

# **JOINT COMMITTEE ON CAPITAL REVIEW**

**Wednesday, May 15, 2024**

**9:00 a.m.**

**House Hearing Room 1**



STATE OF ARIZONA

## Joint Committee on Capital Review

STATE  
SENATE

1716 WEST ADAMS  
PHOENIX, ARIZONA 85007

(602) 926-5491

azjlbc.gov

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VACANT

### JOINT COMMITTEE ON CAPITAL REVIEW

Wednesday, May 15, 2024

9:00 A.M.

House Hearing Room 1

#### MEETING NOTICE

- Call to Order
- [Approval of Minutes of December 14, 2023.](#)
- 1. [\\*ARIZONA GAME AND FISH DEPARTMENT - Review of FY 2024 Capital Projects.](#)
- 2. [\\*ARIZONA STATE LOTTERY COMMISSION - Review of FY 2024 Building Renewal Allocation Plan.](#)
- 3. [\\*ARIZONA PIONEERS' HOME - Review of FY 2024 Cemetery Parking Lot Project.](#)
- 4. ARIZONA STATE UNIVERSITY
  - [\\*A. Review of IT Infrastructure Projects.](#)
  - [\\*B. Review of Tempe Campus Utility Expansion.](#)
- 5. [\\*YAVAPAI 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.

05/08/2024

JB

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



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MATT GRESS  
ATHENA SALMAN

## MINUTES OF THE MEETING

### JOINT COMMITTEE ON CAPITAL REVIEW

December 14, 2023

The Chairman called the meeting to order at 3:22 p.m. Thursday, December 14, 2023 in Senate Hearing Room 1. The following were present:

Members:	Senator Kavanagh, Chairman Senator Alston Senator Bennett	Representative Livingston, Vice-Chairman Representative Chaplik Representative Contreras Representative Gress Representative Salman Representative Stahl-Hamilton (Temporary member in place of Representative Austin)
Absent:	Senator Borrelli Senator Diaz Senator Epstein Senator Hoffman	Representative Austin Representative Biasiucci

### APPROVAL OF MINUTES

Representative Livingston moved that the Committee approve the minutes of October 10, 2023. The motion carried.

### CONSENT AGENDA

The following items were considered without further discussion:

(Continued)

**1A. DEPARTMENT OF PUBLIC SAFETY (DPS) - Review of Flagstaff Aviation Hangar Fuel Improvements.**

A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated to capital projects. DPS requested review of its plan to spend \$320,000 from the General Fund as appropriated in the FY 2024 Capital Outlay Bill for the renovation of the Flagstaff aviation hangar. In addition, DPS plans to expend \$205,600 from the Border Security Fund to improve the fuel facilities at the Flagstaff aviation hangar. The JLBC Staff provided options.

**1B. DEPARTMENT OF PUBLIC SAFETY (DPS) - Review of Remote Housing Replacement.**

A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated to capital projects. DPS requested review of its plan to spend \$2,000,000 from the General Fund as appropriated in the FY 2023 Capital Outlay Bill for the purchase of 5 new housing units. The JLBC Staff provided options.

**2. ARIZONA STATE UNIVERSTIY (ASU) - Review of Polytechnic Campus Utilities Expansion.**

A.R.S. § 15-1683 requires Committee review of any university projects financed with system revenue bonds. Arizona State University (ASU) requested committee review of \$17,300,000 in system revenue bond issuances to construct a modular chiller plant on its Polytechnic (East) campus. ASU will fund debt service payments with tuition revenues. 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 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.*

**3. ARIZONA STATE PARKS BOARD (ASPB) - Review of Verde River State Park.**

A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated for land acquisition, capital projects and building renewal. The ASPB requested Committee review of \$7,000,000 of FY 2024 funding from the General Fund for the establishment of a new state park at the Verde River headwaters near Chino Valley. The JLBC Staff provided options and potential provisions:

- A. *Any contractual agreement with the Trust for Public Land shall require the transfer of the land parcel to state ownership upon completion of the purchase process.*
- B. *Within 90 days after acquiring land for a Verde River Headwaters state park, the Arizona State Parks Board shall submit a report to the JLBC Staff detailing the total cost of land acquisition, including matching funds. The report shall also include an expenditure plan for the \$1,000,000 in development costs and the anticipated total development costs of the park.*

(Continued)

Representative Livingston moved that the Committee give a favorable review of the agency requests in consent agenda items 1 through 3 with the JLBC Staff provisions. The motion carried.

Without objection, the meeting adjourned at 3:23 p.m.

Respectfully submitted:



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Jennifer Burns, Secretary

*Rebecca Perrera*

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Rebecca Perrera, Assistant Director



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Senator John Kavanagh, Chairman





STATE OF ARIZONA

## Joint Committee on Capital Review

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VACANT

**DATE:** May 9, 2024

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

**FROM:** Nate Belcher, Fiscal Analyst

**SUBJECT:** Arizona Game and Fish Department - Review of FY 2024 Capital Projects

### Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated for building renewal and capital projects. The Arizona Game and Fish Department (AGFD) requests Committee review of \$2,600,000 for 5 capital projects. These projects would be funded from a combination of Other Funds and federal grants.

### 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 provision:

- A. AGFD shall report to the JLBC Staff when the Canyon Creek Hatchery valve replacement project is complete. The report shall include the final project cost.

(Continued)

#### Key Points

- 1) AGFD plans to complete 5 capital projects totaling \$2.6 million as follows:
  - Replace underground valves at the Canyon Creek Hatchery.
  - Insulate the spring on the Cold Springs Ranch property against outside contaminants.
  - Replace a portion of a water pipeline at House Rock Wildlife Area.
  - Realign and install piping in a diversion ditch at the Sipe Wildlife Area.
  - Construct an equipment storage building at Becker Lake Wildlife Area.
- 2) Of the total \$2.6 million cost, \$300,000 is from the Game and Fish Fund, \$500,000 is from the Heritage Fund and Wildlife Conservation Fund, \$1,000,000 is from the Pittman-Robertson Wildlife Restoration Act Grant, and \$800,000 is from other federal funds.

#### Analysis

##### *Canyon Creek Hatchery Underground Sediment Tank Valve Replacements*

AGFD is seeking review of a \$300,000 project funded from the Game and Fish Fund portion of AGFD's FY 2024 operating budget to replace underground valves at the Canyon Creek Hatchery. During recent routine maintenance, the department identified four inflow and outflow valves in the sediment tank system that are in disrepair. These valves are part of a sediment trapping and disposal system at the hatchery that keeps the water clean for resident fish. Sediment-heavy water is collected in tanks; these tanks are then periodically emptied by the department. With the current valves, AGFD reports that heavy rain could result in the inability to divert enough sediment-heavy water to the deposition tanks before it enters the spaces in which the fish live, lowering the quality of the water and raising the mortality rate of the fish.

To prevent the valve failures from impacting the health of the fish, AGFD requested emergency approval to begin the project prior to receiving a favorable review from the full Committee. On April 15, 2024, the Chairmen provided AGFD with permission to begin work on the project conditional upon providing written updates on the project's progress and additional information on when the valves were last replaced and the expected lifespan of the new valves. AGFD reported that the sediment tanks were originally installed in 1985 and renovations were most recently completed in 1992. The new valves are expected to have a warranty of 10 years and an expected lifespan of 25 years. They expect the project to take approximately 3 weeks to complete.

##### *Cold Springs Ranch Water Quality Improvement*

AGFD proposes spending \$500,000 from the Heritage Fund and the Wildlife Conservation Fund, which are both non-appropriated funds, to insulate the spring on the Cold Springs Ranch property from the ground below and from other water sources. This goal of insulating the spring is to minimize both the amount of water loss from the spring into the ground below and the proportion of contaminants in the facility's water for use in the production of Gila trout fish.

##### *House Rock Wildlife Area Water Pipeline Replacement*

AGFD is requesting to spend \$1,000,000 in federal Pittman-Robertson Act Grant monies to replace sections of a 13-mile pipeline that supplements the water supply of wildlife in the House Rock Wildlife Area. Sections of this 1930s-era pipeline have undergone patch repairs in the past, but AGFD now proposes replacing the full length of the pipeline over the next 6 years.

(Continued)



*Rudd Creek Diversion Ditch*

AGFD proposes to spend \$500,000 in federal grant monies to install an 18-inch diameter pipe along the entire length of a diversion ditch at the Sipe Wildlife Area and to realign a portion of the ditch to prevent side slope erosion. The ditch provides water for field irrigation activities. The piping would reduce both water loss at the site and ongoing costs associated with maintaining the ditch.

*Becker Lake Equipment Storage Facility*

AGFD requests spending \$300,000 in federal grant monies to construct a pre-engineered, uninsulated metal building at Becker Lake for the purpose of storing large equipment. AGFD reports that the property does not currently have a storage area large enough for its farming equipment.

NB:jbu



April 19, 2024

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

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

Honorable Representative Livingston:

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

Sincerely,

A handwritten signature in black ink that reads "Ty E. Gray".

Ty E. Gray  
Director

cc: Senator John Kavanagh, Vice Chair, JCCR  
Richard Stavneak, Staff Director, JLBC  
Sarah Brown, Director, OSPB

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**azgfd.gov | 602.942.3000**

**5000 W. CAREFREE HIGHWAY, PHOENIX AZ 85086**

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## Arizona Game and Fish Department Additional Capital Projects Expenditure Plan Fiscal Year 2024

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**Overview:** Arizona Game and Fish Department (AGFD) maintains more than five hundred facilities within its building and infrastructure system statewide, which includes administrative offices, administrative sites, shooting ranges, actively and passively managed wildlife areas, dams, boating facilities and other recreational improvements. Facilities range in age from historic structures constructed in the 1930's to recently constructed operational and administrative facilities. It is critical that AGFD executes a comprehensive maintenance program that includes scheduled replacement or renovation of major building systems and other infrastructure, minimizing costly repairs and preserving the value and useful life of these mission critical assets. The following is a list of building renewal and capital projects planned for Fiscal Year 2024.

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**Project:** Canyon Creek Hatchery Underground Sediment Tank Valve Replacements

**Funding Source:** Game and Fish Fund

**Category:** Replacement (Capital Improvement)

**Need:** The purpose of this project is to replace four underground valves crucial for the operation of sediment retention tanks at Canyon Creek Hatchery. These valves have become inoperable, posing a significant risk to hatchery operations. During annual maintenance, it was discovered that the bypass line valve is seized open, one of the sediment tank inflow valves is seized closed and cannot be opened, and another valve can only partially open. These tanks are vital during winter and rainy seasons to prevent sediment-heavy water from entering rearing tanks. Without a functioning sediment tank, AGFD expects high mortality rates and poor rearing conditions for fish. Failure to address these issues could result in the loss of Gila Trout egg orders, Gila Trout broodstock and eggs spawned on site, and significant production setbacks to our Rainbow and Cutthroat Trout production. Sediment deposition also poses risks to outdoor rearing units, hindering effective harvest and creating disease reservoirs, impacting AGFD's ability to comply with ADEQ's discharge permit during winter and rainy seasons. Urgent replacement of these valves is essential to maintain hatchery operations and ensure fish health and production targets are met.

**Solution:** Four valves will be replaced. Crews will set up a water discharge diversion bypassing the sediment tanks. Once the bypass is established, crews will excavate to expose the 12" and 16" valves, removing any obstructions such as concrete to facilitate installation.

1. **Diversion Structure Preparation:** Plugs will be placed in downstream outlets to halt water flow, followed by the insertion of a 16" plug into the diversion structure inlet. De-watering with a trash pump will then occur, diverting water onto adjacent ground.



2. **Replace 16" Valve:** Environmental Services will coordinate with construction crews to cut out the section of existing 16" Asbestos-Cement pipe. Once cut, construction crews will assist in de-watering and swiftly drop in the new valve assembly. After removing the old pipe, crews will install the prepared 16" assembly, tighten bolts, and partially backfill with bedding material.
3. **Replace 12" Valves:** Beginning with the removal of existing flange bolts while preserving the flange, construction crews will then cut out a section of the PVC pipe containing the existing valve. A new flanged valve and Hymax coupler will be installed, with all components torqued to specification. This process will repeat for the remaining two valves.

Upon completing all valve replacements, concrete support will be poured for stability and bypass pumping equipment will be removed.

**Cost Estimate:** \$300,000

**Impact of Not Approving this Request:** This project is necessary for the AGFD to meet its management goals for the production of sportfish and providing safe recreational opportunities for our constituents. If this request is not approved AGFD could see catastrophic loss to our Gila Trout production and an entire production cycle of Rainbow Trout, which equates to approximately 100,000 pounds of fish. These fish are essential to meet the public's expectations for stocked trout in Arizona.

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**Project:** Cold Springs Ranch Water Quality Improvement Project

**Funding Source:** Heritage Fund and Wildlife Conservation Fund

**Category:** New Construction (Capital Improvement)

**Need:** The purpose of this project is to provide encapsulation of the Cold Springs Ranch spring, which is vital to future native Gila Trout fish production and broodstock management. Securing the water source will allow for more efficient and complete use of the spring's water and allow for a protected and biosecure water source to supply fish hatchery operations on the Cold Springs Ranch property. The encapsulation of the spring will prevent contamination with pollutants,



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pathogens, or aquatic invasive species via surface water runoff, erosion, precipitation, human contact, and other wildlife interactions. It also physically protects the water source from damage or catastrophic alteration. A protected and clean water source is essential to successful fish culture operations and important to native hatchery fish stock welfare, health, and general condition.

**Solution:** The existing spring box will be encapsulated and a spring overflow pipe will be installed to discharge water into the earthen pool before being discharged into Ellison Creek via existing culvert pipes located in the earthen pool's berm. The spring box will be dewatered using electric and/or diesel pumps. The water pumped out of the spring pool will be discharged into the existing culvert and/or ditch. Once the spring box is dewatered, any accumulated fine material/sediment will be removed by hand or mechanical equipment.

Next, layers of imported drainage rock and engineered fill will be placed within the spring box to serve as a level foundation for placing a precast, perforated concrete manhole, and bedding for perforated and non-perforated drainage pipe. Once the pipe and manhole are placed, portions of the non-perforated pipe will be backfilled and compacted with engineered fill material and the perforated pipe and manhole will be backfilled with drainage rock to the existing rock wall elevation.

Finally, a geomembrane liner will be placed over the fill and around the manhole to prevent fine sediment from migrating into the perforated zone. The geomembrane liner will then be backfilled and compacted with engineering fill and then a final lift of crushed rock surfacing will be placed on top to finalize the encapsulation.

**Cost Estimate:** \$500,000

**Impact of Not Approving this Request:** This project is necessary for the AGFD to meet its management goals to construct and operate a native fish hatchery. If this request is not approved, the spring will remain unsecure deferring AGFD's future plans for native Gila Trout fish production and broodstock management.

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**Project:** House Rock Wildlife Area Water Pipeline Replacement Project



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**Funding Source:** Pittman-Robertson Wildlife Restoration Act Grant

**Category:** Repair & Maintenance

**Need:** House Rock Wildlife Area is a 68,000-acre area north of Marble Canyon managed by the AGFD for bison, pronghorn and other species of wildlife. It has one source of water to support all operations, known as the South Canyon Spring and Pipeline. The 13-mile pipeline was built in the 1930's and has begun to fail at numerous locations in recent years. Temporary patches have allowed operations to continue, however replacement of the entire pipeline is needed.

**Solution:** AGFD proposes replacing the pipeline between 2025-2030. The new pipeline will follow approximately the same alignment as the existing line and will be completed using contractors and AGFD staff, in cooperation with the Kaibab National Forest.

**Cost Estimate:** \$1,000,000

**Impact of Not Approving this Request:** If the pipeline is not replaced, it is anticipated to fail completely within 15 years. Without water for wildlife in this remote and dry location, Bison conservation, specifically, will not be possible without a dependable source of water.

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**Project:** Rudd Creek Diversion Ditch

**Funding Source:** Wildlife and Sportfish Federal Aid Grant, Heritage Fund

**Category:** New Construction (Capital Improvement)

**Need:** Crops are grown at AGFD's Sipe Wildlife Area to both maintain Commission owned water rights for the property and to benefit wildlife through increased forage production. Currently, approximately 80 acres are under irrigated cultivation. Water for field irrigation, as well as for filling and maintaining aquatic habitat associated with McKay Reservoir is provided through the conveyance of water diverted from Rudd Creek through the Rudd Creek Diversion ditch. This ditch is an open dirt-lined ditch, which runs from a diversion on Rudd Creek to McKay Reservoir, a distance of approximately 5,900 feet. The first 2,200 feet of the Rudd Creek ditch is within lands administered by the Apache-Sitgreaves National Forests and will be realigned and piped to protect the ditch from side slope erosion which could jeopardize the ditch. The remaining 3,700 feet of the ditch are on Sipe Wildlife Area and installation of irrigation piping will allow for a considerable reduction in workload associated with ditch maintenance, and will result in significant reductions in water loss. In its current state, significant water loss occurs as water traverses the length of the ditch due to seepage down into



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the soil as well as through adjacent side slopes, with some evaporation and transpiration loss occurring as well.

**Solution:** The proposed project includes piping the entire length of the ditch on USFS property and realigning a portion of the ditch. A backhoe will be used to clean out the ditch for the pipe installation, and to transport shading material, fill/topsoil, and the 20-foot long by 18-inch diameter pipe to the ditch. Any soil removed from the ditch during the ditch cleanout will be temporarily placed alongside the ditch for later use. Shading material may be transported to, and placed within the ditch as needed to better seat the pipe and protect it from damage. To protect the pipe from sun damage, large ungulate trampling, and other hazards once installed, the pipe will be covered with the soil previously removed from the ditch, as well as offsite acquired topsoil/fill material, utilizing a backhoe, small Kubota tractor; Bobcat, and/or similar equipment.

To realign the ditch, a backhoe, or similar equipment will be utilized for the excavation. Excavated soil will be temporarily placed alongside the new ditch alignment. A backhoe, small Kubota tractor with backhoe attachment, Bobcat, and/or similar equipment will be used to transport shading material, fill/topsoil, and the 20-foot-long by 18-inch diameter pipe to the realigned ditch. Shading material may be transported to, and placed within the ditch as needed to better seat the pipe and protect it from damage. To protect the pipe from sun damage, large ungulate trampling, and other hazards once installed, the pipe will be covered with the soil previously removed from the ditch and offsite acquired topsoil/fill material. Following realignment, the existing ditch bypassed by the realignment will be abandoned and revegetated.

**Cost Estimate:** \$500,000

**Impact of Not Approving this Request:** This project is necessary for the AGFD to meet its management goals for the acquisition of this property. If the funding is not approved, we will continue to incur higher than average maintenance and repair costs on the ditch with poor water efficiency at the Sipe Wildlife Area.

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**Project:** Becker Lake Equipment Storage Facility

**Funding Source:** Wildlife and Sportfish Federal Aid Grant

**Category:** New Construction (Capital Improvement)

**Need:** Currently, wildlife area staff does not have a storage facility large enough for the equipment used at Becker Lake Wildlife Area. The equipment storage facility will store large



farming equipment inside of a structure to reduce maintenance costs, increase longevity, reduce damage, and increase efficiencies on the wildlife areas.

**Solution:** The project will consist of the construction of a 40' x 60' x 12' eave height pre-engineered, uninsulated, metal building on a 5" concrete floor with 12" x 8" turndown and necessary column footings, including skylight roof panels, two 3' x 7' passage doors, two 16'w x 12'h manually operated overhead doors, on 4" ABC elevating the finished floor to allow perimeter surface drainage away from the building. Access to the project site will be on an already disturbed road within the wildlife area. This project will be contracted out and occur in Fiscal Year 2025.

**Cost Estimate:** \$300,000

**Impact of Not Approving this Request:** This project is necessary for the AGFD to meet its management goals for the acquisition of this property. If the funding is not approved, we will continue to incur higher than average maintenance and repair costs on equipment at the Becker Wildlife Area.

<b>Fiscal Year 2024 Additional Capital Projects Expenditure Plan</b>	
<b>Project</b>	<b>Cost Estimate</b>
Canyon Creek Hatchery Underground Sediment Tank Valve Replacements	\$300,000
Cold Springs Ranch Water Quality Improvement Project	\$500,000
House Rock Wildlife Area Water Pipeline Replacement Project	\$1,000,000
Rudd Creek Diversion Ditch	\$500,000
Becker Lake Equipment Storage Facility	\$300,000
<b>TOTAL:</b>	<b>\$2,600,000</b>







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VACANT

**DATE:** May 9, 2024

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

**FROM:** Benjamin Newcomb, Senior Economist

**SUBJECT:** Arizona State Lottery Commission - Review of FY 2024 Building Renewal Allocation Plan

### Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for building renewal monies. The Arizona State Lottery Commission requests the Committee review its FY 2024 Building Renewal Allocation Plan. The FY 2024 Capital Outlay Bill appropriated \$214,200 from the Lottery Fund to the State Lottery Commission to fund 100% of the Lottery building renewal formula in FY 2024 for capital improvement projects. The commission will supplement this amount with an additional \$329,300 from the State Lottery Fund, via its FY 2024 operating budget, for a total of \$543,500.

### Committee Options

The Committee has at least the following 2 options:

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

### Key Points

- 1) The Arizona State Lottery Commission is requesting a review of its 214,200 FY 2024 Building Renewal appropriation expenditure plan.
- 2) The Lottery will use the funds to make structural repairs to the east wall of its primary operational facility, located in Phoenix. The cost estimate for the repairs was provided by state-contracted vendors working with the Arizona Department of Administration (ADOA).

(Continued)

## **Analysis**

The commission operates out of 4 facilities; a 38,500 square foot state-owned building in Phoenix, a 3,398 square foot leased building in Tucson, a 500 square foot location at Phoenix Sky Harbor Airport, and a 440 square foot space in Kingman located in a Walmart store. The Phoenix facility includes administrative offices, ticket sales, and redemption centers. The other 3 locations offer ticket sales and redemption services.

In FY 2023, the commission paid for a professional evaluation of the structural integrity of the east wall of its Phoenix headquarters. The wall had been sinking into the soil, causing visible damage to the interior of the building. Following the initial evaluation, a plan was outlined to repair and stabilize the building. In October 2023, the commission received the \$543,500 estimate to correct the settlement damage. ADOA determined that the issue should be addressed as soon as possible to avoid further damage.

The commission plans to spend the entire \$214,200 building renewal allocation, plus an additional \$329,300 from its FY 2024 operating budget, for a total of \$543,500 to repair the structural damage to the wall.

BN:jbu



**Katie Hobbs**  
Governor

**Alec Esteban Thomson**  
CEO & EDD

April 15, 2024

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

The Honorable John Kavanagh, Vice-Chairman  
Joint Committee on Capital Review  
Arizona State Senate  
1700 West Washington Street  
Phoenix, AZ 85007



Subject: JCCR Agenda Request

Dear Representative Livingston and Senator Kavanagh:

The Arizona Lottery respectfully requests placement on the JCCR meeting agenda for the May 2024 meeting to review the Lottery FY24 Building Renewal Allocation Plan.

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

Information for this item is attached.

Sincerely,

Alec E. Thomson  
Cabinet Executive Officer & Executive Deputy Director

Attachment

cc:	Richard Stavneak, Director, JLBC	<a href="mailto:jlbwebmaster@azleg.gov">jlbwebmaster@azleg.gov</a>
	Sarah Brown, Director, OSPB	<a href="mailto:sbrown@az.gov">sbrown@az.gov</a>
	Ben Newcomb, Analyst, JLBC	<a href="mailto:bnewcomb@azleg.gov">bnewcomb@azleg.gov</a>
	Stephen Sifuentes, Analyst, OSPB	<a href="mailto:ssifuentes@az.gov">ssifuentes@az.gov</a>

**Arizona Lottery – Building Renewal Funds  
FY24 Allocation Plan**

**Background**

The Arizona Lottery operates out of four facilities – a 38,500 sq. ft. building constructed in 1987, owned by the State of Arizona, located in Phoenix, a 3,398 sq. ft. building leased in Tucson, a 500 sq. ft. leased airport location, and a 440 sq. ft. leased Kingman location housed within a local Walmart. The Phoenix facility includes administrative offices as well as a ticket sales and redemption area. The Tucson, airport, and Kingman offices provide ticket sales and redemption services. This plan provides information on proposed maintenance expenses for the Phoenix facility.

**Allocation**

As part of the FY24 approved budget, the Lottery received a capital outlay appropriation of \$214,200 from the Lottery Fund for building renewal purposes.

FY24 Capital Outlay/Building Renewal Allocation:	\$214,200
Incremental Requirement – FY24 Operating Budget:	<u>329,300</u>
	\$543,500

**Proposed FY24 Expenditures –**

Structural Repairs - Building East Wall	\$543,500
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Cost estimates were supplied by state-contracted vendors with ADOA input. The requested project would be funded from the Lottery Fund - no General Funds monies are impacted.

**1. Structural Repairs – Building East Wall - \$543,500**

As part of the FY23 plan, the Lottery allocated funds for a professional structural evaluation of the east wall of the Phoenix headquarters building (Phase 1). The east wall has been sinking and separating from the interior walls and large stair-step cracks where the brick is separating are clearly visible. This settlement issue has also caused upward shifting in the concrete warehouse floor.

The Lottery has undertaken several steps to assess this situation. The Phase 1 structural evaluation was completed as part of the FY23 allocation plan, which included taking soil samples, analyzing the samples, and obtaining a structural evaluation report. Phase 2 involved further engineering services in order to provide a set of drawings/plans to detail repairs needed to stabilize the building. This cost was paid from the Lottery’s FY23 operating budget. In October 2023, the Lottery received a detailed construction proposal for conducting repairs - to correct settlement damage the wall will require significant structural underpinning and concrete leveling for a total cost of \$543,500.

After receiving this estimate, the Lottery asked ADOA General Services to conduct a secondary inspection to get their opinion on the urgency of the situation. ADOA conducted a site visit on 11/7/23 and their opinion is that the Lottery should address this issue as soon as possible to avoid further damage.

**Proposed Solution**

As per the evaluation and work proposal, the wall will need significant structural repairs to address the settlement issue, to include footing underpinning and concrete leveling.

The Lottery plans to utilize the entire building renewal allocation of \$214,200, with the remaining \$329,300 to be paid from FY24 operational savings.

As a side note, the Lottery also had discussions with ADOA Risk Management regarding this issue and whether any costs could be covered through that route. The Lottery filed a claim with Risk Management in May 2023, but the claim was ultimately denied in July 2023. Risk Management held this issue was a result of wear and tear and therefore considered a maintenance issue.

Principal Benefits

The primary benefit is to preserve the integrity of the Lottery building foundation. Without proper repairs, the settlement damage will continue and ultimately become hazardous.





STATE OF ARIZONA

## Joint Committee on Capital Review

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LUPE CONTRERAS  
VACANT

**DATE:** May 9, 2024

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

**FROM:** Destin Moss, Assistant Fiscal Analyst

**SUBJECT:** Arizona Pioneers' Home - Review of FY 2024 Cemetery Parking Lot Project

### Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated for building renewal and capital projects and for any capital project with an estimated cost of more than \$250,000. The FY 2024 Capital Outlay Bill appropriated \$250,000 from the Miners' Hospital for Miners with Disabilities Land Fund for Arizona Pioneers' Home (APH) cemetery parking lot improvements. APH is requesting review of these monies for the construction of a new parking lot.

### Committee Options

The Committee has at least the following 2 options:

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

### Key Points

- 1) The FY 2024 budget appropriated \$250,000 to the Arizona Pioneers' Home for cemetery parking lot improvements. The project is funded by the Home's land trust monies.
- 2) APH is requesting review of these monies for the development of a new 40-car parking lot.

### Analysis

The APH cemetery does not have a dedicated parking lot, so visitors of the historical site currently park on open land within the cemetery. APH reports that this has occasionally caused damage to funeral plots and headstones. APH seeks review of its expenditure plan for construction of a new 40-car parking lot to prevent further damage. The project will be managed by the General Services Division within ADOA and is currently expected to cost \$193,000 to complete.

DM:jbu





## Arizona Pioneers' Home

*Katie Hobbs*  
Governor

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

Jessica Sullivan  
Superintendent/AL Manager

April 24, 2024

The Honorable John Kavanagh, Chairman  
Joint Committee on Capital Review  
Arizona State Senate  
1700 West Washington Street  
Phoenix, Arizona 85007

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



Dear Senator Kavanagh and Representative Livingston:

The Arizona Pioneers' Home (APH) respectfully requests placement on the April 26, 2024 agenda of the Joint Committee on Capital Review (JCCR). Laws 2023, First Regular Session, Chapter 135, (SB 1722) appropriated \$250,000 from the miners' hospital for miners with disabilities land fund to the Arizona Pioneers' Home in FY 2024 for capital improvement projects. A.R.S. § 41-1252 requires the agency to submit the scope, purpose, and estimated costs to the Joint Committee on Capital Review (JCCR). The Arizona Pioneers' Home is requesting favorable review of \$250,000 of the FY 2024 capital appropriation.

### **Pioneers' Home Cemetery Parking Lot**

*Estimated Costs: \$250,000, project total 193,033.83*

The Pioneers' Home cemetery proposed parking lot would allow for 40 vehicle parking with stripping, engineering for new parking area, includes plans, details and specifications to insure proper space utilization, any ADA requirements, including striping details for amount of spaces. Excavate for above and install, concrete, asphalt, signage and striping per engineered plans. Designated parking areas would prevent damage to current plots and headstones. The Arizona Department of Administration will be providing construction management services for the project.

If you have any questions regarding APH's FY 2024 Allocation Plan please contact Jessica Sullivan, Superintendent/A.L Manager, at (928)277-2763.

Sincerely,

Jessica Sullivan  
Superintendent/A.L Manager

cc: Richard Stavneak, Director, JLBC Staff  
Morgan Dorcheus, Assistant Director, JLBC Staff  
Sarah Brown, Director, OSPB  
Melissa Upshaw, Executive Assistant, OSPB  
Rémy Gaudin, Budget Analyst, OSPB  
Nikola Melnsvarka, Budget Analyst, OSPB





STATE OF ARIZONA

## Joint Committee on Capital Review

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LUPE CONTRERAS  
VACANT

DATE: May 9, 2024

TO: Members of the Joint Committee on Capital Review

FROM: Cameron Mortensen, Fiscal Analyst

SUBJECT: Arizona State University - Review of IT Infrastructure Projects

### Request

A.R.S. § 15-1683 requires Committee review of any university projects financed with system revenue bonds. Arizona State University (ASU) requests committee review of \$63.0 million in system revenue bond issuances to implement Information Technology (IT) infrastructure improvements. ASU will fund debt service payments with tuition.

### Committee Options

The Committee has at least the following 2 options:

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

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 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 projects as soon as they are available.

(Continued)

- 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 projects. The report shall include the project expenditures to date, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.

**Key Points**

- 1) ASU plans to complete IT infrastructure improvement projects totaling \$63.0 million, which would be financed with system revenue bonds.
- 2) The projects would consist of 3 main elements: network transformation, research and high-performance computing, and safety and infrastructure.
- 3) Annual debt service payments of up to \$4.6 million will be funded by tuition revenues.

**Analysis**

ASU intends to implement several IT infrastructure improvement projects, revolving around three main categories: Network Transformation, Research and High-Performance Computing, and Safety and Infrastructure. The projects are estimated to cost a total of \$63.0 million.

- *Network Transformation* –ASU plans to implement a cloud-based decentralized network design and upgrade its core technologies. Changes include upgrading the university's power infrastructure, increasing the university's fiber capacity, and upgrades to security and wireless access components.
- *Research and High-Performance Computing* – ASU plans to expand its high-performance computing capacity. This expansion will include upgrades to network and storage systems and improvements to university data centers to conserve energy, increase system availability, and meet life safety requirements. ASU states this improvement is needed to support machine learning and artificial intelligence research.
- *Safety and Infrastructure* – ASU plans to continue replacing outdated multi-mode fiber at the Tempe and West Valley campuses and upgrade the building control firewall and network. The improvements will allow real time monitoring and maintenance of building systems, enhance building security, and increase energy efficiency. New power systems will be installed, and existing power systems will be upgraded to build service resiliency, increase life safety, address capacity deficiencies, and reduce maintenance costs.

Financing

ASU intends to issue \$63.0 million of system revenue bonds in April 2025 and April 2027 with an anticipated rating of Aa2 (Moody's)/AA (S&P) and estimated interest rates at 3.78% over a 20-year term. In addition to project costs, issuance costs are projected to be \$515,000. ASU will begin construction prior to bond issuance and will use their operating balances to cover costs until the bond proceeds are received.

The annual debt service will be approximately \$1.5 million in FY 2026 and FY 2027, \$4.6 million from FY 2028 to FY 2045, and \$3.1 million in FY 2046 and FY 2047. ASU will fund the debt service with tuition. (See Table 1 for a summary of the bond financing terms.)

The debt service on these projects will increase ASU's current debt ratio by 0.09%, from 4.50% to 4.59%. Including other ASU projects on the agenda, the debt ratio would increase to 4.63%.

(Continued)

Construction

Based on the needs of the individual projects, ASU will use a combination of the Design-Build, Construction Manager at Risk, and Job Order Contracting project delivery methods. Installation of the new IT improvement projects are estimated to begin in April 2024 and are scheduled for completion in December 2027.

Operations and Maintenance Costs

ASU does not expect any additional annual operations and maintenance costs from the completion of the IT infrastructure improvement projects.

<b>Table 1</b>	
<b>ASU IT Infrastructure Projects Financing Terms</b>	
Construction Timeframe	April 2024 – December 2027
Issuance Amount	\$63.0 million
Issuance Date	April 2025 / April 2027
Issuance Transaction Fees	\$515,000
Rating	Aa2 (Moody's)/AA (S&P)
Interest Rate	3.78%
Term	20 years
Total Debt Costs	\$92.2 million
Debt Service Payments	\$1.5 million (FY 2026 – FY 2027) \$4.6 million (FY 2028 – FY 2045) \$3.1 million (FY 2046 – FY 2047)
Payment Source	Tuition
Debt Ratio Increase	0.09%

CM:jbu



April 19, 2024

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

Dear Senator Kavanagh:

In accordance with ARS 15-1683, 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:

- IT Infrastructure Improvements
- Tempe Campus West Quadrant Utility Expansion

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

Sincerely,

A handwritten signature in black ink, appearing to read "Morgan R. Olsen".

Morgan R. Olsen  
Executive Vice President, Treasurer and CFO

Enclosures

c: Richard Stavneak, Director, JLBC  
Chad Sampson, Interim Executive Director, Arizona Board of Regents, ABOR  
Bradley Kendrex, Vice President, Finance and Administration, ABOR  
Adam C. Deguire, Vice President, Government and Community Engagement, ASU  
Kendra Burton, Executive Director, State Relations, ASU  
Matt Simon, Associate Vice President, State & Federal Relations, ASU  
Tim Smith, Interim Vice President, Facilities Development and Management, ASU  
Cameron Mortensen, Fiscal Analyst, JLBC

## 1. IT Infrastructure Improvements

### Project Description

Improvements to the existing information technology (IT) infrastructure are planned to enable the university to meet the growing demand for increased capacity, speed, reliability and resilience. Additionally, the improvements will provide consistency and the ability to manage distributed resources simultaneously; support current and future innovation and entrepreneurship; and maintain a secure, sustainable network environment. These improvements will enhance the student experience and that of the greater ASU community, strengthening the interactive network of teaching, learning and discovery resources to reflect the scope of this comprehensive knowledge enterprise.

This project bundle will continue to provide improvements to all campuses and locations with a focus on three fundamental digital infrastructure elements: Network Transformation; Research and High-Performance Computing; Safety and Infrastructure.

**Network Transformation:** To support the university's ambitious academic and research initiatives, an upgrade of its core technologies and the implementation of a cloud-based decentralized network design are required. The planned uplift in network infrastructure and capacity will provide increased high-speed connectivity and a more efficient network capacity to and within student-centric and research- focused university facilities. The power infrastructure will be upgraded and the fiber capacity increased to support the planned new hardware. A security component will be included to enhance the university's capability to inspect, detect and remediate security concerns within its network infrastructure.

High performance wireless and access technologies also will be deployed to address critical gaps in wireless access in ASU campus environments where they will make the greatest impact in terms of coverage, performance and outcomes.

Dark fiber will be added to provide high-speed capacity to multiple research centers and campus facilities. This fiber will satisfy the university's near and long term capacity requirements and replace and upgrade the more costly managed services currently serving several locations.

**Research and High-Performance Computing:** Continue the deployment of next generation high performance computing system to address a critical need at ASU-- the growing demand for computational accelerators used in machine learning and artificial intelligence research. This system will increase the university's high performance computing capacity to enable access at a scale not currently possible. Additionally, the system will provide the university with an up-to-date network and storage system that will enable cost-efficient system expansions.



To provide the appropriate power, cooling, physical space and security at the scale required to support research computing, an upgrade of the university’s data centers is required. Critical improvements are planned to enable the university to increase the capacity of its ISTB1 data center, while conserving energy, increasing system availability and meeting life safety requirements.

**Safety and Infrastructure:** Outdated multi-mode fiber will continue to be replaced at the Tempe and West Valley campuses and the existing building control firewall and network will be upgraded to improve system performance and allow for scalability. These improvements will enhance building security and the health and safety of the university community, as well as enable real-time monitoring and maintenance of university building systems to increase energy efficiency and advance the university’s sustainability goals.

Redundant power systems will be installed in ASU facilities to enable ubiquitous service resiliency and increased life safety. The existing uninterrupted power systems will be upgraded to address capacity deficiencies and to reduce maintenance costs.

The project is scheduled to begin construction in April 2024. The project is scheduled for completion in December 2027.

The \$63.0 million project bundle will be funded with system revenue bonds and amortized over an approximate twenty-year term from its date of issuance. The annual debt service will be funded by tuition and is included in current budget planning. There are no expected annual operations and maintenance costs associated with this project bundle. The projected incremental debt ratio impact for this project bundle is 0.09 percent.

An Arizona Board of Regents executive summary for this project is attached, which outlines the project description and other relevant information. The University Governance and Operations Committee recommended approval of this project as part of the Amended Annual Capital Plan (ACP) at its April 4, 2024, meeting. The Amended ACP and Individual Project and Financing Approval for this project are scheduled to receive final approval at the April 18, 2024, Arizona Board of Regents meeting.

**Project Costs**

Total Project Cost	\$ 63,000,000
Total Project Construction Cost	\$ N/A
Total Project Cost per GSF	\$ N/A
Construction Cost per GSF	\$ N/A





**Project Summary – Revenue Bonds**

<u>Projects:</u>	<u>Funding Sources:</u>	<u>Amount:</u>
IT Infrastructure Improvements	Tuition	\$63,000,000
Tempe Campus West Quadrant Utility Expansion	Tuition	22,000,000
		<hr/>
		<u>\$85,000,000</u>

**Financing Information**

System Revenue Bonds:

Project Costs Financed	\$85,000,000
Estimated Costs of Issuance	\$697,000
Anticipated Bond Rating	Aa2 (Moody's) and AA (S&P)
Assumed Interest Rate	3.78% to 5.42%
Term	20 and 30 years

Estimated Debt Service Information:

FY 2026 and FY 2027	\$2,854,881
FY 2028 to FY 2047	\$5,852,691
FY 2048 to FY 2055	\$1,389,156
Total Estimated Debt Service	\$133,876,822

**Debt Ratio**

Debt Ratio on Existing Debt	4.50%
Incremental Debt Ratio	.12%
Project Debt Ratio	4.62%



Arizona State University  
 IT Infrastructure Bundle  
 System Revenue Bonds

Fiscal Year	Estimated Issuance April 2025		
	Principal	Interest	Total
2026	\$520,000	\$944,478	\$1,464,478
2027	730,000	736,098	1,466,098
2028	755,000	708,745	1,463,745
2029	785,000	680,455	1,465,455
2030	810,000	651,041	1,461,041
2031	845,000	620,691	1,465,691
2032	875,000	589,028	1,464,028
2033	905,000	556,242	1,461,242
2034	940,000	522,332	1,462,332
2035	975,000	487,110	1,462,110
2036	1,015,000	450,577	1,465,577
2037	1,050,000	412,545	1,462,545
2038	1,090,000	373,201	1,463,201
2039	1,130,000	332,359	1,462,359
2040	1,175,000	290,018	1,465,018
2041	1,220,000	245,991	1,465,991
2042	1,265,000	200,277	1,465,277
2043	1,310,000	152,878	1,462,878
2044	1,360,000	103,792	1,463,792
2045	1,410,000	52,832	1,462,832
<b>Total</b>	<b>\$20,165,000</b>	<b>\$9,110,690</b>	<b>\$29,275,690</b>



Arizona State University  
 IT Infrastructure Bundle  
 System Revenue Bonds

Fiscal Year	Estimated Issuance April 2027		
	Principal	Interest	Total
2028	1,115,000	2,030,406	3,145,406
2029	1,565,000	1,582,545	3,147,545
2030	1,625,000	1,523,905	3,148,905
2031	1,685,000	1,463,016	3,148,016
2032	1,745,000	1,399,879	3,144,879
2033	1,810,000	1,334,494	3,144,494
2034	1,880,000	1,266,673	3,146,673
2035	1,950,000	1,196,230	3,146,230
2036	2,025,000	1,123,163	3,148,163
2037	2,100,000	1,047,287	3,147,287
2038	2,180,000	968,600	3,148,600
2039	2,260,000	886,915	3,146,915
2040	2,345,000	802,233	3,147,233
2041	2,430,000	714,366	3,144,366
2042	2,525,000	623,313	3,148,313
2043	2,620,000	528,702	3,148,702
2044	2,715,000	430,530	3,145,530
2045	2,815,000	328,799	3,143,799
2046	2,925,000	223,321	3,148,321
2047	3,035,000	113,721	3,148,721
<b>Total</b>	<b>\$43,350,000</b>	<b>\$19,588,098</b>	<b>\$62,938,098</b>

## EXECUTIVE SUMMARY

**Item Name:** Individual Project and Financing for the IT Infrastructure Improvements for Arizona State University



Action Item

**Requested Action:** Arizona State University (ASU) asks the board to approve for individual project and financing approval of its IT Infrastructure Improvements project, as described in this executive summary. The \$63.0 million capital project will be debt-financed with system revenue bonds. The annual debt service will be paid over an approximate 20-year term from its date of issuance and funded by tuition.

### Background/ History of Previous Board Action

- Capital Improvement Plan FY 2025-2028 September 2023

### Project Justification/Description/Scope

- Improvements to the existing information technology (IT) infrastructure are planned to enable the university to meet the growing demand for increased capacity, speed, reliability, and resilience. Additionally, the improvements will provide the ability to manage distributed resources simultaneously, support current and future innovation and entrepreneurship; and maintain a secure, sustainable network environment. These improvements will enhance the student experience and that of the greater ASU community, strengthening the interactive network of teaching, learning and discovery resources.
- This project bundle will continue to provide improvements to all campuses and locations with a focus on three fundamental digital infrastructure elements: Network Transformation; Research and High-Performance Computing; and Safety and Infrastructure.
  - **Network Transformation:** To support the university's ambitious academic and research initiatives, an upgrade of its core technologies and the implementation of a cloud-based decentralized network design are required. The planned uplift in network infrastructure and capacity will provide increased high-speed connectivity and a more efficient network capacity to and within student-centric and research-focused university facilities. The power infrastructure will be upgraded and the fiber capacity increased to support the planned new hardware. A security component will be included to enhance the university's capability to inspect, detect and remediate security concerns within its network infrastructure.

**Contact Information:**  
Morgan R. Olsen, ASU

[Morgan.R.Olsen@asu.edu](mailto:Morgan.R.Olsen@asu.edu)

480-727-9920

## EXECUTIVE SUMMARY

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High performance wireless and access technologies also will be deployed to address critical gaps in wireless access in ASU campus environments where they will make the greatest impact in terms of coverage, performance and outcomes.

Dark fiber will be added to provide high-speed capacity to multiple research centers and campus facilities. This fiber will satisfy the university's near and long-term capacity requirements and replace and upgrade the more costly managed services currently serving several locations.

- **Research and High-Performance Computing:** Continue the deployment of a next generation, high-performance computing system to address a critical need at ASU-- the growing demand for computational accelerators used in machine learning and artificial intelligence research. This system will increase the university's high-performance computing capacity to enable access at a scale not currently possible. Additionally, the system will provide the university with an up-to-date network and storage system that will enable cost-efficient system expansions.

To provide the appropriate power, cooling, physical space and security at the scale required to support research computing, an upgrade of the university's data centers is required. Critical improvements are planned to enable the university to increase the capacity of its ISTB1 data center, while conserving energy, increasing system availability and meeting life safety requirements.

- **Safety and Infrastructure:** Outdated multi-mode fiber will continue to be replaced at the Tempe and West Valley campuses and the existing building control firewall and network will be upgraded to improve system performance and allow for scalability. These improvements will enhance building security and the health and safety of the university community, as well as enable real-time monitoring and maintenance of university building systems to increase energy efficiency and advance the university's sustainability goals.

Redundant power systems will be installed in ASU facilities to enable ubiquitous service resiliency and increased life safety. The existing uninterruptible power systems will be upgraded to address capacity deficiencies and to reduce maintenance costs.

### Project Delivery Method and Process

- The CMAR, DB and JOC methods will be used to deliver these projects, based upon the needs of the individual components.

## **EXECUTIVE SUMMARY**

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### **Project Status and Schedule**

- The planned improvements will be scheduled to start after all project approvals are in place. Project completion is targeted for December 2027.

### **Project Cost**

- The total budget for this project bundle is \$63.0 million.
- The project costs are based upon current market pricing. A competitive procurement process, including at least three contracted vendors, will be used to complete these IT infrastructure improvements.

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

- The \$63.0 million project bundle will be funded with system revenue bonds and amortized over an approximate 20-year term from its date of issuance. The annual debt service will be funded by tuition and is included in current budget planning.
- ASU will:
  - (a) issue one or more series of system revenue bonds to finance the project, costs of issuance of the bonds and payments to a bond insurer or other credit enhancer, provided such payments result in a benefit that exceeds the amount of such payments
  - (b) issue bonds at a price at, above or below par, on a tax-exempt or taxable basis, in one or more series, at a fixed or variable rate of interest
  - (c) enter into necessary agreements, including those related to bond insurance or other credit enhancement agreements, if any
  - (d) utilize a financial advisor, bond counsel, and bond trustee for the financing. The system revenue bonds will be marketed and sold on a negotiated basis, either to one or more investment banking firms currently in a pool of bond underwriters procured by the three state universities or by the State of Arizona or by a direct sale to a bank or banks or other financial institutions.
- There are no expected increases in operations and maintenance (O&M) costs associated with this project bundle.
- **Debt Ratio Impact:** The projected incremental debt ratio impact for this project bundle is 0.09 percent.

## **EXECUTIVE SUMMARY**

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### **Occupancy Plan**

- The installation of the planned improvements will not impact occupancy or programs but will support the advancement of the university's academic and research initiatives.

### **Committee Review and Recommendation**

The University Governance and Operations Committee reviewed this item at its April 4, 2024 meeting and recommended forwarding the item to the board for approval.

### **Statutory/Policy Requirements**

- Pursuant to ABOR Policy 7-102.A, all Major Capital Projects require committee review and board approval.
- Pursuant to ABOR Policy 7-102.B.4, Major Capital Projects that are included in an approved ACP must be submitted for individual project and financing review by the University Governance and Operations Committee and approval by the board, based upon the budget, schedule, scope and other considerations as warranted.
- Pursuant to ABOR Policy 7-102.B.4.a.1, individual project and financing approval authorizes a university to proceed with financing and execution of construction contracts for an approved project.

**EXECUTIVE SUMMARY**

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**Capital Project Information Summary**

**University:** Arizona State University    **Project Name:** IT Infrastructure Improvements

**Project Description and Location:** This project bundle will provide improvements to all campuses and locations, with a focus on three fundamental digital infrastructure elements: Network Transformation; Research and High-Performance Computing; and Safety and Infrastructure.

**Project Schedule:**

Planning	January	2023
Design Start	May	2023
Installation Start	April	2024
Installation Completion	December	2027

**Project Budget:**

Total Project Cost	\$	63,000,000
Total Project Construction Cost	\$	N/A
Total Project Cost per GSF	\$	N/A
Construction Cost per GSF	\$	N/A

**Estimated Annual O&M Cost:**

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

**Funding Sources:**

Capital	\$	63,000,000
Debt Service Funding Source:		Tuition

Operation/Maintenance	\$	0
Funding Source:		Not Applicable







STATE OF ARIZONA

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JOSEPH CHAPLIK  
LUPE CONTRERAS  
VACANT

DATE: May 9, 2024

TO: Members of the Joint Committee on Capital Review

FROM: Cameron Mortensen, Fiscal Analyst

SUBJECT: Arizona State University - Review of Tempe Campus Utility Expansion

### Request

A.R.S. § 15-1683 requires Committee review of any university projects financed with system revenue bonds. Arizona State University (ASU) requests committee review of \$22.0 million in system revenue bond issuances for a utility expansion project on the Tempe Campus, which includes construction of a power distribution center and running new conduit. ASU will fund debt service payments with tuition.

### Committee Options

The Committee has at least the following 2 options:

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

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 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.

(Continued)

- 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 capital project. The report shall include the project expenditures to date, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.

**Key Points**

- 1) ASU plans to complete a utility expansion in the west quadrant of its Tempe campus totaling \$22.0 million, which would be financed with system revenue bonds.
- 2) The projects would create a new power distribution center with accompanying trench and conduit, conduit duct banks, and underground feeder cable.
- 3) Annual debt service payments of approximately \$1.4 million will be funded by tuition revenues.

**Analysis**

ASU intends to implement a utility expansion in the west quadrant of its Tempe campus. The project will include the construction of an approximately 4,000 square foot power distribution center, which will replace an existing parking lot near South Myrtle Avenue and East 10<sup>th</sup> Street. In addition, the expansion will include 6,000 feet of trench and conduit, four conduit duct banks, and 9,300 feet of underground feeder cable that will run from the Arizona Public Service Butte Substation to the new power distribution center.

ASU states that the expansion will support operations of various existing facilities, including the new Tempe District Utility Plant, which was reviewed by the Committee in its October 2023 meeting. ASU also reports the additional electrical capacity will support the development of future academic, laboratory, and student housing facilities on the Tempe campus.

Financing

ASU intends to issue \$22.0 million of system revenue bonds in April 2025 with an anticipated rating of Aa2 (Moody's)/AA (S&P). Estimated interest rates for the project vary, with rates of 3.78% for tax-exempt bonds and 5.42% for taxable bonds. The combined rate totals 4.60% over a 30-year term. In addition to project costs, issuance costs are projected to be \$182,000. ASU will begin construction prior to bond issuance and will use their operating balances to cover costs until the bond proceeds are received.

The annual debt service will be approximately \$1.4 million. ASU will fund the debt service with tuition. *(See Table 2 for a summary of the bond financing terms.)*

The debt service on this project will increase ASU's current debt ratio by 0.04%, from 4.50% to 4.54%. Including other ASU projects on the agenda, the debt ratio would increase to 4.63%.

Construction Costs

Of the total \$22.0 million project cost for the utility expansion, \$12.1 million is for construction of the power distribution center and \$9.9 million is for trenching and conduit costs. This will include \$16.3 million in direct construction costs. Total project costs per square foot are \$5,500, while direct construction costs per square foot are \$4,081 per square foot *(see Table 1)*.

ASU reports that its most recent comparable project was completed in 2021, which replaced a central plant generator and updated the switchgear. ASU reports that this project cost approximately \$6.4 million, or \$3,185 per square foot.

In its October 2023 meeting, the Committee gave a favorable review for ASU to issue \$52.2 million in system revenue bonds to construct a Tempe District Utility Plant. This project, which is currently under construction, provides additional electrical chiller and heated water capacity. Total costs per square foot were estimated at \$2,608 for this project, while direct construction costs were estimated at \$2,193 per square foot.

The higher cost per square foot for the proposed power distribution center is likely a result of the additional trenching and scope of the conduit work included in the total \$22.0 million cost.

ASU will use the Construction Manager at Risk project delivery method. Construction is planned to begin in June 2024 and is scheduled for completion in October 2025.

Operations and Maintenance Costs

ASU expects the utility expansion to increase operations and maintenance costs by \$124,900 annually, which will be funded by tuition.

<b>Table 1</b>		
<b>Tempe Campus Utility Expansion Construction Costs</b>		
Total Square Footage	4,000	
<u>Construction Costs</u>		
Direct Construction Costs	\$16,322,900	(\$4,081 per sq. ft.)
Other Costs <sup>1/</sup>	<u>\$5,677,100</u>	<u>(\$1,419 per sq. ft.)</u>
<b>Total</b>	<b>\$22,000,000</b>	<b>(\$5,500 per sq. ft.)</b>
Operations & Maintenance	\$124,900	
<sup>1/</sup> Includes equipment, project design and management fees, and other costs.		

<b>Table 2</b>	
<b>ASU Tempe Campus Utility Expansion Financing Terms</b>	
Construction Timeframe	June 2024 – October 2025
Issuance Amount	\$22.0 million
Issuance Date	April 2025
Issuance Transaction Fees	\$182,000
Rating	Aa2 (Moody's)/AA (S&P)
Interest Rate	4.60%
Term	30 years
Total Debt Costs	\$41.7 million
Debt Service Payments	\$1.4 million
Payment Source	Tuition
Debt Ratio Increase	0.04%



April 19, 2024

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

Dear Senator Kavanagh:

In accordance with ARS 15-1683, 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:

- IT Infrastructure Improvements
- Tempe Campus West Quadrant Utility Expansion

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

Sincerely,

Morgan R. Olsen  
Executive Vice President, Treasurer and CFO

Enclosures

- c: Richard Stavneak, Director, JLBC  
Chad Sampson, Interim Executive Director, Arizona Board of Regents, ABOR  
Bradley Kendrex, Vice President, Finance and Administration, ABOR  
Adam C. Deguire, Vice President, Government and Community Engagement, ASU  
Kendra Burton, Executive Director, State Relations, ASU  
Matt Simon, Associate Vice President, State & Federal Relations, ASU  
Tim Smith, Interim Vice President, Facilities Development and Management, ASU  
Cameron Mortensen, Fiscal Analyst, JLBC

## 2. Tempe Campus West Quadrant Utility Expansion

### Project Description

This project creates a new 4,000 gross-square-foot power distribution center (PDC) to provide needed electrical capacity to the west quadrant of the Tempe campus and accommodate planned growth and development in the area. The facility will be located at Lot 8 near South Myrtle Avenue and East 10th Street, as depicted on the map attached as Exhibit A on page 6, which is currently a small parking lot north of Lattie F. Coor Hall.

The project will include 6,000 linear feet of trench and conduit, four five-inch conduit duct banks, and 9,300 linear feet of feeder cable underground from the APS Butte Substation, located north of University Drive and Dorsey Lane, to the new PDC at Lot 8, which will feed power to the Tempe District Utility Plant to power the chillers and future developments included as part of the current 10-year masterplan.

Lot 8 improvements will include a fenced utility yard to house the APS metering cabinets and the 15 kilovolt (kV) line up. The new 15kV PDC/Switchgear at Lot 8 will utilize both existing TP12 feeder and TP20 feeder capacity in parallel. The new APS Butte 17 feeder will be connected to the 15kV PDC/Switchgear and will also provide N+1 redundancy.

The additional electrical capacity will support numerous existing facilities and programs, including Herberger Institute of Design and the Arts facilities such as Grady Gammage Memorial Auditorium, the Music Building, Nelson Fine Arts Center as well as Stauffer Community Arts and the Design School. It will also support the new Mill Avenue Student Housing project and Tempe Campus Academic and Office Space currently under construction along with future projects aligned with ASU's 10-year masterplan.

The project will enhance the capabilities of the campus utility infrastructure and systems as well as enable the university to look ahead at additional developments to enhance the Tempe campus with new academic, laboratory and student housing projects.

The project will be constructed through the CMAR delivery method. ASU selected GLHN Architects and Engineers as the architect via a bid waiver as it has developed academic plans for the project and was selected via the design professionals ARFQ selection. ASU has selected Haydon Companies as the general contractor for this project via a CMAR ARFQ process. The selection process included three responses and three teams were interviewed.

The project is scheduled to begin construction in June 2024. The project is scheduled for completion in October 2025.

The \$22.0 million project will be debt-financed with system revenue bonds and amortized over an approximate thirty-year term from its date of issuance. The annual debt service



will be funded by tuition and is included in current budget planning. Operations and maintenance costs are estimated at \$124,921 annually and will be funded by tuition. The projected incremental debt ratio impact for this project is 0.04 percent.

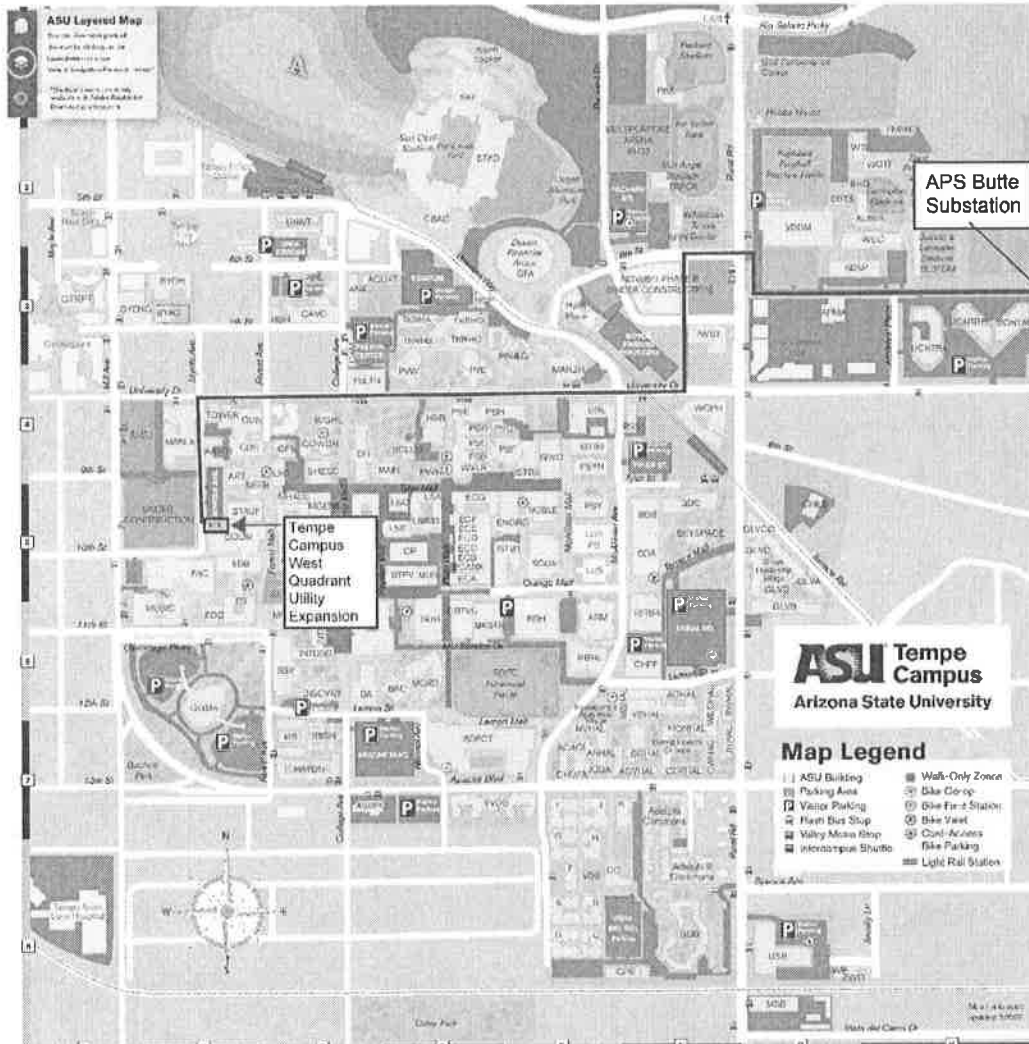
ASU received a waiver from ABOR for the policy requiring CIP approval on September 28, 2023. The project was not originally included on the previous CIP, which was approved by ABOR on September 28, 2022.

An Arizona Board of Regents executive summary for this project is attached, which outlines the project description and other relevant information. The University Governance and Operations Committee recommended approval of this project's Individual Project and Financing Approval at its April 4, 2024, meeting. The project's Individual Project and Financing Approval is scheduled to receive final approval at the April 18, 2024, Arizona Board of Regents meeting.

#### **Project Costs**

Total Project Cost	\$ 22,000,000
Total Project Construction Cost	\$ 16,322,900
Total Project Cost per GSF	\$ 5,500
Construction Cost per GSF	\$ 4,081

## Exhibit A Tempe Campus West Quadrant Utility Expansion Site Location Map



Acosta Hall	ACACI 1E	College Ave. Market	CAM 3C	Health Service	HSB 4D	Northern Chiller Plant	NCP 3E	Sun Devil Stadium	SDM 5D
Account Commons	ACNAL 7F	College Ave. Commons	CAVC 3C	Honors Hall	HONHAL 7F	Off-Camp. Sidnt. Svc.	OCSS 5D	Sun Angel Stadium	TRACK 2F
Agave Hall	AGNAL 7F	Cont'd Heat & Pwr. Pac.	CHPP 6F	Interdiscipln. A/B	INTDAB 8C	Old Hall	OLD 1D	The Annex	ANN 5C
Aquatic Complex	AQNAL 7F	Continuity Serv. Bldg.	CSB 1F	Intrdiscip. Sc. & Tech. 1	ISTB1 6D	Onchouse (Bldg.)	BYOM 3B	Taylor House A-D	TORHA 0 JD
Armstrong Hall	ARM 8E	Coor Hall	COOR 8B	Intrdiscip. Sc. & Tech. 2	ISTB2 4E	Palo Verde East	PVE 9D	Town Center	TOWER 4B
Arroyo Hall	ARHAL 7E	Cottonwood Hall	CWHAL 7F	Intrdiscip. Sc. & Tech. 3	ISTB3 6F	Palo Verde West	PVW 6D	University Ctr. A-C	UNIVCTR A C
Art Building	ART 4B	Cowden Fam. Rmcs.	COVDN 4C	Intrdiscip. Sc. & Tech. 4	ISTB4 7C	Payne Hall	PAY 6B	University Services Bldg.	USB 6G
Art Warehouse	ARWH 4B	Creativity Commons	CRVYC 6D	Intrdiscip. Sc. & Tech. 5	ISTB5 4E	Perform. & Media Arts	APMA 3G	Urban Systems Engrn.	USSE 4E
ASU at Mirabeola	MIROLA 4D	Danforth Chapel	CHAPL 8C	Jobba Hall	JOBA 7E	Physical Sci. Wings	PSB-H 4D	University Towers	UNIVT 7G
Basil Hall	BS 1C	Design Annex	DSEANX 8C	Justice Hall	JUSHAL 7F	Piper-Winters House	PW 4D	Verbeke Hall	VSHAL 6F
Business Admin.	BA 6D	Design North	CDN 4B	Life Sciences Center	LS 0D	Pulice	ASUPD 7C	Vende Drusey Home	VDMA 6F
Business Admin. C Wing	BAC 6D	Design South	CDN 4B	Life Sciences Tower	LSC 6D	Psychology Building	PSY 5E	Villa del Sol Camp.	VDS 8E
Biolog. Res. Bldg. A	BDA 7F	Durham Hall	DRH 4C	Lycoun Theatre	LYT 4C	Psychology North	PSYN 5E	Willas of Mate del Sol	WMSS 3H
Biolog. Res. Bldg. B	BDB 7F	Education Lecture Hall	ED 8B	Manzanita Hall	MANZH 4E	Rose-Blaikley Hall	RBHL 8E	Walton Ctr. for Pkiny Hlth.	WCPH 4F
Biolog. Res. Bldg. C	BDC 7F	Engineering Center	ENGR 3D	Mathews Center	MATHC 8C	Sage Hall	SGH 6B	West Hall	WHALL 6B
Bonkshone	BONSH 4D	Farmer Education Bldg.	FEB 6D	Material Sci. Bldg.	MSB 6B	Sax Palo Hall	SPH 6D	West Hall	WHALL 6B
Brickyard Amph. Crtyd.	BRKYRD 5A	Fullon Center	FULTN 4C	Mathews Hall	MATHH 8C	Sch. Nu. Ev. Soc. Chg.	SNESC 4C	Wick Hall	WICKH 6F
Brickyard Engrn.	BRKYRD 5A	Garraze Auditorium	GAUA 6B	McClintock Hall	MCHL 7E	Sch. Nu. Ev. Soc. Chg.	SNESC 4C	Wilson Hall	WILSON 6G
Brickyard Hall	BRKYRD 5A	Goldman Center	GMAN 6B	McCord Hall	MCOR 6D	Social Sciences	SS 5C	Women's Gymst. Ting.	WGT 2H
Business Child's Ctr.	CHLD 8G	Green Library, Vlg. A-D	GLVA-D 5G	Memorial Union	MU 6D	Sonora Center	SONC 6F	Wrestling Training Fac.	WTF 2H
Business Child's Ctr.	CHLD 8G	Green Library, Vlg. A-D	GLVA-D 5G	Monroe Hall	MONH 6D	Staffer Center	STAF 6B	Wright Hall	WRIGHT 4C
Business Child's Ctr.	CHLD 8G	Green Library, Vlg. A-D	GLVA-D 5G	Monroe Building	MONB 6D	Sun Devil Pk. Cenitg.	SDPC 1E	Zero Waste Office	ZWO 9A
Business Child's Ctr.	CHLD 8G	Green Library, Vlg. A-D	GLVA-D 5G	Mohave Hall	MOHA 6D	Student Athlete Facility	SAF 1D	777 Tower at Hours	777 1A
Business Child's Ctr.	CHLD 8G	Green Library, Vlg. A-D	GLVA-D 5G	Music Lecture Hall	MUSL 6D	Student Services Bldg.	SSB 6D		
Business Child's Ctr.	CHLD 8G	Green Library, Vlg. A-D	GLVA-D 5G	Music Building	MUSB 6D	Sun Angel Clubhouse	SAC 1H		
Business Child's Ctr.	CHLD 8G	Green Library, Vlg. A-D	GLVA-D 5G	Neeb Hall	NEEB 5B	Sun Devil Hall	SDH 6D		
Business Child's Ctr.	CHLD 8G	Green Library, Vlg. A-D	GLVA-D 5G	Nelson Fine Arts Center	NFAC 5B	Sun Devil Sports Perf.	SDSP 3H		
Business Child's Ctr.	CHLD 8G	Green Library, Vlg. A-D	GLVA-D 5G	Nolan Rch. Library	NRL 5E				



**Project Summary – Revenue Bonds**

<u>Projects:</u>	<u>Funding Sources:</u>	<u>Amount:</u>
IT Infrastructure Improvements	Tuition	\$63,000,000
Tempe Campus West Quadrant Utility Expansion	Tuition	22,000,000
		\$85,000,000

**Financing Information**

System Revenue Bonds:

Project Costs Financed	\$85,000,000
Estimated Costs of Issuance	\$697,000
Anticipated Bond Rating	Aa2 (Moody's) and AA (S&P)
Assumed Interest Rate	3.78% to 5.42%
Term	20 and 30 years

Estimated Debt Service Information:

FY 2026 and FY 2027	\$2,854,881
FY 2028 to FY 2047	\$5,852,691
FY 2048 to FY 2055	\$1,389,156
Total Estimated Debt Service	\$133,876,822

**Debt Ratio**

Debt Ratio on Existing Debt	4.50%
Incremental Debt Ratio	.12%
Project Debt Ratio	4.62%



Arizona State University  
 Tempe Campus West Quadrant Utility Expansion  
 System Revenue Bonds

Fiscal Year	Estimated Issuance April 2025		
	Principal	Interest	Total
2026	\$126,000	\$1,265,877	\$1,391,877
2027	380,000	1,007,309	1,387,309
2028	398,000	990,135	1,388,135
2029	418,000	972,147	1,390,147
2030	436,000	953,238	1,389,238
2031	456,000	933,516	1,389,516
2032	476,000	912,874	1,388,874
2033	496,000	891,310	1,387,310
2034	522,000	868,828	1,390,828
2035	544,000	845,177	1,389,177
2036	567,000	820,465	1,387,465
2037	595,000	794,727	1,389,727
2038	620,000	767,715	1,387,715
2039	648,000	739,534	1,387,534
2040	678,000	710,080	1,388,080
2041	708,000	679,212	1,387,212
2042	741,000	646,962	1,387,962
2043	774,000	613,192	1,387,192
2044	811,000	577,901	1,388,901
2045	847,000	540,841	1,387,841
2046	887,000	502,154	1,389,154
2047	927,000	461,591	1,388,591
2048	970,000	419,154	1,389,154
2049	1,015,000	374,736	1,389,736
2050	1,061,000	328,194	1,389,194
2051	1,109,000	279,532	1,388,532
2052	1,162,000	228,641	1,390,641
2053	1,212,000	175,274	1,387,274
2054	1,270,000	119,572	1,389,572
2055	1,328,000	61,146	1,389,146
<b>Total</b>	<b>\$22,182,000</b>	<b>\$19,481,034</b>	<b>\$41,663,034</b>

**EXECUTIVE SUMMARY**

**Item Name:** Individual Project and Financing for the Tempe Campus West Quadrant Utility Expansion for Arizona State University

Action Item

**Requested Action:** Arizona State University (ASU) asks the board for individual project and financing approval of its Tempe Campus West Quadrant Utility Expansion project, as described in this executive summary. The approximately 4,000 square foot, \$22.0 million capital project will be debt-financed with system revenue bonds. The annual debt service will be paid over an approximate thirty-year term from its date of issuance and funded by tuition.

**Background/History of Previous Board Action**

- Annual Capital Plan September 2023
- Capital Improvement Plan Project Waiver Request September 2023

**Project Justification/Description/Scope**

- This project creates a new approximately 4,000 gross-square-foot power distribution center (PDC) to provide needed electrical capacity for the west quadrant of the Tempe campus and to accommodate planned growth and development in the area. The facility will be located at Lot 8 near South Myrtle Avenue and East 10th Street, as depicted on the map attached as Exhibit A, which is currently a small parking lot north of Lattie F. Coor Hall.
- The project will include 6,000 linear feet of trench and conduit, four five-inch conduit duct banks, and 9,300 linear feet of feeder cable underground from the APS Butte Substation, located north of University Drive and Dorsey Lane, to the new PDC at Lot 8 for electrical utility service. It will support operations of the new Tempe District Utility Plant currently under construction, which will draw power from the PDC.
- Lot 8 improvements will include a screened utility yard to house the APS metering cabinets and the 15 kilovolt (kV) line up. The new 15kV PDC/Switchgear at Lot 8 will utilize both existing TP12 feeder and TP20 feeder capacity in parallel. The new APS Butte 17 feeder will be connected to the 15kV PDC/Switchgear and also will provide N+1 redundancy.

**Contact Information:**  
Morgan R. Olsen, ASU

[Morgan.R.Olsen@asu.edu](mailto:Morgan.R.Olsen@asu.edu)

480-727-9920

## **EXECUTIVE SUMMARY**

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- The additional electrical capacity will support numerous existing facilities and programs, including Herberger Institute of Design and the Arts facilities such as Grady Gammage Memorial Auditorium, the Music Building, Nelson Fine Arts Center, Stauffer Community Arts and the Design School. It also will support the new Mill Avenue Student Housing project and Tempe Campus Academic and Office Space (University Gateway Building) currently under construction, along with future projects aligned with ASU's campus master plan.
- The project will enhance the capabilities of the campus utility infrastructure and systems as well as enable the university to accommodate additional developments to enhance the Tempe campus with new academic, laboratory and student housing projects.
- ASU received a waiver from ABOR for the policy requiring CIP approval on September 28, 2023. The project was not originally included on the previous CIP, which was approved by ABOR on September 28, 2022.

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

- The project will be constructed through the CMAR delivery method. This approach is construction manager-led and the CM will coordinate the design throughout the project development and budgeting phases.
- ASU has selected Haydon Companies as the general contractor for this project via a CMAR RFQ process. The selection process included three responses and three teams were interviewed.
- ASU has selected Spectrum Engineering via a formal DP(CMAR) RFQ selection process.

### **Project Status and Schedule**

- The project is scheduled to begin construction in June 2024. The project is scheduled for completion in October 2025.

### **Project Cost**

- The budget for this approximately 4,000 gross-square-foot project is \$22.0 million. The budget represents an estimated construction cost of approximately \$4,081 per gross square foot. The estimated total project cost is \$5,500 per gross square foot.

**EXECUTIVE SUMMARY**

- The budget for the 4,000 GSF power distribution center is \$12,108,775. The estimated total project cost for the PDC is approximately \$3,027 per GSF. In addition, the budget for the 15,300 linear feet of trenching and conduit scope of work is \$9,891,225. The estimated total project budget for trenching and conduit is approximately \$646 per linear foot.

- **Comparable Projects:**

Project	Description	Location	Project Size GSF	Total Project Cost/GSF	Year Completed
Central Plant Emergency Power System Upgrades	Replaced a 600 KW Central Plant Generator with a 1.75 MW generator and updated the parallel switchgear	Tempe	2,000	\$3,185	2021
NCP Satellite Central Plant	New facility with 5,000 tons of chiller capability	Tempe	4,500	\$1,644	2016
<b>Average Comparable Total Project Cost</b>				<b>\$2,415</b>	

**Fiscal Impact and Financing Plan**

- This \$22.0 million project will be debt-financed with system revenue bonds and amortized over an approximately thirty-year term from its date of issuance. The annual debt service will be funded by tuition and is included in current budget planning.
- ASU will:
  - (a) issue one or more series of system revenue bonds to finance the project, costs of issuance of the bonds and payments to a bond insurer or other credit enhancer, provided such payments result in a benefit that exceeds the amount of such payments
  - (b) issue bonds at a price at, above or below par, on a tax-exempt or taxable basis, in one or more series, at a fixed or variable rate of interest
  - (c) enter into necessary agreements, including those related to bond insurance or other credit enhancement agreements, if any
  - (d) utilize a financial advisor, bond counsel, and bond trustee for the financing. The system revenue bonds will be marketed and sold on a negotiated basis, either to one or more investment banking firms currently in a pool of bond underwriters procured by the three state universities or by the State of Arizona or by a direct sale to a bank or banks or other financial institutions.
- **Debt Ratio Impact:** The projected incremental debt ratio impact for this project bundle is 0.04 percent.

## **EXECUTIVE SUMMARY**

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- Operations and maintenance costs are estimated at \$124,921 annually and will be funded by tuition.

### **Occupancy Plan**

- This project will not affect occupancy or existing programs but will provide increased infrastructure to support continued physical expansion and new programs that support the advancement of the university's educational and research initiatives.

### **Committee Review and Recommendation**

The University Governance and Operations Committee reviewed this item at its April 4, 2024 meeting and recommended forwarding the item to the board for approval.

### **Statutory/Policy Requirements**

- Pursuant to ABOR Policy 7-102.A, all Major Capital Projects require committee review and board approval.
- Pursuant to ABOR Policy 7-102.B.4, Major Capital Projects that are included in an approved ACP must be submitted for individual project and financing review by the University Governance and Operations Committee and approval by the board, based upon the budget, schedule, scope and other considerations as warranted.
- Pursuant to ABOR Policy 7-102.B.4.a.1, individual project and financing approval authorizes a university to proceed with financing and execution of construction contracts for an approved project.

**EXECUTIVE SUMMARY**

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**Capital Project Information Summary**

**University:** Arizona State University    **Project Name:** Tempe Campus West Quadrant Utility Expansion

**Project Description and Location:** This project creates a new 4,000 gross-square-foot power distribution center (PDC) to provide additional electrical capacity to the west quadrant of Tempe campus including the new Tempe District Utility Plant and to accommodate planned growth and development in the area. The facility will be located at Lot 8 near South Myrtle Avenue and East 10th Street, as depicted on the map attached as Exhibit A. The project will include 6,000 linear feet of trench and conduit, four five-inch conduit duct banks, and 9,300 linear feet of feeder cable underground from the APS Butte Substation, located north of University Drive and Dorsey Lane, to the new PDC at Lot 8.

**Project Schedule:**

Planning	January	2023
Design Start	July	2023
Construction Start	June	2024
Construction Completion	October	2025

**Project Budget:**

Total Project Cost	\$ 22,000,000
Total Power Distribution Center Cost	\$ 12,108,775
Total Trenching/Conduit Costs	\$ 9,891,225
Total Project Construction Cost	\$ 16,322,900
Total Project Cost per GSF	\$ 5,500
Construction Cost per GSF	\$ 4,081

**Estimated Annual O & M Cost:**

Utilities	\$ 11,904
Personnel	99,807
All Other Operating	13,210
Subtotal	\$ 124,921

**Funding Sources:**

A. System Revenue Bonds	\$ 22,000,000
Debt Service Funding Source:	Tuition
B. Operations/Maintenance	\$ 124,921
Funding Source:	Tuition

**EXECUTIVE SUMMARY**

**Capital Project Budget Summary**

**University:** Arizona State University

**Project:** Tempe Campus West Quadrant Utility Expansion

	<u>Annual Capital Plan</u>	<u>Individual Project Approval</u>
Capital Costs		
1. Land Acquisition		
2. Construction Cost		
A. New Construction	\$ -	\$ -
B. Renovation		
C. Special Fixed Equipment	7,450,000	7,450,000
D. Site Development (excl. 2.E.)	1,466,950	1,466,950
E. Parking and Landscaping	400,950	400,950
F. Utilities Extensions	7,000,000	7,000,000
G. Other*	5,000	5,000
Subtotal Construction Cost	<u>\$ 16,322,900</u>	<u>\$ 16,322,900</u>
3. Fees		
A. Pre-Construction	\$ 500,000	\$ 500,000
B. Architect/Engineer	\$ 750,000	\$ 750,000
C. Other		
Subtotal Consultant Fees	<u>\$ 1,250,000</u>	<u>\$ 1,250,000</u>
4. FF&E Movable	\$ -	\$ -
5. Contingency, Design Phase	225,000	225,000
6. Contingency, Constr. Phase	2,537,010	2,537,010
7. Parking Replacement	500,000	500,000
8. Telecommunications Equipment	60,000	60,000
Subtotal Items 4-8	<u>\$ 3,322,010</u>	<u>\$ 3,322,010</u>
9. Additional University Costs		
A. Surveys, Tests, Haz. Mat. Abatement	\$ 250,000	\$ 250,000
B. Move-in Costs	-	-
C. Printing Advertising	-	-
D. Keying, signage, facilities support	30,000	30,000
E. Project Management Cost	635,262	635,262
F. State Risk Mgt. Ins. (.0034 **)	189,828	189,828
Subtotal Addl. Univ. Costs	<u>\$ 1,105,090</u>	<u>\$ 1,105,090</u>
<b>Total Capital Cost</b>	<u><u>\$ 22,000,000</u></u>	<u><u>\$ 22,000,000</u></u>

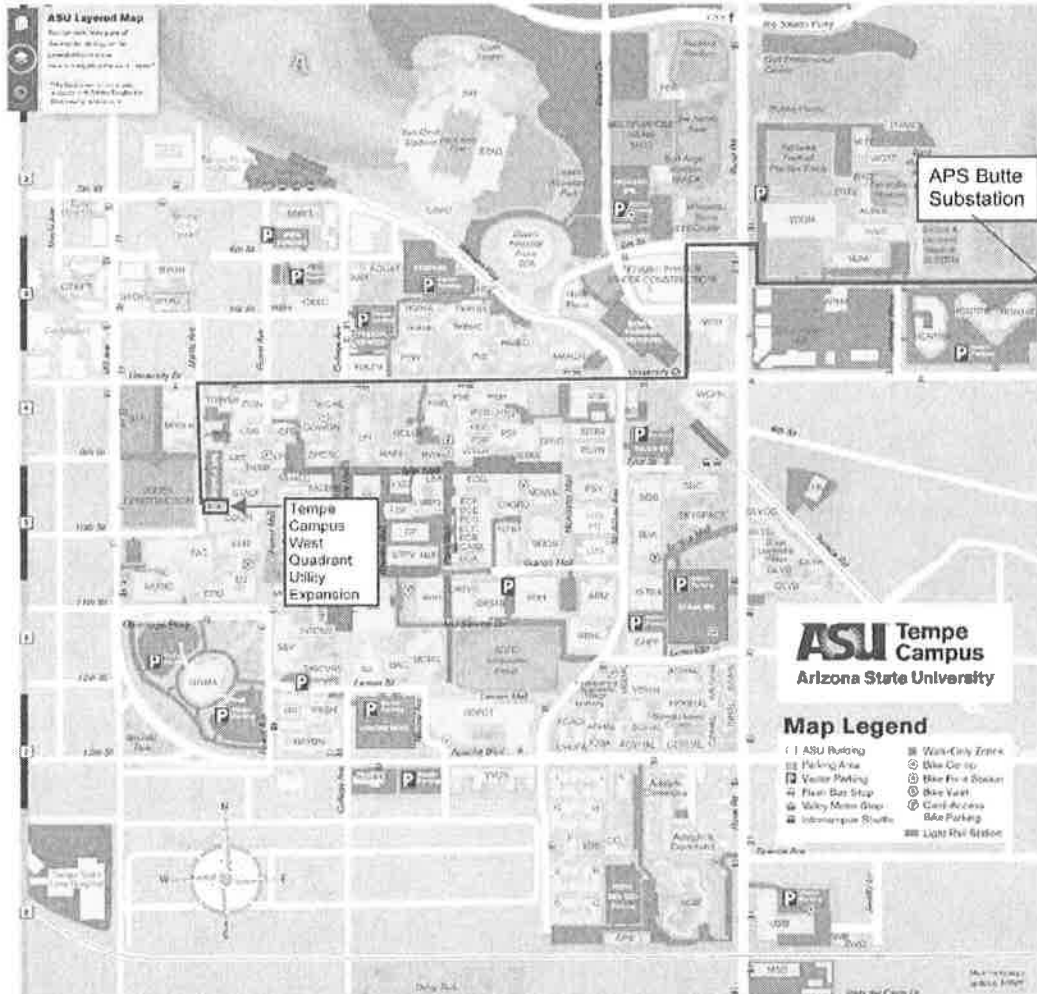
\* Universities shall identify items included in this category

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



EXECUTIVE SUMMARY

Exhibit A  
 Tempe Campus West Quadrant Utility Expansion  
 Site Location Map



Academy Hall	ACAD 76	College Ave. Market	COLL 50	Health Services	HSD 40	Northern Center Plant	NCP 48	San Reed Stadium	SRD 80
Academy Hall	ACAD 76	College Ave. Commons	COLL 50	Interdisciplinary A/B	INTDIS 40	Off-Campus Student Bldg.	OCBS 50	San Angel Stadium	SRD 80
Adolph Coors	ADOL 77	Comp's Hst & Res. Fac.	COMP 68	Interdiscp. Sc. & Tech. 1	INTDIS 40	Old Main	MAN 10	The Annex	ANN 50
Agave Hall	AGAV 78	Community Serv. Bldg.	COMM 77	Interdiscp. Sc. & Tech. 2	INTDIS 40	Orchhouse (Orchids)	ORCH 30	Tomas House A-D	THOM 40
Aquatic Complex	AQUA 30	Coor. Hall	COOR 10	Interdiscp. Sc. & Tech. 3	INTDIS 40	Palo Verde East	PVE 30	Tomas Center	TCEN 40
Armstrong Hall	ARM 78	Coor. Hall	COOR 10	Interdiscp. Sc. & Tech. 4	INTDIS 40	Palo Verde West	PVW 30	University Ctr. A-C	UCENTR 40
Art Building	ART 40	Creation Commons	CRIM 40	Irish Hall	IRISH 10	Payson Hall	PAY 50	University Club	UCUB 40
Art Warehouse	ARTW 40	Dean's Chapel	DEAN 50	Japanese Hall	JAPN 10	Perform. & Media Arts	PMA 40	University Services Bldg.	USB 40
ASU at Maricopa	MAR 40	Desert Financial Arena	DFA 40	Julius Hall	JULI 10	Physical Sci. Wings	PSW 40	Urban Systems Engrg.	URSE 40
Bass Hall	BAS 70	Design Center	DESIGN 40	Kaiser Hall	KAIS 10	Piper Writers House	PWH 40	University Towers	UTWR 40
Biology Admin.	BIOL 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Police	POL 40	Veterans Hall	VHALL 40
Business Admin.	BUS 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Psychology Building	PSY 40	Veterans Hall	VHALL 40
Business Admin. C Wing	BUS 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Psychology North	PSY 40	Vista del Sol Center	VSC 40
Business Invt. Bldg. A	BUS 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Psychology North	PSY 40	Wells Fargo Nat'l Bldg.	WFNB 40
Business Invt. Bldg. B	BUS 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Psychology North	PSY 40	Wells Fargo Nat'l Bldg.	WFNB 40
Business Invt. Bldg. C	BUS 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Psychology North	PSY 40	Wells Fargo Nat'l Bldg.	WFNB 40
Business Invt. Bldg. D	BUS 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Psychology North	PSY 40	Wells Fargo Nat'l Bldg.	WFNB 40
Business Invt. Bldg. E	BUS 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Psychology North	PSY 40	Wells Fargo Nat'l Bldg.	WFNB 40
Business Invt. Bldg. F	BUS 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Psychology North	PSY 40	Wells Fargo Nat'l Bldg.	WFNB 40
Business Invt. Bldg. G	BUS 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Psychology North	PSY 40	Wells Fargo Nat'l Bldg.	WFNB 40
Business Invt. Bldg. H	BUS 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Psychology North	PSY 40	Wells Fargo Nat'l Bldg.	WFNB 40
Business Invt. Bldg. I	BUS 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Psychology North	PSY 40	Wells Fargo Nat'l Bldg.	WFNB 40
Business Invt. Bldg. J	BUS 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Psychology North	PSY 40	Wells Fargo Nat'l Bldg.	WFNB 40
Business Invt. Bldg. K	BUS 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Psychology North	PSY 40	Wells Fargo Nat'l Bldg.	WFNB 40
Business Invt. Bldg. L	BUS 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Psychology North	PSY 40	Wells Fargo Nat'l Bldg.	WFNB 40
Business Invt. Bldg. M	BUS 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Psychology North	PSY 40	Wells Fargo Nat'l Bldg.	WFNB 40
Business Invt. Bldg. N	BUS 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Psychology North	PSY 40	Wells Fargo Nat'l Bldg.	WFNB 40
Business Invt. Bldg. O	BUS 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Psychology North	PSY 40	Wells Fargo Nat'l Bldg.	WFNB 40
Business Invt. Bldg. P	BUS 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Psychology North	PSY 40	Wells Fargo Nat'l Bldg.	WFNB 40
Business Invt. Bldg. Q	BUS 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Psychology North	PSY 40	Wells Fargo Nat'l Bldg.	WFNB 40
Business Invt. Bldg. R	BUS 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Psychology North	PSY 40	Wells Fargo Nat'l Bldg.	WFNB 40
Business Invt. Bldg. S	BUS 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Psychology North	PSY 40	Wells Fargo Nat'l Bldg.	WFNB 40
Business Invt. Bldg. T	BUS 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Psychology North	PSY 40	Wells Fargo Nat'l Bldg.	WFNB 40
Business Invt. Bldg. U	BUS 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Psychology North	PSY 40	Wells Fargo Nat'l Bldg.	WFNB 40
Business Invt. Bldg. V	BUS 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Psychology North	PSY 40	Wells Fargo Nat'l Bldg.	WFNB 40
Business Invt. Bldg. W	BUS 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Psychology North	PSY 40	Wells Fargo Nat'l Bldg.	WFNB 40
Business Invt. Bldg. X	BUS 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Psychology North	PSY 40	Wells Fargo Nat'l Bldg.	WFNB 40
Business Invt. Bldg. Y	BUS 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Psychology North	PSY 40	Wells Fargo Nat'l Bldg.	WFNB 40
Business Invt. Bldg. Z	BUS 40	Design South	DESIGN 40	Life Sciences Center	LSC 40	Psychology North	PSY 40	Wells Fargo Nat'l Bldg.	WFNB 40





STATE OF ARIZONA

## Joint Committee on Capital Review

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(602) 926-5491

azjbc.gov

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LUPE CONTRERAS  
VACANT

DATE: May 9, 2024

TO: Members of the Joint Committee on Capital Review

FROM: Cameron Mortensen, Fiscal Analyst

SUBJECT: Yavapai 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. Yavapai College (YC) requests Committee review of their bond projects totaling \$16,375,000 to finance the creation of Centers for Learning and Innovation, capital improvement projects, and software systems upgrades.

### Committee Options

The Committee has at least the following 2 options:

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

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

#### Standard Financing Provisions

- A. Yavapai College shall provide the final debt service schedule and interest rate for the project as soon as they are available.
- B. On or before July 31 of each year until completion of the projects, Yavapai College shall report to the JLBC Staff on the status and expenditures of each 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.

(Continued)

**Key Points**

- 1) Yavapai College is seeking review of \$16.4 million in bond issuances to fund Centers for Learning and Innovation on two campuses, various capital improvement projects, and software system upgrades.
- 2) Annual debt service payments of \$1.2 million will be paid by tuition, fees, rentals, and other college revenues.

**Analysis**

Project Overview

The bond issuance of \$16.4 million includes: \$11.0 million to renovate and repurpose current space to create a Center for Learning and Innovation (CLI) on the Prescott and Verde Campuses, \$3.0 million for various capital improvement projects, and \$2.0 million for software systems upgrades.

*Centers for Learning and Innovation*

YC plans to use \$11.0 million in bond issuances to renovate existing buildings for the development of CLIs on its Prescott and Verde Campuses. These centers will include shared space for students to access library and media materials, tutoring, technology support, a media studio, and socialization and studying areas.

On the Prescott Campus, an 18,000 square foot library on the first floor of Building 19, along with the underutilized classrooms and laboratories on the second floor, will be renovated into an integrated CLI.

On the Verde Campus, a 10,000 square foot traditional library in Building M will be renovated into an integrated CLI.

*Capital Improvement Projects*

YC plans to use \$3 million in bond issuances to complete various capital improvement projects on multiple campuses. These projects include: HVAC and exhaust fan replacements, fume hood replacements, stucco replacements, window repairs, and connecting to the Town of Chino Valley's sewer line at the Chino Valley Campus.

*Software System Upgrades*

YC plans to use \$2 million in bond issuances to upgrade its existing Enterprise Resource Planning (ERP) software, moving to a fully integrated cloud-based ERP system.

Financing

YC intends to issue \$16.4 million of system revenue bonds in July 2024 with an estimated interest rate of 4.0% over a 20-year term. This includes \$16.0 million for project costs and \$375,000 for other issuance costs. The average annual debt service payment would be \$1.2 million, and over the term of the bonds, the total debt costs would be \$24.1 million. The debt service will be paid by tuition, fees, rentals, and other charges.

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 debt service expenditures as a percentage of budgeted expenditures for FY 2024 are 1.2%.

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 YC proposal.

<b>Table 2</b>	
<b>Yavapai College Bond Financing Terms</b>	
Issuance Amount	\$16.4 million
Issuance Date	July 2024
Issuance Transaction Fees	\$375,000
Interest Rate	4.0%
Term	20 years
Total Debt Costs	\$24.1 million
Payment Source	Tuition, Fees, Rentals, and Other Charges
Debt Service Payments	\$1.2 million

CM:jbu

Chair, Joint Legislative Budget Committee  
1716 West Adams  
Phoenix, Arizona 85007



Re: Request for Placement on the Agenda for Joint Legislative Budget  
Committee Meeting proposed for May 2024

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 Yavapai College (YC) to be placed on the May 2024, agenda for the Joint Legislative Budget Committee on Capital Review for consideration.

Yavapai College services a diverse student population in a rural area covering over 8,100 square miles through 800,000 sq. ft of buildings on 260 acres of property located in Prescott, Prescott Valley, Chino Valley, Clarkdale and Sedona. YC is accredited by the Higher Learning Commission and as such, the majority of our general education classes are accepted at public universities across the nation, which saves students money should they decide to continue their studies beyond an associate's degree.

Over 10,000 credit and non-credit students choose Yavapai College every year. YC currently offers two baccalaureate degrees in Business and in Nursing, and Computer Science is planned for fiscal year 2024-25. YC offers seven associate degrees in two broad categories of baccalaureate transfer or career & technical education. The Associate of Applied Science prepares graduates to enter the workforce in a variety of career & technical fields. In addition, the College offers more than 75 certificates in career and technical fields. Unique destination programs include Aviation, Gunsmithing, Northern Arizona Regional (Police) Training Academy, the award-winning Southwest Wine Center, the Sedona Culinary Institute, and 3D Construction.

In recent years YC expanded its Regional Economic Development Center to increase workforce innovation and industry partnerships. YC is exploring new course delivery models including use of advanced augmented and virtual reality platforms by building course supplements in the Metaverse.

Yavapai College is dedicated to providing educational opportunities by promoting excellence in teaching and learning. We celebrated our emergence out of the pandemic and our proud of our

progress in improving key metrics including degrees awarded, Arizona General Education Curriculum awards, retention rates, Hispanic enrollment, invested assets through our foundation and substantially lowering our student default rates. Most of all, we honor the trust placed in us by the public and uphold it through quality programs, industry responsiveness, integrity of actions and efficient use of our resources. We are proud to be able to say that YC has some of the lowest tuition and property tax rates in the country.

On behalf of Yavapai College, our students and employees, thank you for considering offering your support to the college in this transformative opportunity. Please do not hesitate to contact my office if you have questions or need additional information.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Lisa B. Rhine".

Lisa B. Rhine, Ph.D.,  
President

**Joint Legislative Budget Committee Review**  
**Yavapai College**  
**May 2024**

**Yavapai College Facilities Maintenance Plan**

Yavapai College believes in the power of integrated planning. By design, the College established the “Future Focused. Community Inspired. Strategic Plan 2023-2025” in alignment with the Academic Master Plan, Financial Plan, and the Strategic Enrollment Management (SEM) Plan. This guiding document served as the foundation, and also the inspiration, for development of the Facilities Master Plan. The Facilities Master Plan initiatives are organized and prioritized to support the four goals of the Strategic Plan. Together, they underpin the cultural, economic, and educational directionality of the Facilities Master Plan.

Yavapai College’s 2022 Facilities Master Plan (Facilities Master Plan) is a multi-year roadmap focused on operational excellence and efficiency. The plan is designed to serve as a living document that is adaptable to changes, allowing flexibility in its application as specific planning initiatives and goals evolve over time, without compromising its core value and principles. Through the plan’s recommendations, Yavapai College is positioned to effect positive change at each of its campuses and centers. The College is committed to reinforce student success, consolidate physical assets, create flexible learning environments, emphasize workforce development and skill-based training, and promote institutional efficiency.

Projects to be supported by revenue bonds:

**Centers for Learning & Innovation (Building 19, Prescott Campus and Building M, Verde Campus)**

A Center for Learning & Innovation (CLI) is a state-of-the-art, multimedia collaboration center, curated around the idea of enriching the student experience and providing students access to books and library resources, digital tools, and academic support systems they need to succeed in their program of study. Some of the most important skills in the workplace are analytical skills, knowledge of computer software, and digital literacy. Digital literacy is the ability to find, evaluate, utilize, share, and create content using information technology resources and the Internet. The Facilities Master Plan identifies a series of projects to support creation of CLI in Building 19 at Prescott Campus and Building M at the Verde Campus, which include shared space for the library, information technology support, tutoring, collaboration, content creation, meetings, socialization, and studying.

At present, Building 19 is one of the largest facilities on the Prescott Campus. This building contains the library, Common Grounds Café, and a community room on the 1st floor. A computer commons with classrooms, laboratories and faculty offices, as well as the eSports facility is located



on the 2nd floor. The space utilization analysis noted that many of the classrooms and laboratories on the 2nd floor are underutilized. The library is dated and is lacking many of the spaces and technologies found in a modern facility. The Facilities Master Plan proposes reimagining these spaces into a learning hub for students and community members on the Prescott Campus. The 18,000 NSF library on the 1st floor is proposed to be renovated into an integrated CLI with some compact shelving, one-button media studio, makerspace, study rooms, and open computer laboratory. It is envisioned that Digital technologies will permeate these spaces and a new retractable seating system is proposed to be installed in the Community Meeting Room.

Space on the 1<sup>st</sup> floor is proposed to be re-purposed into a modern tutoring and academic support spaces with open collaboration areas, study rooms, and staff offices. Adjacencies may include a digital media studio, TELS staff offices, and a technology helpdesk, managed by ITS.

The Facilities Master Plan proposes similar changes to the almost 10,000 NSF traditional library on the Verde Campus which will also be renovated into an integrated CLI with some compact shelving, one-button media studio, makerspace, study rooms, and open computer laboratory.

Approximately \$11 million of the \$16 million revenue bond issuance is expected to be used toward the creation of the Learning/Digital Commons on the Prescott and Verde Campuses.

### **Capital Improvements**

YC currently has many infrastructural areas in need of improvement and updating of equipment throughout the District. Some of the more significant projects planned to be worked on over the next 18 months include HVAC and roof lab exhaust fan replacement in Building 4 on the Prescott campus, fume hood replacements in Building 17 on the Prescott campus, stucco replacement and window repairs at the Sedona Center, and connecting to the Town of Chino Valley's sewer line at the Chino Valley Campus.

The capital improvement projects discussed above, as well as other smaller projects, are expected to be funded with up to \$3 million in revenue bonds.

### **ERP System Upgrade**

YC has been utilizing its ERP system since 2009. The College utilizes Ellucian Banner for its core Student, Finance, Financial Aid, and Human Resources functions. The College has augmented the on-premise Banner solution with third-party software (e.g., Salesforce), other Ellucian solutions (e.g., Campus Logic Student Forms), and custom-developed add-ons to better serve its stakeholders and address gaps in the Banner platform.

Over the last two years, YC has formally assessed the quality and effectiveness of its Banner environment and organizational readiness for a campus-wide business transformation initiative. That research showed that YC has maximized the utility of the current Banner platform, and that the College was in an optimum position for a transformational project. Assessment activities

included a complete system review from Ellucian, a 3rd party readiness assessment, market research and demos, business case analysis, and stakeholder interviews.

Yavapai College is in a competitive industry and needs to provide the modern high-quality experience that students expect when interacting with their chosen education partner. In addition, YC desires to continue to improve its ability to access data and information in a timely and accurate fashion to facilitate faster and more informed decisions. Its existing systems lack the agility necessary to allow our leadership team to adapt to the rapidly evolving needs of our students, the workforce and our community.

The College has needed to adopt third party systems and develop custom solutions to make up for gaps in the current ERP platform. As a result, the environment has become increasingly complex and costly and is not effectively serving the needs of students, staff, and faculty. YC is spending too much on the increasing maintenance of the ERP's on-premise hardware and software, including provisioning, patching, and administration of systems.

YC is upgrading its existing ERP system to a fully integrated cloud-based (SAAS) ERP solution and it will be funding the one-time capital implementation costs with up to \$2 million in revenue bonds.

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**SOURCES AND USES OF FUNDS**

**\$16,375,000**  
**Yavapai County Community College District**  
**of Yavapai County, Arizona**  
**Revenue Bonds, Series 2024**  
**\*\* (Preliminary: 05/01/24) \*\***

**Sources:**

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Bond Proceeds:	
Par Amount	16,375,000.00
	<hr/>
	16,375,000.00
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**Uses:**

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Project Fund Deposits:	
Project Fund	16,000,000.00
Delivery Date Expenses:	
Cost of Issuance	230,000.00
Underwriter's Discount	140,170.00
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	370,170.00
Other Uses of Funds:	
Additional Proceeds	4,830.00
	<hr/>
	16,375,000.00
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## BOND DEBT SERVICE

**\$16,375,000**

**Yavapai County Community College District  
of Yavapai County, Arizona**

**Revenue Bonds, Series 2024**

**\*\* (Preliminary: 05/01/24) \*\***

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>
07/01/2025	575,000	4.000%	625,888.89	1,200,888.89
07/01/2026	570,000	4.000%	632,000.00	1,202,000.00
07/01/2027	595,000	4.000%	609,200.00	1,204,200.00
07/01/2028	620,000	4.000%	585,400.00	1,205,400.00
07/01/2029	640,000	4.000%	560,600.00	1,200,600.00
07/01/2030	670,000	4.000%	535,000.00	1,205,000.00
07/01/2031	695,000	4.000%	508,200.00	1,203,200.00
07/01/2032	725,000	4.000%	480,400.00	1,205,400.00
07/01/2033	750,000	4.000%	451,400.00	1,201,400.00
07/01/2034	780,000	4.000%	421,400.00	1,201,400.00
07/01/2035	810,000	4.000%	390,200.00	1,200,200.00
07/01/2036	845,000	4.000%	357,800.00	1,202,800.00
07/01/2037	880,000	4.000%	324,000.00	1,204,000.00
07/01/2038	915,000	4.000%	288,800.00	1,203,800.00
07/01/2039	950,000	4.000%	252,200.00	1,202,200.00
07/01/2040	990,000	4.000%	214,200.00	1,204,200.00
07/01/2041	1,030,000	4.000%	174,600.00	1,204,600.00
07/01/2042	1,070,000	4.000%	133,400.00	1,203,400.00
07/01/2043	1,110,000	4.000%	90,600.00	1,200,600.00
07/01/2044	1,155,000	4.000%	46,200.00	1,201,200.00
	16,375,000		7,681,488.89	24,056,488.89

## BOND SUMMARY STATISTICS

**\$16,375,000**  
**Yavapai County Community College District**  
**of Yavapai County, Arizona**  
**Revenue Bonds, Series 2024**  
**\*\*(Preliminary: 05/01/24)\*\***

Dated Date	07/17/2024
Delivery Date	07/17/2024
Last Maturity	07/01/2044
Arbitrage Yield	4.000178%
True Interest Cost (TIC)	4.097209%
Net Interest Cost (NIC)	4.072991%
All-In TIC	4.259095%
Average Coupon	4.000000%
Average Life (years)	11.727
Duration of Issue (years)	9.024
Par Amount	16,375,000.00
Bond Proceeds	16,375,000.00
Total Interest	7,681,488.89
Net Interest	7,821,658.89
Total Debt Service	24,056,488.89
Maximum Annual Debt Service	1,205,400.00
Average Annual Debt Service	1,205,503.34
Underwriter's Fees (per \$1000)	
Average Takedown	3.500000
Management Fee	4.810000
Other Fee	0.250000
Total Underwriter's Discount	8.560000
Bid Price	99.144000

<i>Bond Component</i>	<i>Par Value</i>	<i>Price</i>	<i>Average Coupon</i>	<i>Average Life</i>
Serial Bond	16,375,000.00	100.000	4.000%	11.727
	16,375,000.00			11.727

	TIC	All-In TIC	Arbitrage Yield
Par Value	16,375,000.00	16,375,000.00	16,375,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-140,170.00	-140,170.00	
- Cost of Issuance Expense		-230,000.00	
- Other Amounts			
Target Value	16,234,830.00	16,004,830.00	16,375,000.00
Target Date	07/17/2024	07/17/2024	07/17/2024
Yield	4.097209%	4.259095%	4.000178%