planned, including fire sprinkler and alarm updates and the addition of code-compliant stair towers at the east and west ends of the D wing.
- This project will enhance the quality of the built environment, maintain compliance with current building and life safety codes and Americans with Disabilities Act requirements, reduce energy consumption and deferred maintenance, and expand and enhance the use of technology to enable student success.
- The improvements to the D and E wings in this multifunctional complex will support the following priorities by 2025:
  - Become the leading American center for discovery and scholarship in the comprehensive arts and sciences.
  - Enhance research competitiveness to more than \$815 million in annual research expenditures.
  - Transform regional economic competitiveness through research and discovery and value-added programs.

### **Project Delivery Method and Process**

- This project will be delivered through the Construction Manager at Risk (CMAR) delivery method. This method was selected to facilitate contractor design input and coordination throughout the project, alleviate a potentially adversarial project environment and allow for the selection of the most qualified contractor team. With the use of two independent cost estimates at each phase and pre-qualified, low-bid subcontractor work for the actual construction, CMAR project delivery also provides a high level of cost and quality control.
- ASU has selected BWS Architects as the Design Professional (DP) for this project and CORE Construction as the CMAR. The selection process for the DP included thirteen responses and three firms were interviewed. The CMAR selection process included seven submittal responses and three contractors were interviewed.

## **EXECUTIVE SUMMARY**

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### **Project Status and Schedule**

- Construction is scheduled to begin when the project design is complete and after all approvals are in place. Project construction is scheduled to begin in May 2021 and substantial completion is targeted for May 2023.

### **Project Cost**

- The budget for this approximately 90,400 gross-square-foot project is \$60.0 million. The budget represents an estimated construction cost of \$531 per gross square foot. The estimated total project cost is \$664 per gross square foot.
- The CMAR will be at risk to provide the completed project within the agreed-upon Guaranteed Maximum Price (GMP).

### **Fiscal Impact and Financing Plan**

- The \$60.0 million project will be debt-financed with system revenue bonds. The debt service for \$51.0 million of the bonds will be funded by the State of Arizona Capital Infrastructure Fund and matched with tuition. The debt service for the remaining \$9.0 million of bonds will be funded by tuition.
- Annual operations and maintenance costs will not be impacted by this project.
- **Debt Ratio Impact:** The projected incremental debt ratio for this project is 0.11 percent.

### **Occupancy Plan**

- No backfill plan is associated with this project.

### **Statutory and Policy Requirements**

- ABOR Policy 7-102 requires all capital projects with an estimated total project cost of \$10 million or more be included in the CDP, including technology and third-party projects.

**EXECUTIVE SUMMARY**

**Capital Project Information Summary**

**University:** Arizona State University **Project Name:** Bateman Physical Sciences Center Improvements

**Project Description and Location:** This project will update and increase the number of chemistry instructional laboratories and update the research laboratories and office spaces in the D and E wings of this aging multifunctional complex. These wings are located in the northwest corner of the complex, bounded by University Drive and Palm Walk, as depicted on the attached map as Exhibit D.

**Project Schedule:**

Planning	July	2018
Design Start	June	2020
Construction Start	May	2021
Construction Completion	May	2023

**Project Budget:**

Total Project Cost	\$ 60,000,000
Total Project Construction Cost	\$ 48,000,000
Total Project Cost per GSF	\$ 664
Construction Cost per GSF	\$ 531

**Change in Annual O and M Cost:**

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

**Funding Sources:**

Capital	
System Revenue Bonds	\$ 60,000,000
Debt Service Funding Sources:	Tuition
	Capital Infrastructure Fund
Operations/Maintenance	\$ 0
Funding Source:	N/A



## EXECUTIVE SUMMARY

### Capital Project Budget Summary

University: Arizona State University  
Project: Bateman Physical Sciences Center Improvements

	<u>Capital Development Plan</u>
Capital Costs	
1. Land Acquisition	
2. Construction Cost	
A. New Construction	
B. Tenant Improvement	\$ 47,250,000
C. Special Fixed Equipment	-
D. Site Development (excl. 2.E.)	-
E. Parking and Landscaping	-
F. Utilities Extensions	-
G. Other* (Abatement)	750,000
Subtotal Construction Cost	<u>\$ 48,000,000</u>
3. Fees	
A. CMAR Pre-Construction	\$ 609,000
B. Architect/Engineer	4,502,000
C. Other (Commissioning)	250,000
Subtotal Consultant Fees	<u>\$ 5,361,000</u>
4. FF&E Movable	\$ 1,620,000
5. Contingency, Design Phase	150,000
6. Contingency, Constr. Phase	1,290,000
7. Parking Reserve	-
8. Telecommunications Equipment	1,452,000
Subtotal Items 4-8	<u>\$ 4,512,000</u>
9. Additional University Costs	
A. Surveys, Tests, Haz. Mat. Abatement	\$ 75,000
B. Move-in Costs	50,000
C. Printing Advertisement	-
D. Keying, signage, facilities support	240,000
E. Project Management Cost	1,762,000
F. State Risk Mgt. Ins. (.0034 **)	-
Subtotal Addl. Univ. Costs	<u>\$ 2,127,000</u>
<b>Total Capital Cost</b>	<u><u>\$ 60,000,000</u></u>

\* Universities shall identify items included in this category.

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

**EXECUTIVE SUMMARY**

**Exhibit D  
Bateman Physical Sciences Center Improvements  
Site Location Map**







STATE OF ARIZONA

## Joint Committee on Capital Review

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1716 WEST ADAMS  
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BEN TOMA

DATE: April 20, 2021

TO: Members of the Joint Committee on Capital Review

FROM: Alexis Pagel, Fiscal Analyst

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 projects paid for with funds from the university's Capital Infrastructure Fund (CIF). These monies are from the \$1 billion capital investment program enacted in 2017. Northern Arizona University (NAU) requests Committee review of its plan to pay \$8,009,000 in cash to complete renovation of its Science Annex Building. Of the \$8,000,900 total project cost, the university intends to utilize its FY 2021 CIF appropriation totaling \$4,692,900.

### 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 provisions:

#### Standard University Financing Provisions

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

(Continued)

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

**Key Points**

- 1) NAU plans to complete renovation of the Science Annex building on the Flagstaff Campus.
- 2) Renovations on the 1<sup>st</sup> and 2<sup>nd</sup> floors of the building will include classrooms, office space and labs.
- 3) The project will be paid for with \$8.0 million in cash; of that amount, \$4.7 million will come from the university's FY 2021 CIF appropriation.
- 4) Completion of this project will provide space for the Center for Science Teaching and Learning, currently located in the Science and Health Building.

**Analysis**

NAU intends to complete renovation of its Science Annex building on the NAU Flagstaff Mountain Campus. At the April 2018 JCCR meeting, NAU received a favorable review of \$17.4 million in cash renovations for the 3<sup>rd</sup> and 4<sup>th</sup> floors of the Science Annex building utilizing their FY 2019 and FY 2020 CIF appropriations totaling \$9.1 million. Renovations to the 1<sup>st</sup> and 2<sup>nd</sup> floors of the building are planned to be completed by July 31, 2021, prior to the fall 2021 semester in August. NAU states that the renovations are estimated to have a cost per square foot of \$225.

Financing

The project is expected to have total costs of \$8.0 million, which the university intends to pay for using \$4.7 million from the university's FY 2021 General Fund CIF appropriation and \$3.3 million in other university cash resources.

University Capital Infrastructure Funds (2017 Bonding Package)

Laws 2017, Chapter 328 established A.R.S. § 15-1671, which provides General Fund appropriations from FY 2019 - 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 2021 appropriations are allocated to each university as follows:

- ASU: \$12,381,200
- NAU: \$4,692,900
- UA: \$10,953,200
- **Total: \$28,027,300**

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

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

(Continued)

Debt service payments made on CIF-funded projects are included in the universities' 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.

Operations and Maintenance Costs

NAU estimates this renovation will increase ongoing operations and maintenance costs by \$25,000 per year.

AP:kp

Northern Arizona University  
Office of the Vice President of Finance, Institutional Planning  
and Analysis  
PO Box 4132, Flagstaff, AZ 86011  
Tel 928-523-4240 Fax 928-523-0332  
www.nau.edu



March 23, 2021

The Honorable David Gowan, Chairman  
Joint Committee on Capital Review  
Arizona State Senate  
1700 W. Washington  
Phoenix, AZ 85007



Dear Senator Gowan:

Pursuant to Arizona Revised Statute §15-1671 Northern Arizona University submits this letter on the proposed use of University Capital Infrastructure monies. NAU is appreciative of the state's investment in Arizona's public universities' infrastructure through the ongoing allocation of these funds. In previous years, NAU has used Capital Infrastructure Funds (CIF) to renovate the Science Annex building 3<sup>rd</sup> and 4<sup>th</sup> floors. That upper-level science annex project was favorably reviewed by the Joint Committee on Capital Review (JCCR) on April 25, 2018 and completed by NAU in August 2019. NAU is now requesting favorable review to use the FY 21 allocation of \$4.7M to fund renovations on the 1<sup>st</sup> and 2<sup>nd</sup> floors which will include classrooms; office space and labs. This renovation project will total \$8.0M and will be funded through approximately 60% CIF funding and the remaining funded by other university funds. No debt will be issued for this project.

Thank you for your consideration. If you have any questions, please feel free to contact me at (928) 523-4240 or [bjorn.flugstad@nau.edu](mailto:bjorn.flugstad@nau.edu).

Sincerely,

A handwritten signature in black ink that reads "Bjorn Flugstad".

Bjorn Flugstad  
Vice President of Finance, Institutional Planning and Analysis  
Chief Financial Officer

Attachment

cc: Richard Stavneak, Director, JLBC  
Alexis Pagel, JLBC Fiscal Analyst  
Will Palmisano, OSPB, Budget Manager  
John Arnold, ABOR, Executive Director  
Lorenzo Martinez, ABOR, Vice President for Finance & Administration  
Rita Cheng, NAU, President  
Christy Farley, NAU, Vice President of External Affairs & Partnerships

### **Project Scope**

This project includes renovations to 35,656 gross square feet of the 1<sup>st</sup> and 2<sup>nd</sup> floors of the Science Annex Building (#20) on the NAU Flagstaff Mountain Campus, with a total project cost of \$8,009,000. The basement level of the Science Annex also has incidental work, mainly for, demolition, mechanical infrastructure and fire protection.

The 1<sup>st</sup> floor renovations include classroom spaces, offices and labs, the exterior entrances and existing restrooms.

With the exception of mechanical, electrical, and plumbing upgrades, the 1<sup>st</sup> floor lobby was renovated as part of a previous project and does not require further renovation as part of this project.

The 2<sup>nd</sup> floor renovation will create space for the relocation of the Center for Science Teaching and Learning (CSTL), which is currently housed on the 5<sup>th</sup> floor of Building #36. The scope of work for the 2<sup>nd</sup> floor includes creation of classrooms, storage area, conference room, team rooms and general office space, in what is a near total demolition and rebuilding of the interior space.

#### **The scope of work includes:**

- Demolition of existing interior partitions and finishes throughout with the exception of the existing floors to be encapsulated.
- Full interior architectural renovation of 1<sup>st</sup> and 2<sup>nd</sup> floors including existing restrooms.
- Removal of old and installation of new mechanical and electrical systems on 1<sup>st</sup> and 2<sup>nd</sup> floors.
- New A/V and data system for 1<sup>st</sup> and 2<sup>nd</sup> floor with tie-in to existing PONS.
- New fire protection system for basement, 1<sup>st</sup> and 2<sup>nd</sup> floors.
- Limited exterior work, including fascia and soffit repairs and hardscape improvements.

### **Project Justification**

Science Annex had been a red building with large amounts of deferred maintenance prior to the 3<sup>rd</sup> & 4<sup>th</sup> floor renovations completed in 2019. That renovation laid the foundation to complete the 1<sup>st</sup> and 2<sup>nd</sup> floor renovations to give the Science Annex a complete overhaul. This renovation will move the CSTL Program (Center for Science Teaching & Learning) from the 5<sup>th</sup> floor of the Science & Health Building. This strategic move relocates a program that does not need to occupy space in a high performance lab building into a more traditional setting. Then, the Science and Health Building can be utilized for research driven wet labs for the Colorado Plateau Stable Isotope Laboratory program.

### **Cash vs Bonding:**

This project is to be funded with cash, utilizing funds reserved for classroom renovations, as well as the state CIF appropriation. This project completes the renovation of the Science Annex making it a critical building in the North Campus Science Corridor of NAU.

### **Life of the project components:**

This renovation is built to NAU's Design Guidelines and Technical Standards which prescribes longevity and durability of systems. A low cost design approach in areas that cannot be "seen" undermines the philosophy of building at NAU, and in the end, is usually much more costly in maintenance and in remedial corrective action.

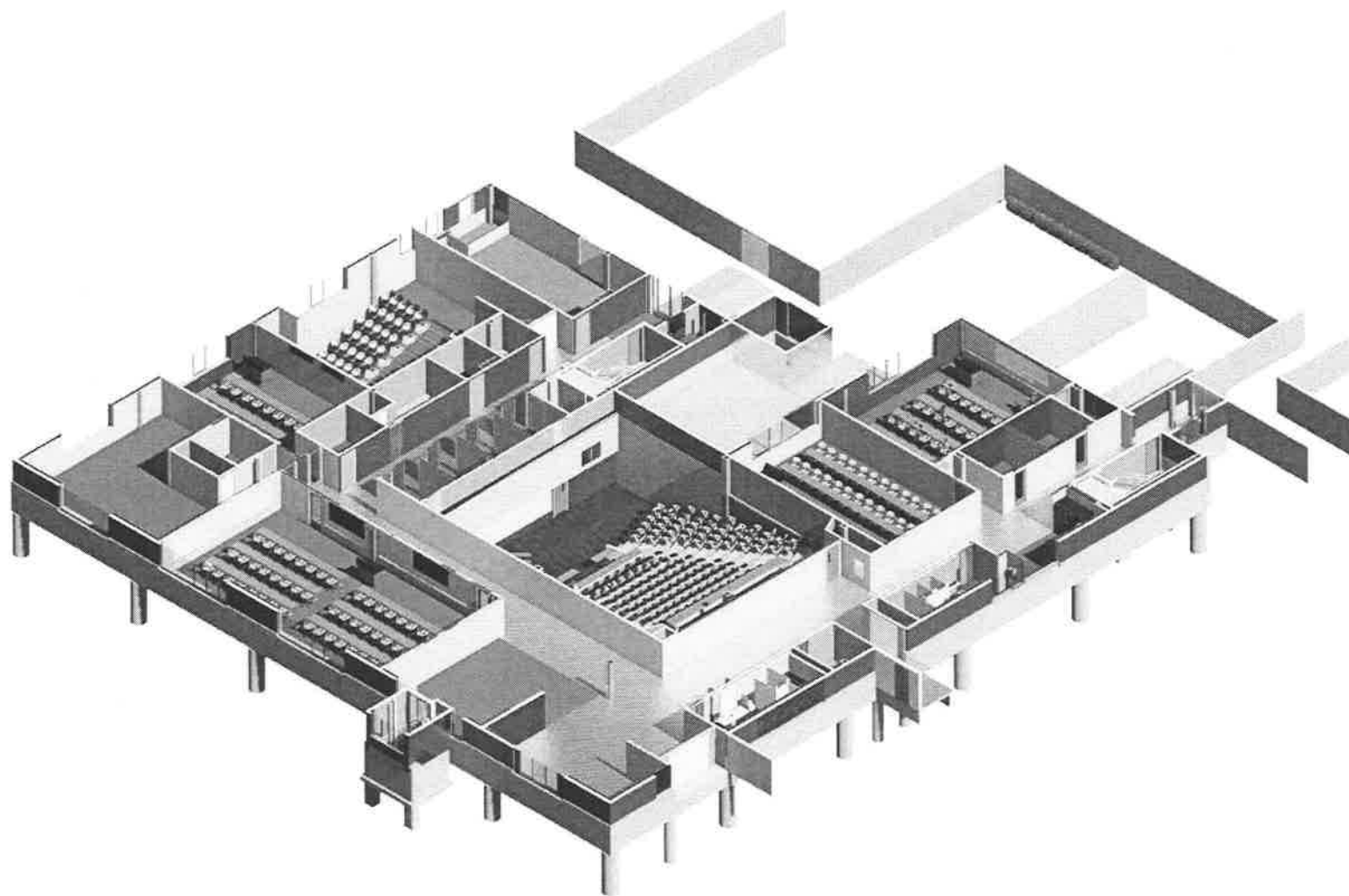


### **Project Delivery**

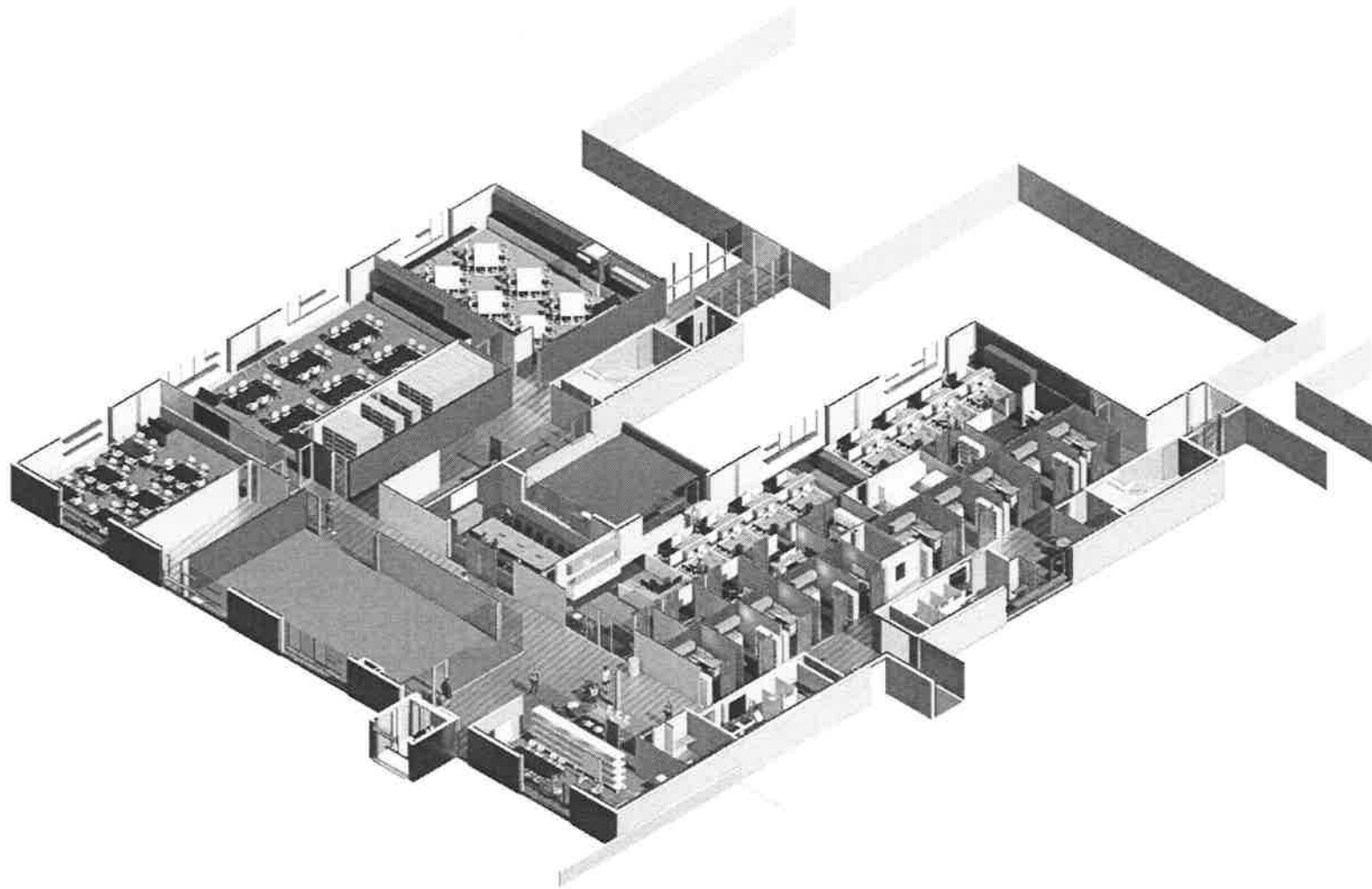
This project was procured through a competitive design-bid-build process. Seven bids were received, with Doege Development as the low bidder at \$5,335,406. Their bid was less than 1% lower (difference of \$23,538) than the next lowest bidder.

### **Renovation vs. new construction:**

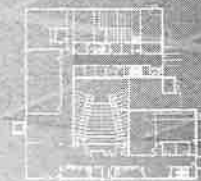
This project is a partial renovation of a building. The previous project on the 3<sup>rd</sup> and 4<sup>th</sup> floor renovated key building items that benefitted the 1<sup>st</sup> and 2<sup>nd</sup> floor remodel, including all the exterior windows, the 1<sup>st</sup> floor lobby as part of a new elevator shaft construction, and some mechanical and Fire Life Safety work. This previous investment allowed this project be cost efficient compared to a new construction project at \$225/sf. Prior to the 3<sup>rd</sup> and 4<sup>th</sup> floor renovation, a study was completed that recommended a renovation as the general building structure was in good shape.



LIGHTVOX



LIGHTVOX



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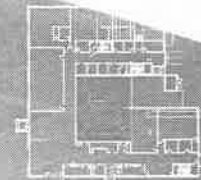
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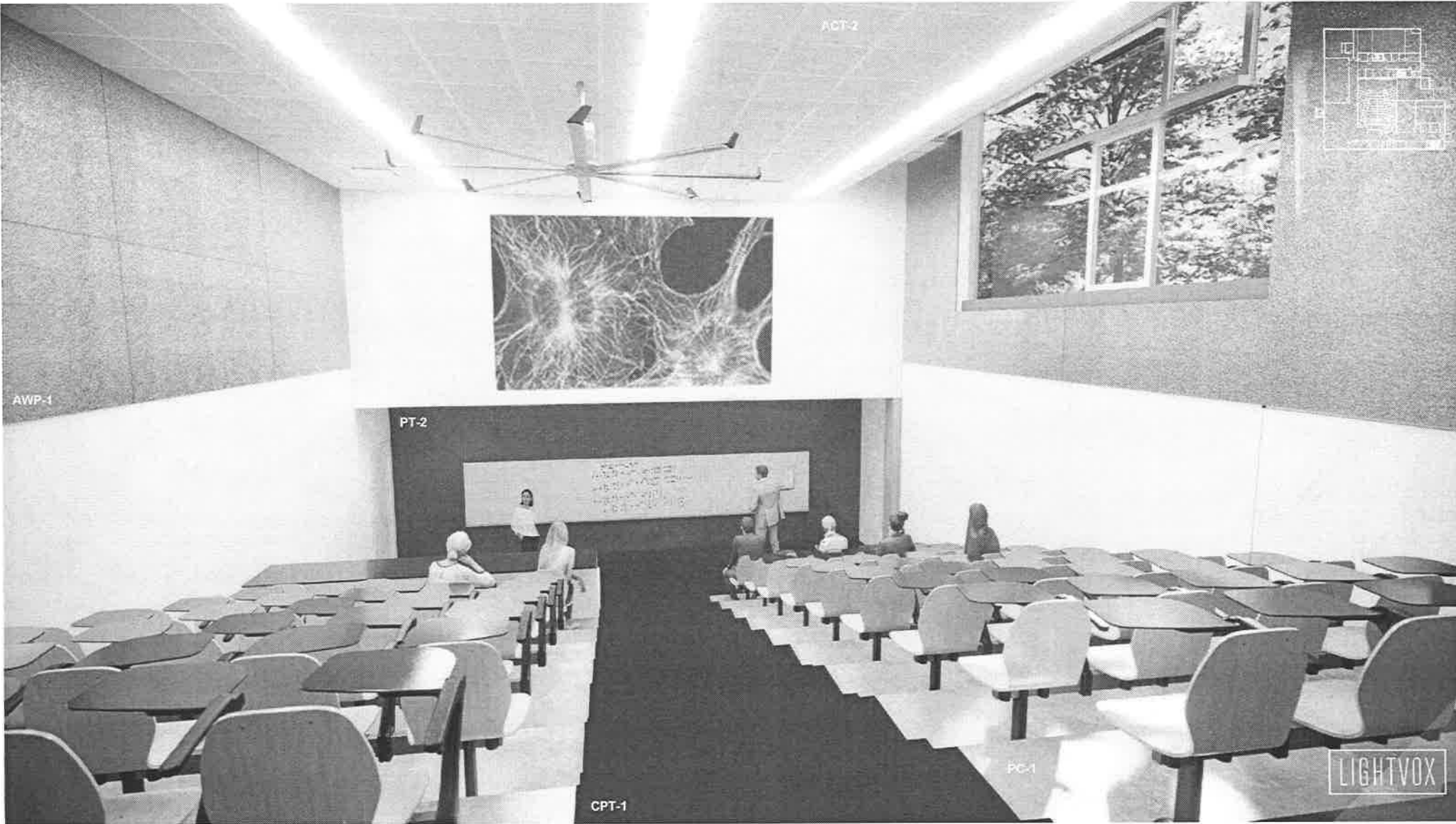
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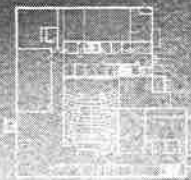
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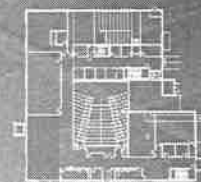
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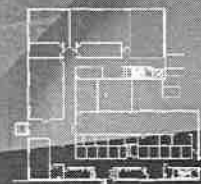
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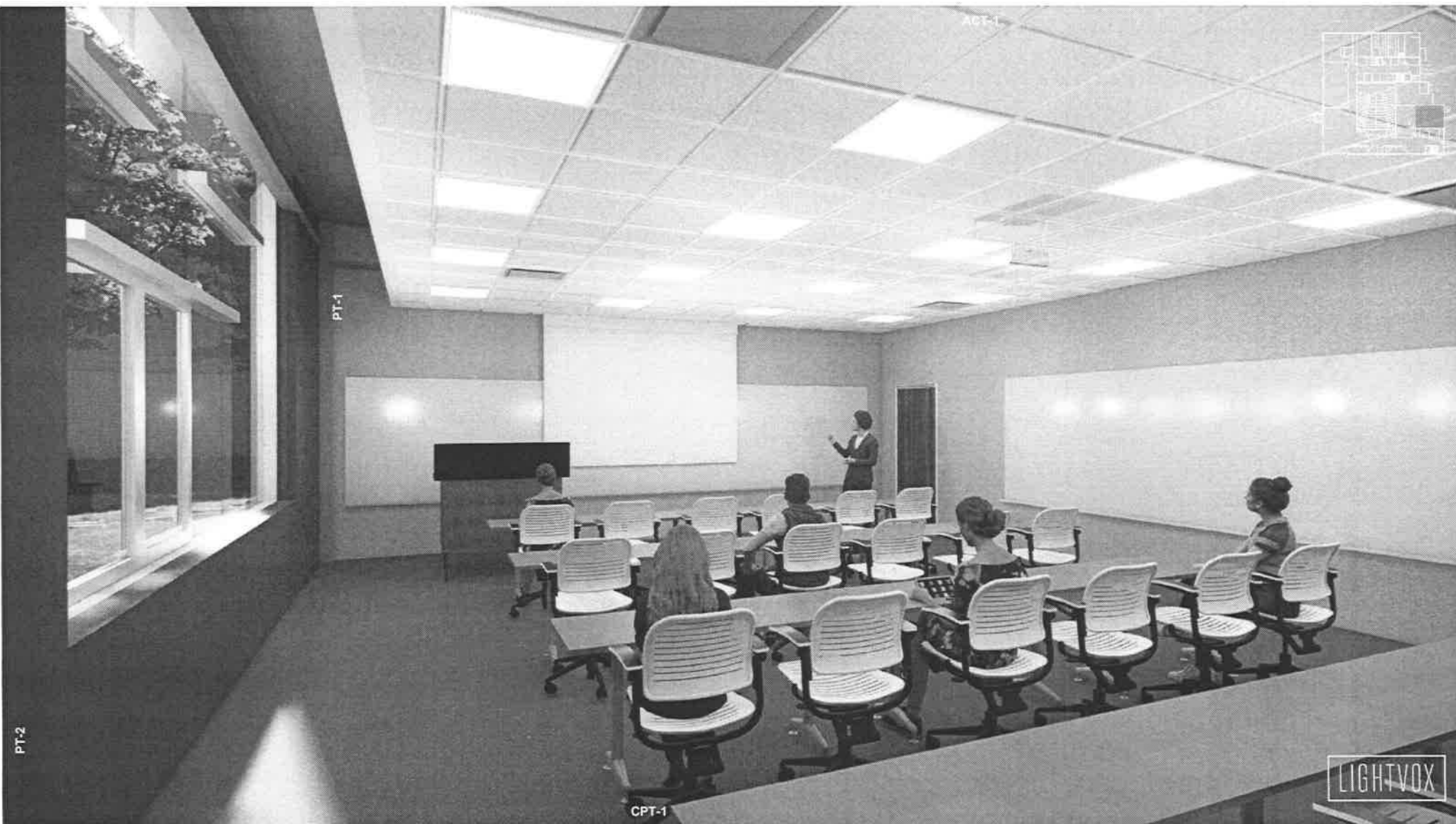
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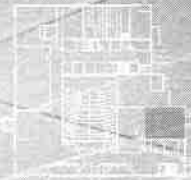
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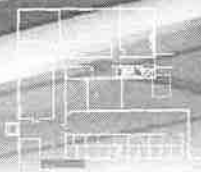
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ACT-1

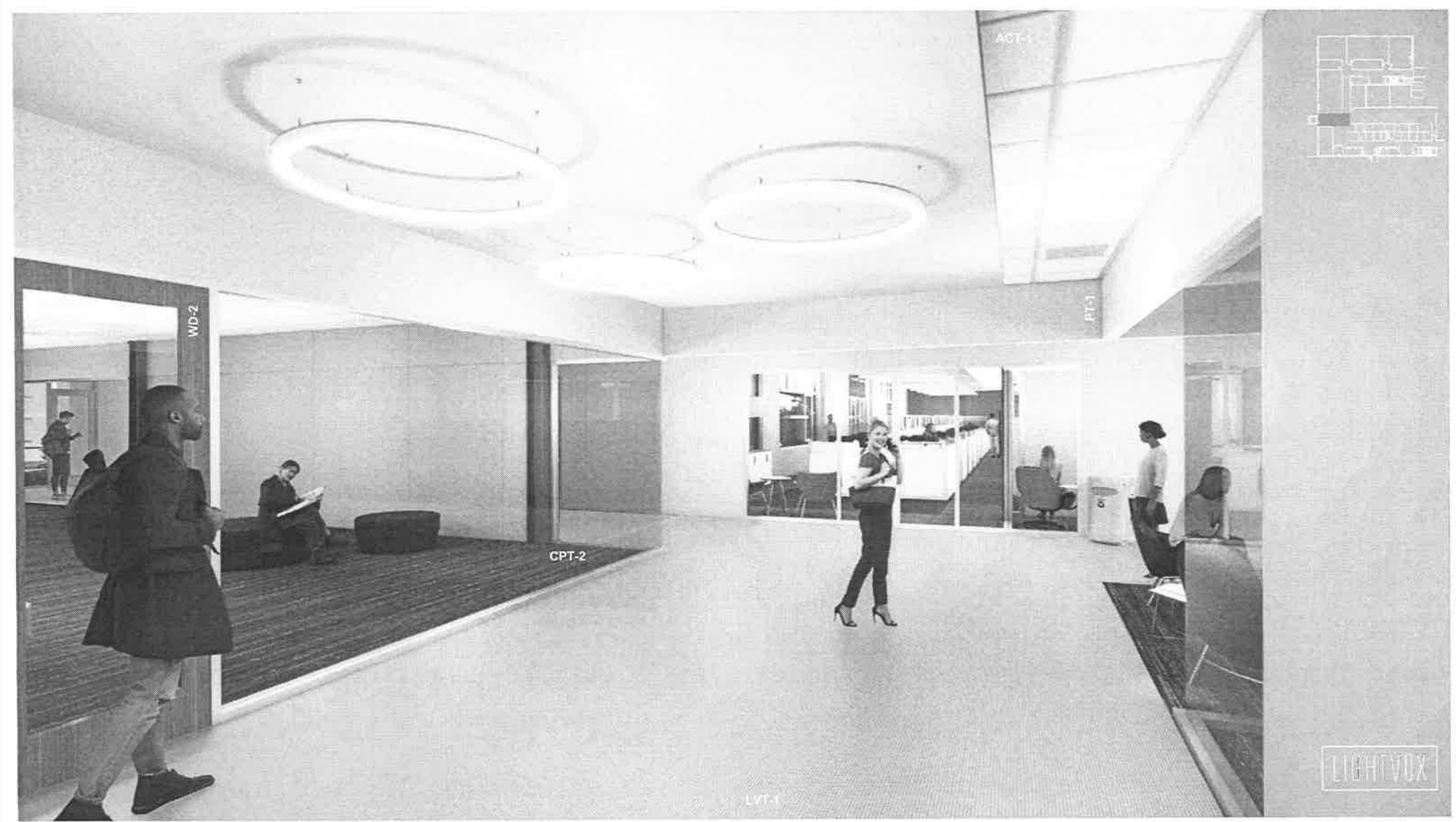
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LIGHTVOX









STATE OF ARIZONA

## Joint Committee on Capital Review

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JOANNE OSBORNE  
BEN TOMA

DATE: April 20, 2021

TO: Members of the Joint Committee on Capital Review

FROM: Lydia Chew, Fiscal Analyst

SUBJECT: Arizona Western College - Review of Revenue Bond Projects

### Request

A.R.S. § 15-1483 requires Committee review of any community college projects financed with revenue bonds that do not require voter approval. Arizona Western College (AWC) requests Committee review of their bond projects totaling \$35,865,000. The monies would finance facilities maintenance of 3 buildings and capital improvements.

### 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 consider the following provisions:

- A. AWC shall provide the final debt service schedule and interest rate for the projects as soon as they are available.
- B. On or before July 31 of each year until completion of the projects financed from the bond issuance, AWC shall report to the JLBC Staff on the status and expenditures of each project. The report shall include the project expenditures to date, the expected completion date, and any change in project scope.

(Continued)



#### **Key Points**

- 1) Arizona Western College (AWC) is seeking review of a \$35.9 M bond projects. Under statute, non-voter approved community college bonds require JCCR review.
- 2) The planned projects include replacing the Student Experience Center, replacing a residence hall, constructing a new Allied Health building, and conducting capital improvements.
- 3) The new bond will not cause AWC to exceed the expenditure limit.

### **Analysis**

#### Project Overview

The bond issuance of \$35.9 million includes: \$10.0 million to replace the Student Experience Center, \$10.0 million to replace an offline student residence hall, \$12.0 million to build a new Allied Health building, \$3.0 million for capital improvements, and a total of \$0.9 million for bond issue costs.

#### *Student Experience Center*

AWC plans to demolish and replace the Student Experience Center. The building was built in the early 1960s, and its age has raised concerns over its structural security. The new mixed-use building will include a minimum of 30,000 square feet, which is an increase of 6,000 square feet over the original Center. The building will provide classrooms, conference rooms, and office space for National Public Radio stations, television services, information technology services, academic programs, and additional ancillary services on the Yuma campus. The Center will also house the Business Administration, Computer Information Systems, and E-Sports programs.

The total cost of this project is estimated to be \$10.0 million. The District approved the issuance of revenue bonds at their December 2020 meeting.

#### *Student Residence Hall*

In 2019, AWC had 3 residence halls with capacity to house 343 students. In 2020, the De Anza residence hall was taken offline due to concerns over its structural stability. While the building has temporary shoring to keep it from collapsing, it was built in the early 1960s and is currently unsafe for use. The remaining 2 residence halls have capacity to house 236 students. Due to COVID-19 safety protocols, the buildings currently have a 100% utilization rate and house a maximum of 174 students.

AWC plans to demolish and rebuild a residence hall with 30,000 square feet, which is an increase of 6,000 square feet more than the original building. The new residence hall will have capacity to house between 120 and 140 residents and will have dormitory suite-style rooms, living quarters, shared spaces, co-learning environments, and related services. The total cost of this project is estimated to be \$10.0 million.

#### *Allied Health Building*

AWC currently has 6 Allied Health programs with an enrollment of 372 students. Demand for these programs has increased. As a result, AWC plans to construct a new building to provide space for expanding existing programs and launching new programs, such as surgical technician, phlebotomy technician, and medical billing and coding. With this project, AWC will support a total of 13 Allied Health programs and 658 students, or an enrollment increase of 77%.

(Continued)

The new Allied Health building will be 30,000 square feet of classroom space, conference rooms, faculty offices, and ancillary support space. It will also house space to facilitate AWC's partnership with Yuma Regional Medical Center Allied Health program. The total cost of this project is estimated to be \$12.0 million. The higher cost per square foot compared to the other 2 projects is attributable to the building's need for cleanable surfaces, simulation labs with specialty equipment, and increased storage space.

#### *Capital Improvements*

AWC plans to conduct capital improvements across 800,000 square feet of buildings. These projects will include maintenance and repairs to existing buildings and central plants, such as electrical, heating and cooling, plumbing, roofing, classroom space, conference rooms, and faculty offices. The total cost for these capital improvements is estimated to be \$3.0 million.

#### Financing

AWC plans on issuing \$20.5 million in revenue bonds on June 1, 2021, with a maturity date of July 1, 2046. The bond would have an interest rate of 3.4%. The average annual debt service payment would be \$1.2 million, and over the term of the bonds, the total debt service would be \$30.8 million.

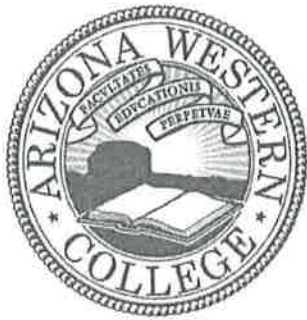
AWC also plans on issuing \$15.4 million in revenue bonds on November 1, 2021, with a maturity date of July 1, 2046. The bond would have an interest rate of 3.4%. The average annual debt service payment would be \$930,400. Over the term of the bonds, the total debt service would be \$22.9 million.

The revenue sources for bond repayment would include tuition revenue, distributions from the 16% excise tax on recreational marijuana sales (Proposition 207), program fees, and residence hall room and board fees.

A.R.S. § 15-1484 allows each community college district to incur a projected annual debt service of up to 8% of each institution's total projected annual expenditures less any expenditures for voter approved general obligations bonds. The District's current debt service expenditures as a percentage of budgeted expenditures for FY 2021 are 6%.

The Arizona Constitution generally limits community college spending to the 1980 level plus adjustments for changes in student population and inflation. The spending limit excludes payments for debt service and proceeds from bonds and would be unaffected by the AWC bond proposal.

LC:kp



**Office of the President**

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Yuma, Arizona 85366-0929

Voice (928) 344-7500

FAX (928) 344-7709

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*"Transforming lives through education and partnership to create thriving communities." ~ AWC Mission*

April 6, 2021

Chair, Joint Legislative Budget Committee  
Joint Legislative Budget Committee  
1716 West Adams  
Phoenix, Arizona 85007  
Phone: (602) 926-5491

Re: Request for Placement on the Agenda for Joint Legislative Budget Committee  
Meeting proposed for April 27, 2021

Dear Chairman :

Pursuant to A.R.S. § 41-1252, Community College Districts are required to submit information to the Joint Committee on Capital Review on the scope, purpose, and expenditures for capital projects funded by appropriations. We are pleased to provide this letter as a request from Arizona Western College (AWC) to be placed on the April 27, 2021 agenda for the Joint Legislative Budget Committee on Capital Review for consideration.

Arizona Western College serves as the primary source of higher education for the rural communities of Yuma and La Paz Counties. The District serves communities across 10,000 sq. miles reaching to the border with Mexico in the southwest corner of Arizona and north up the western edge of Arizona to La Paz – Mohave County line. At 10 locations across the district, AWC is the sole Arizona community college to host all three state universities for face-to-face classes which supports the state-leading transfer rate and helps drive our institutional goal of doubling the regional baccalaureate attainment rate. AWC offers over 100 degrees and certificates in a wide range of academic and career-technical programs to help students reskill and re-train, as well as non-credit courses in professional development, customized training and personal enrichment areas.

In 2018, more than 2,800 employees, students and community members helped develop a strategic plan for the college. That plan identified educational programmatic and capital funding priorities, ratified by our elected District Governing Board. Two of the plan's strategic objectives will be addressed with the capital improvement described in this letter. The objective titled "Accessibility: Resources Management" describes how the college district assesses capital improvement needs based on student and programmatic demand. The objective titled "Prosperity: Economic Growth & Academic Program Development" uses skills gap analysis, workforce development assessment, and regional industry demand to ensure the resources of the college are invested in the highest-priority efforts to serve students and our communities for years to come.

As directed by the Arizona Commerce Authority and led through the Arizona Reskilling & Recovery Network, three of the industry clusters identified will be directly impacted by this work: Bioscience & Health Care, Technology & Innovation, and Business & Financial Services.

Our regional partners' growing business needs demand more technically trained, more highly skilled, and more experienced graduates. If the college is to fulfill its mission of transforming lives, creating thriving communities, and eliminating poverty in the third-largest metro area of the state, capital improvements of this kind are required.

On behalf of Arizona Western College and our community partners and leaders, thank you for considering offering your support to the college in this tremendous opportunity. Please do not hesitate to contact my office if you have questions or need additional information.

Respectfully submitted,

A handwritten signature in black ink, reading "Daniel P. Corr". The signature is fluid and cursive, with the first name "Daniel" being larger and more prominent than the last name "Corr".

Dr. Daniel P. Corr

President, Arizona Western College

[Daniel.Corr@azwestern.edu](mailto:Daniel.Corr@azwestern.edu)

(928) 344-7501

**Joint Legislative Budget Committee Review  
Arizona Western College  
April 27, 2021 JLBC Meeting**

**Arizona Western College Facilities Maintenance Plan**

Arizona Western College adopted a Strategic Plan in 2018 which drives the Mission and Vision of the College. The Mission reads "Transforming Lives through education and partnerships to create thriving communities". The Strategic Plan has identified areas of growth needed by the College to increase Resources Management, improve the Student Experience, develop Economic Growth through strategic Academic Program creation, to eliminate poverty in the region we serve.

Arizona Western College identified three primary projects:

**1. Student Experience Center- Business Administration, Interdisciplinary Business and Technology Building**

The existing 2-story building is one of the first built by the College in the early 1960's. As one of the oldest buildings, there are concerns of the structural security, in the event of a natural disaster or further aging. Experts have suggested the College to begin plans to demolish and rebuild this heavily-used building because there is no guarantee of further longevity.

The College has decided to take this opportunity to replace the building and integrate the engagement of students in a new learning environment including Public Radio, TV Services, dedicated collaboration space with instructional leaders and Higher Education partners. This project will build an approximate (minimum of) 30,000 gross square feet mixed-use building featuring classroom and office space. The new building will be an approximate (minimum of) 6,000 gross square feet more than the original building. The building of the Student Experience Center will provide new offices for existing uses, such as: National Public Radio (NPR) Stations, Information Technology Services, numerous Academic Programs, Television Services, and additional ancillary services on the Yuma Campus.

The new multi-level academic facility will primarily consist of classroom space to support multiple instruction modalities, conference rooms, faculty and staff offices and ancillary support space. Additionally, the facility will include innovative, high technology spaces to support the 24-7-365 news mission of the regional public radio group, facilitate the school's Business Administration and Computer Information Systems programs, and house the dual missions of Television Services: the career-tech program of broadcasting and media arts, and creating timely promotions, messaging and video assets to support the college academic departments and administrative team. Additionally, new programs are slated for the space, including the new E-Sports courses, club and a competitive arena for intermural and NJCAA competitive use. This new facility reinforces the College's commitment to academic excellence and accessibility, providing a connected and collaborative space bringing together workforce and students unlike ever before.

The new approximate minimum 30,000 square foot building will be primarily funded by the revenue bonds. The total cost of the construction, engineering, architecture, demolition, abatement,

relocation, equipment, furnishing / finishes, and other related expenses are estimated to be \$10 Million. The AWC District Governing Board approved a Revenue Bond at their December 2020 meeting for this use and to meet the need of Arizona Western College students, current and future.

## **2. Student Residence Hall (De Anza) - Multifunctional Long-Term and Short-Term residence for Traditional and Vocational Students**

The College recently had three residence halls at full capacity. In 2020 one of the three buildings was taken offline and closed because of concerns of structural stability. The building has temporary shoring to keep it from collapsing but has caused a significant strain on the College's ability to offer student housing. The existing 2-story building is one of the first built by the College in the early 1960's. Experts have warned the College to begin plans to demolish and rebuild because, it is unsafe for use of any kind. This closure has caused immeasurable hardship for our international and the College Assistance Migrant Program (CAMP) student cohort.

The College has decided to take this opportunity to expand on the existing footprint. This project will build an approximate 30,000 gross square feet dormitory and study space. The new building will be an approximate 6,000 gross square feet more than the building being replaced. The strategic demolition and rebuilding of the Residence Hall will provide new, modern dormitory suite-style rooms, living quarters, shared spaces, co-learning environments, and related services for the residents.

This multi-level Residence Hall Facility will primarily consist of residential living space to support multiple cohorts of students including grant funded programs such as CAMP, International students, Honors students, and student-athletes. The Facility will also include student-support instruction modalities, meeting rooms, and ancillary support space. This new facility reinforces the College's commitment to academic excellence and accessibility, ensuring an amazing Student Experience, and providing a connected and collaborative space. The goal of the College with this new Residence Hall is providing students from around the world a robust higher educational experience in a rural setting, with a collaboration between a community college and three public state universities, Arizona State University, University of Arizona, and Northern Arizona University.

The new approximate 30,000 square foot building will be primarily funded by the revenue bonds. The total cost of the construction, engineering, architecture, demolition, abatement, relocation, equipment, furnishing / finishes, and other related expenses are estimated to be \$10 Million. The AWC District Governing Board approved a Revenue Bond for this use and to meet the need of Arizona Western College students, current and future.

### **3. Allied Health Building, - Interdisciplinary Allied Health and Nursing Building**

The College currently has Eight of Allied Health Programs, including nursing, Community Health Worker, Radiologic Technology, Licensed Massage Therapy and Medical Assistant. Due to an aging population and shifting demographics, the demand for Allied Health Programs has dramatically increased in our community. Industry partners cite a common workforce gap shortage in our region. Arizona Western College lacks the space to expand existing programs and introduce new programs, such as Surgical Technician and Phlebotomy Technician, and Medical Billing and Coding. Therefore, the College plans to build and equip a new state of the art building to serve this need.

This multi-level academic facility will include an approximate 30,000 square feet of classroom space to support multiple instruction modalities, conference rooms, faculty offices and ancillary support space. Additionally, the facility will include innovative, high tech spaces to facilitate the partnership between Arizona Western College (AWC) and Yuma Regional Medical Center (YRMC) Allied Health Program, bridging the educational and training gap for Allied Health Programs, the Nursing program and an emergent Residential Medical program. This new facility reinforces the College's commitment to academic excellence and accessibility, ensures an amazing Student Experience, provides a connected and collaborative space bringing together workforce, college and community resources to serve a community with international impact. This project will be completed in partnership at either Arizona Western College's Yuma Campus or Yuma Regional Medical Center's Hospital Zone, in the heart of the city of Yuma.

The new Allied Health Building will be primarily funded by the revenue bonds. The total cost of the construction, engineering, architecture, demolition, abatement, relocation, equipment, furnishing / finishes, and other related expenses are estimated to be \$12 Million. The AWC District Governing Board approved a Revenue Bond for this use and to meet the need of Arizona Western College students, current and future.

#### **Capital Improvements**

Due to budgetary constraints over the years, the College currently has many infrastructural areas in need of improvement and updating of educational equipment. This comprehensive project will support significant and strategic improvements for multiple buildings across multiple campus locations across an approximate 800,000 square feet of buildings in a 10,000 square mile District.

This multi-project improvement plan will include maintenance and repairs to existing buildings and Central Plants, such as electrical, heating and cooling, plumbing, roofing, classroom space conference rooms, faculty offices and other needed improvements.

The project will be funded with \$3 Million in revenue bonds. The AWC District Governing Board approved revenue Bond funding for the comprehensive construction of facilities to meet the need of Arizona Western College students, current and future.

**Project Summary****Funding Sources**

RBC will provide detailed insert.

<b>Projects</b>	<b>Funding Sources</b>	<b>Amount</b>
Student Experience Center Building	Revenue Bond	\$10,000,000.00
Student Residence Hall - Multifunction Long-term and Short-Term residence for Academic and Workforce Cohorts	Revenue Bond	\$10,000,000.00
Allied Health Building, - Interdisciplinary Allied Health and Nursing Building	Revenue Bond	\$12,000,000.00
Capital Improvements	Revenue Bond	3,000,000.00
	<b>Total</b>	<b>35,000,000.00</b>



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SOURCES AND USES OF FUNDS

ARIZONA WESTERN COLLEGE  
Revenue Bonds, Series 2021A

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Preliminary: January 12, 2021

Dated Date           06/01/2021  
Delivery Date       06/01/2021

Sources:

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Bond Proceeds:	
Par Amount	20,465,000.00

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	20,465,000.00
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Uses:

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Project Fund Deposits:	
Project Fund	20,000,000.00

Delivery Date Expenses:	
Cost of Issuance	215,000.00
Underwriter's Discount	245,580.00
	<hr/> 460,580.00

Other Uses of Funds:	
Additional Proceeds	4,420.00

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	20,465,000.00
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# BOND SUMMARY STATISTICS

## ARIZONA WESTERN COLLEGE Revenue Bonds, Series 2021A

Preliminary: January 12, 2021

Dated Date	06/01/2021
Delivery Date	06/01/2021
Last Maturity	07/01/2046
Arbitrage Yield	3.179800%
True Interest Cost (TIC)	3.280738%
Net Interest Cost (NIC)	3.255773%
All-In TIC	3.370488%
Average Coupon	3.180000%
Average Life (years)	15.837
Duration of Issue (years)	12.130
Par Amount	20,465,000.00
Bond Proceeds	20,465,000.00
Total Interest	10,306,393.25
Net Interest	10,551,973.25
Total Debt Service	30,771,393.25
Maximum Annual Debt Service	1,309,857.00
Average Annual Debt Service	1,226,766.51
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	12.000000
Total Underwriter's Discount	12.000000
Bid Price	98.800000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial bond	14,505,000.00	100.000	3.180%	12.834	14,851.30
Term bond due 2046	5,960,000.00	100.000	3.180%	23.145	10,251.20
	20,465,000.00			15.837	25,102.50

	TIC	All-In TIC	Arbitrage Yield
Par Value	20,465,000.00	20,465,000.00	20,465,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-245,580.00	-245,580.00	
- Cost of Issuance Expense		-215,000.00	
- Other Amounts			
Target Value	20,219,420.00	20,004,420.00	20,465,000.00
Target Date	06/01/2021	06/01/2021	06/01/2021
Yield	3.280738%	3.370488%	3.179800%



Capital  
Markets

# BOND DEBT SERVICE

## ARIZONA WESTERN COLLEGE Revenue Bonds, Series 2021A

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Preliminary: January 12, 2021

Period Ending	Principal	Coupon	Interest	Debt Service
07/01/2022			705,019.25	705,019.25
07/01/2023			650,787.00	650,787.00
07/01/2024			650,787.00	650,787.00
07/01/2025	655,000	3.180%	650,787.00	1,305,787.00
07/01/2026	675,000	3.180%	629,958.00	1,304,958.00
07/01/2027	700,000	3.180%	608,493.00	1,308,493.00
07/01/2028	720,000	3.180%	586,233.00	1,306,233.00
07/01/2029	745,000	3.180%	563,337.00	1,308,337.00
07/01/2030	770,000	3.180%	539,646.00	1,309,646.00
07/01/2031	790,000	3.180%	515,160.00	1,305,160.00
07/01/2032	815,000	3.180%	490,038.00	1,305,038.00
07/01/2033	845,000	3.180%	464,121.00	1,309,121.00
07/01/2034	870,000	3.180%	437,250.00	1,307,250.00
07/01/2035	900,000	3.180%	409,584.00	1,309,584.00
07/01/2036	925,000	3.180%	380,964.00	1,305,964.00
07/01/2037	955,000	3.180%	351,549.00	1,306,549.00
07/01/2038	985,000	3.180%	321,180.00	1,306,180.00
07/01/2039	1,020,000	3.180%	289,857.00	1,309,857.00
07/01/2040	1,050,000	3.180%	257,421.00	1,307,421.00
07/01/2041	1,085,000	3.180%	224,031.00	1,309,031.00
07/01/2042	1,120,000	3.180%	189,528.00	1,309,528.00
07/01/2043	1,155,000	3.180%	153,912.00	1,308,912.00
07/01/2044	1,190,000	3.180%	117,183.00	1,307,183.00
07/01/2045	1,230,000	3.180%	79,341.00	1,309,341.00
07/01/2046	1,265,000	3.180%	40,227.00	1,305,227.00
	20,465,000		10,306,393.25	30,771,393.25



Capital  
Markets

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SOURCES AND USES OF FUNDS

ARIZONA WESTERN COLLEGE  
Revenue Bonds, Series 2021B

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Preliminary: January 12, 2021

Dated Date           11/01/2021  
Delivery Date       11/01/2021

Sources:

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Bond Proceeds:	
Par Amount	15,400,000.00
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	15,400,000.00

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Uses:

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Project Fund Deposits:	
Project Fund	15,000,000.00
Delivery Date Expenses:	
Cost of Issuance	215,000.00
Underwriter's Discount	184,800.00
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	399,800.00

Other Uses of Funds:	
Additional Proceeds	200.00
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	15,400,000.00

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# BOND SUMMARY STATISTICS

## ARIZONA WESTERN COLLEGE Revenue Bonds, Series 2021B

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Preliminary: January 12, 2021

Dated Date	11/01/2021
Delivery Date	11/01/2021
Last Maturity	07/01/2046
Arbitrage Yield	3.179533%
True Interest Cost (TIC)	3.282706%
Net Interest Cost (NIC)	3.257841%
All-In TIC	3.404918%
Average Coupon	3.180000%
Average Life (years)	15.416
Duration of Issue (years)	11.867
Par Amount	15,400,000.00
Bond Proceeds	15,400,000.00
Total Interest	7,549,532.00
Net Interest	7,734,332.00
Total Debt Service	22,949,532.00
Maximum Annual Debt Service	986,066.00
Average Annual Debt Service	930,386.43
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	12.000000
Total Underwriter's Discount	12.000000
Bid Price	98.800000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial bond	10,915,000.00	100.000	3.180%	12.411	10,877.35
Term bond due 2046	4,485,000.00	100.000	3.180%	22.730	7,624.50
	15,400,000.00			15.416	18,501.85

	TIC	All-In TIC	Arbitrage Yield
Par Value	15,400,000.00	15,400,000.00	15,400,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-184,800.00	-184,800.00	
- Cost of Issuance Expense		-215,000.00	
- Other Amounts			
Target Value	15,215,200.00	15,000,200.00	15,400,000.00
Target Date	11/01/2021	11/01/2021	11/01/2021
Yield	3.282706%	3.404918%	3.179533%



Capital  
Markets

BOND DEBT SERVICE

ARIZONA WESTERN COLLEGE  
Revenue Bonds, Series 2021B

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Preliminary: January 12, 2021

Period Ending	Principal	Coupon	Interest	Debt Service
07/01/2022			326,480	326,480
07/01/2023			489,720	489,720
07/01/2024			489,720	489,720
07/01/2025	495,000	3.180%	489,720	984,720
07/01/2026	510,000	3.180%	473,979	983,979
07/01/2027	525,000	3.180%	457,761	982,761
07/01/2028	545,000	3.180%	441,066	986,066
07/01/2029	560,000	3.180%	423,735	983,735
07/01/2030	580,000	3.180%	405,927	985,927
07/01/2031	595,000	3.180%	387,483	982,483
07/01/2032	615,000	3.180%	368,562	983,562
07/01/2033	635,000	3.180%	349,005	984,005
07/01/2034	655,000	3.180%	328,812	983,812
07/01/2035	675,000	3.180%	307,983	982,983
07/01/2036	695,000	3.180%	286,518	981,518
07/01/2037	720,000	3.180%	264,417	984,417
07/01/2038	740,000	3.180%	241,521	981,521
07/01/2039	765,000	3.180%	217,989	982,989
07/01/2040	790,000	3.180%	193,662	983,662
07/01/2041	815,000	3.180%	168,540	983,540
07/01/2042	840,000	3.180%	142,623	982,623
07/01/2043	870,000	3.180%	115,911	985,911
07/01/2044	895,000	3.180%	88,245	983,245
07/01/2045	925,000	3.180%	59,784	984,784
07/01/2046	955,000	3.180%	30,369	985,369
	15,400,000		7,549,532	22,949,532



Capital  
Markets