

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

RANDALL GNANT
CHAIRMAN 1999
GUS ARZBERGER
RUSSELL W. "RUSTY" BOWERS
JACK A. BROWN
TOM SMITH
RUTH SOLOMON
JOHN WETTAW

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 542-5491

FAX (602) 542-1616

HOUSE OF
REPRESENTATIVES

BOB BURNS
CHAIRMAN 2000
DEAN COOLEY
LORI S. DANIELS
KAREN S. JOHNSON
BOB MCLENDON
ANDY NICHOLS
CHRISTINE WEASON

MEETING NOTICE

DATE: Thursday, June 22, 2000
TIME: 8:00 a.m.
PLACE: HOUSE HEARING ROOM 4

TENTATIVE AGENDA

- Call to Order
- [Approval of Minutes of May 16, 2000.](#)
- DIRECTOR'S REPORT (if necessary).
- 1. ARIZONA DEPARTMENT OF ADMINISTRATION -
 - A. [Review of FY 2001 Building Renewal Allocation Plan.](#)
 - B. [Review of Risk Management Capital Construction Insurance Rates.](#)
 - C. [Review of Lease-to-Own Transaction for Capitol Mall Office Buildings.](#)
- 2. [DEPARTMENT OF HEALTH SERVICES/ARIZONA DEPARTMENT OF ADMINISTRATION - Review of Expenditure Plans and Design Services at the Arizona State Hospital Construction Project.](#)
- 3. [ARIZONA DEPARTMENT OF CORRECTIONS/ARIZONA DEPARTMENT OF ADMINISTRATION - Review of New Southern Regional Prison Complex at Tucson and Possible Alternatives.](#)
- 4. [ARIZONA PIONEERS' HOME/ARIZONA DEPARTMENT OF ADMINISTRATION - Review of Scope, Purpose and Estimated Cost of Fire Escape.](#)
- 5. ARIZONA BOARD OF REGENTS/UNIVERSITIES -
 - A. [Review of Revised Multi-Year Bonding Plan for Northern Arizona University.](#)
 - B. [Consider Approval of Arizona State University Infrastructure Improvements Bond Project.](#)
 - C. [Reports on Arizona State University Bond Project and University of Arizona Lease-Purchase Project. \(Information Only\)](#)
- 6. ARIZONA DEPARTMENT OF TRANSPORTATION -
 - A. [Review of FY 2001 Construction Budget Operating Expenditure Plan.](#)
 - B. [Consider Approval of Land Purchases and Review of Scope, Purpose, and Estimated Cost of ADOT Projects.](#)
 - C. [Review of Scope, Purpose, and Estimated Cost of Spreader Rack Replacement Project.](#)
 - D. [Review of Release of Funds for Design of a Regional Transportation Center at Pioneer Park in Prescott.](#)
- 7. [ARIZONA STATE PARKS - Report on Status of Development Projects at State Parks.](#)

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

June 19, 2000

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) 542-5491.

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MINUTES OF THE MEETING **JOINT COMMITTEE ON CAPITAL REVIEW**

Tuesday, May 16, 2000

The Chairman called the meeting to order at 1:30 p.m. Tuesday, May 16, 2000, in House Hearing Room 4 and attendance was noted.

Members:	Representative Burns, Chairman Representative Cooley Representative Johnson Representative McLendon Representative Weason	Senator Gnant, Vice-Chairman Senator Arzberger Senator Bowers Senator Brown Senator Smith Senator Solomon
Absent:	Representative Daniels Representative Nichols	Senator Wettaw
Staff:	Richard Stavneak Brad Regens Gina Guarascio Jennifer Vermeer Lorenzo Martinez	Jan Belisle, Secretary Adele Garcia Chris Earnest Paul Shannon
Others:	Bruce Ringwald, ADOA Mark Siegwarth, Parks Jay Ziemann, Parks Renee Bahl, Parks Jay Ream, Parks	David Watkins, Architect Blake Anderson, ASU Mernoy Harrison, ASU Bill Greeney, OSPB Scott Smith, ADOA John Hallahan, DOC

APPROVAL OF MINUTES

Representative Burns asked for corrections or additions to the minutes of March 22, 2000. Hearing none, the minutes were approved as presented.

DEPARTMENT OF HEALTH SERVICES/ARIZONA DEPARTMENT OF ADMINISTRATION —Reports on Arizona State Hospital Construction Project.

Gina Guarascio, JLBC Staff presented the first quarterly report on the progress of the Arizona State Hospital (ASH) demolition and construction project. Major steps taken on the construction project this quarter include the appointment of the Arizona State Hospital Construction Commission. The Commission has scheduled its first meeting for May 25, 2000. Further, Arizona Department of Arizona (ADOA) and Department of Health Services (DHS) have negotiated contracts for the design of plans to demolish buildings, re-route utilities and abandon tunnels. An asbestos survey is also underway.

Representative Weason requested a copy of the asbestos survey when it is completed.

Ms. Guarascio also presented ADOA's report on its proposed use of a design-build procurement method for the ASH project. The design-build method would involve bidding the design and the construction of the project at the same time. Design-build teams would bid on the project. Ms. Guarascio made several corrections to the memo given to JCCR members. Rather than a 0.02% stipend, the memo should state that 0.2% of the contract amount would be guaranteed to the 2 design-build teams that bid for the project and are not selected. Rather than basing the stipend calculation on \$80 million, ADOA is proposing the calculation be based on \$60 million (\$30 million for each of the losing bidders) for a total combined stipend payment to the two losing bidders of \$120,000.

Senator Smith asked what was the timeline on the project. Bruce Ringwald, ADOA/Construction Services, stated it would take approximately 2 years to complete the civil hospital, which has 13 parts to the project with a cost of \$30,000,000. Mr. Ringwald further clarified that based on the response to a request for qualifications, 3 design-build teams will be invited to present a design and construction proposal for the \$30,000,000 civil hospital. Two of the teams that are unsuccessful will be paid a stipend of \$60,000,000 each.

Committee action was not required.

Report on FY 2000 and FY 2001 Southern Arizona Mental Health Center Building Renewal Allocation Plans.

Gina Guarascio, JLBC Staff, presented the report on the FY 2000 and FY 2001 Southern Arizona Mental Health Center Building Renewal allocation plans.

Senator Gnant moved that the Committee give a favorable review to the FY 2001 building renewal allocation plan. The motion carried.

DEPARTMENT OF CORRECTIONS/ARIZONA DEPARTMENT OF ADMINISTRATION —Review Infrastructure Construction for New Southern Regional Prison Complex at Tucson.

Brad Regens, JLBC Staff, gave an overview of the Arizona Department of Administration's (ADOA) request for review of the infrastructure construction for the New Southern Regional Prison Complex at Tucson. Specifically, ADOA is requesting the release of \$17,000,000 to extend the road, utilities, water system and drilling wells, grade the site and construct area fencing. The Department of Corrections (DOC) operating budget was based on a monthly growth of 132 inmates. Year-to-date for FY 2000, growth has been 12 new inmates per month. The Executive is concerned that federal environmental requirements could change prior to the need to begin construction. As a result, ADOA would like to begin some construction, which they believe will enable them to be grandfathered into the current environmental guidelines. Of the \$17,000,000, approximately \$10,000,000 has already been spent to design the new Tucson prison complex. Mr. Regens pointed out that the Tucson design is different than the prototypical Lewis design and referred to the memorandum from OSPB regarding anticipated cost savings from the new design. The JLBC Staff has not had a chance to review the methodology behind the anticipated savings.

The JLBC Staff recommends a favorable review of the request and also recommends that the Committee request that ADOA not initiate construction of any permanent buildings until coming before the Committee for review.

Representative Weason commented on prison operations in China. Representative Weason asked for detail on the cost savings resulting from the design modifications. Mr. Regens stated that ADOA estimated overall cost savings could range between \$5,000,000 and \$10,000,000.

In response to Representative Weason, Mr. Regens stated that ADOA and DOC reviewed prison designs from other public and private entities. After their review, they felt a larger unit design for 1,100 beds instead of the prototypical 800 bed unit would save construction money as well as operating money. JLBC Staff has not received the methodology on how the cost savings were derived.

The completed Lewis complex has 4,150 beds. DOC is funded for the operation of all 4,150 beds. However, because of staffing shortages, DOC has only opened approximately 2,100 beds. There are approximately 2,000 beds at Lewis that are built and funded but not operational.

ADOA received two appropriations for the Tucson complex. The first was for site location and acquisition. The second was to design and construct the complex. The state has initiated condemnation proceedings and taken possession of the property; however, a final price has not been determined. The property owner is currently conducting their assessment of the property.

The requested amount also includes \$1,000,000 for Project Support to fund ADOA personnel to oversee construction and DOC personnel to oversee inmates.

In reply to Representative Cooley, Mr. Regens stated available federal funds for prison construction can be expended through FY 2003.

In response to questions, Bruce Ringwald stated that the estimated additional cost from not using the prototypical design was approximately \$3,000,000. The construction savings resulting from the new design are estimated to be between \$5,000,000 and \$10,000,000. There is no grandfathering on environmental permits until construction is started. The laundry facilities at the existing Tucson complex are only at 50-65% capacity. Both the existing and new Tucson complexes will use the same laundry facilities. State employees and inmates operate the laundry facilities.

A central kitchen is used to prepare most of the food for a complex. A majority of the food is prepared in bulk and frozen for later use. Smaller "hot" kitchens located at each unit are used to reheat meals prior to serving.

The Vehicle Maintenance Building supports a substantial number of vehicles including trolleys. Trolleys are used for transportation of individuals to areas of a complex and to control movement within a complex. The vehicles need to be serviced and the inmates are part of the servicing program.

John Hallahan, Department of Corrections stated that from an operation standpoint, all individuals are checked in through a central checkpoint to make operations more controlled.

Representative Weason mentioned that she plans to visit a prison complex to see how far the units are apart and how difficult it is to walk in the hot weather.

Mr. Hallahan mentioned that the department also did a study on centralizing pharmacy distribution and acquiring the ability to package medications centrally. The economies of scale would make medication distribution much cheaper.

David Watkins, architect said the average square footage per inmate ranges up to 150 square feet per inmate. In the changes that were made there was a considerable amount of reduced square footage. The figures for dormitories were not available at the time.

Representative Weason requested information on the comparison of K-12 square footage per student with square footage per inmate.

Representative Weason asked why the Lewis prototype design was not used. Representative Burns stated that there would be a lower cost in the construction and operations with the new design.

Senator Solomon questioned the need for a new prison and noted that she has visited prisons in the state. The inmates do not have luxury accommodations.

The Committee did not take action on the ADOA request for Committee review of the infrastructure construction at the New Southern Regional Prison Complex at Tucson (Tucson II). In addition to holding the agenda item, a subcommittee was created to review the issue. The subcommittee consists of Representative Cooley and Senator Smith as cochairs, and Senator Solomon and Representative Weason. The Committee is to conduct a review of the issue with JLBC Staff and will report at the next JCCR meeting.

ARIZONA BOARD OF REGENTS —Review Revised Multi-Year Bonding Plan for Arizona State University.

Lorenzo Martinez, JLBC Staff, presented the Arizona Board of Regents request to review revisions to the Arizona State University (ASU) multi-year bonding plan. The JLBC Staff does recommend a favorable review of the revised plan. Also, any projects in the plan will need to come before the JCCR for approval before any bonds can be issued. ASU currently has allocated to it \$100,000,000 in bonding authority and Mr. Martinez referred the Committee to Table 3 which shows the original plan and the revised plan. The bond issuances for three projects have been reduced or eliminated resulting in \$27,500,000 that will be reallocated for major building maintenance and infrastructure improvements. Two of the revised projects will be partially or wholly financed with the issuance of Certificates of Participation (COP) also known as lease-purchase agreements. Current statutes do not require legislative oversight over university COP issuances, however, JLBC Staff has requested that the Board of Regents submit any university COP projects to JCCR as informational items. [Board of Regents and Universities have agreed.]

In reply to Representative Johnson, Mr. Martinez stated ASU wanted to free up some of the bond authority to increase the amount available for infrastructure improvements and building maintenance needs. As a result of shifting bond issuances for some projects, financing the remaining projects, namely the learning commons building, and the parking structure will be through the issuance of COPs. One of the requirements of a COP is that payments by the issuer are usually contingent on an appropriation and typically require a higher interest rate than bonds.

Representative Johnson requested a comparison of bonding and lease-purchase financing.

Representative Cooley asked if the universities have an ongoing maintenance fund and whether there is a distinction between building renewal projects and the type of projects in the bonding plan. Mr. Martinez stated that the projects listed under the major building maintenance are significant projects essentially both expanding and renovating existing power plants such the A/C coolers or steam-powered plants. These projects will accommodate some of the new construction on campus. All bonding projects will come before JCCR for approval when the plans are defined, but prior to the issuance of bonds. In addition, building renewal appropriations for the universities must also be reviewed by JCCR.

Mernoy Harrison, ASU Vice Provost mentioned that routine maintenance is generally covered out of the universities operating budget, but for larger projects, the building renewal fund is used. The projects that are in the bonding plan are primarily deferred maintenance projects. The building renewal and operating maintenance funds have been insufficient to maintain the facilities adequately and as a result, there is a significant amount of deferred maintenance. The deferred maintenance for ASU is approximately \$46,000,000. The projects that are in the bonding plan are buildings that have been identified as needing major upgrades to the building infrastructure.

Representative McLendon moved the Committee give a favorable review to the revised multi-year bonding plan for Arizona State University. In addition, consistent with Laws 1996, Chapter 334, any future revisions to the bonding plan shall be reviewed by the Committee prior to the approval of subsequent bonding projects. JLBC Staff also informed the Committee that the Board of Regents submit any university projects financed through the issuance of Certificates of Participation to the Committee as informational items. The motion carried.

ARIZONA STATE PARKS —Consider Approval of Additional FY 2000 Enhancement Fund Monies for the Continued Development of Kartchner Caverns State Park and Report on the Status of the Park.

Chris Earnest, JLBC Staff, presented the Arizona State Parks request for the release of \$2,932,900 in FY 2000 State Parks Enhancement Fund monies for the continued development of the lower chamber caverns at Kartchner Caverns State Park. Since the release of the memo, JLBC Staff had several discussions with the State Parks concerning the ongoing construction of the lower cave. In the discussions, JLBC Staff informed Parks that they were not looking for a final or definitive number on the overall cost of the project, but the State Park's best estimate at that time. The JLBC Staff realize that cave construction is tentative and that through the history of this project many costs have been unforeseeable. State Parks estimates an additional 24 months of work are necessary to complete the lower caverns. The monies being requested is to cover the 24 months of additional work. JLBC Staff has revised its recommendation and is recommending the Committee approve the release of the \$2,932,900 for the development of the lower caverns. There may be additional needs for utilities and campground expansions that will not be known until the cave is open. It is estimated that the lower caverns will be completed in November 2003.

In reply to Representative Cooley, Mr. Earnest stated that all of the monies available for acquisition and development throughout the parks system are being used primarily for Kartchner development and have been for the past several years. State Parks also has other fund sources available such as the Heritage Fund and the State Lake Improvement Fund that have been used for some capital projects in other parks.

Representative Cooley requested a report on the status of all state parks including on-going and deferred projects.

In reply to Senator Solomon, Mr. Earnest stated that at the end of April, the revenue estimates for the caverns was approximately \$1.8 million and for the full fiscal year it will range between \$2.5 and \$3 million. Total revenue from all parks is approximately \$6.58 million.

Jay Ziemann, Assistant Director, State Parks gave a report on the bats that roost in the cave during the summer months. The common cave bats that come to Kartchner Caverns are most at risk when they begin to give birth. In early September the bats go back to Mexico for the remainder of the year. This year the bats appeared in April. It is unknown when the bats will return to Mexico. Completion of the 24 months of construction required to finish the lower caverns will depend on when the bats depart.

Mr. Ziemann said the Enhancement Fund was created in 1988 when Kartchner Caverns became a possible acquisition for the state. The state did not have the \$1.65 million needed to acquire the property. The legislature set up a funding mechanism so the parks could keep the fees that were collected at other parks and use the money to acquire and develop Kartchner Caverns. The Enhancement Fund was originally called the Kartchner Fund. Prior to that all the fees that were collected went into the General Fund. The Heritage Fund monies are no longer needed at Kartchner Caverns. Heritage Fund monies may be used to address some of the needs at other parks.

Senator Arzberger moved the Committee approve the release of \$2,932,900 from the FY 2000 State Parks Enhancement Fund monies for the completion of the lower chamber caverns at Kartchner Caverns State Park. The motion carried.

The Chairman adjourned the meeting at 2:55 p.m.

Jan Belisle, Secretary

Lorenzo Martinez, Senior Fiscal Analyst

Representative Robert "Bob" Burns, Chairman

NOTE: A full tape recording of this meeting is on file in the JLBC Staff office at 1716 W. Adams.

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DATE: June 14, 2000

TO: Representative Bob Burns, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Rebecca Hecksel, Assistant Fiscal Analyst

SUBJECT: ARIZONA DEPARTMENT OF ADMINISTRATION - REVIEW OF FY 2001
BUILDING RENEWAL ALLOCATION PLAN

Request

The Arizona Department of Administration (ADOA) requests Committee review of its FY 2001 Building Renewal allocation plan of \$3,682,650.

Recommendation

The JLBC Staff recommends a favorable review of the plan. Of the \$3,682,650 plan, \$1,407,000 is for fire/life safety projects, \$190,000 is for Americans with Disabilities Act projects, \$956,500 is for roofing and major system repairs, \$238,400 is for project management and administration, and \$890,750 is placed in reserves. The JLBC Staff further recommends that funding for any new projects not listed in the allocation plan, reallocations between projects, and allocations from the Emergency Reserve/Ongoing Projects amount be reported to the JLBC Staff prior to expenditure.

Analysis

Laws 1986, Chapter 85 established the Joint Committee on Capital Review and charged it with developing a Building Renewal Formula to guide the Legislature in appropriating monies for the maintenance and repair of state buildings. A.R.S. § 41-1252 requires JCCR review of the expenditure plan for Building Renewal monies.

(Continued)

Laws 1999, Chapter 2, 1st Special Session appropriated \$3,682,900 in FY 2001 from the General Fund (\$182,900) and the Capital Outlay Stabilization Fund (\$3,500,000) to ADOA for major maintenance of buildings within its building system. The appropriated funding represents 23% of the amount generated by the Building Renewal Formula. The formula was funded at 23% in FY 2000 and 100% in FY 1999.

Consistent with statute and prior year practice, ADOA will employ the following priorities for the expenditure of FY 2001 Building Renewal monies:

- 1) Fire and life safety projects.
- 2) Preservation of Asset (primarily roofing).
- 3) Projects critical to the continued operation of existing programs.

Building Renewal monies will be allocated in the following categories for 20 projects:

<u>Category</u>	<u>Number of Projects</u>	<u>Dollar Allocation</u>	<u>% of Total</u>
Fire/Life Safety	7	\$1,407,000	38.21%
Preservation of Asset	2	90,000	2.44%
Building System	9	866,500	23.53%
Americans with Disabilities Act (ADA)	2	190,000	5.16%
Emergency Reserve/Ongoing Projects	--	890,750	24.19%
ADOA Project Management	--	220,000	5.97%
Risk Management Insurance	--	18,400	0.50%
TOTAL	20	\$3,682,650	100.00%

The appropriation allows the allocation of up to \$110,000 per year for up to 2 FTE Positions for project management. ADOA has made this allocation for 2 years given the time required to complete some of these projects. For the Committee's information, the following 9 projects require \$100,000 or more (the attached material lists the 20 projects in the ADOA allocation plan):

Replace Fire Alarm System, DOC-ASPC Winslow	\$ 580,000
Replace Door Jambs, Doors, and Locks, Adobe Mt. School	388,000
Replace Central Heating and Cooling System, DEMA-Headquarters	215,000
Renovate Air Handlers, 1700 W. Washington	200,000
Replace Fire Alarm System, 1789 W. Jefferson	150,000
ADA Modifications-Statewide, DES	148,500
Replace Fire Alarm System, 1400 N. Congress	125,000
Replace Cooling Tower, Tucson Capitol Mall	100,000
Replace Cooling Tower, 2910 N. 44 th St.	100,000
Subtotal	\$2,006,500

ADOA will allow agencies in the building system 180 days to plan and design their projects and 180 days to complete construction. If these timetables are not met, the monies will be redistributed to other projects in priority order. ADOA may alter the timetable for extenuating circumstances.



JANE DEE HULL
GOVERNOR

J. ELLIOTT HIBBS
DIRECTOR

ARIZONA DEPARTMENT OF ADMINISTRATION

GENERAL SERVICES DIVISION • 15 S. 15th Ave., Suite 101
PHOENIX, ARIZONA 85007
(602) 542-1920

June 5, 2000



Representative Robert Burns
Joint Committee on Capital Review
Arizona State Senate
1700 West Washington
Phoenix, Arizona 85007

RE: Request for Review of the ADOA Building System FY 2001 Building
Renewal Allocation Plan by the Joint Committee on Capital Review

Dear Representative Burns:

The FY 2001 Department of Administration Building Renewal Plan has an initial allocation of \$2,553,750 for 20 projects. Nineteen of these projects were identified in agencies planned Building Renewal requests.

One project for the Department of Emergency Services and Military Affairs is a recent emergency request. The May 19, 2000 request to replace the 27 year old heating and cooling system at the agency's headquarters must be funded from FY 2001 funds because the projected \$210,000 budget exceeds the remaining balance of all unallocated prior year Building Renewal funds.

Two FY 2000 projects for the School for the Deaf and Blind needed to be bid prior to July 1, 2000 in order to be completed prior to the start of the next school year in August. Thus, \$204,500 was reallocated from the FY 2000 Winslow Fire alarm and the State Hospital duct cleaning projects. These funds will be restored in FY 2001.

The FY 2001 Building renewal appropriation will be allocated effective July 1, 2000 as follows:

- \$1,407,000 will be allocated to 7 fire life safety projects.
- \$ 90,000 will be allocated to 2 roofing projects.
- \$ 866,500 will be allocated to 9 major building systems repairs/replacement.
- \$ 190,000 will be allocated to 2 ADA projects.
- \$ 890,750 will be set aside for emergencies and supplemental funding.
- \$ 220,000 will be set aside for two years of personal services.
- \$ 18,400 will be set aside for Construction Insurance premiums.

June 5, 2000

The Department of Administration requests the Joint Committee on Capital Review to review the following item.

1. FY 2001 ADOA Building System Building Renewal allocation plan

The information for this project is attached.

Sincerely,



Robert C. Teel, Assistant Director

Attachment

- c. Senator Randall Gnant, Chairman
J. Elliott Hibbs, Director, ADOA
Tom Betlach, Director, OSPB
Richard Stavneak, Staff Director, JLBC
Lorenzo Martinez, JLBC
Tim Boncoskey, Assistant Director, ADOA-MSD
Tim Brand, General Manager
BPS-Building Renewal

Fiscal Year 2001

Recommended Building Renewal Projects

Department of Administration General Services Division

<i>Project Name</i>	<i>FY 2001</i>
Total Allocation:	\$2,553,750
Fire & Life Safety	
<i>Corrections</i>	
Replace fire alarm, ASPC-Winslow	\$580,000
<i>Department of Administration</i>	
Replace fire alarm system, 1789 W. Jefferson, DES West	\$150,000
Replace fire alarm system, 1400 North Congress, Tucson Office Building	\$125,000
<i>Health Services Dept.</i>	
Replace windows with polycarbonate, Juniper/Wick Hall, AZ State Hospital	\$73,000
<i>Juvenile Corrections</i>	
Replace door jamb, doors, & locks in West Units, Adobe Mt. School	\$388,000
<i>Public Safety Dept.</i>	
Upgrade fire alarm systems to Class A, multiple locations	\$66,000
Replace security gate, Tucson Compound	\$25,000
Fire & Life Safety	Total: \$1,407,000
Preservation of Asset	
<i>Arizona State Parks</i>	
Replace wood shingle roof, Courthouse at McFarland State Historic Park	\$57,000
<i>Public Safety Dept.</i>	
Replace roofs statewide	\$33,000
Preservation of Asset	Total: \$90,000
Major Building Systems Repairs/Replacement	
<i>Department of Administration</i>	
Renovate air handlers, 1700 W. Washington, Executive Tower	\$200,000
Replace Sun State cooling tower	\$100,000
Replace Tucson cooling tower	\$100,000
Group re-lamp Capitol Complex buildings	\$95,000
Replace 15 S. 15th Ave. cooling tower	\$35,000
Replace 1616 W. Adams cooling tower	\$20,000

Fiscal Year 2001
Recommended Building Renewal Projects

Department of Administration
General Services Division

<i>Project Name</i>	<i>FY 2001</i>
<i>Emergency Services/Military Affairs</i>	
Replace central heating & cooling system, Headquarters, Phoenix	\$215,000
<i>Health Services Dept.</i>	
Clean & sanitize HVAC ducts, 7 wings, Wick/Juniper Hall, AZ State Hospital	\$69,500
<i>Public Safety Dept.</i>	
Replace HVAC, Statewide	\$32,000
Major Building Systems Repairs/Replacement	Total:
	\$866,500
 ADA	
<i>Economic Security Dept.</i>	
ADA modifications-Statewide	\$148,500
<i>School for Deaf and Blind</i>	
ADA Renovations, Apache Dorm & kitchen, Tucson Campus	\$41,750
ADA	Total:
	\$190,250

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DATE: June 14, 2000

TO: Representative Bob Burns, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Lynne Smith, Senior Fiscal Analyst

SUBJECT: ARIZONA DEPARTMENT OF ADMINISTRATION - REVIEW RISK
MANAGEMENT CAPITAL CONSTRUCTION INSURANCE RATES

Request

The Arizona Department of Administration (ADOA) requests that the Committee review its proposed rate for the Construction Insurance Fund. ADOA proposes setting the rate at 0% for FY 2001 and will report back to JCCR if a charge is needed for FY 2002.

Recommendation

The JLBC Staff recommends that the Committee give afavorable review to the request.

Analysis

A.R.S. § 41-622D provides that the ADOA Construction Insurance Fund shall receive monies from each capital construction project at rates established by ADOA and reviewed by the JCCR. Starting in FY 1999, the fund has covered the cost of construction-related losses. The monies cover the cost of purchasing insurance, providing self-insurance, and administering the fund. Prior to FY 1999, the state was held harmless in construction contracts for its own partial negligence (although the state was liable if it was solely negligent). Now the state and its contractors are each responsible for their own portion of any shared negligence. Monies in the fund are non-appropriated and exempt from lapsing. The fund also includes payments from state Owner Controlled Insurance Programs (OCIPs), which are set on a case by case basis to reflect actual costs. OCIPs are "wrap up" policies for projects over \$50,000,000, which cover all owner and contractor insurance costs. Where feasible, OCIPs result in reduced costs for the state and the contractor.

(Continued)

The Committee reviewed the initial rate for this fund at the November 13, 1997 meeting. The rate was set at 0.6% of total project costs for each capital project. This was intended to generate \$2,500,000 for liability and legal defense (barring a catastrophic loss), plus \$150,000 for operating expenditures, \$187,500 for excess insurance coverage, and \$4,000,000 for the state's "deductible" on the excess insurance policy for a single catastrophic loss. Currently, ADOA projects that, as of the end of FY 2000, the fund will have a cash balance of \$8,900,000 and claims for only \$2,400,000. The department, therefore, proposes eliminating the charge for FY 2001.

The JLBC Staff concurs with ADOA's estimate that the current fund balance is sufficient and recommends a favorable review of the request. The \$8,900,000 balance in the fund is sufficient to cover currently projected costs of \$2,600,000 (\$2,400,000 in losses, plus \$187,500 for administration and purchased insurance), while leaving a buffer against the state's maximum liability of \$4,000,000 for a catastrophic loss. If the 0.6% charge were continued in FY 2001, it would generate approximately \$2,477,100, including \$214,100 from the General Fund. This is based on current capital appropriations of \$35,687,500 from the General Fund and \$377,170,600 from Other Funds.

LM:SS:ss



JANE DEE HULL
Governor

J. ELLIOTT HIBBS
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR

1700 WEST WASHINGTON • ROOM 601
PHOENIX, ARIZONA 85007

(602) 542-1500

May 3, 2000

The Honorable Robert "Bob" Burns
Arizona House of Representatives
1700 West Washington Street
Phoenix, AZ 85007

MAY 3 2000
JOINT BUDGET
COMMITTEE

Dear Representative Burns:

Pursuant to ARS 41-622, the Construction Insurance Fund (CIF) shall receive monies necessary to pay the cost of purchasing insurance, providing self-insurance, or administering the fund as authorized by section 41-621, subsection S. These funds are to be received from each capital construction project budget, at rates established by the Department of Administration and reviewed by the Joint Committee on Capital Review (JCCR).


July 1 of fiscal year 1999 was the inception date of the CIF. The rate established since inception has been 0.6%. The schedule below illustrates the total forecasted revenue and cash balance through 6-30-00. (Note: Schedule excludes revenues and expenditures associated with Owner Controlled Insurance Programs, which are also accounted for in the CIF).

Agency	Total Revenue Collected Since Inception	Forecasted Revenue Remainder FY 2000	Forecasted Revenue Since Inception
ADOT	\$7,400,000	\$1,215,000	\$8,615,000
Universities	345,000	80,000	425,000
ADOA	147,000	0	147,000
Other	58,000	0	58,000
Total revenues	\$7,950,000	\$1,295,000	\$9,245,000
Cost of purchased insurance and Other administrative costs			(375,000)
Forecasted cash balance at 6-30-00			\$8,870,000

We currently have seven pending ADOT claims, which may qualify to be funded by the CIF. The total estimated cost of these claims is \$2.4 million. We know of no other potential claims from other agencies, which may qualify for funding under the CIF.

We believe that the CIF has sufficient funds available to pay these claims should they materialize, as well as any other construction or design-related claim presented to Risk Management next year. We also have purchased insurance available to fund any major catastrophic event in excess of \$4 million. As a result, we respectfully request that for fiscal year 2001 we reduce the rate to 0%. Should we need to change the rate for FY 2002, we will report back to the JCCR next year.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. Elliott Hibbs". The signature is fluid and cursive, with the first name "J. Elliott" and last name "Hibbs" clearly distinguishable.

J. Elliott Hibbs
Director

Cc: Members, Joint Committee on Capital Review
Lee Baron, FSD Assistant Director
Frank Hinds, State Risk Manager
Charlotte Hosseini, ADOA Budget Manager
✓ Lynne Smith, JLBC
Kristine Ward, OSPB

STATE OF ARIZONA

Joint Committee on Capital Review

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PHOENIX, ARIZONA 85007

PHONE (602) 542-5491

FAX (602) 542-1616

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ANDY NICHOLS
CHRISTINE WEASON

DATE: June 15, 2000

TO: Representative Bob Burns, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Lynne Smith, Senior Fiscal Analyst
Lorenzo Martinez, Senior Fiscal Analyst

SUBJECT: ARIZONA DEPARTMENT OF ADMINISTRATION - REVIEW OF LEASE-TO-OWN
TRANSACTION FOR CAPITOL MALL OFFICE BUILDINGS

Request

The Arizona Department of Administration (ADOA) requests that the Committee review the terms of its proposed contract with a private firm as part of a lease-purchase to design, build, and operate 2 state office buildings on the Capitol Mall.

Recommendation

The JLBC Staff recommends that the Committee give a favorable review to the terms of the proposed lease-purchase transaction, with stipulations listed below. This review does not include an anticipated appropriation request of roughly \$4,209,500 (net total funds) associated with the project. The appropriation request will be considered by the Legislature as part of the FY 2002/FY 2003 biennial budget. The JLBC recommends:

1. the contract should include an escape clause for the "Maintenance Fund" and "Operations and Maintenance" services so that, if the state is unable to negotiate acceptable rates for these items at a future renewal date, it may provide or purchase these services separately.
2. the Executive deliver to the Committee no later than October 1, 2000 a consolidated report to address all of the proposed FY 2002 and FY 2003 budget changes associated with the opening of the 2 new office buildings. This report would also address "backfill" space, which will result when agencies leave existing office space to move into the new buildings. The report would include the following for each affected agency: the previous rent and fund source, new rent and fund source, previous square footage, and new square footage. In conjunction with this consolidated report, each affected agency should request its individual funding requirements in its FY 2002/FY 2003 budget request.
3. the Committee state its intent that no agency's square footage shall increase as a result of the agency relocations. In the consolidated report, ADOA would report any exceptions to this policy to the Committee for advice and comment.

(Continued)

4. the Committee state its intent that agencies primarily funded from the General Fund be given priority for relocations out of private lease space. In the consolidated report, ADOA would report any exceptions to this policy to the Committee for advice and comment.
5. ADOA submit a report to the JCCR on financing options for the phone systems for the new buildings and backfill space. JLBC Staff recommends that the Committee advise against a possible ADOA plan to acquire the entire phone system as part of a 25-year lease plan, given that the life cycle on a phone system is considerably less than the lease period.

Analysis

Laws 2000, Chapter 164 provides that the ADOA Director "...may enter into a lease-to-own transaction with a private entity for the construction, occupancy and ownership by this state of two office buildings located on the Capitol Mall... Any lease-to-own transaction...shall be reviewed by the JCCR before the transaction takes effect."

ADOA has issued a Request for Proposals (RFP) and is negotiating with Opus West Corporation to design, build, and operate 2 state office buildings on state land. Once the JCCR review is complete, ADOA may finalize the contract, allowing Opus West Corporation to proceed with financing and construction. The primary tenants of the new buildings will be the Arizona Department of Environmental Quality (ADEQ) and ADOA. The ADOA building will be located on Adams Street, northeast of the Wesley Bolin Plaza, next to the Mines and Minerals Museum. The ADEQ building will be located on the northwest corner of Washington Street and 10th Avenue. The buildings are described in Table 1.

Table 1						
<u>Anchor Tenant</u>	<u>Building Cost</u>	<u>Rentable Sq. Ft.</u>	<u>Parking Structure</u>	<u>Acres</u>	<u>Break Ground</u>	<u>Completion</u>
ADEQ	\$45,045,000	293,000	1,000 cars	3.70	January 2001	March 2002
ADOA	\$32,395,000	177,038	800 cars	4.72	April 2001	July 2002

Both buildings would have the following:

- 25 year full service lease (i.e., builder provides maintenance, utilities, and janitorial services).
- 20% hard-wall offices and 80% open-space modular workstations.
- Annual rent costs that include moving, modular furniture and cabling costs and that could include phones.
- Rent costs escalating at approximately 2.5% per year (projected to match market increases), starting at \$15.77 per square foot in FY 2002 and ending with \$29.28 per square foot in FY2026. The escalating rent costs include each of the following components:
 - Set amounts for base rent, including annual increases.
 - Adjustable amounts for operation and maintenance costs (negotiated every 4 years), starting at approximately \$4.25 per gross square foot. This would generate \$2,064,770 annually for each of the first 4 years. (For comparison, we currently budget \$4.48 per gross square foot for operations and maintenance in ADOA lease-purchase buildings away from the Capitol Mall.)
 - Adjustable amounts for replacement and renovation costs (i.e., building renewal), starting at \$0.60 per square foot and increasing approximately 1% per year to \$0.76 per square foot in year 25. This would generate \$297,981 the first year and \$300,891 the second year. (For comparison, this would provide an annual average of \$0.68 per square foot; while the state building renewal formula over the 25-year lease would average out to approximately \$1.03 per square foot. The \$0.68 per square foot average would therefore equate to 66% of the building renewal formula annual average. We frequently budget less than 100% of the building renewal formula amount.) Any monies in this account accrue interest and belong to the state at the end of the lease.

(Continued)

Since it is not feasible to contract 25 years in advance for operations, maintenance, and renovation costs, these rates are only set for 4 years, after which they are subject to negotiation. We recommend that the contract include an escape clause for the "Maintenance Fund" and "Operations and Maintenance" services, so that if the state is unable to negotiate acceptable rates for these items at a future renewal date, it may provide or purchase these services separately.

Phone Systems

Phone systems for the new buildings could be procured separately or included in the lease costs. ADOA currently is formulating its recommended approach. This might include, for example, a combination of some costs (such as cabling) built into the lease, with other costs (such as telephone handsets) purchased or leased separately. The JLBC Staff recommends that ADOA report back to the Committee on how the phone systems should be obtained. This will help address concerns about the cost of a 25-year lease for a phone system that will not last 25 years. It also will allow technical analysis on 1) whether initial costs not included in the lease should be funded in agency budgets or funded by the ADOA Information Services Division and billed back to agencies and 2) whether an outright purchase, lease, or lease-purchase is most cost effective.

Backfill Space

Under the proposal, ADOA would vacate approximately 137,500 square feet of state-owned space. That space would be "backfilled" by other agencies that currently are housed in private lease space. ADOA's estimate of the amount required to backfill vacated state-owned space is \$4,757,100 and is shown in Table 2. These amounts are shown for information only. The JCCR review does not include the anticipated appropriation request associated with the project. The appropriation request will be considered by the Legislature as part of the FY 2002/FY 2003 biennial budget.

Table 2	
Renovations (\$22.5 per square foot plus 7% architect/engineer fees)	\$3,411,200
Modular Workstations	444,500
Moving Costs	158,300
Phones, Data, Cabling	140,000
Other Equipment/Reconnection Charges	126,700
Project Management (2 years)	354,000
Contingency	<u>122,400</u>
Total	\$4,757,100

The relocation costs in Table 2 include \$140,000 for phone systems in the backfill space. This assumes that existing phone switches are adequate. The backfill agencies may require additional or upgraded equipment, but ADOA has not yet determined how it will propose funding this cost. Possibilities include leasing or lease-purchasing equipment, each agency requesting an appropriation for new equipment, or the ADOA Information Services Division purchasing equipment and charging costs back to agencies over time. Again, we recommend that ADOA report its plan as part of the consolidated report.

Table 2 does not include the cost of forgone rent on state-owned space. Approximately 137,500 square feet of state-owned space will be vacant for approximately 6 months while it is renovated for the new occupants. This will result in a loss of rent revenue to the Capital Outlay Stabilization Fund (COSF) of approximately \$928,100 in FY 2003. Since ADOA system building renewal typically is funded with all available COSF monies (monies available after funding ADOA General Services' operating) plus General Fund monies, the lost rent will result in either deferred building renewal or increased General Fund costs.

(Continued)

Table 3			
<u>Proposed Costs</u>		<u>Proposed Funding</u>	
1 st 2 Years Combined Cost:		1st 2 Years Combined Funding:	
Lease	\$14,991,200	Existing Rent	\$15,538,800
Renovation	3,411,200	New Cost	<u>4,209,500</u>
Other Backfill Costs	<u>1,345,900</u>		
Subtotal	\$19,748,300	Subtotal	\$19,748,300
Years 3-25 Combined Cost:		Years 3-25 Combined Funding:	
Lease	<u>237,758,500</u>	Existing Rent	<u>248,917,000</u>
Total	\$257,506,800	Total	\$268,665,300

Project Costs

Table 3 summarizes the various costs for the proposal. The main on-going cost of the project, the lease-purchase payments, will essentially be funded from existing rent payments, as displayed in Table 3. ADOA estimates that over the first 2 years of occupancy, net rent savings of approximately \$(547,600) will result from current rent costs that are higher than the planned lease-purchase costs. The actual amounts could vary greatly, based on the final list of agencies that move into the new buildings. In the past, choosing which agencies should move has been contentious and subject to frequent change during the planning process. ADOA is currently in the process of notifying the agencies that it proposes to relocate.

The projected rent savings of \$(547,600) will partially offset initial expenditures of \$4,757,100, leaving new one-time costs of approximately \$4,209,500. ADOA states that the cumulative savings in years 3 through 25 of the lease will offset the initial costs. The savings are largely due to a reduction in ADEQ's annual lease costs, where a substantial increase in the cost of the current private lease is expected.

To partially offset the initial cost, ADOA proposes funding the \$3,411,200 in renovation costs in the upcoming biennial budget from its anticipated FY 2002 and FY 2003 building renewal appropriations. (ADOA will renovate vacated state-owned space after the existing tenant agencies move into a new building.) The department's rationale is that these renovations to existing state-owned space would eventually have been performed as building renewal expenses, even without this construction project. We disagree with this rationale. First, ADOA building renewal in the FY 2000/FY 2001 biennium only totaled \$7,086,300 (which represented about 23% of the building renewal formula). If building renewal is funded at the same level in FY 2002/FY 2003, these renovation costs would absorb 48% of all building renewal. Second, this expense should be considered a new cost associated with the construction project and not as part of building renewal. ADOA most likely will make some changes to accommodate the backfill agencies that would not have been required if the original agencies stayed in the space. Additionally, many of the renovations that could be categorized as building renewal would not be completed for several years, if not for this project.

RS/LS:ss

Jane Dee Hull
Governor

J. Elliott Hibbs
Director

ARIZONA DEPARTMENT OF ADMINISTRATION
GENERAL SERVICES DIVISION • 15 SOUTH 15TH AVENUE, SUITE 101
PHOENIX, ARIZONA 85007
(602) 542-1920

June 6, 2000



The Honorable, Robert Burns
Chairman, Joint Committee on Capital Review
Arizona State Representative
1700 West Washington Street,
Phoenix, AZ 85007

RE: Request for Placement on Agenda of the Joint Committee on Capital Review – June, 2000

Dear Representative Burns:

The Arizona Department of Administration (ADOA) requests placement, on the June 2000, agenda of the Joint Committee on Capital Review, for consideration of the following item:

Privatized Lease to Own agreement with the successful developer, Opus Southwest, for the construction of two new office buildings on the Capitol Mall.

An information packet is enclosed with background and current status information on this issue.

Sincerely,

A handwritten signature in dark ink, appearing to read 'J. Elliott Hibbs', is written over a horizontal line.

J. Elliott Hibbs, Director

cc: Senator Randall Gnant
Richard Stavneak, Staff Director, JLBC
Lorenzo Martinez, JLBC
Lynne Smith, JLBC
Tom Betlach, Director, OSPB
Kristine Ward, OSPB
Bob Teel, Assistant Director, ADOA
Tim Brand, ADOA
Scott Smith, ADOA
Correspondence File

Background

Senate Bill 1063, Laws 2000, Chapter 164, Second Regular Session, Forty-fourth Legislature, granted the Director of the ADOA authority to enter into a Lease-To-Own transaction with a private entity for the construction, occupancy and ownership by the State, of two office buildings located on State owned property in the Capitol Mall. Through a competitive RFP process, ADOA has selected, Opus West Corporation (OPUS) as the design build developer and operator of the buildings, and has negotiated the major terms of the agreement. As required by Section 1, Paragraph C of the legislation, we are now submitting the terms of the transaction for review.

Proposal

This agreement will take the form of our standard lease contract currently in use by State agencies leasing private office space. It will contain the statutory requirements for termination in the event of non-appropriation.

Additionally, the agreement will include a lease agreement with OPUS for the land with mutually agreeable terms at a nominal rate.

Transaction Terms

Premises:

Included as attachments to the lease shall be the mutually agreed upon outline specifications and conceptual design for the facilities.

- ADOA Building, 183,246 gross s.f., 177,038 rentable s.f. with a 800 car parking structure.
- ADEQ Building, 302,817 gross s.f., 293,000 rentable s.f. with a 1000 car parking structure.

The design of both buildings will include the best practice strategies of flexible workspace by utilizing 80% for open office modular workstations and only 20% for hardwall offices. The buildings will also incorporate "Green Building" strategies for energy efficiency and environmentally responsible construction.

- The land lease for OPUS will include approximately 4.72 acres for the ADOA Office Building and approximately 3.7 acres for the ADEQ Office Building.

Term:

- Proposed term is 25 years (see attached rent schedule "A")

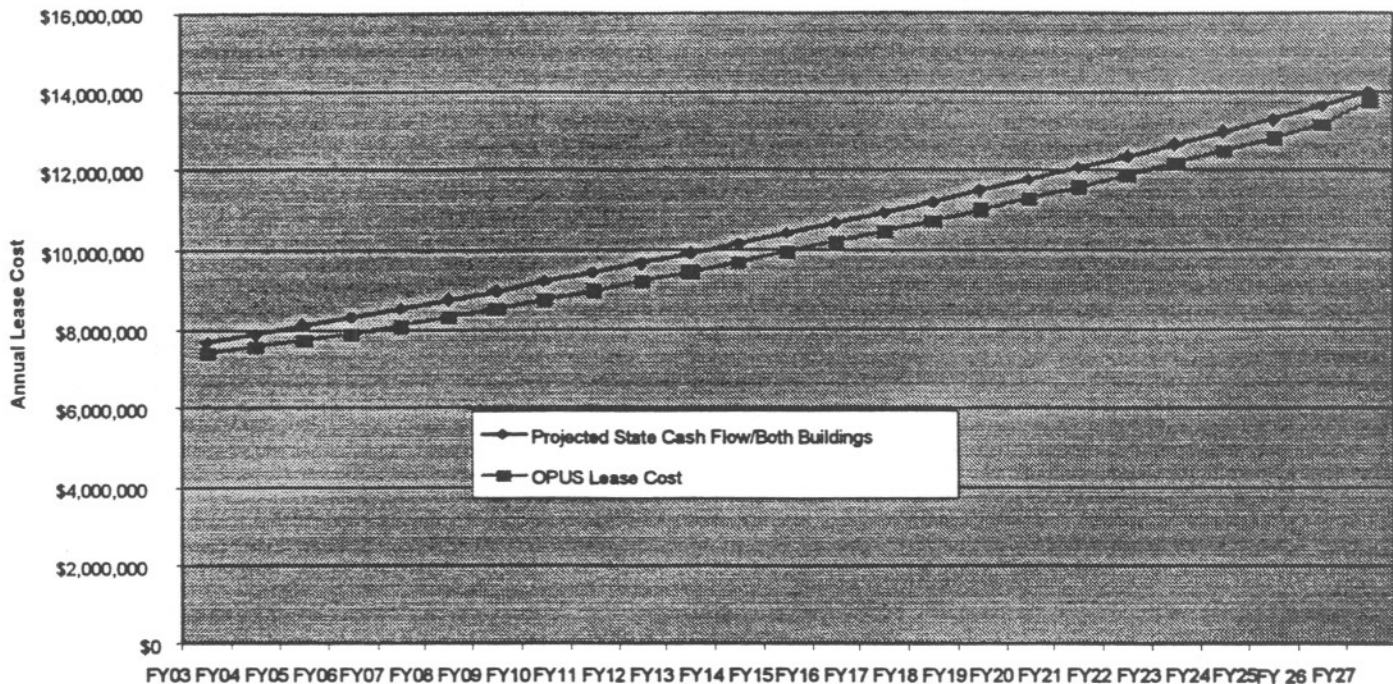
Rate:

Full service lease, the builder developer/operator provides for maintenance, utilities and janitorial services.

Rent shall consist of base rent plus operation and maintenance charge plus a major maintenance fund charge. Base rent shall be at a fixed rate with

increasing payments for 25 years; operation and maintenance shall be fixed for the first 4 years and negotiated thereafter in 2 to 4-year terms. It is estimated that the major maintenance fund will be assessed at approximately \$0.60 per s.f. and increase at 1% per year. The latter shall be deposited in an interest bearing account and used for replacement and renovation costs during the term of the lease. All funds remaining in this account at the end of the lease term shall be turned over to the State. For the OPUS rent schedule, see Attachment 1.

OPUS Lease Costs are less than Projected Continued State Leasing



Relocation Costs included in the OPUS Annual Lease:

- The cost for relocating state agencies from their present location to the proposed two new office buildings is included in the annual lease cost. This will include the physical relocation of equipment, conventional and modular furniture, the addition of modular furniture components for reconfiguration purposes, and the horizontal cabling necessary and distribution equipment necessary for telecommunications and computer systems.

Schedule

- ADOA office building is scheduled for completion by July 19, 2002.

- ADEQ office building is scheduled for completion by March 1, 2002.

Other Relocation Costs not included in the OPUS Lease

Relocation for Backfill Agencies to former ADOA Space:

ADOA will vacate approximately 137,500 s.f. that can be "backfilled" by other agencies currently in private lease space. The following costs will be associated with these relocations:

Modular furniture - design, disassembly and reinstallation of existing modular furniture. Existing modular workstations will need to be reconfigured to be used in the new facility. Additionally, it is estimated that some new components will have to be purchased both to meet the 80% open office goal and to effectively reconfigure existing workstations.

- Backfill Modular Costs\$444,500

Physical move – cost to move conventional furniture files and equipment.

- Backfill Move (\$1.25/s.f. x 126,655).....\$158,300
- Special equipment, i.e., copy machines, computers, reconnection charges, 126,655 s.f. x \$1.00/s.f.....\$126,700

Phones and Data – Costs for cabling and handsets, existing switching facilities assumed adequate

- Backfill cabling, handsets and connection labor\$140,000

Staffing

- Request for two project manager and one support position for
- FY 2002 and FY 2003.....\$354,000
- Contingency 10%.....\$122,400

Subtotal\$1,345,900

Renovation Costs - The space vacated by ADOA will be renovated for the new lease reversion backfill tenants. HVAC, finishes, lighting and electrical will be upgraded to provide appealing, safe flexible and effective work environments. ADOA will employ the same best practice goals of energy efficiency and maximum utilization of space by planning for 80% open office (modular workstations) and 20% hardwall space. Having the space vacant will allow us to complete accomplish building renewal projects cheaper and faster than if the space was occupied. These expenses will be incurred over time regardless of PLTO. ADOA propose building renewal funds for this renovation work.

- Backfill Renovations (\$22.50/s.f. x 141,750).....\$3,188,000
- A&E fees @ 7%\$223,200
- Subtotal.....\$3,411,200

Total Backfill Costs.....\$4,757,100

Compelling Reasons for Favorable Review of the PLTO Transaction (OPUS Lease)

- The PLTO annual lease costs are well within the projected cash flow.
- Approval of the transaction terms allows the approval of the lease, which is the instrument necessary for OPUS to secure financing and begin the project.
- Approval is required to meet the scheduled completion date for the ADEQ Office Building. The ADEQ lease expires on March 31, 2002. If ADEQ cannot move by that date, they will be subject to a "holdover clause" which increases their lease payment by 10% (\$23,000-\$30,000 per month). The "holdover clause" can be cancelled by the landlord on thirty days notice.
- Interest rates are creeping upward. Delays in approval may increase financing costs which in turn will increase annual lease costs.
- The State of Arizona gets much needed office space on the Capitol Mall, increasing efficiency and enhancing customer service.
- OPUS design build arrangement will maximize value to the State.
- OPUS is a proven performer in the industry.
- No risk to State with fiscal out clause and elimination of any implied indebtedness by the State in the lease agreement.
- Maximum participation by the private sector.
- Best practice strategies will be employed for space utilization, energy efficiencies, indoor air quality and life cycle costing.
- The State will own a \$100 million asset at the end of the lease term.
- No direct operation and maintenance expenses during the term of the lease contract.
- Lease agreement includes major maintenance and renovation costs during the term of the agreement, ensuring the delivery of an asset in excellent condition.
- State retains ownership of the land.
- Buildings are designed to allow for long term growth of the anchor agencies, avoiding costly future relocation and lease expenses.
- Phone and data needs can be met by ADOA, reducing long-term costs.
- These projects are the first step in implementing the Capitol Mall Master Plan for the State's Centennial in 2012.

Request

ADOA requests favorable review of the Privatized Lease to Own (PLTO) lease transaction and approval to execute a lease document with OPUS West Corporation.

RENT SCHEDULE

Rental Year	Base Rent	Operation & Maintenance	Maintenance Fund	OPUS Annual Lease Cost	OPUS Cost/SF	Projected Continued State Lease Cost	Projected Savings
2	\$ -	\$ -	\$ -	\$ -			
3	\$ 5,043,207	\$ 2,064,770	\$ 297,981	\$ 7,405,958	\$ 15.77	\$ 7,669,214	\$ 263,256
4	\$ 5,219,567	\$ 2,064,770	\$ 300,891	\$ 7,585,228	\$ 16.15	\$ 7,869,549	\$ 284,321
5	\$ 5,356,442	\$ 2,064,770	\$ 303,859	\$ 7,725,071	\$ 16.45	\$ 8,116,122	\$ 391,051
6	\$ 5,510,242	\$ 2,064,770	\$ 306,887	\$ 7,881,899	\$ 16.78	\$ 8,319,025	\$ 437,126
7	\$ 5,644,480	\$ 2,126,713	\$ 309,975	\$ 8,081,167	\$ 17.20	\$ 8,527,001	\$ 445,834
8	\$ 5,784,520	\$ 2,190,514	\$ 313,125	\$ 8,288,159	\$ 17.64	\$ 8,740,176	\$ 452,017
9	\$ 5,949,380	\$ 2,256,230	\$ 316,338	\$ 8,521,947	\$ 18.14	\$ 8,958,680	\$ 436,733
10	\$ 6,081,955	\$ 2,323,916	\$ 319,615	\$ 8,725,486	\$ 18.58	\$ 9,182,647	\$ 457,161
11	\$ 6,238,140	\$ 2,393,634	\$ 322,957	\$ 8,954,731	\$ 19.06	\$ 9,412,213	\$ 457,482
12	\$ 6,395,000	\$ 2,465,443	\$ 326,367	\$ 9,186,810	\$ 19.56	\$ 9,647,519	\$ 460,709
13	\$ 6,552,115	\$ 2,539,406	\$ 329,845	\$ 9,421,366	\$ 20.06	\$ 9,888,706	\$ 467,340
14	\$ 6,712,345	\$ 2,615,588	\$ 333,392	\$ 9,661,325	\$ 20.57	\$ 10,135,924	\$ 474,599
15	\$ 6,885,162	\$ 2,694,056	\$ 337,010	\$ 9,916,228	\$ 21.11	\$ 10,389,322	\$ 473,094
16	\$ 7,058,517	\$ 2,774,878	\$ 340,701	\$ 10,174,096	\$ 21.66	\$ 10,649,055	\$ 474,959
17	\$ 7,235,910	\$ 2,858,124	\$ 344,465	\$ 10,438,499	\$ 22.22	\$ 10,915,282	\$ 476,783
18	\$ 7,415,510	\$ 2,943,868	\$ 348,305	\$ 10,707,683	\$ 22.80	\$ 11,188,164	\$ 480,481
19	\$ 7,600,450	\$ 3,032,184	\$ 352,221	\$ 10,984,855	\$ 23.39	\$ 11,467,868	\$ 483,013
20	\$ 7,793,520	\$ 3,123,149	\$ 356,216	\$ 11,272,885	\$ 24.00	\$ 11,754,565	\$ 481,680
21	\$ 7,984,445	\$ 3,216,844	\$ 360,219	\$ 11,561,508	\$ 24.61	\$ 12,048,429	\$ 486,921
22	\$ 8,189,177	\$ 3,313,349	\$ 364,447	\$ 11,866,973	\$ 25.26	\$ 12,349,639	\$ 482,666
23	\$ 8,392,237	\$ 3,412,750	\$ 368,686	\$ 12,173,673	\$ 25.92	\$ 12,658,380	\$ 484,707
24	\$ 8,601,780	\$ 3,515,132	\$ 373,010	\$ 12,489,922	\$ 26.59	\$ 12,974,839	\$ 484,918
25	\$ 8,822,000	\$ 3,620,586	\$ 377,421	\$ 12,820,007	\$ 27.29	\$ 13,299,210	\$ 479,204
26	\$ 9,037,850	\$ 3,729,204	\$ 381,920	\$ 13,148,973	\$ 27.99	\$ 13,972,483	\$ 823,510
27	\$ 9,527,660	\$ 3,841,080	\$ 386,509	\$ 13,755,249	\$ 29.28	\$ 14,321,795	\$ 566,547

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
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1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 542-5491

FAX (602) 542-1616

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BOB MCLENDON
ANDY NICHOLS
CHRISTINE WEASON

DATE: June 15, 2000

TO: Representative Bob Burns, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Gina Guarascio, Fiscal Analyst

SUBJECT: DEPARTMENT OF HEALTH SERVICES/ARIZONA DEPARTMENT OF
ADMINISTRATION - REVIEW OF EXPENDITURE PLANS AND DESIGN
SERVICES AT THE ARIZONA STATE HOSPITAL CONSTRUCTION PROJECT

Request

The Department of Administration (ADOA) requests that the Committee review 1) an expenditure plan for allocation of funds for infrastructure repairs at the Arizona State Hospital (ASH), 2) a proposed procurement of design services for renovation of Birch Hall to accommodate the less restrictive alternative (LRA) program for the Sexually Violent Persons (SVP) population, and 3) an expenditure plan for Phase 3 of the SVP program using the Inmate Construction Program.

Recommendation

JLBC Staff recommends that the Committee give these items favorable review. The Arizona State Hospital Capital Construction Commission reviewed ADOA requests at their initial meeting, and recommends the Committee give these requests a favorable review. The JLBC Staff further recommends that any transfers among the projects in excess of \$100,000 be reported to the JLBC Staff prior to expenditure.

Analysis

Laws 2000, Chapter 1 appropriated \$80 million over 4 years for the demolition, construction and renovation of ASH. The legislation also created the Arizona State Hospital Capital Construction Commission and charged them with reviewing capital construction and renovation plans at ASH for the purpose of making recommendations to ADOA and JCCR.

(Continued)

ADOA and DHS have budgeted the \$80 million appropriation as follows:

	Budgeted <u>Amount</u>	Today's <u>Request</u>	Total Requested <u>To Date</u>
SVP Program	\$ 8,369,100	\$ 4,010,100	\$4,010,100
Civil Hospital 176 Beds	32,599,700	-0-	-0-
Sitework / Tunnels / Telephone / Data	12,414,900	6,500,000	9,435,000
Adolescent Facility 16 beds	3,907,100	-0-	-0-
Forensic Hospital 140 beds	11,803,700	-0-	-0-
Contingency	<u>7,155,400</u>	<u>-0-</u>	<u>587,000</u>
TOTAL	\$76,249,900	\$10,510,100	\$14,032,100

ADOA and DHS are requesting favorable review for expenditure plans totaling \$10,510,100. Previously, JCCR favorably reviewed an expenditure plan of \$3,522,000 for preliminary sitework. To date, \$14,032,100 of the \$80 million appropriation has been requested by ADOA and DHS. ADOA and DHS anticipate completion of the Civil Hospital in November of 2002, followed by completion of an adolescent facility in March of 2003, completion of the SVP facilities in May of 2003, and completion of the forensic hospital in January of 2005.

Expenditure Plan for Infrastructure Repair

At its first meeting, the ASH Capital Construction Commission gave a favorable review to the allocation of \$6,500,000 to address current infrastructure issues at ASH and to ensure a safe and therapeutic environment. Current priority facility infrastructure items include the following:

- Central Plant repairs, including evaluation of systems, capacity upgrades for the new hospital and repair of existing equipment;
- Telecommunications expansion, including new cabling for the telephone system; and
- Other issues, including repair of sewer problems, parking expansion to address a lack of adequate parking, repairs to address water temperature control problems, and emergency generator requirements.

The estimated costs of the project are summarized in the table below.

Architect/Engineering Fees	\$ 177,800
Four Pipe System	2,000,000
Hot Water	500,000
Telephone Wiring	750,000
Tunnel Related Costs	250,000
Building Connections	880,000
Central Plant Upgrades	910,900
Telecommunications System Room	1,021,800
Project Support	<u>38,100</u>
TOTAL	\$6,528,600

These costs appear reasonable, and are projects that will need to be completed for the new building and planned renovations, and JLBC Staff recommends the Committee give a favorable review of the expenditure plan.

(Continued)

Start Design of Birch Hall for Least Restrictive Alternative Program

A.R.S. § 36-3710 provides that an SVP may be released to a less restrictive alternative if certain conditions are met. The Alamo facility at the north end of ASH currently houses the least restrictive program. This area of the Alamo complex is within the proposed area of the new civil hospital and will likely be demolished. ADOA and ASH are proposing to move the least restrictive program into Birch Hall after the hall has been vacated and renovated for this program. DHS continues to use Birch Hall for Family Health personnel, and has not yet finalized a new location for the staff or a date to vacate the hall. The ASH Capital Construction Commission has favorably reviewed the recommendation by ADOA and DHS to allocate \$104,100 for the renovation design. As this is part of the planned SVP renovation project, the JLBC Staff recommends the Committee give a favorable review to beginning the design process.

Expenditure Plan for Phase 3 of SVP Program using Inmate Labor

ADOA proposes beginning the construction of two 60-bed SVP dormitories within the current secured perimeter on the ASH grounds. This will provide a total of 240 secure SVP beds at the ASH campus. One additional 60-bed dormitory is planned for the future, which will bring the total number of beds to 300 when the project is completed. Current construction cost of each dormitory is estimated at \$1,500,000. ADOA further proposes employing the Inmate Construction Program for the construction portion of the project, and estimates a 20% savings associated with the use of inmate labor. The estimated costs of the project are summarized in the following table.

Professional Services	\$ 133,500
Construction (2 dormitories)	3,000,000
Emergency Generator	250,000
FF&E	100,000
Soil and Material Testing	20,000
Flooring	37,000
Project Support	55,400
Contingency	310,800
TOTAL	\$3,906,700

ADOA estimates 20% savings in construction costs as a result of using the inmate construction program. This equates to a \$300,000 savings. ADOA has not reduced its expenditure plan by this amount; however, JLBC Staff would anticipate that construction costs for the 2 SVP dormitories would not exceed \$2,700,000. As the cost and purpose of this project appears to be consistent with the plan on which the appropriation is based, the JLBC Staff recommends the Committee give a favorable review of the expenditure plan.

We have attached a letter from Patricia Homeister, of the Mental Health Advocates' Coalition of Arizona describing concerns with the SVP facilities at the ASH campus. The letter describes the evolution of the SVP program at ASH, concern that the space currently occupied by the SVP program will be inadequate in the future, and concern that state resources would have been better spent by siting the program off the ASH campus. Based on the recommendations of an Executive Task Force, the Legislature has appropriated monies to renovate and construct the SVP program on the ASH campus. Chapter 1 also clearly identifies ASH as the site for the SVP program. ADOA and DHS have planned for a total of 5 new dormitories with a total of 300 SVP beds on the ASH campus to be complete by May 2003. The 300 beds will fully utilize the space available for new construction on the ASH campus for the SVP program. Since the program's population is projected to continue to grow, the Executive and the Legislature will need to consider where to site additional SVP program beds during the FY 2002/ FY 2003 biennial budget.

(Continued)

The Mental Health Advocates' Coalition's letter also mentions concerns with the "taking" of the Training and Education building for use by the SVP Program. The Training and Education building will continue to house the programs and services that it currently holds until the completion of the new hospital facility. When the new civil hospital is complete, programs and services currently housed in the Training and Education building will be available in the new facility. The SVP program will then utilize the Training and Education building.

The letter also discusses multiple renovations of older buildings for the SVP program. As the Committee may remember, ASH faced significant time and space constraints for both the SVP program and the Restoration to Competency program. The renovations of these older buildings provided additional space quickly and were less expensive than new construction.

RS/GG/ag

Jane Dee Hull
Governor



J. Elliott Hibbs
Director

ARIZONA DEPARTMENT OF ADMINISTRATION
GENERAL SERVICES DIVISION • 15 SOUTH 15TH AVENUE, SUITE 101
PHOENIX, ARIZONA 85007
(602) 542-1920

June 5, 2000

The Honorable Robert Burns, Chairman
Joint Committee on Capital Review
1700 West Washington
Phoenix, Arizona 85007

RE: Request for Placement on Joint Committee on Capital Review Agenda – June 2000

Dear Representative Burns:

The Department of Administration requests placement in the June 2000 agenda of the Joint Committee on Capital Review to review the following three items. Each item has received a favorable review from the Arizona State Hospital Capital Construction Commission.

1. Expenditure plan for allocation of funds from Laws 2000, Chapter 1, for Infrastructure Repairs
2. Procurement of Design services for the Birch Hall renovation
3. Expenditure plan for allocation of funds from Laws 2000, Chapter 1, for the construction of Phase 3 of the Arizona Community Protection & Treatment Program using the Inmate Construction Program.

The information for this project is attached.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert C. Teel".

Robert C. Teel, Assistant Director, ADOA
ADOA General Services

Attachment

cc: Senator Randall Gnant, Arizona Senate
Tom Betlach, Director, OSPB
Richard Stavneak, Staff Director, JLBC
Lorenzo Martinez, JLBC
J. Elliott Hibbs, Director, ADOA
Bruce Ringwald, General Manager, Construction Services
Catherine R Eden, Director, ADHS
Leslie Schwalbe, Deputy Director, ADHS
Jack Silver, Superintendent, ASH
Walter Scott, Chief Operating Officer, ASH
Gene Messer, Director, Arizona Community Protection Treatment Center
Maria Black, Administrator, DHS

ARIZONA STATE HOSPITAL

BACKGROUND

Laws 2000, Chapter 1, signed by Governor Hull January 19, 2000, appropriated the following sums for the following fiscal years 2000-2003 from the monies in the Arizona state hospital capital construction fund to the Department of Administration for the demolition, renovation and construction of the Arizona state hospital. The Department of Administration is exempt from the provisions of title 41, chapter 23, Arizona Revised Statutes, relating to procurement procedures for the purposes of this project but shall report to the Joint Committee on Capital Review and the Arizona State Hospital Capital Construction Commission as to any procurement procedures that vary from those specified in title 41, chapter 23, Arizona Revised Statutes:

1. \$20,000,000 in fiscal year 1999-2000.
2. \$20,000,000 in fiscal year 2000-2001.
3. \$20,000,000 in fiscal year 2001-2002.
4. \$20,000,000 in fiscal year 2002-2003.

The newly created Arizona State Hospital Capital Construction Commission shall review capital construction and renovation plans at the Arizona State Hospital for Forensic, Civil, and Sexually Violent Persons facilities, the design of the facilities, and future use of the facilities and make recommendations to the Department of Administration and the Joint Committee on Capital Review.

STATUS

	Start	Finish
1. Civil Hospital Abatement	6/5/00	7/31/00
2. Civil Hospital Demolition	8/1/00	10/31/00
3. Utility Tunnel Abandonment Design	5/15/00	8/31/00
4. Civil Hospital RFP Phase 1	5/26/00	7/20/00
5. Civil Hospital RFP Phase 2	7/27/00	11/3/00

Request

The Department of Administration, Construction Services requests that the Joint Committee on Capital review favorably releasing funds to accomplish the following tasks:

1. **Rerouting utilities to address emergency need caused by a deteriorating infrastructure that is jeopardizing life safety requirements of the Arizona State Hospital. Rerouting utilities is also part of the campus-wide plan of tunnel abandonment. \$6,528,687.00**
2. **Beginning the renovation design of Birch Hall for the relocation of the Less Restrictive Alternative Program. Birch Hall is adjacent to the existing SVP structures and is away from the proposed civil hospital campus. \$104,100.00**
3. **Beginning construction of Phase 3 of the Arizona Community Protection & Treatment Program using the Inmate Construction Program. This construction will be for two dormitories. ADOA estimates 20 % savings (\$300,000.00) per building using the Inmate Construction Program. \$3,906,696.00**

The Arizona State Hospital Capital Construction Commission has given a favorable review for the above items.

Total Funds Requested for Release \$10,539,483.00

--- Az. Department of Administration
Construction Services Section ---

ARIZONA DEPARTMENT of ADMINISTRATION
CONSTRUCTION SERVICES

PROJECT: Tunnels & Communication
PROJECT NUMBER: 8311 & 8312
PROJECT MANAGER: John Sempert
SENIOR PROJECT MANAGER: Bruce Ringwald

DATE PREPARED: April 19, 2000
REVISED: 5/30/00

DESCRIPTION				AMOUNT
<u>FUND SOURCES:</u>				<u>INDEX NO:</u>
Laws 2000 ch 278				21811
TOTAL FUNDING				\$7,016,169
PROJECT COST:				ESTIMATE Rev. 12/2/98
		Quantity	Unit	Unit cost
<u>Professional Services:</u>				
1	A/E Fees (DWL)			175,080
2	DWL Reimb.			2,720
	Subtotal			\$177,800
1.	Four Pipe System	5000	lnft	\$ 400.00
2.	Domestic Hot Water	5000	lnft	\$ 100.00
3.	Telephone Wiring	5000	lnft	\$ 150.00
4.	Tunnel Demo	5000	lnft	\$ 30.00
5.	Back fill Tunnel	5000	lnft	\$ 20.00
6.	Building Connections	22	each	\$ 40,000.00
7.	Central Plant Upgrades		lump sum	910,949
8.	Telcommunication System Room		lump sum	1,021,833
9.				
	Subtotal			\$6,312,782
<u>Inmate Construction</u>				
1				
	Subtotal			
<u>Project Support</u>				
1	ICP Supervision			
2	WIPP			
3	ADOA Expenses			
4	ADOA Salaries			
	Risk MGT			38,105
	Subtotal			38,105
TOTAL PROJECT COST				6,528,687
<u>Estimated Contingency</u>				\$487,482
Subtotal				

-- Az. Department of Administration
Construction Services Section --

ARIZONA DEPARTMENT of ADMINISTRATION CONSTRUCTION SERVICES	
PROJECT:	Least Restrictive Alternative Birch Hall
PROJECT NUMBER:	8306
PROJECT MANAGER:	John Sempert
SENIOR PROJECT MANAGER:	Bruce Ringwald
DATE PREPARED:	April 15, 2000
REVISED:	4/15/00

DESCRIPTION	AMOUNT
<u>FUND SOURCES:</u>	<u>INDEX NO:</u>
Laws 2000 ch 278	21811
	1,330,546
TOTAL FUNDING	\$1,330,546

PROJECT COST:	ESTIMATE Rev. 12/2/98
<u>Professional Services:</u>	
1 A/E Fees (DWL)	104,100
2 DWL Reimb.	
Subtotal	\$104,100
<u>Construction Services (GC)</u>	
1 Base Contract	900,725
2 CO No. 1	0
Subtotal	\$900,725
<u>Separate Contracts</u>	
1. Fence	100,000
2. Rental Equipment	Included
4. FF&E	54,000
7. Finish Microwave	
10. Security Lights	
11. Flooring	35,000
12. Soils Testing	
13. Materials Testing	10,000
14.	
Subtotal	\$199,000
<u>Inmate Construction</u>	
1	
Subtotal	
<u>Project Support</u>	
1 ICP Supervision	20,000
2 WIPP	2,000
3 ADOA Expenses	10,000
4 ADOA Salaries	
5 Risk MGT	
Subtotal	32,000
<u>Estimated Contingency</u>	
	94,721
Subtotal	94,721
TOTAL PROJECT COST	1,330,546
<u>Funds Remaining</u>	\$0

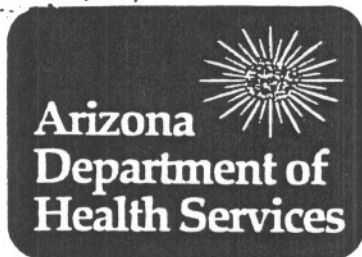
NOTES:

-- Az. Department of Administration
Construction Services Section --

ARIZONA DEPARTMENT of ADMINISTRATION CONSTRUCTION SERVICES	
PROJECT:	Sexual Violent Persons 2-60 Bed
PROJECT NUMBER:	8303
PROJECT MANAGER:	John Sempert
SENIOR PROJECT MANAGER:	Bruce Ringwald
DATE PREPARED:	October 15, 1999
REVISED:	4/15/00
DESCRIPTION	AMOUNT
<u>FUND SOURCES:</u>	<u>INDEX NO:</u>
Laws 2000 Ch 1	21811
	3,906,696
TOTAL FUNDING	\$3,906,696
PROJECT COST:	ESTIMATE Rev. 10/15/99
<u>Professional Services:</u>	
1 A/E Fees (DWL)	131,832
2 DWL Reimb.	1,660
Subtotal	\$133,492
<u>Construction Services (GC)</u>	
1 Base Contract (2 - 60 bed dorms) Work Performed by ICP	3,000,000 0
Subtotal	\$3,000,000
<u>Separate Contracts</u>	
1. Rental Equipment	2,000
2. FF&E	98,000
3. Emergency Generator	250,000
4. Flooring	37,000
5. Soils Testing	10,000
6. Materials Testing	10,000
Subtotal	\$407,000
<u>Inmate Construction</u>	
1	
Subtotal	
<u>Project Support</u>	
1 ICP Supervision	20,000
2 WIPP	2,000
3 ADOA Expenses	10,000
4 ADOA Salaries	
5 Risk MGT	23,440
Subtotal	55,440
<u>Estimated Contingency</u>	
	310,764
Subtotal	310,764
TOTAL PROJECT COST	3,906,696
Funds Remaining	\$0

NOTES:

1 ADOA will report the cost of the Inmate Construction Program



Office of the Director

1740 W. Adams Street
Phoenix, Arizona 85007-2670
(602) 542-1025
(602) 542-1062 FAX

JANE DEE HULL, GOVERNOR
CATHERINE R. EDEN, DIRECTOR



June 06, 2000

The Honorable Robert Burns, Chairman
Members, Joint Committee on Capital Review
1700 West Washington
Phoenix, AZ 85007

Mr. J. Elliott Hibbs, Director
Arizona Department of Administration
1700 W. Washington, Room 601
Phoenix, AZ 85007

Dear Representative Burns & Mr. Hibbs:

At its meeting held on May 25, 2000, the Arizona State Hospital Capital Construction Commission took the following action:

Item 1

The Commission gave a favorable review to the scope, purpose, and expenditure plan for allocation of funds from Laws 2000, Chapter 1, for infrastructure Repairs.

Item 2

The Commission gave a favorable review to the scope, purpose, for procurement of Design services for the Birch Hall renovation.

Item 3

The Commission gave a favorable review to the scope, purpose, and expenditure plan for allocation of funds from Laws 2000, Chapter 1, for the construction of Phase 3 of the Arizona Community Protection & Treatment Program using the Inmate Construction Program.

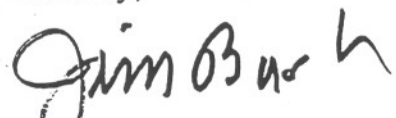
Representative Burns, Mr. J. Elliott Hibbs

June 06, 2000

Page 2

If you have any questions relative to the Commission's action, please contact me at (602) 916-5329.

Sincerely,

A handwritten signature in black ink that reads "Jim Bush" with a stylized flourish at the end.

Jim Bush, Chairman

Arizona State Hospital Capital Construction Commission

c: Catherine R. Eden, ADHS Director
Members of the ASH Capital Construction Commission

Joint Committee on Capital Review
1716 W. Adams
Phoenix, Az. 85007

Patricia A. Homeister
12247 N. 85th Street
Scottsdale, Az. 85260
480-368-5217
May 30, 2000



Re: Renovation costs on the Arizona State Hospital (ASH) grounds for the Sexually Violent Persons (SVP'S) compound.

It is our opinion that the Az. Dept. of Admin. (ADOA) has wasted millions of taxpayer's dollars by locating the SVP'S on the ASH grounds and will continue to waste even more money, as there is a shortage of available land on which to locate future necessary buildings. The SVP program grows by 5 persons per month and all the current plans will be filled when the program reaches 300 lifelong male residents, in 3 years.

Keeping in mind a Rep. Sue Gerard quote from Sept. '98 – "It was less expensive for schools to tear down and build new rather than renovate"; we offer the following examples:

1. Alamo Building, built in 1970, was housing adolescent mentally ill patients in 1997 until July when they were moved out and the Alamo Building was renovated for the SVP'S (who moved into Alamo in Sept.). Then the renovated Cholla was ready and the SVP's were moved into Cholla. Alamo was renovated and used by ASH for it's Restore To Compency male patients. By June 1998, Alamo was renovated again for the SVP Lease Restrictive Alternative (LRA) group. NOW ALAMO IS SLATED FOR DEMOLITION and the SVP group must vacate Alamo and it's neighboring building, Hawk.
2. Cholla's 1998 renovation and preparing of the new compound cost \$4,178,085. These funds included \$373,345 taken by the ADOA from the ASH design fund, through the JCCR at it's 4/15/99 meeting – although Gov. Hull had made a new mental hospital her #1 priority in her January "State of the State" speech. Now Cholla is to be renovated for the SVP'S (again) at a cost of \$927,696 {including \$87,696 for Design (A/E) & Admin. (ADOA)}.
3. Birch Hall, was built in 1937 for ASH patients and contains only 17,477 sq. ft. It is to be renovated for the SVP LRA group at an estimated cost of \$1,184,100*, including \$104,100 for Design (A/E) & Admin. (ADOA). This building has been leased to the Az. Dept. of Health Services (ADHS) for the past several years and should revert back to ASH. It could house ASH civil Transitional Living Unit (TLU) patients in the future, freeing up space in Granada for a forensic ASH TLU group.
4. 2 new dorms are to be built in the Cholla complex for \$3,900,000*. ADOA says it will save \$900,000 using prison laborers, although we suspect this savings could occur at other building sites also, with transportation. After these 2 new dorms are built, 2 other new dorms are to be built to complete the complex. This will bring the total SVP'S on ASH grounds to 300 residents. These SVP "residents" are not mentally ill and do not belong on ASH property. They can be located elsewhere at a state mental health treatment facility.
- The JCCR meets June 15 and will probably be asked by the ADOA to approve the design expense for Birch Hall and the 1st \$3,900,000 for the SVP'S new building plan.

2.

5. "Taking" of the ASH Training & Education Building by ADOA for the SVP'S is planned, since the SVP'S need a support building. This "taking" will leave ASH without a building that it has used continuously since it was built in 1961. This building is very important to ASH and contains the patient/doctor library; meeting rooms; and the only telecommunications network on the ASH grounds. The ASH Advisory Board will be obtaining legal council to avoid this "taking".

6. The SVP program was granted \$12 Million over the next 4 years, as part of the \$80 Million that the legislature gave ASH to build a new mental hospital and renovate some ASH buildings. The adolescent mentally ill patients received \$4 Million for better facilities also. The SVP'S have plans for \$12,169,149 for buildings and security. The SVP'S have already spent thousands of dollars to move the road going to the Chapel, and now plan to spend thousands more to move the 36 year old Chapel away from it's dedicated site - which is next to the memorial fishpond and Bower's Park (which contains a running track and picnic area).

The moving of the Chapel and the "taking" of it's land site will also be a legal issue.

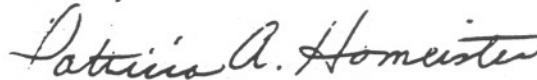
7. With \$12 Million, the SVP'S should obtain the necessary acreage to hold all their necessary buildings. There is no more land available on the ASH grounds and the SVP'S will need even more buildings within 3 years.

8. For the SVP'S to co-exist on the ASH grounds with the mentally ill patients, the SVP compound is to be closed off with large, expensive 20' high concrete walls which are designed to be a sight and sound barrier. The SVP compound already has 2 story buildings surrounded by high razor-wire fences, which has created a hardened, prison-like feel to the Arizona State Hospital grounds. This is not a good atmosphere for sick people who are trying to get well.

The biggest question is: Why is the ADOA buying such expensive band-aids to put over such an oozing wound??? When will the ADOA be told to stop wasting the taxpayer's money on plans that show little forethought and only cause more waste of money and facilities??? When will the ADOA find an acreage for the SVP'S and their buildings to move to and stop all this renovating and relocating mess??? When will the ADOA be told that the ASH property IS FOR THE MENTALLY ILL PATIENTS, and not for people with personality disorders???

PLEASE DO WHATEVER YOU CAN TO STOP THE MADNESS!!!

Sincerely,



Patricia A. Homeister, Chairman

ASH BUILDINGS AND GROUNDS COMMITTEE OF
MENTAL HEALTH ADVOCATES' COALITION OF ARIZONA

Exhibit 1

Arizona State Hospital Scope of Work

Items in Scope

1. Build a Civil Hospital 200 bed Capacity expandable by 100 beds with pool and outdoor treatment areas
2. Replace aging Tunnel system with a four-pipe direct bury system including communications and data lines to the Civil, Forensic, and SVP sites.
3. Continue the Sexually Violent Persons Program with a total build out of 300 beds. Total of 5 Dorms and support buildings to include Cholla Hall, Birch Hall, Training & Ed Building
4. Build an Adolescent facility with 16 beds and support building (School) (Exploration of off campus alternatives for the Adolescent Population) Directed by OSPB to evaluate Glendale Charter Hospital 3/9/00
5. Administration Addition for Hospital support
6. Renovate Juniper and Wick for the Forensic Population
7. New construction of or relocation of the existing chapel

Items Not in Scope

1. Removal of Arizona Department of Corrections from the site and work on any ADOC buildings
2. Tunnel work to the buildings occupied by ADOC
3. Relocation cost of Birch Hall occupants
4. Any work on the Old Administration Building
5. Issues concerning the State Historic Preservation Office for buildings
6. Archeological Discoveries
7. Work on the following buildings except for utility infrastructure connections:
 - Dietary
 - Motor Pool
 - Warehouse
 - Garage & Paint Shop
 - Maintenance
 - Laundry
 - General Services
 - Visitor Ramada
 - Commissary
 - Modular BLDG #1 & #2
 - Granada Hall

Arizona State Hospital Scope of Work

Exhibit "4"

Arizona State Hospital Budget

	ASH Plan to Task Force	House Bill 2019
SVP Program 4 Dorms & Security	\$ 12,169,149.00	\$ 8,369,149.00
Civil Hospital 176 Beds	\$ 30,599,746.00	\$ 32,599,746.00
General Sitework	\$ 5,836,189.00	\$ 5,836,189.00
Adolescent Facility 16 Beds	\$ 3,907,088.00	\$ 3,907,088.00
Tunnels	\$ 5,500,685.00	\$ 5,500,685.00
Telephone/Data	\$ 1,028,000.00	\$ 1,028,000.00
Forensic Hospital 140 Beds	\$ 11,803,731.00	\$ 11,803,731.00
Contingency	\$ 4,955,412.00	\$ 7,155,412.00
Total	<u>\$ 75,800,000.00</u>	<u>\$ 76,200,000.00</u>

NOTE: Includes 3.8 million that must be reimbursed to the General Fund,
SVP Building need to lower the \$12.1 million to \$8.3 million

Preliminary

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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GUS ARZBERGER
RUSSELL W. "RUSTY" BOWERS
JACK A. BROWN
TOM SMITH
RUTH SOLOMON
JOHN WETTAW

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 542-5491

FAX (602) 542-1616

HOUSE OF
REPRESENTATIVES

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CHAIRMAN 2000
DEAN COOLEY
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BOB MCLENDON
ANDY NICHOLS
CHRISTINE WEASON

DATE: June 14, 2000

TO: Representative Bob Burns, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Brad Regens, Senior Fiscal Analyst

SUBJECT: DEPARTMENT OF CORRECTIONS/ARIZONA DEPARTMENT OF
ADMINISTRATION - REVIEW OF NEW SOUTHERN REGIONAL PRISON
COMPLEX AT TUCSON AND POSSIBLE ALTERNATIVES

During the Joint Committee on Capital Review meeting on May 16, several concerns were raised by the Committee regarding the Executive's request for a favorable review of the infrastructure construction at the New Southern Regional Prison Complex at Tucson. In addition to holding the agenda item, a JCCR subcommittee was created to review the areas of concern.

The attached memo was provided to the JCCR subcommittee members for discussion at the subcommittee's meeting to be held on June 15. This item has been included in the JCCR book as information for the Committee. The JLBC Staff will provide a memo to the Committee under separate cover regarding any actions taken by the subcommittee at the June 15 meeting.

At the request of the chairman, we will also be providing the members with some background information on expanding the current Department of Corrections facilities at Apache and Safford.

RS:BR:ck
Attachments

ASPC - Tucson II Executive Summary

Early in the project discussions between Arrington Watkins Architects and ADOA, GSD, Construction Services, it was agreed that the Architectural / Engineering Services contract for the ASPC - Tucson II project would be divided into two phases. Phase I or Masterplanning was to be primarily to investigate the site and establish the scope of the project. Phase II was to be the design, documentation and construction administration of the project. Masterplanning is now complete. Following is a summary of what is been complete and what the scope of Phase II will be.

A. MASTERPLANNING SCOPE and RESULTS

1. **Investigate the many aspect of the site in preparation for design and eventual construction, including:**
 - **Develop preliminary geotechnical information.** The results of an investigation by AGRA Earth and Environmental are presented in a letter from AGRA dated August 18, 1999.
 - **Review existing floodplain information.** Completed by Wilson and Co. resulting in a recommendation that Wilson proceed with their own detailed assessment of the floodplain. Wilson subsequently established the 100 year floodplain of the on-site washes, based on their topographic survey and research.
 - **Develop boundary and topographies of the site.** Wilson and Co. have completed the boundary and topographic survey and have provided the team with the graphic files of the results of survey.
 - **Explore water system alternatives.** The team explored the feasibility of providing the water to the site via a number of alternative and sub-alternatives. These are presented in detail, along with recommendations and costs, in Section 6 of Wilson & Company's *"Alternative Analysis Study for Site Drainage, Site Access Road, Water Supply and Wastewater Treatment"*, dated September, 1999 (*"Wilson's Alternative Analysis Study"*)
 - **Explore wastewater system alternatives and opportunities for reuse of effluent.** The team explored a number of alternative and sub-alternatives for dealing with the wastewater and reuse of effluent. These are presented in detail, along with recommendations and costs, in Section 7 of *Wilson's Alternative Analysis Study*

- **Investigate water system demand criteria.** The team researched the water flow data at ASPC - Eyman and ASPC - Lewis and used that information to establish a water supply design criteria for this project. This information is contained in Section 6 of *Wilson's Alternative Analysis Study*.
- **Research availability of utilities including power and natural gas.** LSW engineers have initiated conversations and negotiations with Tucson Electric Power and Southwest Gas to determine the availability and cost of providing utilities to the site.
- **Research effects of the "Dark Sky" ordinances.** The design team has had a number of contacts and meetings with the International Dark Sky Association. The goal was to determine if existing or proposed ordinances would have any effect on the lighting of this project. The verbal information from the association indicates that the prototypical lighting scheme can meet the Dark Sky requirements with a couple of minor modifications. These modifications will have no effect on the security requirements of ADOC. LSW has submitted plans to the Association reflective of these early discussions and the team is awaiting a written response. Again, verbal indications are that the design is not a problem to the Association.
- **Explore site drainage concept alternatives.** The team explored a number of alternative site drainage concepts. These are presented in detail, along with recommendations and costs, in Section 4 of *Wilson's Alternative Analysis Study*.
- **Research the requirements for the development of Wilmot Road.** The team researched the requirements for the development of Wilmot Road from the existing ASPC - Tucson to the new facility. These are presented in detail, along with costs, in Section 5 of *Wilson's Alternative Analysis Study*.
- **Assist ADOA with determining the requirements of a variety of permitting agencies, including the Corp of Engineers, the State of Arizona Game and Fish, Pima County and the City of Tucson.** : Led by ADOA, Construction Services team, the design team has contacted and is having ongoing conversations and negotiations with the permitting agencies listed above. The design team continues to provide data and drawings to support this effort.

2. Develop a masterplan for the development of the entire new prison complex on the subject site.

The design team has developed a masterplan for the development of the entire site that has been approved by ADOA and ADC. The development consists of four prison units within a complex configuration similar to ASPC - Lewis; complex facilities outside of the complex perimeter including complex buildings, perimeter roads and parking; a future prison unit that would be incorporated into this complex; sites for two future units that would stand alone north of the complex; a wastewater treatment plant and wetlands / riparian area, water wells and water storage / distribution facilities; site drainage features; site utility distribution concepts; and construction yards for the various contractors that will require space on the site.

3. Study, in detail, the idea of combining the individual unit kitchens together into one large central kitchen with smaller rethermalization kitchens in each unit.

The design team performed an in-depth study of the options for providing food service to the complex the results of this effort is contained in the *"Report to The Arizona of Administration and The Department of Corrections, ASPC Tucson II, Foodservice System Options"* (Redmond's Study). After review of the study and a trip to view the Cook / Chill, Central Kitchen concept in use at the San Diego (CA) County Jail, the Department of Corrections approved the use of the concept in this facility.

4. Study, in detail, various alternatives for handling the laundry needs of the new complex.

The original budget for this project contained funds to construct the space and utilities necessary to house a 10,000 square foot laundry within one of the ACI buildings, with an estimated cost of \$100,000. In addition, ADC would have to equip the laundry with more than \$525,000 in laundry equipment. In an effort to eliminate at least some of these costs, the design team studied the existing ASPC Tucson laundry to determine if it had any additional capacity. It was determined that by buying one additional small washer and one additional small dryer and by running the laundry for two shifts a day, the existing laundry could handle all of the laundry created by the new complex.

5. Explore and study the cost - saving measures brought to the table by ADC, ADOA and Arrington Watkins Architects, primarily the concept of converting from the current 800 bed unit to a unit containing 1000-1500 beds, thereby reducing the number of units required to house the inmates.

During Phase I, Arrington Watkins developed a prison unit design that utilized 300 bed cell units in lieu of 200 bed cell units, 300 bed dormitory units in lieu of 134 bed dormitories and 1150 general population beds per unit in lieu of 800 general population beds per unit. This design utilized approximately 200 acres inside the prison perimeter in lieu of 285 acres utilized at Lewis. In addition, this design eliminated one administration building, one support building, one yard control building and reduced the total building area of housing units. The total building area was reduced by 76,677 square feet because of this change. This proposal was accepted by ADC.

6. **Analyze the existing prototypes that are to be built by the Inmate Construction Program (ICP) for cost saving opportunities and program improvements. It is the desire of ADOA to begin construction on these buildings, using inmate labor, far out ahead of the award of the contract for General Construction. The scheduled construction start will be dependent on inmate population.**

The design team reviewed the program requirements and design of each of the buildings proposed to be built by the ICP in the first phase of construction, including the "N" Warehouse, "Q" Visitor Processing, "S" Staff Training, "V" Complex Administration, "W" Vehicle Maintenance and "X" Complex Maintenance. Changes were made in each of the buildings both to reduce the costs and to improve the function.

7. **Review the overall project budget**

A preliminary budget review suggests a potential savings of between \$5 and \$10 million from the prototypical Lewis design.

8. **Establish an overall project schedule**

A graphic project schedule was produced incorporating the major design and construction elements of the project, including the various anticipated bid packages: Well Drilling Package, ICP Bid Package, Mass Excavation Bid Package, Wastewater Treatment Bid Package and General Construction Package. A detailed schedule is included later in the Executive Summary.

9. **Organize and facilitate weekly design meetings throughout Phase I.**

Throughout Phase I, Arrington Watkins Architects conducted weekly design meetings for the purpose of presenting work to date, decision making and project monitoring. Attendees and participants have included representatives of ADOA Construction Services, ADC Facilities Activation Bureau, ADC Health Services, ICP, Arizona Construction Industries, ADC Information Technologies, along with Arrington Watkins Architects and its consultant firms.

ASPC - Tucson II Executive Summary

B. DESIGN MODIFICATIONS

The ASPC-Lewis building and infrastructure designs were used as a starting point for the budget estimate and design of the Tucson II facility. Throughout the Masterplanning phase, modifications have been made from the original ASPC-Lewis designs. Following is a summary of these modifications to design, bed capacity and budget costs from the ASPC-Lewis project.

1. Building "V" Complex Administration and Building "S" Staff Training

Lewis Design: An administration building of 13,776 square feet and a staff training building of 3,199 square feet for a total of 16,975 square feet.

Modifications: One combined building totaling 18,474 square feet. This building contains the complex administration functions from the Lewis "V", the staff training functions from the Lewis "S" and the education offices.

Rationale:

1. There are cost savings in combining two structures (the "V" and the "S") into one structure.
2. The education office space must be provided, either by ADOA or by ADC later. It is less expensive and more functional to plan it into this structure than to build a separate structure in the future.

Cost Analysis: Phase II Task

2. Kitchens

Lewis Design: Five "B" Support Buildings, each with a full service kitchen to serve the inmates of an individual unit.

Modifications: One Central Cook / Chill kitchen in the complex warehouse and one rethermalization kitchen in each of the prison units.

Rationale: From FRA study.

Cost Analysis: Phase II Task

3. Number of Prison Units

Lewis Design: Six individual prison units, each with its own housing units, administration building, support building with kitchen, ACI building, sally ports and secure perimeter. Total inmate population of 4,200 plus 400 lock-up beds.

Eighteen (18) Dormitory units housing 134 inmates each; eight (8) Cell units housing 200 inmates each and four (4) Lock-Up units housing 80 inmates each. Total of 569,580 square feet to house 4,200 general population inmates plus 200 lock-ups. 129 square feet per inmate.

Modifications: Four units with a total inmate capacity of 4,400 plus 400 lock-up beds. Each of the four higher-capacity units will have the same land area as, but more building area than, the approved unit.

Larger housing units and less buildings. Six (6) Dormitory units housing 300 inmates each; six (6) Dormitory units with a Lock-Up wing in lieu of a separate building, housing 300 inmates each; two (2) Cell units housing 300 inmates each and two (2) Cell units with a Lock-Up wing in lieu of a separate building. Total of 550,880 square feet to house 4400 general population inmates and 400 lock-ups. 115 square feet per inmate.

- Rationale:**
1. Reduction in site development costs including grading, paving, utilities, fencing and security systems.
 2. Reduction in land area used. Sixteen (16) structures in lieu of thirty (30) structures. Less expense per square foot by building fewer structures.
 3. 20,000 less square feet in square feet of housing units. Reduction in size will result in less maintenance expenses in future years.
 4. 200 more inmates in less building area.
 5. Reduction in "A" Unit Administration Buildings from five (5) to four (4), reducing total building area by 12,930 square feet.
 6. Reduction in "B" Unit Kitchen Dining Buildings from five (5) to four (4), reducing total building area by 4,000 square feet

7. Reduction in "H" Yard Towers from five (5) to four (4).
8. Reduction in "K" sallyport buildings from (8) to five (5).
9. Reduction in staff.
10. Allowed addition of site for future level 5 unit.

Cost Analysis: Phase II Task

4. ACI Buildings

Lewis Design: One 30,000 square foot ACI building per 800 bed unit. Total of four (4), 30,000 square foot ACI buildings and one (1), 30,000 square foot ACI building containing a 10,000 square foot complex laundry. 150,000 square feet total. 36 square feet per inmate.

Modifications: Two 20,000 square foot ACI buildings per 1100 bed unit. Total of eight (8), 20,000 square foot ACI buildings. No complex laundry in this complex. 160,000 square feet total. 36 square feet per inmate.

- Rationale:**
1. Maintains ACI space per inmate.
 2. Two ACI buildings per prison units. One ACI building for each prison yard, eliminating inmates crossing other yards to access an ACI building.
 3. Eliminated the need to enlarge the yard for additional inmates in each unit.

Cost Analysis: Phase II Task

5. Central Pharmacy

Lewis Design: 800 square foot Pharmacy in the "V" Complex Administration Building to service the complex.

Modifications: 2700 square foot Regional Pharmacy in the "N" Warehouse Building to service the entire southern region of the prison system.

Rationale: To be provided by ADC Health Services

Cost Analysis: To be provided by ADC Health Services

6. Laundry

Lewis Design: "Fit-up" of 10,000 square feet of ACI building into a Laundry to meet the needs of the inmates in this complex. ADC purchases equipment.

Modifications: Make relatively minor modifications to the existing laundry at ASPC - Tucson and run the laundry for two shifts each day to absorb the additional laundry created by this new complex.

Rationale:

1. Eliminate the need to "fit-up" and utilize 10,000 square feet of space in an ACI Building.
2. Less expensive option to build.
3. Existing laundry is capable of operating two shifts per day and inmate laborers are available.
4. Reduction in amount of equipment for ADC to purchase and operate.

Cost Analysis: Phase II Task

7. "W" Vehicle Maintenance Building

Lewis Design: One 10,620 square foot building consisting of 9,500 square feet on the ground floor, a 1120 square foot mezzanine and one covered exterior vehicle maintenance bay.

Modifications: One 10,620 square foot building, all on the ground floor, with one covered and one uncovered exterior maintenance bays.

Rationale:

Cost Analysis: Phase II Task

8. "X" Maintenance Building

Lewis Design: One 10,647 square foot building with an exterior covered storage area of 2,000 square feet.

Modifications: One 10,647 square foot building with an exterior covered storage area of 4,000 square feet.

Rationale:

Cost Analysis: Phase II Task

9. "Q" Visitor / Staff Processing

Lewis Design: One 6,088 square foot building for processing visitors and staff into the complex.

Modifications: In addition to visitor and staff in-processing, a 5,500 square foot enclosed locker, change, toilet and physical training area for staff.

Rationale: 1. This area is needed in order for staff to comply with the Directors staff safety policy of not wearing uniforms on the way to and from work.

Cost Analysis: Phase II Task

10. Utility Distribution within Units

Lewis Design: Distribution of electrical, gas, domestic water and fire water looped around the exterior of the buildings within each unit

Modifications: Distribution of electrical, gas, domestic water and fire water looped inside the ring of the buildings within each unit.

Rationale: Substantially reduces the length of utilities required to service each unit.

Cost Analysis: Phase II Task

11. Telecommunications

Lewis Design: ADC contracted telecommunications to separate contractor after the buildings were designed.

Modifications: Cable Plant contract and coordination of all telecommunications work included in the prime design contract.

Rationale:

1. Single source of responsibility for coordination.
2. Buildings are designed with knowledge of telecommunications requirements.
3. Cable Plant included in large contract should cost less than a separate, smaller contract.

Cost Analysis: Phase II Task

12. Energy Management System

Lewis Design: Standard thermostats located within zone that it controls.

Modifications: Electronic energy management system.

Rationale:

1. Better control of temperature within a space
2. Savings in maintenance costs.

Cost Analysis: Phase II Task

STATE OF ARIZONA

Joint Committee on Capital Review

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PHONE (602) 542-5491

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CHRISTINE WEASON

DATE: June 13, 2000

TO: Representative Bob Burns, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Indya Kincannon, Fiscal Analyst

SUBJECT: ARIZONA PIONEERS' HOME/ADOA - REVIEW OF SCOPE, PURPOSE
AND ESTIMATED COST OF FIRE ESCAPE

Request

The Arizona Department of Administration (ADOA) requests Committee review of the scope, purpose, and estimated cost of the new fire escape at the Arizona Pioneers' Home in Prescott.

Recommendation

The JLBC Staff recommends the Committee give a favorable review of the request. While an expensive project, the Americans with Disabilities Act (ADA) requirements limit the Home's options in replacing the currently unsafe fire escape.

Analysis

Laws 2000, Chapter 3, appropriated \$1,213,500 to ADOA from the Miners' Hospital Fund in FY 2001 to correct fire and life safety issues at the Arizona Pioneers' Home. A.R.S. 41-1252 requires JCCR review of the expenditure of all monies appropriated for capital projects.

According to a 1997 Auditor General report, the existing fire escape is insufficient for the safe and timely evacuation of elderly residents and does not meet ADA or fire code requirements. The proposed 3-story stair tower will provide an area of refuge for people who, for reasons of health, cannot achieve safety by normal means of egress. Construction documents have been completed and ADOA expects to receive construction bids by July 11 with construction to start by July 18.

(Continued)

June 13, 2000

The \$1,213,500 appropriation would pay for a permanent stand-alone 3-story structure in the rear courtyard between 2 wings of the main building and demolition of the existing ramp system. This stair tower would be equipped with an elevator, staircase and bathrooms on the 2nd and 3rd stories. In addition to having its own fire alarm and sprinkler system, the structure would be built to endure 2 hours of fire exposure without harm to people inside. The building would be connected to the main building by fireproofed enclosed corridors on the 2nd and 3rd stories and a covered walkway on the 1st floor.

The appropriation would also cover renovations to a one-story stairway fire escape on the north side of the main building that can be used by fully ambulatory residents. The design has been reviewed by the State Historic Preservation Office to ensure that the new structure does not unduly harm the historic nature of the main building.

The estimated costs of this project are summarized below.

Architectural/Engineering Fees	\$ 50,000
Construction Contract	1,033,000
Facility Relocation to Accommodate Construction	10,000
Risk Management Insurance	7,500
ADOA Expenses	10,000
Contingency	<u>103,000</u>
Total Project Cost	\$1,213,500

The agency considered several alternatives before choosing this design. Initially ADOA and the architects considered replacing the old ramp system with a new covered ramp system that would be sheltered from the elements. However, the Americans with Disabilities Act requires ramps to be gently sloped, dropping only 1 inch per foot, and also requires that there be a landing every 18 feet wide enough for wheelchairs to negotiate. Since the ramp would need to begin on the 3^d floor, an Americans with Disabilities Act compliant ramp would take up more land than is available at the site. Once the ramp alternative was eliminated, a stair tower 'area of refuge' became the only viable option. ADOA and the architects considered several stair tower designs and selected the least expensive option.

The project is within the scope of legislative intent and appropriation. The JLBC Staff recommends a favorable review.

RS/IK:ag

Jane Dee Hull
Governor



J. Elliott Hibbs
Director

ARIZONA DEPARTMENT OF ADMINISTRATION
GENERAL SERVICES DIVISION • 15 SOUTH 15TH AVENUE, SUITE 101
PHOENIX, ARIZONA 85007
(602) 542-1920

June 8, 2000

The Honorable Robert Burns, Chairman
Joint Committee on Capital Review
Arizona State Senate
1700 West Washington
Phoenix, Arizona 85007

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

Dear Representative Burns:

The Department of Administration requests placement on the June 20, 2000 agenda of the Joint Committee on Capital Review for review of the Stair Tower Life Safety Upgrade Construction to begin at the Arizona Pioneers Home in Prescott, Arizona.

Construction Documents for the Stair Tower are complete and will be released to General Contractors for bidding next week.

Funding for this project in the amount of \$1,213,000.00 was approved in House Bill 2564.

The information for this project is attached.

Sincerely,

A handwritten signature in cursive script, reading "Robert C. Teel".

Robert C. Teel, Assistant Director
General Services Division
Department of Administration

cc: Senator Randall Gnant, Arizona Senate
J. Elliott Hibbs, Director, ADOA
Tom Betlach, Director, OSPB
Richard Stavneak, Staff Director, JLBC
Lorenzo Martinez, JLBC
Scott Smith, ADOA
Kristine Ward, Budget Analyst, OSPB
Jeanine Dike, Director, Arizona Pioneers Home
Jayne Long, Project Manager, ADOA GSD-CS

Jane Dee Hull
Governor



J. Elliott Hibbs
Director

ARIZONA DEPARTMENT OF ADMINISTRATION
GENERAL SERVICES DIVISION - CONSTRUCTION SERVICES
15 SOUTH 15TH AVENUE, #101
PHOENIX, ARIZONA 85007

**ARIZONA PIONEERS HOME STAIR TOWER
LIFE SAFETY UPGRADE**

History

In 1998, the need to improve egress at the Pioneers Home was identified. The existing exterior exit ramps at the facility do not meet code and are badly deteriorated. House Bill 2564 appropriated \$1,213,500 to correct Fire and Life Safety issues at the Arizona Pioneers Home.

Project Description

The Stair Tower consists of a new addition of approximately 4,000 Square Feet, three stories high above a walkout basement. Included are an enclosed stairwell and a hydraulic elevator. This addition will serve as an area of refuge for residents of the Arizona Pioneers Home and will replace existing exit ramps that are badly deteriorated and do not meet codes for ADA or Fire Egress. As the Pioneers Home is a Registered Historical Building, the design for the new stair tower addition was coordinated with and reviewed by the Arizona Historical Society.

Schedule

Construction Documents Complete:	06JUN00
Receive Bids for Construction	11JUL00
Start of Construction	18JUL00
Construction Complete	20APR00

Proposed Budget

Architectural/Engineering Fees	50,000
Construction Contract	1,033,000
Facility Relocation to Accommodate Construction	10,000
Risk Management Insurance	7,500
ADOA Expenses	10,000
Contingency	<u>103,000</u>
Total:	\$ 1,213,500

Prepared by: Bruce Ringwald, General Manager
General Services Division
June 8, 2000

Request

The Department of Administration, Construction Services requests that the Joint Committee on Capital Review approve releasing funds as noted:

Complete the waters of the US crossing with the County road and bridge to preclude future requirements of the Corps of Engineers.

Extend the water system from the existing Tucson prison facility and drill the permanent wells. Equip the wells with pumps for construction water.

Relocate native plants.

Fence property, wash areas and preserve areas to minimize the potential of damage to endangered species.

Start clearing and grading of the site to secure permits for the first year. Any new Federal requirements that take effect prior to starting construction may void the permits until the new requirements are satisfied.

• Architect/Engineer Preliminary Fees	\$9,000,000
• Offsite road, grading, wells and utilities	\$7,000,000
• Project Support	<u>\$1,000,000</u>
Total Funds	<u>\$17,000,000</u>

Prepared by: Bruce Ringwald, General Manager
General Services Division
April 14, 2000

Proposed New Structure



STATE OF ARIZONA

Joint Committee on Capital Review

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PHOENIX, ARIZONA 85007

PHONE (602) 542-5491

FAX (602) 542-1616

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CHRISTINE WEASON

DATE: June 13, 2000

TO: Representative Bob Burns, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Lorenzo Martinez, Senior Fiscal Analyst

SUBJECT: ARIZONA BOARD OF REGENTS - REVIEW OF REVISED MULTI-YEAR BONDING PLAN
FOR NORTHERN ARIZONA UNIVERSITY

Request

Pursuant to Laws 1996, Chapter 334, the Arizona Board of Regents (ABOR) requests Committee review of revisions to the Multi-Year Bonding Plan for Northern Arizona University (NAU).

Recommendation

The JLBC Staff recommends a favorable review of the revisions to the May 1997 plan. The revised plan is relatively unchanged. The projects in the plan have not changed, only the amounts allocated to 3 projects have changed. Consistent with Chapter 334, any future revisions to the bonding plan shall be reviewed by the Committee prior to the approval of subsequent bonding projects.

Analysis

Laws 1996, Chapter 334 authorized ABOR to issue up to \$245,400,000 in revenue bonds for the universities under its jurisdiction. The Committee gave a favorable review to the initial bonding plan in May 1997. The Committee gave favorable reviews to revised bonding plans for the University of Arizona and Arizona State University in December 1999 and May 2000, respectively. The current distribution of bonding authority from Chapter 334 is listed in Table 1. Prior to the issuance of a bond for any particular project, Chapter 334 requires Committee approval of that project.

Table 1

		Planned Annual Bond Issues					
	1997	1998	1999	2000	2001	2002	Totals
ASU	\$ --	\$45,000,000	--	\$40,000,000	\$15,000,000	\$ --	\$100,000,000
NAU	30,900,000	--	--	23,900,000	--	--	54,800,000
U of A	--	--	--	23,683,000	30,000,000	36,900,000	90,583,000
TOTAL	\$30,900,000	\$45,000,000	--	\$87,583,000	\$45,000,000	\$36,900,000	\$245,383,000

(Continued)

NAU has been allocated a total of \$54,800,000 in bonding authority. In 1997, NAU issued \$30,900,000 in academic revenue bonds to finance 7 projects. The revised plan changes the amount of bond revenue allocated to 3 projects. Table 2 lists the 7 projects and allocations included in the original plan and the revised plan.

Table 2

Project	Original Allocation	Revised Allocation	Increase/ (Decrease)
Building Systems Repair/Replacement	\$4,000,000	\$1,441,145	(\$2,558,855)
Biology/Biochemistry Building	12,400,000	13,958,855	1,558,855
Centennial Building	1,500,000	2,500,000	1,000,000
Utility Infrastructure Renovation	3,000,000	3,000,000	--
Eastburn Building Renovation	4,000,000	4,000,000	--
Performing Arts Renovation	5,500,000	5,500,000	--
Television Studio Renovation	500,000	500,000	--
TOTAL	\$30,900,000	\$30,900,000	\$0

NAU plans to reduce the amount allocated for Building Systems Repair and Replacement by (\$2,558,855) and increase the amounts allocated for the Biology/Biochemistry Building and the Centennial Building by \$1,558,855 and \$1,000,000, respectively.

As a result of reducing the allocation for Building Systems Repair and Replacement, some capital needs will be deferred until a future bond issuance. As shown in Table 1, NAU has \$23,900,000 remaining in bonding authority. The projects associated with the remaining bonding authority remain unchanged from the original plan and are listed in Table 3. The bonds for these projects have not been issued and pursuant to Chapter 334, must be approved by JCCR before any bonds are issued.

The increases allocated for the Biology/Biochemistry Building and the Centennial Building were to be financed originally with Plant Funds. However, Plant Funds have been allocated to emergency infrastructure needs and are no longer available for these bond projects. Plant Funds are institutional funds dedicated for capital projects. Revenues are derived primarily from indirect cost recovery.

Table 3

Project	Bond Allocation
Utility Infrastructure Renovation	\$3,000,000
Space Renovation	4,900,000
Gammage Building Renovation	4,000,000
Building Systems Repair/Replacement	5,000,000
Communication Building Renovation	4,000,000
Information Systems Building Addition	3,000,000
TOTAL	\$23,900,000

The debt service on the 1997 bond issuance is being paid from academic revenues. Academic revenues are generated from tuition. Any tuition revenues not set aside by ABOR for debt service may be available to offset General Fund appropriations for university operating budgets. Therefore, any increases in debt service requirements from issuing academic revenue bonds could have a potential impact on the amount of tuition revenues available to offset General Fund appropriations for operating costs. The entire NAU bond authority of \$54,800,000 is classified as academic.

ABOR has submitted the relevant amount allocation changes among the 7 projects financed with the 1997 bond issuance. The original plan is available for review upon request.



ARIZONA BOARD OF REGENTS

2020 NORTH CENTRAL, SUITE 230
PHOENIX, ARIZONA 85004-4593
(602) 229-2500
FAX (602) 229-2555

June 6, 2000

The Honorable Bob Burns
Chair
Joint Committee on Capital Review
1700 West Washington
Phoenix, AZ 85007

Dear Representative Burns:

The Arizona Board of Regents (ABOR) requests to be on the agenda for the next Joint Committee on Capital Review (JCCR) for review of the revised Multi-Year Bonding Plan for Northern Arizona University.

NAU's Multi-year Bonding Plan is being revised since its approval in 1997 in order to more effectively utilize proceeds from its Series 1997 \$30.9 million System Revenue Bonds sale proceeds.

Building Systems Repair and Replacement series of projects will be reduced in scope from \$4,000,000 to \$1,441,145. Two important projects were completed within the overall budget. The capital needs of a third major project, North Union Mechanical and Code Upgrade, exceed remaining funds available and will be deferred until a future bond issue.

Bond proceeds disencumbered from Building Systems Repair and Replacement will replace local funding components to two other projects approved for the 1997 Bond sale as follows:

Centennial Building (formerly called Replacement Building and Campus Entrance):
Replace \$1,000,000 in Plant Funds with '97 Bond funds.

Biology/Biochemistry Addition: Replace \$1,558,885 in Plant funds with '97 Bond funds.


The effect of this change will be to fully utilize Bond proceeds on approved projects, and to remove NAU from a further arbitrage situation, while allowing the release of Plant funds to address other pressing university infrastructure needs.

The Board of Regents approved NAU's plan revisions at its meeting on April 7, 2000. The plan revisions are also being submitted at this time to the Governor's Office of Strategic Planning and Budgeting for comments.

Enclosed is a new page 56 for the Multi-Year Bonding Planp documenting the above changes. Replacing the corresponding page 56 of the existing 1997 Bond Plan with the enclosed will result in an accurately modified plan.

We appreciate your consideration of this request. If you have any questions or desire any clarification on the enclosed material, please contact me at (602) 229-2505.

Sincerely,


Linda J. Blessing
Executive Director

Enclosure

Xc: Thomas Betlach, Director, Governor's Office of Strategic Planning
Lorenzo Martinez, Senior Fiscal Analyst, JCCR
Michael Mullen, Vice President for Administration

REVISED 03/00

NORTHERN ARIZONA UNIVERSITY
FY 2000-2003 CAPITAL IMPROVEMENT PLAN

APPROVAL VS. ISSUANCE RECONCILIATION FOR THE TEN YEARS ENDED JUNE 30, 1999

			LEGISLATIVE BONDING AUTHORITY							
LEGISLATIVE AUTHORITY			1988	1988	1990	1997	1997	TOTAL		
			ACADEMIC	AUXILIARY	ACADEMIC	ACADEMIC	ACADEMIC	AUTHORIZED		
1988 SENATE BILL 1212-CH 299, 2ND SESSION 88			26,755,000	14,145,000				40,900,000		
1990 HOUSE BILL 2692, CH 195					5,000,000			5,000,000		
1996 HOUSE BILL 2334, CH 334, 2ND SESSION 42						54,800,000		54,800,000		
TOTAL BONDING AUTHORITY BY YEAR AND CATEGORY			26,755,000	14,145,000	5,000,000	54,800,000		100,700,000		
PROJECTS	BONDS SOLD	TOTAL OFFERING STATEMENT	BONDS ISSUED			REVISIONS	TOTAL ISSUED	APPROVAL	AMOUNT APPROVED	ISSUE VS. APPROVED
ART AND DESIGN LABORATORY	SERIES 1989		900,000				900,000	JLRC 12/88	900,000	0
CLINE LIBRARY ADDITION			14,250,000				14,250,000		14,250,000	0
OLD MAIN/ASHURST HALL RENOVATION			5,100,000				5,100,000		5,100,000	0
SOCIAL AND BEHAVIORAL SCIENCES BLDG RENOV.			900,000				900,000		900,000	0
ROADWAY AND PARKING IMPROVEMENTS			850,000				850,000		850,000	0
UTILITY INFRASTRUCTURE RENOVATIONS			2,000,000				2,000,000		2,000,000	0
RESIDENCE LIFE FACILITY				14,100,000			14,100,000		14,100,000	0
ISSUE COSTS			80,000	45,000			125,000		125,000	0
TOTAL		38,225,000								
CLINE LIBRARY RENOVATIONS	SERIES 1990		2,366,000				2,366,000	JCCR 2/90	2,366,000	0
ISSUE COSTS			309,000				309,000		309,000	0
TOTAL		2,675,000								
SOUTHWEST FOREST SCIENCE COMPLEX	SERIES 1991	5,000,000			5,000,000		5,000,000	ABOR 2/91	5,000,000	0
BIOLOGY/BIOCHEMISTRY ADDITION	SERIES 1997					12,400,000	13,958,855 *	JCCR 5/97	13,958,855	0
CENTENNIAL BUILDING						1,500,000	2,500,000		2,500,000	0
UTILITY INFRASTRUCTURE RENOVATION						3,000,000	3,000,000		3,000,000	0
EASTBURN BUILDING RENOVATION						4,000,000	4,000,000		4,000,000	0
PERFORMING ARTS RENOVATION						5,500,000	5,500,000		5,500,000	0
TV STUDIO RENOVATION						500,000	500,000		500,000	0
BUILDING SYSTEMS REPAIR/REPLACEMENT						4,000,000	1,441,145		1,441,145	0
TOTAL		30,900,000								
ISSUANCE BY AUTHORITY			26,755,000	14,145,000	5,000,000	30,900,000	0	76,800,000	76,800,000	0
TOTAL BONDING AUTHORITY AVAILABLE			0	0	0	23,900,000	0	23,900,000		

* Revision to 1997 Projects

STATE OF ARIZONA

Joint Committee on Capital Review

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1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 542-5491

FAX (602) 542-1616

HOUSE OF
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ANDY NICHOLS
CHRISTINE WEASON

DATE: June 13, 2000

TO: Representative Bob Burns, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Lorenzo Martinez, Senior Fiscal Analyst

SUBJECT: ARIZONA BOARD OF REGENTS - CONSIDER APPROVAL OF ARIZONA
STATE UNIVERSITY INFRASTRUCTURE IMPROVEMENTS BOND
PROJECT

Request

Pursuant to Laws 1996, Chapter 334, Arizona State University (ASU) requests approval to issue \$17,700,000 in academic revenue bonds for 11 Infrastructure Improvement projects.

Recommendation

The JLBC Staff recommends the Committee approve the request. The JLBC Staff further recommends that any changes to the cost estimates for each of the 11 projects exceeding \$100,000 be reported to the JLBC Staff prior to expenditure.

Analysis

Laws 1996, Chapter 334 authorized the Arizona Board of Regents (ABOR) to issue up to \$245,400,000 in revenue bonds for the universities under its jurisdiction. Of this amount, \$100,000,000 was allocated to ASU. Pursuant to Chapter 334, the Committee favorably reviewed the original multi-year bonding plan in May 1997 and again favorably reviewed a revised multi-year bonding plan in May 2000. Chapter 334 also requires JCCR to approve each individual bond project before bonds may be issued. The JCCR shall also invite comment from the Governor or a designated representative for each project. The ASU submission has been forwarded to the Governor's Office of Strategic Planning and Budgeting. They will transmit comments, if any, under separate cover.

ASU is requesting approval to issue \$17,700,000 in bonds to finance 11 infrastructure expansion and renovation projects. The 11 projects are listed on the following page.

(Continued)

Project	Allocation
New Electrical Substation – North Campus	\$ 561,500
New Electrical Infrastructure	3,500,000
New Emergency Power Infrastructure	960,400
McAllister Sanitary Sewer	593,000
Forest Sanitary Sewer	1,500,000
New Chilled Water Infrastructure	2,593,800
New Chillers (2)	2,189,800
New Cooling Tower	954,600
New Steam Infrastructure	2,316,900
New Central Plant Infrastructure	1,130,000
Utility Tunnel Restoration	<u>1,400,000</u>
TOTAL	\$17,700,000

These infrastructure improvements are required to support the opening and operation of new campus facilities that are currently under construction or planned within the next few years. The campus has not had any significant infrastructure improvements since the last major building program in the late 1980's. ASU estimates a total need of \$36,200,000 in infrastructure improvements. The university plans to use bond financing for \$27,700,000 of that need. The remaining \$8,500,000 will be financed with non-bond sources. The \$17,700,000 represents the first bond issuance of the \$27,700,000. The bond allocation for Infrastructure Improvements was part of the revised ASU multi-year bonding plan favorably reviewed by the Committee at its May 2000 meeting (see attached JLBC Staff memo).

The 11 projects will be financed with academic revenue bonds, meaning that the associated debt service on the bonds will be paid with revenues generated from tuition. Any tuition revenues not set aside by ABOR for debt service may be available to offset General Fund appropriations for university operating budgets. Therefore, any increases in debt service requirements from issuing academic revenue bonds could have a potential impact on the amount of tuition revenues available to offset General Fund appropriations for operating costs. The bond issuance will generate an additional debt service requirement of approximately \$1,385,000 per year; however, ASU anticipates that growth in tuition revenues will cover the additional debt service requirement and result in no impact on General Fund operating funding.

Of the \$100,000,000 in bonding authority for ASU, \$81,000,000 is classified as academic and \$19,000,000 is classified as auxiliary. Auxiliary revenues are generated from the operations of various "enterprise" activities, such as residence halls and bookstores.

The bond allocation for each project shown above may not reflect the total cost for the project. Additional funding for certain projects may be provided from non-bond sources. However, the costs for each project appear reasonable and within the range of similar projects. Detail for the projects are attached to the agency submission.

RS/LM:ag
Attachment



STATE OF ARIZONA

Joint Committee on Capital Review

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 542-5491

FAX (602) 542-1616

HOUSE OF
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JOHN WETTAW

DATE: May 10, 2000

TO: Representative Robert "Bob" Burns, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director *RS*

FROM: Lorenzo Martinez, Senior Fiscal Analyst *Lm*

SUBJECT: REVIEW REVISED MULTI-YEAR BONDING PLAN FOR ARIZONA STATE UNIVERSITY

Request

Pursuant to Laws 1996, Chapter 334, the Arizona Board of Regents (ABOR) requests Committee review of revisions to the Multi-Year Bonding Plan for Arizona State University (ASU).

Recommendation

The JLBC Staff recommends a favorable review of the revisions to the plan. Consistent with Chapter 334, any future revisions to the bonding plan shall be reviewed by the Committee prior to the approval of subsequent bonding projects. The JLBC Staff has requested that any university projects financed through the issuance of Certificates of Participation (COP) be submitted to the Committee as informational items.

Analysis

Laws 1996, Chapter 334 authorized ABOR to issue up to \$245,400,000 in revenue bonds for the universities under its jurisdiction. The Committee gave a favorable review to the initial plan in May 1997. In December 1999, the Committee gave a favorable review to revisions in the University of Arizona plan. The current distribution of bonding authority from Chapter 334 is listed in Table 1.

Table 1

		Planned Annual Bond Issues					Totals
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	
ASU	\$ --	\$45,000,000	--	\$40,000,000	\$15,000,000	\$ --	\$100,000,000
NAU	30,900,000	--	--	23,900,000	--	--	54,800,000
U of A	--	--	--	23,683,000	30,000,000	36,900,000	90,583,000
TOTAL	\$30,900,000	\$45,000,000	--	\$87,583,000	\$45,000,000	\$36,900,000	\$245,383,000

(Continued)

May 10, 2000

Table 2 lists the requested ASU revised annual bond issues.

Table 2

Revised ASU Bond Issues				
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
ASU	\$15,000,000	\$75,000,000	\$10,000,000	\$100,000,000

ASU is requesting changes to the projects listed in its original plan. ASU chose not to issue any bonds in 1998 as was submitted in the original plan. Instead, ASU has revised its project list and has not issued bonds until FY 2000 (the Committee approved a student housing bond project at its March 2000 meeting). Table 3 lists the projects that were included in the original plan and the projects being requested under the revised plan.

Table 3

<u>Reviewed May 1997</u>			<u>Requested May 2000</u>		
	<u>Project</u>	<u>Bonds to be</u>		<u>Project</u>	<u>Bonds to be</u>
	<u>Total</u>	<u>Issued</u>		<u>Total</u>	<u>Issued</u>
On-Campus Student Housing Dev.	15,000,000	15,000,000	On-Campus Student Housing Dev.	16,200,000	15,000,000
Mediated Classroom/Social Sciences Bldg	35,500,000	35,500,000	Mediated Classroom/Social Sciences Bldg	35,500,000	35,500,000
Parking Structure VII	15,000,000	15,000,000	Parking Structure VII	4,000,000	4,000,000
Academic Renovations Phase I	3,000,000	3,000,000	Academic Renovations	8,000,000	8,000,000
Academic Renovations Phase II	5,000,000	5,000,000			
Major Bldg Maintenance/Infrastructure Phase I	5,000,000	5,000,000	Infrastructure Improvements Phase I	17,700,000	17,700,000
Major Bldg Maintenance/Infrastructure Phase II	5,000,000	5,000,000	Infrastructure Improvements Phase II	10,000,000	10,000,000
			Major Building Maintenance	9,800,000	9,800,000
Learning Commons Building	15,000,000	15,000,000			
Old Main Restoration	4,500,000	1,500,000			
TOTAL	103,000,000	100,000,000	TOTAL	101,200,000	100,000,000

Bond issuances for three projects have been scaled back or eliminated from the original plan in order to increase the allocation for Infrastructure Improvements and Major Building Maintenance by \$27,500,000. Table 4 lists the revisions to these projects.

Table 4

ASU Revised Bond Issues			
	<u>Revised</u>	<u>Original</u>	<u>Difference</u>
Parking Structure VII	\$4,000,000	\$15,000,000	\$(11,000,000)
Learning Commons Building	0	15,000,000	(15,000,000)
Old Main Restoration	0	1,500,000	(1,500,000)
Major Bldg Maintenance/Infrastructure Improvements	37,500,000	10,000,000	27,500,000
TOTAL	\$41,500,000	\$41,500,000	\$ 0

ASU plans to finance the reduced bond amounts for the Parking Structure VII and the Learning Commons Building with COPs. The Old Main Restoration project is being funded with gifts and a FY 1999 Building Renewal allocation.

The debt service on the bond issuances will be paid from academic and auxiliary revenues. Academic revenues are generated from tuition. Auxiliary revenues are generated from the operations of various "enterprise" activities, such as residence halls and parking services. Of the \$100,000,000 in bonding authority for ASU, \$81,000,000 is classified as academic and \$19,000,000 is classified as auxiliary.

ASU estimates an additional on-going General Fund requirement of approximately \$1,200,000 per year for the Mediated Classroom/Social Science Building when fully operational in FY 2004. This estimate is based on full-year operating costs and includes new building renewal requirements. The remainder of the projects do not have a

(Continued)

May 10, 2000

General Fund impact. However, tuition revenues not set aside by ABOR for debt service may be available to offset General Fund appropriations for university operating budgets. Therefore, any increases in debt service requirements from issuing academic revenue bonds or COPs could have a potential impact on the amount of tuition revenues available to offset General Fund appropriations for operating costs.

Under current statutes, JCCR has review and approval authority for university bonding projects and capital projects funded with state appropriations. However, there is no legislative oversight required for university projects financed with COPs. Given that some of the projects in the original ASU bonding plan will now be financed partially or wholly with COPs and that these (and possibly future) projects could have General Fund impacts, the JLBC Staff has requested that any university projects financed with COPs be submitted to the Committee as informational items.

Excerpts from the multi-year bonding plan on background, strategic directions, and debt service schedules for individual projects are attached. The entire plan is available for review upon request.

RS:LM:jb



ARIZONA BOARD OF REGENTS

2020 NORTH CENTRAL, SUITE 230
PHOENIX, ARIZONA 85004-4593
(602) 229-2500
FAX (602) 229-2555

June 5, 2000

The Honorable Bob Burns
Chair
Joint Committee on Capital Review
1700 West Washington
Phoenix, AZ 85007

Dear Representative Burns:

The Arizona Board of Regents (ABOR) requests to be on the next Joint Committee on Capital Review (JCCR) agenda for bond issuance approval for infrastructure improvements totaling \$17.7 million needed to service new buildings and building additions planned to be under construction within the next few years. Since the \$17.7 million is for general university infrastructure, the bond financing will be academic bonds where the annual debt service is paid from tuition set aside.

The \$17.7 million of bonds for infrastructure improvements was included as Fiscal Year 2001 financings in the April 2000 Multi-Year Bonding Plan reviewed by the JCCR at its May 16, 2000 meeting.

Enclosed is a description and justification of the infrastructure projects, along with other related material. If you have any questions or desire any clarifications on the enclosed material, please contact me at (602) 229-2505. We appreciate your consideration of this request.

Sincerely,

Linda J. Blessing
Linda J. Blessing
Executive Director

ARIZONA STATE UNIVERSITY

**Submission to Joint
Committee on Capital Review
For Bond Sale Approval**

Infrastructure Improvements

June 2000

Primary Goals and Objectives:

The Arizona State University Main (ASUM) has reached its maximum infrastructure capacity due to growth and increased utilities demands. There have been no improvements in infrastructure capacity since the last major new building program that began in the late 1980's.

The ASUM must initiate and complete extensive campus Infrastructure improvements and expansion projects to allow the opening and operation of new campus facilities. Many of these infrastructure projects have been part of the ASUM capital improvement plan (CIP) and annual capital funding requests for years. Others were recently identified as additional infrastructure requirements for new building projects still in the planning stages. All of these infrastructure projects are required to support new building projects either now in design or soon to be in design.

Funding

Bonding

\$17,700,000

Funding Sources

Academic Revenue Bond Proceeds. The debt service on the academic revenue bond proceeds will be paid from tuition set aside.

General Fund Impact

Not applicable (Infrastructure Projects).

Alternatives to Project

There are no alternatives to making the above noted infrastructure improvements. The above noted infrastructure improvements are needed so that the new buildings and building additions can be completed.

Board Approved Documents

The Arizona Board of Regents (ABOR) granted conceptual approval in May, 2000 to the entire \$36,200,000 of infrastructure projects, \$27,700,000 to be bond financed, with \$17,700,000 to be bond financed in Fiscal Year 2001. Attached is the ABOR agenda relating to this conceptual approval.

dl p-252

ARIZONA STATE UNIVERSITY MAIN CAMPUS
Projected Revenue Bond Debt Service Schedule
Total Cumulative Debt Service
(Dollars in Thousands)

Fiscal Year	Academic Bonds	Academic Bonds Infrastructure	Total
	Existing Bond Debt Service	Improvements 2001 Bond Issue	Cumulative Debt Service
2001	\$14,459	\$266	\$14,725
2002	\$14,428	\$1,385	\$15,813
2003	\$14,475	\$1,385	\$15,860
2004	\$14,502	\$1,385	\$15,887
2005	\$14,583	\$1,385	\$15,968
2006	\$13,734	\$1,385	\$15,119
2007	\$13,746	\$1,385	\$15,131
2008	\$13,764	\$1,385	\$15,149
2009	\$13,844	\$1,385	\$15,229
2010	\$13,844	\$1,385	\$15,229
2011	\$13,876	\$1,385	\$15,261
2012	\$13,914	\$1,385	\$15,299
2013	\$13,951	\$1,385	\$15,336
2014	\$13,961	\$1,385	\$15,346
2015	\$13,520	\$1,385	\$14,905
2016	\$7,491	\$1,385	\$8,876
2017		\$1,385	\$1,385
2018		\$1,385	\$1,385
2019		\$1,385	\$1,385
2020		\$1,385	\$1,385
2021		\$1,385	\$1,385
2022		\$1,385	\$1,385
2023		\$1,385	\$1,385
2024		\$1,385	\$1,385
2025		\$1,385	\$1,385
2026		\$1,385	\$1,385
	\$218,092	\$34,891	\$252,983

Note: Projected bond debt service assumes an April 1, 2001 bond issue at 6% for 25 years. No interest earnings on construction funds are estimated.

ARIZONA STATE UNIVERSITY
APPROVAL VS. ISSUANCE RECONCILIATION
FOR THE TEN YEARS ENDED JUNE 30, 2000

LEGISLATIVE AUTHORITY			LEGISLATIVE BONDING AUTHORITY				TOTAL AUTHORIZED
			PRIOR TO 1990		1996		
			AUXILIARY	ACADEMIC	AUXILIARY	ACADEMIC	
AVAILABLE AUTHORITY AUTHORIZED PRIOR TO 1990			2,000,000	32,750,000			34,750,000
CHAPTER 334 2ND SESSION 42ND LEGISLATURE 1996 (HB 2334)					19,000,000	81,000,000	100,000,000
TOTAL BONDING AUTHORITY BY YEAR AND CATEGORY			2,000,000	32,750,000	19,000,000	81,000,000	134,750,000

PROJECTS	BONDS SOLD	TOTAL OFFERING STATEMENT	BONDS ISSUED		TOTAL ISSUED	APPROVAL	AMOUNT APPROVED	ISSUED VS. APPROVED
COMPUTING & NETWORK SERVICES BUILDING	SERIES 1991			15,226,000	15,226,000	JCCR 11/90	15,226,000	0
COLLEGE OF LAW LIBRARY	SERIES 1991			7,000,000	7,000,000	JCCR 11/90	7,000,000	0
PHYSICAL SCIENCES COMPLEX (B,C,D,F WINGS) RENOVATION	SERIES 1991			4,300,000	4,300,000	JCCR 11/90	4,300,000	0
GAMMAGE RENOVATION-PHASE 1A	SERIES 1991			3,300,000	3,300,000	JCCR 11/90	3,300,000	0
STADIUM FIELD LOWERING	SERIES 1991		2,000,000		2,000,000	JCCR 11/90	2,000,000	0
FACILITIES RENOVATION & IMPROVEMENTS	SERIES 1991			2,000,000	2,000,000	JCCR 11/90	2,000,000	0
FIRE ALARM SYSTEMS	SERIES 1991			924,000	924,000	JCCR 11/90	924,000	0
TOTAL		34,750,000						
RESIDENTIAL LIFE FACILITIES	SERIES 2000				15,000,000	JCCR 3/00	15,000,000	0
TOTAL		15,000,000						

ISSUANCE BY AUTHORITY	2,000,000	32,750,000	15,000,000	0	49,750,000	49,750,000	0
TOTAL BONDING AUTHORITY AVAILABLE	0	0	4,000,000	81,000,000	85,000,000		

EXECUTIVE SUMMARY

ACTION ITEM: Infrastructure Improvements
Conceptual Approval (ASU Main)

ISSUE: Arizona State University Main Campus (ASU) requests Conceptual Approval for extensive infrastructure upgrades to improve and expand utility services for current and future development on main campus. All campus utilities now operate at maximum capacity and ASU must complete these infrastructure improvements to allow the opening and operation of new campus facilities. Many of these projects have been part of the ASU Capital Improvement Plan (CIP) and annual capital funding requests for years. Others were recently identified as additional infrastructure requirements for new building projects still in the planning stages. All of the infrastructure projects are required to upgrade current utilities, repair deterioration of existing facilities and to support new building projects currently in design or in planning.

PREVIOUS BOARD ACTION: Information Item February 2000

PROJECT DESCRIPTION:

ASU has reached its maximum infrastructure capacity due to growth and increased utility demands. There have been no improvements in infrastructure capacity since the last major new building program began in the late 1980's.

The estimated five-year capital cost for infrastructure improvements and expansion is \$36.2 million at this time. The funding source will be academic revenue bonds, plant fund reserves, gifts and certificates of participation (COPS).

These infrastructure improvement projects include, but are not limited to the following:

- New 20 Megawatt/Electrical Substation at North Campus: Complete electrical connections to the APS Butte, install electrical supply feeders and high voltage switch gear.
- 30 Inch McAllister Sanitary Sewer: Install a new 30-inch relief sewer for South Campus expansion.
- 24 Inch Forest Sanitary Sewer: Install a new 24-inch relief sewer for the West Campus.
- New Electrical Infrastructure: New electrical distribution to new and expanded buildings.
- New Emergency Power Infrastructure: New emergency power to new and expanded buildings.
- New Chilled Water Infrastructure: Install new chilled water piping distribution to new and expanded buildings.
- New Steam Infrastructure: Install new steam piping distribution to new and expanded buildings.
- Two New 2,000 Ton Chillers: Install two new 2000-ton chillers for new and expanded buildings.

CONTACT: Memoy Harrison, (480) 965-3201
Vice Provost, Administrative Services

EXECUTIVE SUMMARY

- New 4,000 Ton Cooling Tower: Install a new 4000-ton cooling tower for new chillers.
- New 50,000 lb/hr Steam Boiler: Install a new 50,000 lb/hr boiler for new and expanded buildings.
- New 20 Megawatt Electrical Upgrade at West Campus Substation: Provide additional electric power of the West Campus.
- New Memorial Union Underground Loading Dock: Construct an underground loading dock at the Memorial Union. This could potentially serve several other future projects' delivery needs.
- New Central Plant Infrastructure: Install new chilled water, steam, and condensate header capacity to supply the new campus buildings or expansions.
- Utility Tunnel Restoration: Repair deteriorated and unsafe tunnels.
- New Campus Service Road: Construct a new service road from McAllister to the engineering building complex.
- Thermal Storage Liner Replacement: Install a new liner for the thermal storage concrete tanks due to deterioration.

ADDITIONAL CONSIDERATIONS:

The following new buildings or building expansions cannot receive campus utilities without the infrastructure improvements:

- Memorial Union/Bookstore Expansion
- Memorial Union Underground Loading Dock
- North Campus Residence Hall Expansion
- Center Campus Residence Halls Expansions
- Engineering/Science Research Buildings, Numbers 1 and 2
- Intercollegiate Athletics Facility Expansion
- Wells Fargo Arena Expansion
- Mediated Classroom Building
- Public/Private Dormitory at South Campus

OTHER:

At this time, it is estimated that \$13 million in infrastructure projects costs are required to support a \$15 million auxiliary bond issue for the new North Campus and expanded Central Campus Residence Halls and the South Campus Public/Private Partnership Project. Construction on the North and Central Campus Residence Halls must begin by early summer to meet an occupancy date of August 2001.

An additional \$4.7 million is needed for ICA and ASU/Wells Fargo, which are coming on line January 2002. Because of the above critical dates, ASU plans to request JCCR Project Approval in June for the North and Central Campus Residence Hall Projects, and to inform the Committee of the need for approximately \$17.7 million in directly related infrastructure projects. The funding sources are \$4 million

EXECUTIVE SUMMARY

in COP's to be annually funded from gifts, \$2 million in Residence Life reserves and the balance from internal University local funding sources, with reimbursement from a later comprehensive Academic Revenue Bond Issue for ASU Infrastructure Improvement projects.

RECOMMENDATION/CONCLUSION:

That the Board grant Conceptual Approval to ASU for the Infrastructure Improvements Project.



EXECUTIVE SUMMARY

Capital Project Information Summary

University: Arizona State University Main

Project Name: Infrastructure Improvements

Project Description/Location: Campus wide infrastructure upgrades including sewer, water, steam, chilled water, electrical, utility tunnels, underground loading docks and miscellaneous.

	<u>Project Initiation</u>	<u>Conceptual Approval</u>	<u>Project Approval</u>
<u>Date of Board Action:</u>	NA	05/2000	

Project Scope:

Gross Square Feet	N/A
Net Assignable Square Feet	N/A
Efficiency Ratio [NASF/GSF]	N/A
NASF by Space Type	N/A
Classroom	N/A
Class Laboratories	N/A
Research Laboratories	N/A
Library	N/A
Office	N/A
Other	N/A

Project Schedule (Beginning Month/Year):

Planning	09/1999
Design	01/2000
Construction	07/2000
Occupancy	08/2004

Project Budget:

Total Project Cost	\$36,200,000
Direct Construction Cost	\$29,025,000
Total Project Cost per GSF	N/A
Construction Cost per GSF	N/A
Change in Annual Oper./Main. Cost	
Utilities	N/A
Personnel	N/A
Other	N/A

Funding Sources:

Capital	
A. Academic Revenue Bonds	\$27,700,000
B. Plant Fund Reserves, Gifts and COPS	\$ 8,500,000

EXECUTIVE SUMMARY

Capital Project Budget Summary

University: Arizona State University Main

Project Name: Infrastructure Improvements

	<u>Conceptual Approval Estimate</u>	<u>Project Approval Estimate</u>	<u>Final Budget at Substantial Completion</u>
Date of Budget Estimate			
1. Land Acquisition			
2. Construction Cost			
A. New Construction	\$ 7,020,000		
B. Renovation	\$ 2,520,000		
C. Fixed Equipment	\$ 5,323,500		
D. Site Development (exclude 2.E.)	\$ 0		
E. Parking and Landscaping	\$ 0		
F. Utilities Extensions	\$ 14,161,500		
G. Other *	\$ 0		
H. Inflation Adj. (construction midpoint)	\$ 0		
Subtotal Construction Cost	\$ 29,025,000		
3. Consultant Fees (% of Construction Cost)			
A. Construction Manager (3%)	\$ 870,750		
B. Architect/Engineer (8%)	\$ 2,322,000		
C. Other* (Special Consultants)	\$ 250,000		
Subtotal Consultant Fees	\$ 3,442,750		
4. FF&E Movable	\$ 0		
5. Contingency, Design Phase (5%)	\$ 1,451,250		
6. Contingency, Const. Phase (5%)	\$ 1,451,250		
7. Parking Reserve	\$ 0		
8. Telecommunications Equipment	\$ 0		
Subtotal Items 4-8	\$ 2,902,500		
9. Additional University Costs			
A. Surveys and Tests	\$ 100,000		
B. Move-in Costs	\$ 0		
C. Public Art (<or= 0.005 X subtotal constr.)	\$ 0		
D. Printing/Advertisement	\$ 50,000		
E. Other * (Project Management Services)	\$ 491,750		
F. State Risk Mgt Ins. (.006) **	\$ 188,000		
Subtotal Additional University Costs	\$ 829,750		
TOTAL CAPITAL COST	\$ 36,200,000		

	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>
Projected Cash Flow Needs for Total Project Cost: (in millions; updated at each submission)	\$0.5	\$17.2	\$8.0	\$7.0	\$3.5

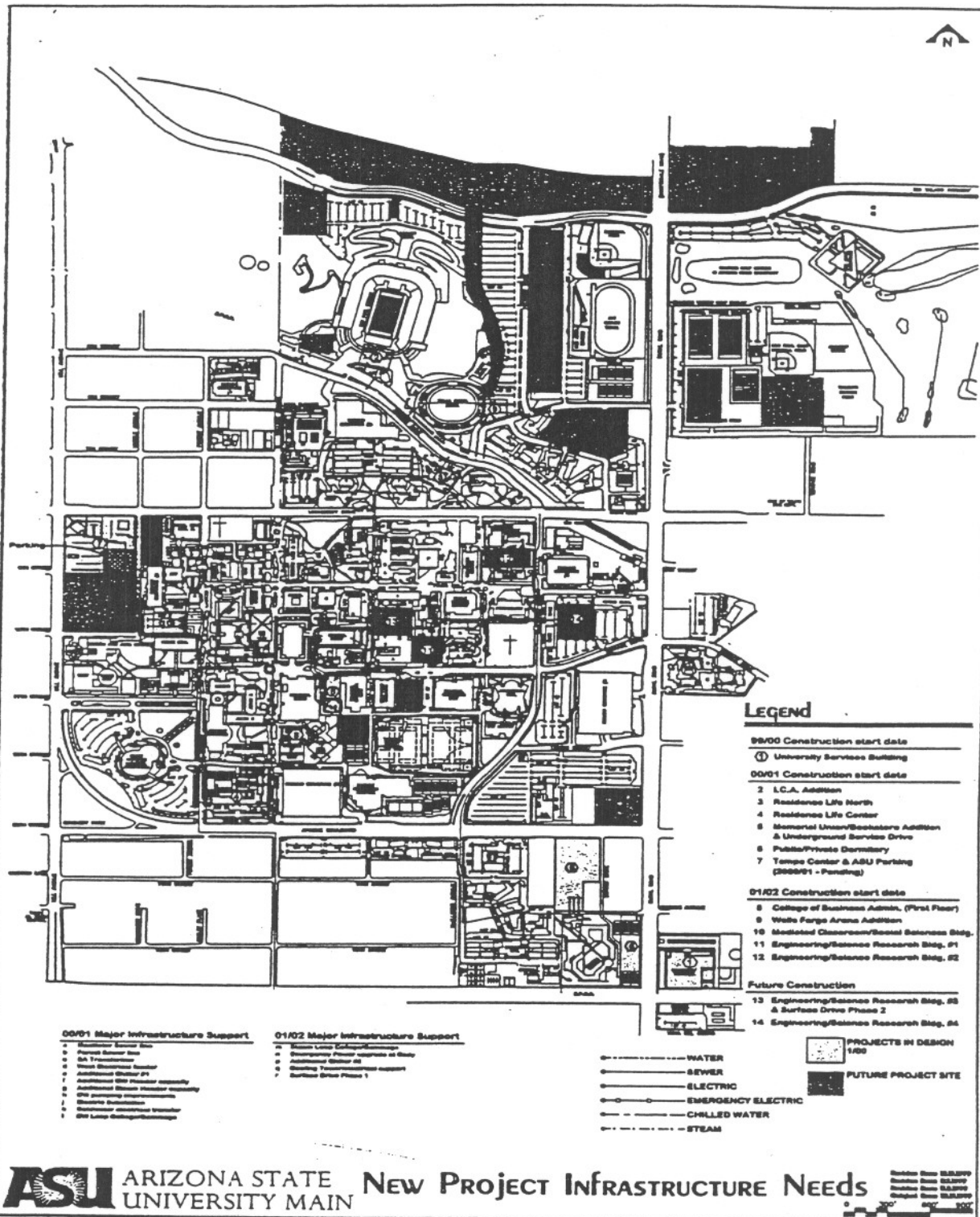
*"New Construction Cost" estimated using Regent's Cost Guidelines (if applicable)*** \$ N/A

*Universities shall identify items included in this category (Project Management Services)

**State Risk Management Insurance factor (.006) is calculated on construction contract and architect/engineer fees

***If the "New Construction Cost" on line 2.A exceeds the Guidelines cost by five percent, explain the difference

EXECUTIVE SUMMARY



STATE OF ARIZONA

Joint Committee on Capital Review

STATE
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GUS ARZBERGER
RUSSELL W. "RUSTY" BOWERS
JACK A. BROWN
TOM SMITH
RUTH SOLOMON
JOHN WETTAW

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 542-5491

FAX (602) 542-1616

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BOB BURNS
CHAIRMAN 2000
DEAN COOLEY
LORI S. DANIELS
KAREN S. JOHNSON
BOB MCLENDON
ANDY NICHOLS
CHRISTINE WEASON

DATE: June 13, 2000

TO: Representative Bob Burns, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Lorenzo Martinez, Senior Fiscal Analyst

SUBJECT: UNIVERSITIES – REPORTS ON ARIZONA STATE UNIVERSITY BOND
PROJECT AND UNIVERSITY OF ARIZONA LEASE-PURCHASE PROJECT

Request

Arizona State University (ASU) is submitting a report on the revised cost estimate for a residence hall bond project and the University of Arizona (U of A) is submitting a report on the issuance of Certificates of Participation (COPs) to finance the expansion of a performance center and hall and the acquisition of the university police facility.

Recommendation

No Committee action is required. The reports are for information only.

Analysis

ASU Residence Hall Bond Project

At its March 2000 meeting, the Committee approved the issuance of \$7,000,000 in auxiliary revenue bonds to construct residential additions that will provide 250 new beds in the central part of the ASU-Main Campus. At the time of the Committee's approval, the total project cost was estimated to be \$8,200,000. Residential Life reserves was to fund the additional \$1,200,000 required to finance the project. Upon further study, ASU has discovered that additional site development and phone/data system costs will be required. The revised cost for the project is now estimated to be \$9,200,000, an increase of \$1,000,000 from the original cost estimate. The

(Continued)

additional \$1,000,000 will be funded from the Residential Life Plant Fund reserves. The bond issuance of \$7,000,000 remains unchanged.

U of A Lease-Purchase Projects

At its May 2000 meeting, the Committee was informed that JLBC Staff had requested that any university projects financed with COPs, also known as lease-purchase agreements, be submitted to JCCR as informational items. Current statutes do not require legislative oversight over university lease-purchase agreements.

The Arizona Board of Regents, at its May 2000 meeting, approved the issuance of \$15,750,000 in COPs to finance an addition to the McKale Athletic Performance Center and Heritage Hall (\$12,500,000) and to acquire the U of A Police Department (UAPD) facility (3,250,000).

The total cost for the McKale Athletic Performance Center and Heritage Hall addition is estimated to be \$13,500,000. Lease-purchase financing will be used to cover \$12,500,000 and gift money will be used for the remaining \$1,000,000. Gift monies will also be used to make the lease-purchase payments. Intercollegiate Athletics currently has gift pledges amounting to approximately \$11,100,000.

U of A currently has a lease agreement with the U of A Foundation for the UAPD facility. The facility was financed by the U of A Foundation with a taxable bank loan. The university believes it is financially advantageous to issue \$3,250,000 in tax-exempt COPs to retire the Foundation's loan and obtain the Foundation's interest in the facility.

RS/LM:ag

ASU
ARIZONA STATE UNIVERSITY

May 12, 2000

RECEIVED
MAY 16 2000

Mr. Lorenzo Martinez
Joint Legislative Budget Committee
1716 W. Adams
Phoenix, AZ 85007

Dear Mr. Martinez:

I have attached an Arizona Board of Regent's agenda item describing a budget increase for the Arizona State University Main Campus Residential Life New Building. This project was reviewed and approved by the Joint Committee on Capital Review at its March 22, 2000 meeting. Because it has been previously approved, it is our understanding that there is no need for a formal review. However, we were advised to inform the committee of any changes in the project budget exceeding \$100,000.

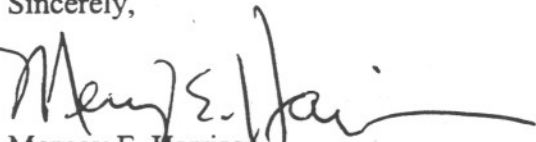
The primary reasons for the budget increase are:

- Increased site development costs due to the relocation of existing underground utilities;
- Additional scope of service to design the phone/data system and related wiring and devices;
- Additional A/E fees associated with the above changes.

The amount of auxiliary revenue bonds approved for this project will not change. The additional cost of approximately \$1 million will be covered from Residential Life Plant Fund Reserves.

Please contact me if you have any questions or need additional information.

Sincerely,



Mernoy E. Harrison
Vice Provost for Administrative Services

Attachment

c: Dave Harris, Arizona Board of Regents
Steve Miller, Assistant Vice President for Institutional Advancement

VICE PROVOST FOR ADMINISTRATIVE SERVICES

PO BOX 872303, TEMPE, AZ 85287-2303
(480) 965-3201 FAX: (480) 965-8388

EXECUTIVE SUMMARY

ACTION ITEM: Residential Life New Building
Project Approval and Budget Increase (Arizona State University Main)
ASU Project No. 99043

ISSUE: ASU requests Project Approval and Budget Increase for a new Residential Life Building located at North Campus.

BACKGROUND:

- **PREVIOUS BOARD ACTIONS:** Project Initiation February 26, 1999
Conceptual Approval November 19, 1999
- ASU proposes to construct a new residence hall located between Manzanita Hall and Palo Verde East Hall. This will result in a 252-bed increase. The new building will add 67,800 GSF (43,000 NASF). The revised estimated cost is a \$1,000,000 increase over the previously approved ABOR budget of \$8,000,000 (see explanation on page 2). Estimated revised project cost is \$9,000,000. The project will be funded through bond sales and Residential Life reserves.
- Residential Life commissioned Hanbury Evans Newill Vlattas and Company to develop a campus wide overall Residence Hall Development Plan. The final development plan is dated May 29, 1998. This plan identifies and confirms a need for 500 additional beds and was presented to ABOR with the project initiation submittal in February 1999.
- This project will significantly increase the number of beds at North Campus. First year students will benefit from an enhanced Freshman Experience.

Major Project Goals and Objectives

The Department of Residential Life at ASU Main is committed to creating living, learning communities that promote academic excellence, foster personal

CONTACT: Mernoy Harrison (480) 965-3201
Vice Provost, Administrative Services

Christine Wilkinson (480) 965-7293
Vice President, Student Affairs

EXECUTIVE SUMMARY

development, and enhance the university experience for diverse student populations. This mission directly supports that of the institution, "to dedicate itself to superior instruction and to excellent student performance."

Residential Life at ASU Main currently houses 4,880 students, of whom 75% are freshmen. The Freshmen Year Experience (FYE) has helped increase student retention from 69% in 1993 to 79% in 1998 for freshmen who live in the halls and use the services and programs. Incorporating academic support (i.e. tutoring, computer labs, faculty programs and offices, classrooms) into the freshman halls and expand housing space.

Additional housing space will also accommodate students' growing interest in and demand for on-campus living. First-week occupancy has grown from 96% in fall 1995 to 100% in both fall 1997 and fall 1998. In fall 1997 Residential Life was unable to provide assignments for 470 applicants. For fall 1998 Residential Life stopped accepting applications in mid June to avoid another over-capacity situation.

- Project Schedule

ABOR Approval of Project Initiation	02/06/1999
ABOR Conceptual Approval	11/19/1999
Construction Documents and Cost Estimates Complete	04/27/2000
ABOR Project Approval	05/19/2000
Construction Start	07/05/2000
Construction Complete	06/11/2001
Occupancy	07/25/2001

- The Architect and the Construction Manager confirming cost estimate exceeds the original \$8,000,000 budget by 12.5%, \$1,000,000. This increase is primarily due to three issues:
 - ♦ The previously approved ABOR project budget is increased by \$624,724. This is a 780% increase in site development cost due to unbudgeted relocation of existing underground utilities crossing through the project site.
 - ♦ Additional scope of service to design the phone/data system and associated wiring and devices increased the project budget by \$303,452.
 - ♦ Additional A/E fees associated with above changes increased the project budget by \$71,824.

EXECUTIVE SUMMARY

- Residence Life has increased the budget by one million dollars. The Architect and the Construction Manager revised cost estimates indicate that the project cost estimates are within the increased budget.
- Funds for the increased cost will come from Residential Life reserves of \$1,000,000.

RECOMMENDATION:

RESOLVED: That Arizona State University recommends that Project Approval and a budget increase to \$9,000,000 be granted for the new Residential Life Building located at North Campus.

EXECUTIVE SUMMARY

PROJECT JUSTIFICATION REPORT

ARIZONA STATE UNIVERSITY MAIN

**RESIDENTIAL LIFE NEW BUILDING
AT NORTH CAMPUS
ASU Project No. 99043**

1. PROJECT DESCRIPTION

A. Preliminary Concept

- i. The project includes a new building at North Campus. The building will be located between Manzanita Hall and Palo Verde East Hall.
- ii. The development will result in a 252 bed increase. The estimated total cost (in 2000 dollars) is \$9.0 million.
- iii. The Residential Life system is financially healthy and active. A facility audit completed May 1998 confirms that the system needs approximately 500 additional beds.

B. Specific Project Descriptions

New Construction - Net Assignable Square Footage 43,000 (NASF)/ 67,800
Gross Square Footage (GSF)

- i. New residence hall located between Manzanita Hall and Palo Verde East Hall. This will result in a 252 bed increase. The new addition will add 67,800 GSF of new facility space.

2. PROJECT JUSTIFICATION

A. Program Relationship to the University's Overall Strategic Direction

- i. Residential Life at ASU Main is committed to creating living and learning communities which promote academic excellence, foster personal development, and enhance the university experience for a diverse student population. This mission directly supports that of the institution, "to dedicate itself to superior instruction and to excellent student performance."

EXECUTIVE SUMMARY

- ii. Residential Life currently houses 4,880 students, of whom 75% are freshmen. Increased housing must be made available to accommodate a growing freshman class.

B. Major Program Goals and Objectives

- i. Residential Life is committed to providing space to support the academic mission.
- ii. Renovations and new housing will support freshmen by creating additional sites for the Freshmen Year Experience.
- iii. Today's research strongly recommends smaller scale residential halls, which supports our direction.

C. The Importance and Necessity of the Proposed Facility

- i. ASU Main is preparing how to best handle the increase in freshmen enrollment experienced this fall, and the direct effect this has on upper classes as well. Residential Life currently houses half the freshmen class. Residential Life plans for this additional bed space to accommodate freshmen. This additional bed space maintains the 50% ratio of on-campus to off-campus housing.
- ii. Current housing will be reallocated in order to house 80% of freshmen. The Residential Life master plan will cluster freshmen together in facilities designed to support the Freshman Year Experience.

3. ADDITIONAL CONSIDERATIONS

A. Facility/Site Alternatives Investigated

- i. This project will enhance the out-of-class experience by clustering freshmen and scholars in special communities designed for them.

EXECUTIVE SUMMARY

Capital Project Information Summary

University: Arizona State University Main

Project Name: Residence Life New Building at
North Campus
ASU Project No. 99043

Project Description/Location: New building between Manzanita Hall and Palo Verde East Hall
at North Campus

Dates of Board Action: New Building

Project Scope:

Gross Square Feet	67,800
Net Assignable Square Feet	43,000
Efficiency Ratio [NASF/GSF]	63.4
NASF by Space Type	
Residential	43,000

Project Schedule for All Projects (Beginning Month/Year):

Planning	02/99
Design	03/99
Construction	07/2000
Occupancy	07/2001

Project Budget:

Total Project Cost	\$ 9,000,000
Direct Construction Cost	\$ 7,098,506
Total Project Cost per GSF	\$ 133
Construction Cost per GSF	\$ 105
Change in Annual Oper./Main. Cost	\$
Utilities	\$ 85,000
Personnel	\$ 75,000
Other - Supplies	\$ 60,000

Funding Sources:

Capital	
A. Auxiliary Revenue Bonds	\$ 7,500,000
B. Res. Life Plant Fund Reserves	\$ 1,500,000
Operation/Maintenance	
A. Auxiliary Enterprises Fund	\$ 220,000

EXECUTIVE SUMMARY

CAPITAL PROJECT BUDGET SUMMARY

University: Arizona State University

Project Name: Residential Life New Building at North Campus

	<u>Conceptual Approval Estimate</u>	<u>Project Approval Estimate</u>	<u>Final Budget at Substantial Completion</u>
<u>Dates of Budget Estimate:</u>			
Capital Costs			
1. Land Acquisition	\$ 0	\$ 0	\$
2. Construction Cost			
A. New Construction	\$5,410,764	\$6,084,885	
B. Renovation			
C. Special Fixed Equipment			
D. Site Development (excl. 2.E.)	\$ 91,805	\$ 716,234	
E. Parking and Landscaping	\$ 161,040	\$ 88,560	
F. Utilities Extensions	\$ 45,120	\$ 48,077	
G. Other spaces to pts	\$ 285,000	\$ 160,750	
H. Inflation Adjustment () mos.	\$ 233,500	\$ 0	
Subtotal Construction Cost	\$6,227,229	\$7,098,506	
3. Fees (% of Construction Cost)			
A. Construction Manager (3.3%)	\$ 233,933	\$ 233,933	
B. Architect/Engineer (8.0%)	\$ 493,000	\$ 564,824	
C. Other *	\$	\$	
Subtotal Consultant Fees	\$ 726,933	\$ 798,757	
4. FF&E Movable	\$ 328,000	\$ 409,140	
5. Contingency, Design Phase	\$ 202,330	\$ 7,456	
6. Contingency, Const. Phase (5.0%)	\$ 226,545	\$ 346,888	
7. Parking Reserve	\$		
8. Telecommunications Equipment	\$ 150,000	\$ 193,000	
Subtotal Sections 4-8	\$ 906,875	\$ 956,484	
9. Additional University Costs			
A. Surveys and Tests	\$ 11,000	\$ 30,000	
B. Move-in Costs	\$ 10,000	\$ 10,000	
C. Public Art	\$ 28,318	\$ 34,689	
D. Printing Advertisement	\$ 5,000	\$ 5,000	
E. Other * SWO'S, Signage, Trash Compactor	\$ 45,000	\$ 18,000	
F. State Risk Mgt Ins. (.006) **	\$ 34,645	\$ 48,564	
Subtotal Addl. Univ. Costs	\$ 138,963	\$ 146,253	
TOTAL CAPITAL COST	\$ 8,000,000	\$9,000,000	

New construction cost estimated using Regent's Construction Cost
Control and Professional Fees Guidelines (if applicable)***

\$ N/A

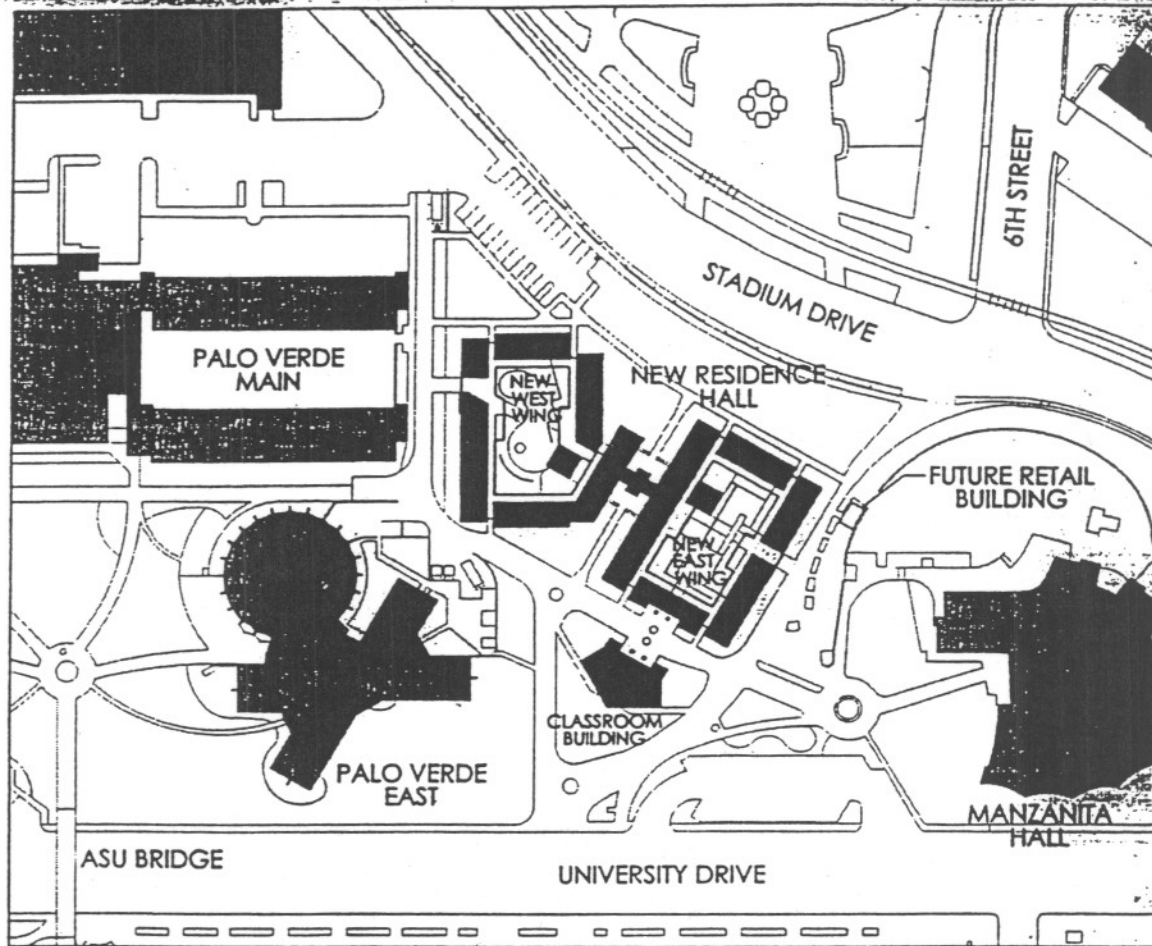
	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>
Projected Cash Flow Needs for Total Project Cost:	550,000	7,450,000	1,000,000
(in millions; updated at each submission)			

* Universities shall identify items included in this category

** State Risk Management Insurance factor (.006) is calculated on construction costs and consultant fees

*** If the new construction cost on line 2.A exceeds the Guidelines cost by five percent, explain the difference

EXECUTIVE SUMMARY



ASU - NORTH CAMPUS

Senior Vice President
for Business Affairs

THE UNIVERSITY OF
ARIZONA
TUCSON ARIZONA

Administration Building
Tucson, Arizona 85724
Tel (520) 621-5977
Fax (520) 621-7714

May 30, 2000



Mr. Lorenzo Martinez
Senior Fiscal Analyst
Joint Legislative Budget Committee
1716 W. Adams
Phoenix, AZ 85007

Dear Lorenzo,

This letter is to inform you that the Arizona Board of Regents, at its May 19, 2000 meeting, approved the Sale of Certificates of Participation in the amount of \$15,750,000 for the *McKale Athletic Performance Center and Heritage Hall Addition* (\$12,500,000) and the *University Police Department Facility Acquisition* (\$3,250,000).

Enclosed for your information is a copy of the Agenda Item as approved by the Board. If you have any questions please contact me at (520) 621-5977.

Sincerely,

A handwritten signature in black ink, appearing to read "Joel D. Valdez".

Joel D. Valdez
Senior Vice President, Business Affairs

Enclosure

cc: w/o enclosure
Peter Likins
Greg Fahey
Linda Blessing

JDV:rjr



EXECUTIVE SUMMARY

ACTION ITEM: The University of Arizona requests authority to sell Certificates of Participation (COPs) in the amount of \$15,750,000 for the purpose of financing the McKale Athletic Performance Center & Heritage Hall Addition, and the University Police Department Facility acquisition, and paying the costs of issuance of the COPs and to take related actions and to enter into the necessary agreements.

ISSUE

The University of Arizona seeks Board authorization to sell a series of Certificates of Participation (COPs) sufficient to (a) finance the construction and equipping budgets for the McKale Athletic Performance Center and Heritage Hall Addition, (b) refinance the University's current lease obligations in connection with the University Police Department Facility, and (c) finance the costs of issuance related to the COPs. In connection with this financing, the University seeks authorization to take all related actions and to enter into all necessary agreements related to the COPs for the projects, including bond insurance, reserve fund surety bonds, and certificate purchase, liquidity and interest rate exchange agreements.

BACKGROUND

The McKale Athletic Performance Center and Heritage Hall Addition. This \$13,500,000 project is described as a partnering of the strength and conditioning program with the athletic medicine (treatment) program to create a new Athletic Performance Center and allow the sharing of equipment and space and to provide an up-to-date facility that will enhance the competitive excellence of University student-athletes. In addition, the Heritage Center will provide a facility for the public display and recognition of University sports, awards, and history and serve as a recruiting tool for prospective students. The entire project will be 52,910 gross square feet, 50,370 gross square feet of new construction and 2,540 gross square feet for renovation of existing space. The University proposes to finance \$12,500,000 of the cost through COPs, with \$1,000,000 being provided from gifts received. The University expects to retire COPs using gift money. Intercollegiate Athletics has gift pledges amounting to approximately \$11.1 million and expects to have gift pledges to cover the entire cost within the next 10 years. The University will have the option to pay or prepay part or all of the principal outstanding on the COPs when it is most advantageous.

EXECUTIVE SUMMARY

Previous Board Action:

Conceptual Approval (CA)	August 1997
Revised CA & Budget Increase	May 1999
Project Approval	December 1999

The University Police Department Facility Acquisition. In June 1999, the Board gave approval to enter into a facility lease with the University of Arizona Foundation for development and construction of a facility for use by the University of Arizona Police Department (UAPD). The project has been completed, and UAPD has taken occupancy. Because the University's current lease payment obligations reflect higher borrowing costs from a taxable bank loan obtained by the Foundation, it is financially advantageous for the University to refinance its lease obligations by using approximately \$3,250,000 of tax-exempt COPs proceeds to retire the Foundation's loan and to obtain the Foundation's interest in the facility.

Previous Board Action:

Conceptual Approval	June 1999
---------------------	-----------

FINANCING PLAN

The University intends to finance the projects described above by selling one or more series of COPs in amounts sufficient to fund the budgets and costs for the projects, or portions thereof, described above (currently \$15,750,000) and to pay the costs of issuance of the COPs. The University expects that the COPs would mature over a period of not more than 25 years from their date of issuance. The projects will be aggregated into a financing package immediately following Board approval.

The financing package may be issued in series, as follows:

Variable Rate COPs. The University intends to issue at least the portion of the COPs allocable to the McKale Athletic Performance Center and Heritage Hall Addition as a variable interest rate COPs series, which will be prepayable at any time without penalty. The variable rate structure will allow the University to prepay COPs as expected gifts are received if that best serves the interests of the University. The University has to date had favorable rate experience with the variable rate COPs issued last August to fund a portion on the new Student Union/Bookstore project and sees the McKale Addition as another

EXECUTIVE SUMMARY

appropriate application. The University will also fund the remaining project (acquisition of the UAPD Facility) through variable rate COPs.

The University will be called upon to enter into various agreements in connection with the COPs, such as bond insurance for the COPs, reserve fund surety bonds, certificate purchase and liquidity agreements and, if the University decided either presently or in the future to increase or decrease its variable rate component of the variable rate COPs, interest rate exchange agreements with counterparties.

Marketing of COPs; Timing. All COPs would be sold at current market rates at the time of pricing. Fixed rate COPs would not exceed a yield of 7.50% per annum and initial rates on variable rate COPs would not exceed 5.00% per annum. The University expects that the first COPs package will be marketed and sold immediately following Board approval and delivered before the end of June, in order to meet the construction and acquisition schedules.

The University intends to utilize its current bond counsel, Snell & Wilmer, and its current financial advisor, Dain Rauscher, Incorporated, in conjunction with the proposed financing. The COPs would be marketed and sold through a negotiated basis to one or more of the investment banking firms previously selected by the University through a competitive process.

The action being requested would authorize the University to execute these financing within the parameters set by the Board. Following the completion of each financing, the University will report to the Board the results and terms of the financing. The University intends to bring three additional projects to the Board for Conceptual Approval and permission to sell COPs at the June meeting.

RECOMMENDATION/CONCLUSION

RESOLVED: That The University of Arizona be, and hereby is, authorized to sell one series of Certificates of Participation in amounts to produce sufficient proceeds to finance the acquisition, construction and improvement budgets for the McKale Athletic Performance Center Addition and the University Police Department Facility, (currently \$15,750,000) and to pay costs of issuance of the COPs, to take related actions and to enter into all necessary agreements, as provided in a resolution reviewed by Board counsel and staff.

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
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JOHN WETTAW

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 542-5491

FAX (602) 542-1616

HOUSE OF
REPRESENTATIVES

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BOB MCLENDON
ANDY NICHOLS
CHRISTINE WEASON

DATE: June 14, 2000

TO: Representative Bob Burns, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Bob Hull, Principal Research/Fiscal Analyst

SUBJECT: ARIZONA DEPARTMENT OF TRANSPORTATION - REVIEW OF ADOT'S
FY 2001 CONSTRUCTION BUDGET OPERATING EXPENDITURE PLAN

Request

In compliance with a Capital Outlay Bill footnote, the Arizona Department of Transportation (ADOT) requests that the Committee review its FY 2001 highway construction budget operating expenditure plan of \$212.9 million.

Recommendation

The JLBC Staff is deferring its recommendation until we receive additional information from ADOT, which answers the questions related to growth in expenditures for engineering consulting services. We will continue working with ADOT to clarify its proposal. Based on our preliminary discussions, ADOT may be reducing its operating expenditure plan to \$155.5 million due to a technical error in its original submission.

Analysis

ADOT expends large sums of monies within its capital budget for operating-type purposes related to capital construction. These expenditures are less visible than the operating budget, which in the past has allowed the department to shift some operating budget reductions to the operating portion of the construction budget. To improve its oversight of these operating expenditures in the capital budget, the Legislature imposed an FTE Position ceiling on capital funded personnel for the first time in FY 1997.

(Continued)

The Capital Outlay Bill (Laws 1999, Chapter 2, 1st Special Session) appropriated \$278,644,800 from the State Highway Fund to ADOT for highway construction in FY 2001. Allowable uses of the appropriation include the planning and construction of state highways, the acquisition of rights-of-way, the cost of field administration and field engineering on construction projects, and the payment of debt-service on bonds issued for highway construction. The act also specified that any balances and collections in the State Highway Fund in excess of the amounts otherwise appropriated to the department are available for highway construction.

The Capital Outlay Bill allows the department to utilize up to \$29,028,800 in Personal Services and Employee Related Expenditures for up to 665 FTE Positions in FY 2001 for field administration and field engineering on construction projects. Prior to the expenditure of any highway construction monies for operating budget expenses, the act requires ADOT to submit related information to the JCCR for review. The department submitted its budget schedules for its request on June 8, 2000.

ADOT's submittal indicates a planned FY 2001 operating budget within capital construction of \$212,862,400, based on its tentative 5-Year Highway Construction Program. Although FTE Positions are initially funded from the State Highway Fund, Other Funds are subsequently billed for portions of certain projects. The following table details ADOT's estimated operating expenditures:

Construction Budget Operating Expenditure Plan

Category	Expenditures			
	FY 1999 Actual	FY 2000 Plan	FY 2001 Plan	FY 01 Increase
FTE Positions - Authorized	665	665	665	0
- Actual/Planned	604	605	619	14
Personal Services	\$ 18,788,600	\$23,300,000	\$23,793,000	\$ 493,000
Employee Related Expenditures	4,801,200	5,128,700	5,235,800	107,100
Professional and Outside Services	80,696,000	144,596,100	161,947,600	17,351,500
Travel In-State	702,800	872,800	872,800	0
Travel Out-of-State	121,300	128,800	128,800	0
Other Operating Expenditures	11,986,400	14,950,000	18,493,300	3,543,300
Equipment	<u>2,710,600</u>	<u>1,439,900</u>	<u>2,391,100</u>	<u>951,200</u>
Total	\$119,806,900	\$190,416,300	\$212,862,400	\$22,446,100

The total increase of \$22,446,100 from FY 2000 to FY 2001, comes on top of an increase of \$70,609,400 from FY 1999 to FY 2000. In both cases most of the increases are in Professional and Outside Services, including increases of \$17,351,500 from FY 2000 to FY 2001, and \$63,900,100 from FY 1999 to FY 2000. Professional and Outside Services primarily finances consulting services, especially engineering work in the case of ADOT. The only justification that ADOT gives for these increases in its budget forms is the general statement that, "Increases to Professional and Outside Services are due primarily to the continued acceleration of the highway construction program, increased funding of TEA-21, and the increased costs of using consultants for basic staffing needs." After having received ADOT's submission, on June 8, we requested this additional justification on June 9.

(Continued)

We agree in principal that ADOT's highway construction program has accelerated. However, ADOT has provided no direct link between the amount of the dollar increase in its budget and the amount of increase in the highway construction program. We asked ADOT to provide a meaningful performance measure, which ties directly to the dollar increases (such as the number of miles being planned), and to use it to explain how they derived their budget numbers. As a result, ADOT reports the number of centerline miles in pre-engineering by consultants to be 11 miles in FY 1999, 26 miles in FY 2000, and 44 miles in FY 2001. These miles are not cumulative from year-to-year, however, but instead they overlap from year-to-year. In fact, ADOT now verbally reports that they expect the consultant workload in Professional and Outside Services to be about the same in FY 2001 as in FY 2000.

ADOT also now verbally reports that they substantially erred in their submittal. We are told that the \$144,596,100 in FY 2000, and \$161,947,600 in FY 2001, that they estimated for Professional and Outside Services was reportedly made on an obligation basis, whereas it should have been on a cash flow basis. On a cash flow basis, ADOT has verbally estimated the Professional and Outside Services amounts at \$104,628,300 in FY 2000 and the same amount in FY 2001. If these new amounts for Professional and Outside Services are correct, the totals would become \$150,448,500 in FY 2000, and \$155,543,100 in FY 2001, which amount to decreases of \$(39,967,800) in FY 2000, and \$(57,319,300) in FY 2001 compared to ADOT's original submittal.

The totals shown in the table for Personal Services and Employee Related Expenditures are \$29,028,800 for FY 2001, and \$28,428,700 for FY 2000, both of which match the ceilings set in the Capital Outlay Bill. The \$600,100 increase for Personal Services and Employee Related Expenditures from FY 2000 to FY 2001 reflects the increase in the appropriated ceilings in the Capital Outlay Bill.

For the Committee's additional information, ADOT implemented an alternative pay plan for construction related technical positions effective January 1, 2000. ADOT estimates that the pay plan will have a Personal Services and Employee Related Expenditures total cost of \$3,500,000 in FY 2001, including costs of \$2,100,000 in its operating budget and \$1,400,000 in its highway construction operating budget. This program has been neither approved nor funded by the Legislature. ADOT reports that it intends to pay for these increased costs within its existing appropriated budget by eliminating an estimated total of 104 vacant FTE Positions, including decreases of 58 vacant FTE Positions in its operating budget and 46 vacant FTE Positions in its highway construction operating budget. We will address this policy issue in our budget recommendations for FY 2002 and FY 2003.

The JLBC Staff recommends that the Committee defer review until we receive additional information from ADOT, which answers the questions related to expenditures for Professional and Outside Services. We will continue working with ADOT to further clarify this area.

RS/BH:ag



Arizona Department of Transportation

Office of the Director

206 S. 17th Ave. Phoenix, Arizona 85007-3213
Phone 602.712.7226 FAX 602.712.6941

Jane Dee Hull
Governor

Mary E. Peters
Director

Victor M. Mendez
Deputy Director

June 8, 2000



The Honorable Robert Burns, Chairman
Joint Committee on Capital Review
Arizona House of Representatives
1700 West Washington
Phoenix, Arizona 85007

Dear Chairman Burns;

Transmitted herein is the Arizona Department of Transportation's Fiscal Year 2001 Capital Construction Budget Operating Expenditure Plan. We have requested to have this submittal reviewed by the JCCR at its scheduled meeting on June 20, 2000.

This expenditure plan has been developed after analyzing the projections contained in the tentative Five-Year Highway Construction Program for the fiscal year 2001. The tentative Five-Year Highway Construction Program will be submitted to the Transportation Board for adoption during its June meeting. After the FY 2001 program is adopted by the Transportation Board, program changes, additions, or accelerations can increase or decrease the associated construction administration cost (expenditure) plan. The plan includes expenditures that are reimbursable as well as non-reimbursable.

The Department's FY 2001 spending plan continues to show an overall increase in the cost of Professional and Outside Services. In large part this is due to the Department's continuation of an accelerated highway construction program due to increased funds from TEA21 and the accelerated construction schedules mandated by SB 1201, enacted during the 1999 Legislative Session. Manpower needs for these program accelerations are far beyond our base staffing and we continue to utilize consultants to handle the program acceleration.

In an effort to ameliorate the use of consultants and maintain our core competencies, the Department implemented an Alternative Engineering Pay Plan effective January 1, 2000. To properly fund the pay plan, authorized construction positions are being abolished and/or downgraded. The estimated reduction in authorized FTEs from 665 to 619 to fund this Plan is reflected in the enclosed documents.

If you need additional information please do not hesitate to contact either David Jankofsky, ADOT Manager of Strategic Planning and Budgeting (602-712-8981) or myself.

Sincerely,

Mary E. Peters

CC: Mr. Tom Betlach, OSPB
Mr. Marcel Benberou, OSPB
Mr. Brent Cloniger, OSPB

Mr. Bob Hull, JLBC Staff
Mr. John Bogert, ADOT Chief of Staff
Mr. Richard Stavneak, JLBC Staff Director

AGENCY NAME & AFIS CODE:

DEPARTMENT OF TRANSPORTATION DTA

COST CENTER/PROGRAM NAME:

CONSTRUCTION - OPERATING

SCHEDULE 3A - FY 2001
COST CENTER/PROGRAM SUMMARY OF EXPENDITURES AND BUDGET REQUEST

AFIS OBJ CODE	CATEGORY	(A) ACTUAL FY 1999	(B) APPROPRIATED FY 2000 (EXP PLAN)	(C) FY 2001 BASE ADJUSTMENTS	(D) FY 2001 BASE BUDGET (B) + (C)	(E) MANDATED & DEMOGRAPHIC ISSUES	(F) BASE MODIFICATIONS (Net to \$0)	(G) FY 2001 REQUEST (D) + (E) + (F)
	EXPENDITURE DETAIL:							
0000	FTE POSITIONS	665.0	665.0	(46.0)	619.0			619.0
6000	PERSONAL SERVICES	18,788.6	23,300.0	493.0	23,793.0			23,793.0
6100	EMPLOYEE-RELATED EXPENDITURES	4,801.2	5,128.7	107.1	5,235.8			5,235.8
6200	PROFESSIONAL & OUTSIDE SERVICES	80,696.0	144,596.1	17,351.5	161,947.6			161,947.6
6500	TRAVEL IN-STATE	702.8	872.8		872.8			872.8
6600	TRAVEL OUT-OF-STATE	121.3	128.8		128.8			128.8
6800	AID TO ORGANIZATIONS							
7000	OTHER OPERATING EXPENDITURES	11,986.4	14,950.0	3,543.3	18,493.3			18,493.3
8400	EQUIPMENT - CAPITAL	2,100.9	1,309.9	522.0	1,831.9			1,831.9
8500	EQUIPMENT - NON-CAPITAL	609.7	130.0	429.2	559.2			559.2
	SUBTOTAL	119,806.9	190,416.3	22,446.1	212,862.4			212,862.4
	BELOW-THE-LINE ITEMS (List Below)							
	TOTAL BELOW-THE-LINE							
	TOTAL PROGRAM EXPENDITURES	119,806.9	190,416.3	22,446.1	212,862.4			212,862.4
	FUNDING SOURCES:							
1000	GENERAL FUND							
	OTHER APPROPRIATED FUNDS	119,806.9	190,416.3	22,446.1	212,862.4			212,862.4
	SUBTOTAL APPROPRIATED FUNDS	119,806.9	190,416.3	22,446.1	212,862.4			212,862.4
	TOTAL FUNDS	119,806.9	190,416.3	22,446.1	212,862.4			212,862.4

AGENCY NAME & AFIS CODE:

DEPARTMENT OF TRANSPORTATION DTA

COST CENTER/PROGRAM NAME:

CONSTRUCTION - OPERATING

FUND NAME & AFIS NUMBER:

STATE HIGHWAY FUND 2030

SCHEDULE 5
SUMMARY OF POSITIONS, PERSONAL SERVICES & EMPLOYEE-RELATED EXPENDITURES

AFIS COMP SRC CLS	DESCRIPTION	(A) ACTUAL FY 1999	(B) APPROPRIATED FY 2000 (EXP PLAN)	(C) FY 2001 BASE ADJUSTMENTS	(D) FY 2001 BASE BUDGET (B) + (C)	(E) FY 2002 BASE ADJUSTMENTS	(F) FY 2002 BASE BUDGET (D) + (E)
	FULL TIME EQUIVALENT POSITIONS						
	Regular Positions (incl. Elected Officials)	665.0	665.0	(46.0)	619.0		619.0
	TOTAL - (to SCH. 3B)	665.0	665.0	(46.0)	619.0		619.0
	NUMBER OF PERSONS ELIGIBLE/REQUESTED						
	Uniform Allowance						
	PERSONAL SERVICES						
	Regular Positions (incl. Elected Officials)	16,387.1	21,800.0	1,993.0	23,793.0		23,793.0
	Temporary Employees	445.5	200.0	(200.0)			
	Overtime Worked	1,948.4	1,300.0	(1,300.0)			
	On-Call	7.6					
	TOTAL - (to SCH. 3B)	18,788.6	23,300.0	493.0	23,793.0		23,793.0
	EMPLOYEE-RELATED EXPENDITURES						
	ERE Rate				0.2200		
	Regular ERE	4,801.2	5,128.7	107.1	5,235.8		5,235.8
	Uniform Allowance						
	TOTAL - (to SCH. 3B)	4,801.2	5,128.7	107.1	5,235.8		5,235.8

AGENCY NAME & AFIS CODE: DEPARTMENT OF TRANSPORTATION DTA
 COST CENTER/PROGRAM NAME: CONSTRUCTION - OPERATING
 FUND NAME & AFIS NUMBER: STATE HIGHWAY FUND 2030

SCHEDULE 5D
 REGULAR & ELECTED POSITIONS DETAIL WORKSHEET

Pg 1 of 3

REGULAR POSITION CLASSIFICATION TITLE	GRADE	TOTAL FTE	PERSONAL SERVICES (as of 6/1/00)	COMBINED REGULAR & ELECTED POSITIONS AT/ABOVE FICA MAXIMUM of \$68,400.	
DT District Engineer	T5	1.0	79.1	FTE	PERSONAL SERVICES (as of 6/1/00)
DT Asst State Engineer	T5	1.0	81.5	ELECTED POSITIONS	
DT Transportation Manager	T4	3.0	1,806.7	REGULAR POSITIONS	
DT Transportation Engr II	T3	21.0	1,313.8	TOTAL ALL POSITIONS	
DT Transportation Engr I	T2	31.0	1,732.6	EMPLOYEE RETIREMENT COVERAGE	
DT Engineering Chief Surv	T2	1.0	57.2	FTE	PERSONAL SERVICES
Traf Sig/Lit Ops Ut Mgr I	S9	1.0	39.8	STATE RETIREMENT SYSTEM	
Tr Engineering Specialist	S9	80.0	3,247.2	OTHER RETIREMENT SYSTEM (Specify)	
Tr Engineering Survey Specialist	S9	3.0	121.8	TOTAL ALL POSITIONS	
Tr Roadside Dvmt T/L	S9	1.0	37.6	FY 2001 AND FY 2002 TOTAL REGULAR POSITION REQUIREMENTS	
Tr Quality Control Spct	S7	111.0	3,804.3	FTE	PERSONAL SERVICES
Tr Const Tech Supervisor	S7	49.0	1,840.7	REGULAR POSITIONS FY 2000 (EXP PLAN)	
Traffic Sig/Lit Crew Spv	S7	2.0	81.7	(+) FY 2001 Annualization for April 1, 2001 Pay Package	
Tr Engineering Survey Sr Tech	S7	8.0	304.8	(+) FY 2001 Other Salary Requirements (incl. Elected Officials Salary)*	
Tr Engineering Tech III	S7	2.0	76.8	(=) FY 2001 Total Regular Position Funding (to SCH. 5 Column D)	
Tr Engineering Admv Rcds T/L	S7	9.0	357.6	(+) FY 2002 Other Salary Requirements (incl. Elected Officials Salar	
Tr Construction Tech III	S6	127.0	3,856.0	(=) FY 2002 Total Regular Position Funding (to SCH. 5 Column F)	
Traf Sig/Lit Tech II	S6	15.0	519.1	* A BUDGET JUSTIFICATION form is required for any funding requested in this category.	
Tr Const Operations Tech	S6	8.0	252.4		
Tr Construction Tech II	S5	80.0	2,071.8		
Tr Engineering Survey Tech	S5	4.0	136.2		
TOTAL THIS PAGE		558.0	21,818.8		
PRIOR PAGES					
TOTAL ALL PAGES		558.0	21,818.8		
EMPLOYEE HEALTH, DENTAL & LIFE		TOTAL FTE	PERSONAL SERVICES		
FTEs NOT ELIG FOR HEALTH, DENTAL, & LIFE					
ELECTED OFFICIAL TITLE	GRADE	TOTAL FTE	PERSONAL SERVICES		
TOTAL ELECTED OFFICIALS (to SCH. 5)					

AGENCY NAME & AFIS CODE: DEPARTMENT OF TRANSPORTATION DTA
 COST CENTER/PROGRAM NAME: CONSTRUCTION - OPERATING
 FUND NAME & AFIS NUMBER: STATE HIGHWAY FUND 2030

SCHEDULE 5D
 REGULAR & ELECTED POSITIONS DETAIL WORKSHEET

Pg 2 of 3

REGULAR POSITION CLASSIFICATION TITLE	GRADE	TOTAL FTE	PERSONAL SERVICES (as of 6/1/00)	COMBINED REGULAR & ELECTED POSITIONS AT/ABOVE FICA MAXIMUM of \$68,400.	
Tr Construction Tech I	S4	10.0	244.9		
Traf Sig/Lit Tech I	S4	1.0	25.0		
Tr Engineering Tech I	S4	6.0	160.3		
Prpty Appraiser IV	22	2.0	74.4		
Admv Services Officer II	21	2.0	91.9		
Network Specialist I	20	1.0	32.4		
Emer Response Specialist	20	1.0	39.4		
Landscape Architect	20	2.0	79.3		
Right-of-Way Agent III	20	1.0	31.1		
Real Prpty Appraiser III	20	1.0	37.1		
Pub Information Officer I	20	1.0	38.5		
Equal Oprty Spct III	19	1.0	45.3		
Prg Compliance Audr III	19	4.0	164.3		
Prg Proj Specialist II	19	1.0	36.5		
Admv Services Officer I	19	1.0	31.6		
Training Officer I	19	3.0	97.0		
Planner II	19	2.0	76.2		
Equal Oprty Spct II	18	2.0	67.9		
Prg Compliance Audr II	18	2.0	60.3		
Admv Assistant III	17	3.0	96.6		
Training Specialist	16	5.0	122.9		
TOTAL THIS PAGE		52.0	1,652.9		
PRIOR PAGES		558.0	21,818.8		
TOTAL ALL PAGES		610.0	23,471.7		
EMPLOYEE HEALTH, DENTAL & LIFE		TOTAL FTE	PERSONAL SERVICES		
FTEs NOT ELIG FOR HEALTH, DENTAL, & LIFE					
ELECTED OFFICIAL TITLE		GRADE	TOTAL FTE	PERSONAL SERVICES	
TOTAL ELECTED OFFICIALS (to SCH. 5)					
				Elected Positions Regular Positions TOTAL ALL POSITIONS	
				EMPLOYEE RETIREMENT COVERAGE	
				STATE RETIREMENT SYSTEM OTHER RETIREMENT SYSTEM (Specify) TOTAL ALL POSITIONS	
				FY 2002 AND FY 2003 TOTAL REGULAR POSITION REQUIREMENTS	
				REGULAR POSITIONS FY 2000 (EXP PLAN) (+) FY 2001 Annualization for April 1, 2001 Pay Package (+) FY 2001 Other Salary Requirements (incl. Elected Officials Salary)* (=) FY 2001 Total Regular Position Funding (to SCH. 5 Column D)	
				(+) FY 2002 Other Salary Requirements (incl. Elected Officials Salary) (=) FY 2002 Total Regular Position Funding (to SCH. 5 Column F)	
* A BUDGET JUSTIFICATION form is required for any funding requested in this category.					

AGENCY NAME & AFIS CODE: DEPARTMENT OF TRANSPORTATION DTA
 COST CENTER/PROGRAM NAME: CONSTRUCTION - OPERATING
 FUND NAME & AFIS NUMBER: STATE HIGHWAY FUND 2030

SCHEDULE 5D
 REGULAR & ELECTED POSITIONS DETAIL WORKSHEET

Pg 3 of 3

REGULAR POSITION CLASSIFICATION TITLE	GRADE	TOTAL FTE	PERSONAL SERVICES (as of 6/1/00)	COMBINED REGULAR & ELECTED POSITIONS AT/ABOVE FICA MAXIMUM of \$68,400.	
Engineering Plans Tech II	16	1.0	22.2		
Admv Assistant II	15	2.0	55.6		
Admv Secretary II	13	1.0	20.9		
Admv Secretary I	12	3.0	61.7		
Secretary	11	1.0	25.5		
Clerk Typist II	9	1.0	16.8		
				ELECTED POSITIONS	FTE PERSONAL SERVICES (as of 6/1/00)
				REGULAR POSITIONS	
				TOTAL ALL POSITIONS	
EMPLOYEE RETIREMENT COVERAGE					
				STATE RETIREMENT SYSTEM	FTE PERSONAL SERVICES
				OTHER RETIREMENT SYSTEM (Specify)	
				TOTAL ALL POSITIONS	
FY 2002 AND FY 2003 TOTAL REGULAR POSITION REQUIREMENTS					
				REGULAR POSITIONS FY 2000 (EXP PLAN)	FTE PERSONAL SERVICES 619.0 23,674.3
				(+) FY 2001 Annualization for April 1, 2001 Pay Package	118.7
				(+) FY 2001 Other Salary Requirements (incl. Elected Officials Salary)*	
				(=) FY 2001 Total Regular Position Funding (to SCH. 5 Column D)	619.0 23,793.0
				(+) FY 2002 Other Salary Requirements (incl. Elected Officials Salary)*	
				(=) FY 2002 Total Regular Position Funding (to SCH. 5 Column F)	23,793.0
* A BUDGET JUSTIFICATION form is required for any funding requested in this category.					
TOTAL THIS PAGE		9.0	202.6		
PRIOR PAGES		610.0	23,471.7		
TOTAL ALL PAGES		619.0	23,674.3		
EMPLOYEE HEALTH, DENTAL & LIFE		TOTAL FTE	PERSONAL SERVICES		
FTEs NOT ELIG FOR HEALTH, DENTAL, & LIFE					
ELECTED OFFICIAL TITLE	GRADE	TOTAL FTE	PERSONAL SERVICES		
TOTAL ELECTED OFFICIALS (to SCH. 5)					

AGENCY NAME & AFIS CODE:

DEPARTMENT OF TRANSPORTATION DTA

COST CENTER/PROGRAM NAME:

CONSTRUCTION - OPERATING

SCHEDULE 5
BUDGET JUSTIFICATION

Effective January 1, 2000, an alternative pay plan was implemented within the Intermodal Transportation Division. Funding for the plan was generated through the abolishment and /or downgrading of positions. The 46 FTE reduction represents the abolishments identified to fund the costs of the pay plan in the Highways Construction program.

The following outlines the methodology used to develop the approximate costs and abolishments needed to fund the pay plan. Actual costs, including a listing of positions abolished, will be submitted under separate cover.

	<u>FTEs</u>	<u>Base Salary</u>
5/31/00 Position Priceout	665.0	\$25,150.0
FY00 JLBC Revised PS Appropriation (\$28,428.7 less 22% ERE)	665.0	\$23,300.0
Difference (approx cost of pay plan)		<u>\$1,850.0</u>
 Average cost per FTE		 \$40.0
Approximate # of positions to be abolished	<u>46</u>	

AGENCY NAME & AFIS CODE:

DEPARTMENT OF TRANSPORTATION DTA

COST CENTER/PROGRAM NAME:

CONSTRUCTION - OPERATING

FUND NAME & AFIS NUMBER:

STATE HIGHWAY FUND, 2030

**SCHEDULE 7
PROFESSIONAL AND OUTSIDE SERVICES**

AFIS COMP SRC CLS	EXPENDITURE CATEGORY	(A) ACTUAL FY 1999	(B) APPROPRIATED FY 2000 (EXP PLAN)	(C) FY 2001 BASE ADJUSTMENTS	(D) FY 2001 BASE BUDGET (B) + (C)	(E) FY 2002 BASE ADJUSTMENTS	(F) FY 2002 BASE BUDGET (D) + (E)
6219	Other External Financial Services	10.1	0.2		0.2		0.2
6222	External Legal Services	314.9	300.8	36.1	336.9		336.9
6231	Preliminary Engineering	44,387.0	97,619.9	11,714.6	109,334.5		109,334.5
6232	Construction Engineering	9,679.0	17,058.0	2,047.0	19,105.0		19,105.0
6239	Other Design	9,089.0	14,215.5	1,705.9	15,921.4		15,921.4
6240	Temp Agency Services	386.4	250.3	29.7	280.0		280.0
6310	Medical and Hospital Services	0.6	0.7	0.1	0.8		0.8
6470	Other Professional and Outside Services	16,829.0	15,150.7	1,818.1	16,968.8		16,968.8
	TOTAL Professional and Outside (to SCH. 3B)	80,696.0	144,596.1	17,351.5	161,947.6		161,947.6

AGENCY NAME & AFIS CODE: DEPARTMENT OF TRANSPORTATION DTA
COST CENTER/PROGRAM NAME: CONSTRUCTION - OPERATING

SCHEDULE 7
BUDGET JUSTIFICATION

Increases to Professional & Outside Services are due primarily to the continued acceleration of the highway construction program, increased funding of TEA-21, and the increased costs of using consultants for basic staffing needs.

AGENCY NAME & AFIS CODE: DEPARTMENT OF TRANSPORTATION DTA
 COST CENTER/PROGRAM NAME: CONSTRUCTION - OPERATING
 FUND NAME & AFIS NUMBER: STATE HIGHWAY FUND 2030

SCHEDULE 8
 TRAVEL AND FOOD

AFIS OBJECT	EXPENDITURE CATEGORIES	(A) ACTUAL FY 1999	(B) APPROPRIATED FY 2000 (EXP PLAN)	(C) FY 2001 BASE ADJUSTMENTS	(D) FY 2001 BASE BUDGET (B) + (C)	(E) FY 2002 BASE ADJUSTMENTS	(F) FY 2002 BASE BUDGET (D) + (E)
6500	Travel - In-State (to SCH. 3B)	702.8	872.8		872.8		872.8
6600	Travel - Out-of-State (to SCH. 3B)	121.3	128.8		128.8		128.8
6700	Food (to SCH. 3B)						
6800	Aid To Organizations (to SCH.3B)						
	TOTAL	824.1	1,001.6		1,001.6		1,001.6

AGENCY NAME & AFIS CODE:

DEPARTMENT OF TRANSPORTATION DTA

COST CENTER/PROGRAM NAME:

CONSTRUCTION - OPERATING

FUND NAME & AFIS NUMBER:

STATE HIGHWAY FUND 2030

SCHEDULE 9
OTHER OPERATING EXPENDITURES

AFIS COMP SRC CLS	EXPENDITURE CATEGORY	(A) ACTUAL FY 1999	(B) APPROPRIATED FY 2000 (EXP PLAN)	(C) FY 2001 BASE ADJUSTMENTS	(D) FY 2001 BASE BUDGET (B) + (C)	(E) FY 2002 BASE ADJUSTMENTS	(F) FY 2002 BASE BUDGET (D) + (E)
7110	Insurance & Related Charges	2,794.0	3,152.0	1,498.0	4,650.0		4,650.0
7150	Information Technology Charges	751.3	64.7	11.2	75.9		75.9
7180	Utilities	402.1	741.3	128.5	869.8		869.8
7200	Rental Expenditures	252.7	306.1	53.1	359.2		359.2
7230	Interest Payments	5.1					
7250	Repair & Maintenance	452.0	4,244.9	681.9	4,926.8		4,926.8
7279	Lease/Rental - Equipment Revolving	2,631.7	2,198.7	381.2	2,579.9		2,579.9
7300	Operating Supplies	3,500.8	3,755.6	597.0	4,352.6		4,352.6
7400	Resale Supplies	4.6					
7430	Sales of Assets						
7450	Conference, Education & Training	557.6					
7460	Advertising	172.3	115.1	128.0	243.1		243.1
7470	Printing & Photography	109.5	207.2	35.9	243.1		243.1
7480	Postage & Delivery	64.0	97.8	17.0	114.8		114.8
7500	Miscellaneous Operating	276.8	66.4	11.5	77.9		77.9
7659	Vehicle - Other Supplies						
7900	Depreciation Expenses	11.9	0.2		0.2		0.2
	TOTAL Other Operating Exp (to SCH. 3B)	11,986.4	14,950.0	3,543.3	18,493.3		18,493.3

AGENCY NAME & AFIS CODE:

DEPARTMENT OF TRANSPORTATION DTA

COST CENTER/PROGRAM NAME:

CONSTRUCTION - OPERATING

SCHEDULE 9
BUDGET JUSTIFICATION

The increase in Insurance & related charges reflects the inclusion of the annual Risk Management premium, pursuant to Senate Bill 1207, passed in 1996.

The FY01 premium does not include credit for FY00 carryover projects, right-of-way costs, or the US 60 project bid under the Owner Control Insurance Program (OCIP).

AGENCY NAME & AFIS CODE: DEPARTMENT OF TRANSPORTATION DTA
 COST CENTER/PROGRAM NAME: CONSTRUCTION - OPERATING
 FUND NAME & AFIS NUMBER: STATE HIGHWAY FUND 2030

SCHEDULE 11
EQUIPMENT

AFIS COMP SRC GRP OR OBJ	EXPENDITURE CATEGORIES	(A) ACTUAL FY 1999	(B) APPROPRIATED FY 2000 (EXP PLAN)	(C) FY 2001 BASE BUDGET	(D) FY 2002 BASE BUDGET
	<u>NON-CAPITALIZED EQUIPMENT</u>				
8510	VEHICLES				
8520	FURNITURE	54.7	22.2	122.4	122.4
8530	EDP EQUIPMENT - MAINFRAME	43.8			
8540	EDP EQUIPMENT - MIDRANGE	5.8			
8550	EDP EQUIPMENT - PC/LAN	219.9		85.9	85.9
8560	TELECOMMUNICATIONS EQUIPMENT	11.0	13.0	5.6	5.6
8570	OTHER EQUIPMENT	115.5	94.8	339.0	339.0
8580	SOFTWARE	159.0		6.3	6.3
	SUBTOTAL	609.7	130.0	559.2	559.2
	<u>CAPITAL EQUIPMENT</u>				
8410	VEHICLES	157.8			
8420	FURNITURE	13.1			
8430	EDP EQUIPMENT - MAINFRAME	79.8	11.3		
8440	EDP EQUIPMENT - MIDRANGE	13.2			
8450	EDP EQUIPMENT - PERSONAL COMPUTERS/LAN	1,031.2		36.0	
8460	TELECOMMUNICATIONS EQUIPMENT	267.0			
8470	OTHER EQUIPMENT	505.4			
8480	SOFTWARE - MAINFRAME	15.4	17.8	154.0	
8490	OTHER CAPITAL ASSET	18.0			
	SUBTOTAL	2,100.9	29.1	190.0	190.0
	CAPITAL EQUIPMENT PURCHASES (from Schedule 11A)		1,280.8	1,641.9	1,641.9
	TOTAL EQUIPMENT (to SCH. 3B)	2,710.6	1,439.9	2,391.1	2,391.1

AGENCY NAME & AFIS CODE:

DEPARTMENT OF TRANSPORTATION DTA

COST CENTER/PROGRAM NAME:

CONSTRUCTION - OPERATING

FUND NAME & AFIS NUMBER:

TRANSPORTATION EQUIPMENT FUND 2071

SCHEDULE 11A
REPLACEMENT EQUIPMENT EXPENDITURES

TYPE OF EQUIPMENT AND DESCRIPTION	(A) UNIT COST	(B) FY 2001 QUANTITY	(C) FY 2001 BASE BUDGET (A) * (B)	(D) FY 2002 QUANTITY	(C) FY 2002 BASE BUDGET (A) * (D)
Asphaltic Concrete Performance Test			75.0		
Auto Cleveland Open Cup Tester			25.0		
Auto Ring & Ball Tester			20.0		
Bending Beam Rheometer			40.0		
Compression Machines			18.0		
Concrete Breaker			16.0		
Constant Temp Water Bath			11.0		
Copier			17.5		
Core Rig			6.0		
Furnaces			59.0		
Gyratory Compactor, Pine			48.5		
Lab Saw			5.0		
LCD Projector			10.0		
Micro-Deval Apparatus			5.1		
Modular Buildings			821.5		
Oven			75.0		
Pressure Aging Vessel			13.5		
Proctor Hammer			5.3		
Rolling Straight Edge			5.0		
Rotational Viscometer			5.0		
Security Fencing 15000			20.0		
Stability & Flow Machine, Gibson MS504			6.5		
Survey Equipment			14.0		
Universal Rebar/Steel Tester			200.0		
Vertical Dynamic Loading System			120.0		
SUBTOTAL THIS PAGE			1,641.9		1,641.9
TOTAL PRIOR PAGES					
TOTAL ALL PAGES (to SCH. 11)			1,641.9		1,641.9

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 542-5491

FAX (602) 542-1616

HOUSE OF
REPRESENTATIVES

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BOB MCLENDON
ANDY NICHOLS
CHRISTINE WEASON

DATE: June 13, 2000

TO: Representative Bob Burns, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Bob Hull, Principal Research/Fiscal Analyst

SUBJECT: ADOT - CONSIDER APPROVAL OF LAND PURCHASES AND REVIEW OF
SCOPE, PURPOSE, AND ESTIMATED COST OF ADOT PROJECTS

Request

The Arizona Department of Transportation (ADOT) requests that the Committee approve the scope, purpose, and estimated cost of the following 2 projects:

- North Phoenix Maintenance Yard (\$3,400,000 FY 2000 appropriation)
- Payson MVD Service Center - Land Purchase and Design (\$600,000 FY 2001 appropriation)

Recommendation

The JLBC Staff recommends that the Committee approve the land purchase and give a favorable review of the North Phoenix Maintenance Yard project. The JLBC Staff further recommends that ADOT report in writing to the Committee if the land purchase price exceeds the appraised value.

The JLBC Staff recommends that the Committee approve the land purchase and give a favorable review of the design portion of the Payson MVD Service Center - Land Purchase and Design project. The JLBC Staff further recommends that ADOT report in writing to the Committee if the land purchase price exceeds the appraised value.

(Continued)

Analysis

A.R.S. § 28-368 requires JCCR approval of ADOT land purchases. A.R.S. § 41-1252 requires JCCR review of the expenditure of all monies appropriated for land acquisition and capital projects.

North Phoenix Maintenance Yard

Laws 1999, Chapter 2, 1st Special Session appropriated \$3,400,000 in FY 2000 from the State Highway Fund to ADOT, to purchase 20 acres of land for a north Phoenix maintenance yard and to fund utilities hookup, yard paving, landscaping, fuel facilities, a materials warehouse, an equipment canopy, and an office. ADOT has contracted to purchase 2 adjacent parcels totaling 19.2 acres, located 1/2 mile south of the intersection of 7th Avenue and Happy Valley Road, for \$1,625,000. These parcels are on the east side of 7th Avenue.

The purchase is subject to an appraisal (due by June 17), environmental clearance (due by June 17), a title check, and Maricopa County re-zoning the property from residential to industrial. ADOT estimates the close of escrow on June 26. One parcel has a business lessee who would have 90 days to vacate. The other parcel has a residential lessee who would have 60 days to vacate. The department estimates a total cost for the land of \$1,640,000 including the \$1,625,000 purchase price, \$5,000 for the appraisal, and \$10,000 for closing related costs.

The cost of the subject property would average \$85,400 per acre. For comparison, the department spent \$1,064,500 in July, 1999 to purchase 4.7 acres of land for a Glendale Motor Vehicle Division (MVD) Service Center located ¼ mile south of the intersection of 59th Avenue and Bell Road, for an average cost of \$226,500 per acre. In February, 1999, the department spent \$821,700 to purchase 6.6 acres of land for a Southeast Regional MVD Service Center on the southwest corner of Greenfield Road and US 60 (Superstition Freeway) in Mesa, for an average cost of \$124,500 per acre. We have asked ADOT whether they have comparable prices for other previous purchases in the area, but we have not yet received their answer.

The department expects to use the remaining \$1,760,000 of the total \$3,400,000 appropriation for site improvement, and for facilities design and construction. The following table summarizes the department's expenditure plan for the appropriation, which repeats the dollar figures that they used in their original budget request of September 1998. These amounts appear to be reasonable based on our past experience. In order to further evaluate the cost of the facilities construction portion, we asked ADOT to provide additional information such as the number of feet of fencing and the square footage of various structures. ADOT has not yet provided this additional information.

(Continued)

Purchase 19.2 Acres	\$1,640,000
Design, Risk Management, & Contingency	130,000
Fencing	110,000
Paving	200,000
Utilities	300,000
Landscaping	100,000
Fuel Facility	200,000
Materials Warehouse	170,000
Equipment Canopy & Office	550,000
Sub-Total Facilities	\$1,760,000
Total Appropriation	\$3,400,000

ADOT was appropriated 18 new FTE Positions and \$1,054,400 in FY 2001 to staff and operate a new north Phoenix maintenance facility. The department expects to begin performing some maintenance activities from this location soon after the close of escrow, and before the site improvements have been completed.

The JLBC Staff recommends approval of the land purchase, and that ADOT report in writing to the Committee if the land purchase price exceeds the appraised value. The JLBC Staff recommends a favorable review of the other project components. The request is within the scope, purpose, and \$3,400,000 appropriation for this project.

Payson MVD Service Center - Land Purchase and Design

Laws 1999, Chapter 2, 1st Special Session appropriated \$600,000 in FY 2001 from the State Highway Fund to ADOT, to purchase 4 acres of land and design a new 4,000 square foot Payson MVD service center. ADOT has contracted to purchase 4.2 acres, located in north Payson. The parcel is located on the south side of Tyler Parkway, a short distance east of State Highway 87, the Beeline Highway. This would replace a crowded 1,880 square foot leased facility in Payson.

The purchase is subject to an appraisal (due by August 14), environmental clearance (due by August 7), and a title check. ADOT estimates the close of escrow on August 15. The department estimates a total cost for the land of \$536,250 including the \$528,750 purchase price, \$4,000 for the appraisal, and \$3,500 for closing related costs. The department reports that it has an architectural and engineering contract of \$50,400 to design a standard MVD service center building of 4,500 square feet, and would like to designate the remaining \$13,350 for contingencies. Note that ADOT's original budget request in September, 1998 was based on constructing a 4,000 square foot MVD service center. Since then, ADOT reports that it has signed letters of intent with 2 architects to design standardized MVD service centers in 3 different sizes, including 4,500, 7,000, and 12,000 square feet. The \$50,400 design fee is the price for the 4,500 square foot building. This amount appears to be reasonable. ADOT had estimated a design fee of \$82,000 for a 4,000 square foot building in their original budget request

(Continued)

June 13, 2000

of September 1998. The following table summarizes the department's expenditure plan for the appropriation:

Purchase 4.2 Acres	\$536,250
Architectural and Engineering	50,400
Contingency	<u>13,350</u>
Total Appropriation	\$600,000

The cost of the subject property would average \$127,700 per acre. As noted earlier, the average cost per acre was \$226,500 for the Glendale MVD Service Center and \$124,500 for the Southeast Regional MVD Service Center. We have asked ADOT whether they have comparable prices for other previous purchases in the area, but we have not yet received their answer.

The JLBC Staff recommends approval of the land purchase, and that ADOT report in writing to the Committee if the land purchase price exceeds the appraised value. The JLBC Staff recommends a favorable review of the other project components. The request is within the scope, purpose, and \$600,000 appropriation for this project.

RS/BH:ag



Jane Dee Hull
Governor

Mary E. Peters
Director

Arizona Department of Transportation

Office of the Director

206 S. 17th Ave. Phoenix, Arizona 85007-3213

Phone 602.712.7226 FAX 602.712.6941

Victor M. Mendez
Deputy Director

May 22, 2000

The Honorable Robert Burns, Chairman
Joint Committee on Capital Review
1700 West Washington
Phoenix, Arizona 85007



Dear Representative Burns:

We respectfully request to be placed on the agenda of the next scheduled JCCR meeting to seek the Committee's approval to release \$3,400,000 appropriated in FY2000 for the purchase of land and subsequent construction of the North Phoenix Maintenance yard.

Currently there are two offers to purchase land underway. Purchasing land in north Phoenix for the original estimated cost of \$2 per square foot has proven extremely difficult. Earlier estimates were developed well in advance of the actual construction timeframe and land prices in this area have increased significantly in the last year or two. Fortunately, the Right-of-Way group found land in both the desired area and price range, though it will need to be re-zoned.

The land to be purchased resides on two adjacent properties and each offer is contingent on the other. The first parcel is 10 acres gross. It is partially fenced with electric, phone, and a well. There is also a residence on the property with 2 bathrooms and a garage, which may be utilized temporarily. The offer for this parcel is \$875,000.00. The second parcel is 9.17 acres. It is currently under lease, however, the lease agreement will terminate in the near future. The offer for this parcel is \$750,000.00.

The appraisals and environmental studies for these two parcels are due June 17. The resolution from the Board of Transportation was scheduled for May 19. Escrow was opened on May 11 for both parcels, and the estimated close of escrow is June 26.

Attached, for your review, is an itemized list of project costs and a location map.

The Honorable Robert Burns, Chairman

May 22, 2000

Page 2

We respectfully request approval to proceed with the purchase of the land and construction of the facility before this fiscal year is over. Your consideration of this request is greatly appreciated.

Sincerely,

John A. Bogert for Mary E. Peters

Mary E. Peters

cc: Randall Gnant, JCCR
Marcel Benberou, OSPB
Richard Stavneak, JLBC
Dick Wright, ADOT
John Bogert, ADOT
David Jankofsky, ADOT

Tom Betlach, OSPB
Bret Cloninger, OSPB
Robert Hull, JLBC
Victor Mendez, ADOT
Sam Maroufkhani, ADOT
Charles Haverstick, ADOT

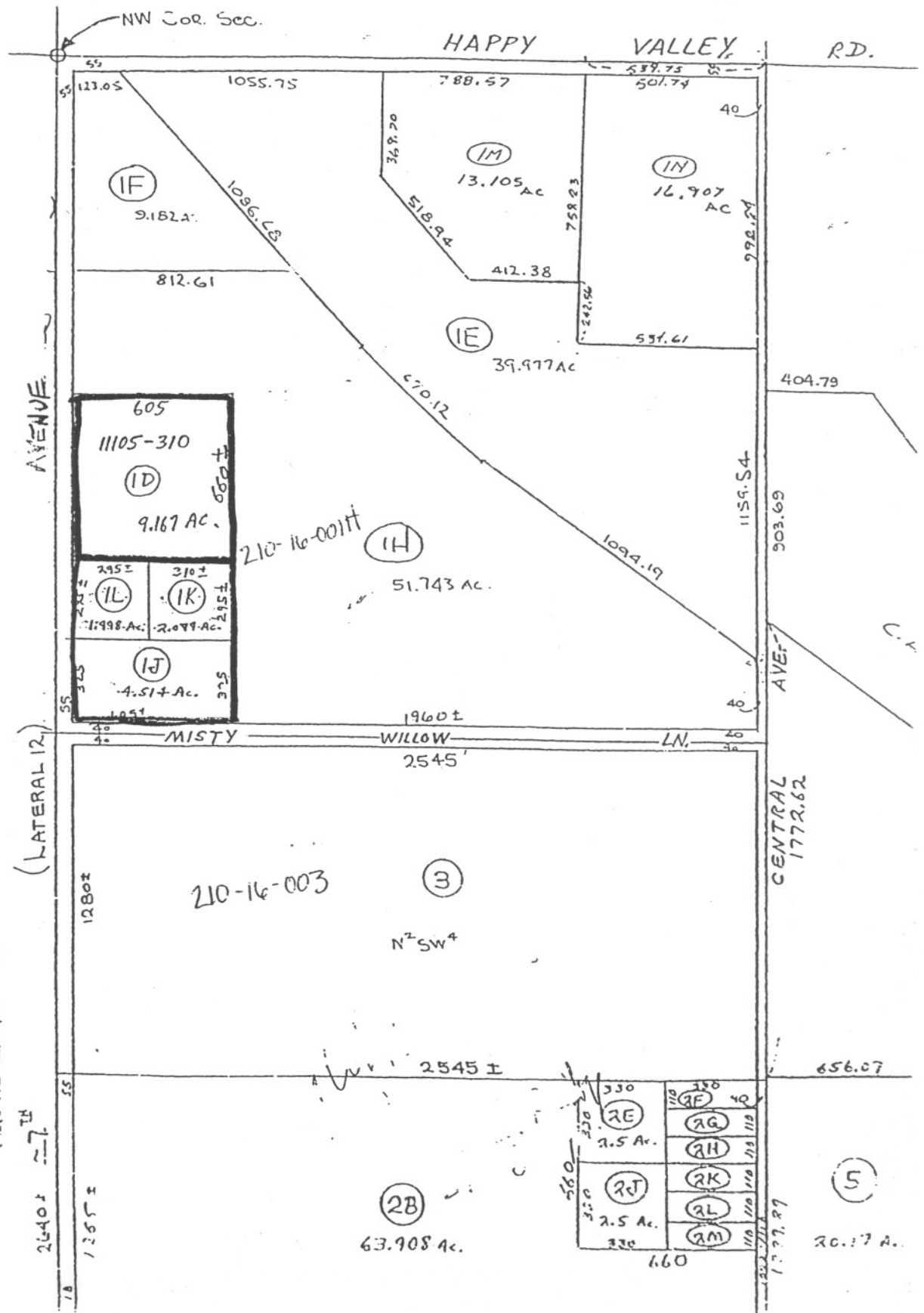
Attachments: Project location drawing
Itemized list for distribution of funds

MEP/cdh

210-16

Exhibit "A"

SEC. 8 — 4N 3E



COUNTY ASSESSOR'S OFFICE			
SCALE 1" = 500'			
Recorder			
C, D, M, P	2072	P2082	
I, E, F, G, H	115451.54	N.D. 2072	
28, 2C, 15, 19	492	N.D. 2072	
4	83-307097	N.D. 2072	
5	26-317455	N.D. 2072	
I, J, K, L	27-219433	N.D. 2072	
I, J, K, L	27-219437	N.D. 2072	
I, J, K, L	27-219437	N.D. 2072	
2D, E	76-450752	N.D. 2072	
F, G, H	76-762267	N.D. 2072	
2J, K	76-739065	N.D. 2072	
L, M	77-119201	N.D. 2072	

North Phoenix Maintenance Yard - Itemized list for distribution of funds

Land parcel #1 (10 acres gross at \$2/square foot)	= \$ 875,000.00
Land parcel #2 (9.17 acres at \$1.88/square foot)	= \$ 750,000.00
Estimated cost for closing	= \$ 5,000.00
Estimated cost for appraisals	= \$ 7,000.00
Estimated cost for survey	= \$ 5,000.00
Estimated cost for environmental studies (in house)	= \$ <u>no cost</u>
Sub total for land acquisition	= \$1,640,000.00

Estimated cost for Architectural and Engineering	= \$ 116,000.00
Estimated cost for Risk Management fees	= \$ <u>10,000.00</u>
Sub total for fees	= \$ 126,000.00

Estimated cost for site improvements (fencing)	= \$ 110,000.00
Estimated cost for utilities and upgrades	= \$ 300,000.00
Estimated cost for paving and surface treatment	= \$ 200,000.00
Estimated cost for landscaping	= \$ 100,000.00
Estimated cost for fuel facility	= \$ 200,000.00
Estimated cost for materials warehouse	= \$ 170,000.00
Estimated cost for equipment canopy and office	= \$ <u>550,000.00</u>
Sub total for construction costs	= \$1,630,000.00

Total estimated cost of expenses	= \$3,396,000.00
Total amount of funds appropriated	= <u>\$3,400,000.00</u>
Contingency amount remaining	= \$ 4,000.00



Arizona Department of Transportation

Office of the Director

206 S. 17th Ave. Phoenix, Arizona 85007-3213
Phone 602.712.7226 FAX 602.712.6941

Jane Dee Hull
Governor

Mary E. Peters
Director

June 8, 2000

Victor M. Mendez
Deputy Director



The Honorable Robert Burns, Chairman
Joint Committee on Capital Review
1700 West Washington
Phoenix, Arizona 85007

Dear Representative Burns:

We respectfully request to be placed on the agenda of the next scheduled JCCR meeting, so that the Committee can consider the approval of the release of \$600,000 appropriated for Fiscal Year 2001 for land purchase and Architectural and Engineering design of a Payson MVD Service Center.

This project, to buy land and do the A&E design for a new 4,500 square foot MVD Service Center in Payson for the sum of \$600,000, was appropriated for the Fiscal Year 2001. The Right Of Way group has found land that is in the desired area, which is 4.23 acres and the offer for this parcel is \$528,750.00. An environmental and archeology study is due August 7, which will be done in house at no cost. An appraisal is due August 14, at a cost of \$4,000. Estimated costs for closing are \$3,500. We have done an Architectural and Engineering Request For Proposal, and a contract is now in place for this sized building in the amount of \$50,400. The next scheduled Transportation Board meeting has been set for July 21 and the estimated close of escrow is August 15. The above costs total \$586,650, which leaves \$13,350 for contingencies, and it is our intention to be within the budget and time schedule previously established for this project.

We respectfully request approval to proceed with the purchase of the land and A&E design of the facility during this fiscal year. Your review and approval of this request is greatly appreciated.

Sincerely,

Mary E. Peters
for

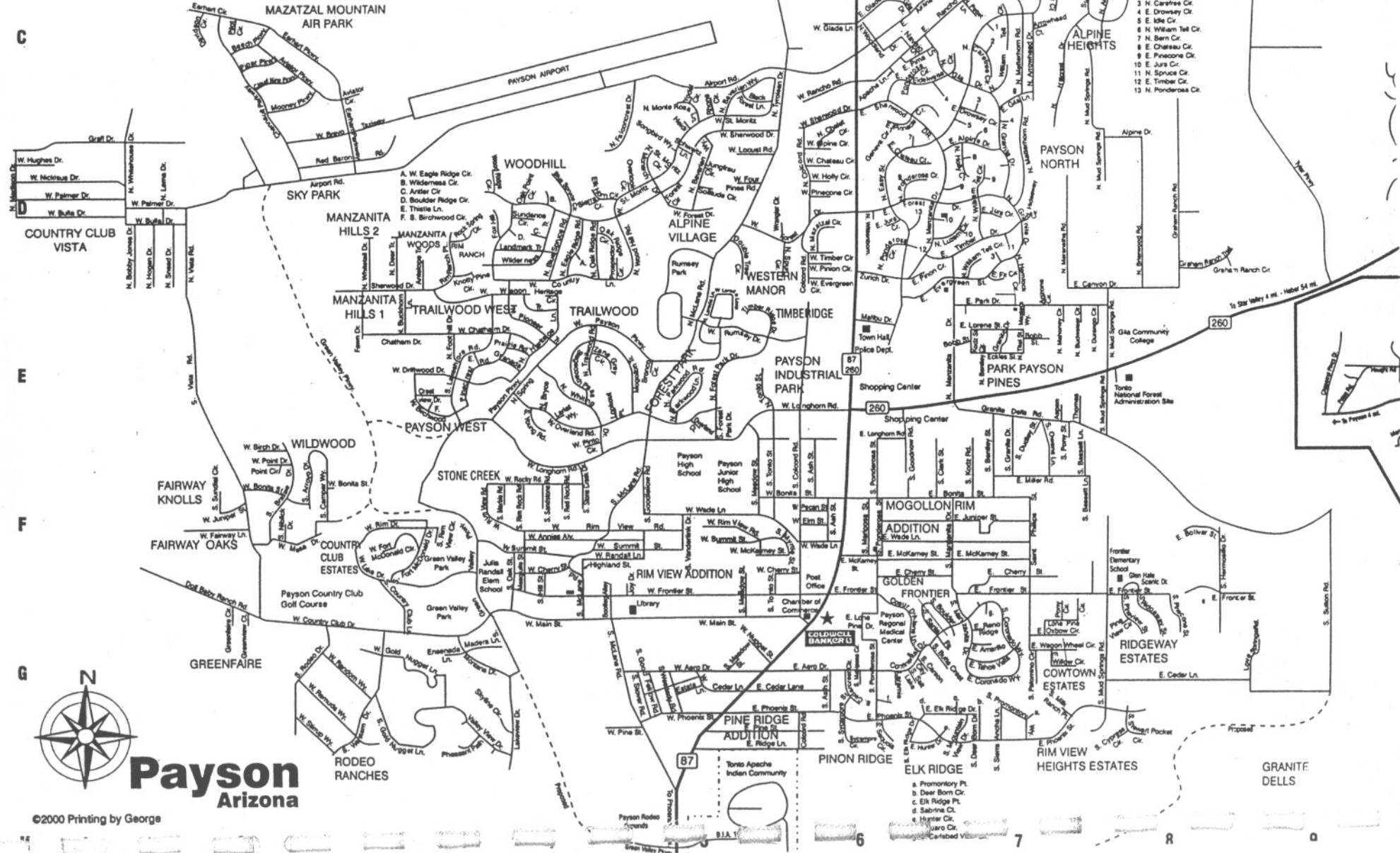
Mary E. Peters

cc: The Honorable Randall Gnant, JCCR
Marcel Benberou, OSPB
Richard Stavneak, JLBC
Dick Wright, ADOT
John Bogert, ADOT
Charles Haverstick, ADOT

Tom Betlach, OSPB
Bret Cloninger, OSPB
Robert Hull, JLBC
Victor Mendez, ADOT
David Jankofsky, ADOT
Ruth Halikowski, ADOT

MEP/cdh

A	Bassett Ln. S.	F-7	Chaparral Pines Dr.	B-D-10	Easy St. Wy. N.	C-7	Grace Ln.	C-6	Lakeshore Dr.	E-4
	Beavran Hwy. N.	C-D-5	Chateau Cr. W.	D-6-7	Eckles St. E.	C-7	Graham Dr.	D-1	Lakeshore Rd. S.	E-3-4
	Bearway Pkwy.	C-2	Chateau Cr. W.	D-6-7	Eidwellers Ct. E.	C-6-7	Graham Ranch Cir.	D-8	Lakeshore Dr.	G-3-4
	Bel Cir. N.	C-6	Chatham Dr.	E-4	Elm Horn Ct. E.	C-4	Graham Ranch Rd.	C-8	Landmark Trail	D-4
	Belley Cr. N.	C-7	Chatham Dr. W.	E-3	Elm Ridge Dr. E.	C-6	Graham Ranch Trl.	D-8	Langley Cir. N.	C-6
	Bentley Dr. S.	E-6-7	Chenault Pkwy.	F-4	Elm Ridge Dr. E.	C-6	Grady Way	E-4	Laramie Cir. N.	C-8
	Berry Ln. S.	F-6	Cherry St. E.	F-6-7	Elm Run Rd. E.	B-11	Green Valley	D-8	Larado Loop	E-5
	Birch Dr. W.	F-2	Cherry St. W.	F-4-5	Elm Run Cr. S.	C-10	Granite Dr. N.	C-6-7	Lasat Wy.	D-7
	Birchwood Cr. S.	E-3	Christopher Point	A-5	Elm St. W.	F-6	Granite Dr. S.	E-6-7	Lema Dr. N.	B-7
	Birchwood Rd. W.	E-3	Chuparosa Cr.	C-11	Ensenada Ln. W.	G-4	Grapewine Dr. E.	D-9-10	Lydia Dr. N.	D-2
	Black Forest Ln.	C-5	Clark St. S.	F-6	Estate Ln.	C-5	Grapewine Dr. N.	C-9	Locarno Cir. N.	D-7
	Blazing Star Cr.	B-9	Clock Nine Pkwy.	C-2	Evangel Pharoas Dr.	G-10	Green Valley Pkwy.	F-3-4	Locust W.	D-5
B	Blue Bell Cr.	D-4	Club Dr.	C-11	Evergreen Cr.	D-6-7	Greendale Cir.	G-2	Long Pine Cir. E.	G-7
	Blue Spruce Rd.	D-4	Club Dr.	A-5	Evergreen St. E.	D-6-7	Greenview Ct.	G-2	Longhorn Rd. E.	F-6
	Boab St. E.	E-7	Coed D'Alene Ln.	E-4	Fairway Ln. W.	F-4	Heater Cr.	D-8	Longhorn Rd. E.	F-6
	Bobby Dr. N.	D-1	Colcord Rd. N.	D-6	Falconcrest Cr. N.	D-4	Held	D-5	Lorane St. E.	E-7
	Bolton St. N.	C-6	Colcord Rd. S.	E-6-5	Farview N.	B-7	Hemlock Cr. N.	D-7	Love Springs Rd.	G-8
	Bolvar St. E.	F-8	Cold Springs Pl.	A-5	Fawn Dr.	D-2	Heritage Cr.	E-4	Luka Dr. E.	B-7
	Bonta St. E.	F-6-7	Cold Cr. W.	B-5	Father Plume	D-10	Heritage Ln.	E-4	Luzern Cir. N.	D-6-7
	Bonta St. W.	F-2-3-5-8	Cold Cr. W.	B-4-5	Flare	C-10	Heritage Ln. E.	E-4	Madison Dr. N.	G-4
	Boottleg Alley S.	F-G-4	Colt Dune Cr.	B-9	Flr Cr. E.	D-7	Hermosillo Dr. S.	F-G-8	Maderson Cir.	D-1
	Boulder S.	G-6	Conifer Cr.	E-8	Fletz Cr. N.	B-4	Highway Cr. N.	D-7	Maheony Cr. E.	E-7
	Boulder Ridge Rd.	D-4	Continental Dr.	G-6-7	Florence Road	A-5	Higdon St.	F-4	Main St. W.	F-G-3-5



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ANDY NICHOLS
CHRISTINE WEASON

DATE: June 13, 2000

TO: Representative Bob Burns, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Bob Hull, Principal Research/ Fiscal Analyst

SUBJECT: ADOT - REVIEW OF SCOPE, PURPOSE, AND ESTIMATED COST OF
SPREADER RACK REPLACEMENT PROJECT

Request

The Arizona Department of Transportation (ADOT) requests that the Committee review the scope, purpose, and estimated cost of the Spreader Rack Replacement (\$1,401,000 FY 2001 appropriation) project.

Recommendation

The JLBC Staff recommends that the Committee give afavorable review of the Spreader Rack Replacement project.

Analysis

A.R.S. § 41-1252 requires JCCR review of the expenditure of all monies appropriated for capital projects.

Laws 1999, Chapter 2, 1st Special Session appropriated \$1,401,000 in FY 2001 from the State Highway Fund to ADOT, for the construction of 76 replacement spreader racks at 13 locations across the state, at an average cost of \$18,400 per rack. The racks are used to store spreaders, which are carried on the backs of utility trucks in order to salt and sand roads during winter. The 78 racks approved in the FY 2000 appropriation have been completed, at a cost of \$1,462,400,

(Continued)

June 13, 2000

for an average cost of \$18,700 per rack. The FY 2001 appropriation will complete the multi-year project, which is summarized in the following table. ADOT expects to go out for bids on the project shortly after Committee review.

<u>Fiscal Year</u>	<u>Appropriation</u>	<u>Racks</u>	<u>Locations</u>
1997	\$250,000	17	3
1999	1,045,000	53	14
2000	1,488,000	78	11
2001	<u>1,401,000</u>	<u>76</u>	<u>13</u>
Total	\$4,184,000	224	41

ADOT now plans to locate the 76 racks at 12 (instead of 13) locations to better reflect the current location of its equipment. The original and revised numbers of racks for each location are shown in the following table.

<u>Location</u>	<u>Number of Racks</u>		
	<u>Original</u>	<u>Revised</u>	<u>Change</u>
Globe District			
Show Low	10	9	(1)
Roosevelt	5	0	(5)
St. Johns	5	5	-
Springerville	5	7	+2
Indian Pine	4	8	+4
Kingman District			
Seligman	6	6	-
Kingman	5	7	+2
Wikieup	5	5	-
Needle Mtn.	5	3	(2)
Holbrook District			
Holbrook	9	9	-
Winslow	9	9	-
Kayenta	5	5	-
Teec Nos Pos	<u>3</u>	<u>3</u>	<u>-</u>
Total	76	76	0

The JLBC Staff recommends a favorable review of the project. The request is within the scope, purpose, and \$1,401,000 appropriation for this project.

RS/BH:ag



Jane Dee Hull
Governor

Mary E. Peters
Director

Arizona Department of Transportation

Office of the Director

206 S. 17th Ave. Phoenix, Arizona 85007-3213
Phone 602.712.7226 FAX 602.712.6941

Victor M. Mendez
Deputy Director

May 22, 2000

The Honorable Robert Burns, Chairman
Joint Committee on Capital Review
1700 West Washington
Phoenix, Arizona 85007



Dear Representative Burns:

We respectfully request to be placed on the agenda of the next scheduled JCCR meeting to seek the Committee's approval to release \$1,401,000 appropriated in FY2001 for the Statewide Spreader Rack Replacement Program and to approve modifications to the original rack replacement request.

In FY2001 we are scheduled to build 76 bays in 13 locations. The Maintenance Districts where these units are scheduled to be built have asked to modify the number of bays at specific locations due to the relocation of service equipment from one yard to another. The following details these changes:

	<u>Yard location</u>	<u>original # of bays</u>	<u>revised # of bays</u>
Globe District =	Showlow	10	9
	Roosevelt	5	0
	St. Johns	5	5
	Springerville	5	7
	Indian Pine	4	8
		<u>29</u>	<u>29</u>
Kingman District =	Seligman	6	6
	Kingman	5	7
	Wickieup	5	5
	Needle Mt.	5	3
		<u>21</u>	<u>21</u>
Holbrook District =	No Change		

The Honorable Robert Burns, Chairman
May 22, 2000
Page 2

As you can see, the total number of bays in each District, as well as the overall appropriation (76), does not change. The scope, purpose and cost of this project will remain as intended and requested.

Your review and approval of this request is greatly appreciated so that we may begin construction of the units before the arrival of cold weather.

Sincerely,

John A. Bagant for Mary E. Peters

Mary E. Peters

cc: Randall Gnant, JCCR
Marcel Benberou, OSPB
Richard Stavneak, JLBC
Dick Wright, ADOT
John Bogert, ADOT
David Jankofsky, ADOT

Tom Betlach, OSPB
Bret Cloninger, OSPB
Robert Hull, JLBC
Victor Mendez, ADOT
Sam Maroufkhani, ADOT
Charles Haverstick, ADOT

Attachments: Letter of request for re-allocation of Spreader Rack from Globe District
Letter of request for re-allocation of Spreader Rack from Kingman District
Memo of justification for Spreader Rack re-allocations in Globe District
Memo of justification for Spreader Rack re-allocations in Kingman District

MEP/cdh



ARIZONA DEPARTMENT OF
TRANSPORTATION
Globe District

February 1, 2000

3/24/00
Approved
Burt

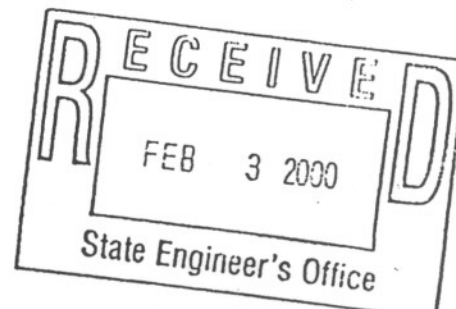
TO: WILLIAM J.HIGGINS, Deputy State Engineer
FROM: RICHARD POWERS, Globe District Engineer
RE: REALLOCATION OF SPREADER RACKS

A handwritten signature in dark ink, likely belonging to Richard Powers, the Globe District Engineer.

We have a need for 7 spreader rack bays in Springerville and 8 in Indian Pine. This is in lieu of 5 and 4 respectively as originally approved. We propose to move 5 from Roosevelt and 1 from Show Low to make up for the 6 needed to provide for the needs in Springerville and Indian Pine. All adjustments will be within the total bays approved for the Globe District, we are not adding additional bays only reallocating due to district priorities.

This adjustment enables us to have enough bays to hang all the spreaders in each area. Due to new truck assignments which include larger spreaders this action will keep the new spreaders in mint condition and provide a means of safe and efficient operation of our snow operation throughout the District. We have submitted an additional request to address the other needed bays for swing spreaders, rock beds and slip in water tanks.

Thank you for your assistance in this matter and if we can be of further help in resolving this please give us a call.



ARIZONA DEPARTMENT OF TRANSPORTATION
Memo

April 7, 2000

TO: William J. Higgins *OK [Signature] 4/13/00*
Deputy State Engineer

THRU: Debra Brisk *[Signature]*
Kingman District Engineer

FROM: Bill Wang *BW 4/7/2000*
Kingman District Maintenance Engineer

RE: Reallocation of Spreader Racks

According to the FY'01 Capital Improvement Program, Kingman Maintenance and Needle Mountain Maintenance both will get a 5 bay spreader rack. However, this does not provide sufficient number of bays for Kingman Maintenance while it provides too many bays for Needle Mountain Maintenance.

I am requesting permission to reduce the spreader rack for Needle Mountain Maintenance to 3 bays and increase the spreader rack for Kingman Maintenance to 7 bays. The total number of bays for Kingman District will remain the same.

I have discussed this proposal with Facility and they are supportive of the reallocation.

Your approval on this reallocation is respectfully requested.

Cc: George Webb
Tom Steinberger
Giovanni Nabavi



Arizona Department of Transportation

Globe District Office

P.O. Box 2717, Globe, AZ 85502 520-425-7638

05/10/00

Jane Dee Hull
Governor

Mary E. Peters
Director

Mary E. Peters
Director

Victor Mendez
Deputy Director

TO: Charles Haverstick

FROM: Joel L. Miller
Globe District Maintenance Superintendent

RE: Justification for Spreader Rack Re-allocations in Globe District

First and foremost is the fact that the original request was changed. The reason for this is unknown by this District but we need the spreader racks where the equipment is located. The original request submitted by Tom Teague and questions by his e-mail dated October 16, 1998 had asked for 9 bays in Indian Pine and 8 in Springerville.

Second, the racks that were designated for Roosevelt included 3 for Rock beds and two for sanders. This yard was being pressed by the USFS to be relocated but since that time this has subsided. Roosevelt has racks that can suffice for the two sanders they have and the rock beds can be set on the ground.

The needs in Springerville and Indian Pine are for the equipment that they currently have. We would like additional racks in all areas for equipment like slip in water tanks, rock beds and additional racks in Showlow for Equipment Services use when servicing these types of equipment. However we need to install these that are currently program where they are absolutely necessary for safe daily operations until additional racks are programmed.

We understand that funding limits may have caused the initial shortage, or cutbacks, but these cutbacks and decisions were not made with input from the Globe District. These adjustments we are asking for will ensure our employees are safe as they perform their tasks and will help prevent disruption to our service for our customers.

If you need any additional information or have further questions please feel free to give me a call at 520-425-7638 or drop me an e-mail.

Thanks

Cc: Richard Powers, DE
Don Corum & John Beene, MDE's

ARIZONA DEPARTMENT OF TRANSPORTATION
memo

May 11, 2000

TO: Charles Haverstick
Senior Architect – Facilities Design

FROM: Bill Wang *BW 5/11/2000*
Kingman District Maintenance Engineer

RE: Reallocation of spreader racks

This is to augment the memo of 4/7/2000 in which we requested to reallocate two spreader rack bays proposed for Needle Mountain Maintenance Yard to Kingman Maintenance Yard.

The reason that we requested for such adjustment is that this will permit the number of spreader rack bays to fit the current operation conditions. Kingman Maintenance has twice the lane miles than Needle Mountain Maintenance, thus requires more spreader rack bays.

This adjustment will permit Kingman District to manage snow and provide dust control efficiently which are vital to the safety of the traveling public.

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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CHAIRMAN 1999
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RUSSELL W. "RUSTY" BOWERS
JACK A. BROWN
TOM SMITH
RUTH SOLOMON
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1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 542-5491

FAX (602) 542-1616

HOUSE OF
REPRESENTATIVES

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CHAIRMAN 2000
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BOB MCLENDON
ANDY NICHOLS
CHRISTINE WEASON

DATE: June 14, 2000

TO: Representative Bob Burns, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Lorenzo Martinez, Senior Fiscal Analyst

SUBJECT: ADOT - REVIEW OF RELEASE OF FUNDS FOR DESIGN OF A REGIONAL
TRANSPORTATION CENTER AT PIONEER PARK IN PRESCOTT

Request

The Arizona Department of Transportation (ADOT) is requesting Committee review of the expenditure of monies for the design of a Regional Transportation Center at Pioneer Park in Prescott.

Recommendation

The JLBC Staff recommends a favorable review of the request. The JLBC Staff further recommends that ADOT and the Department of Public Safety (DPS) submit the scope, purpose, and estimated cost of the project after completion of design and the project has been bid.

The Committee should be aware that the new location is on Federal Bureau of Land Management (BLM) land. A patent on the land will provide the use of the site indefinitely; however, any improvements on the land may not be recoverable if the patent is ever terminated.

Analysis

Laws 1999, Chapter 319 appropriated monies from the Highway User Revenue Fund (HURF) to ADOT and DPS for the design, engineering and construction of the Pioneer Park Regional Transportation Service Center. The following lists the appropriations to each agency.

(Continued)

	<u>FY 2000</u>	<u>FY 2001</u>	<u>Total</u>
ADOT	\$300,000	\$4,647,500	\$4,947,500
DPS	<u>130,000</u>	<u>1,122,500</u>	<u>1,252,500</u>
Total	\$430,000	\$5,770,000	\$6,200,000

ADOT and DPS are having to relocate from the existing Sheldon Street Transportation Center as a result of the restructuring of the Highway 69 and Highway 89 interchange. Yavapai College will acquire portions of the existing site not used for the restructured highway interchange. Chapter 319 requires that any monies received from Yavapai College to purchase land and facilities be deposited in HURF. Given that less than 5 acres may be available, no deposits are anticipated at this time.

Chapter 319 also stipulates that Yavapai County shall donate at least 20 acres of land for ADOT and DPS to relocate to Pioneer Park. The agreement between the entities would convey 2 parcels of land from the county to ADOT and DPS. The proposed conveyances involve public land that is patented to the county by BLM. While this patent essentially provides ADOT and DPS with the site in perpetuity, the improvements made on the land may not be recoverable if the patent is ever terminated. A patent provides title to the surface property; however, title to all other property rights will be held by BLM.

Of the FY 2000 appropriations, approximately \$10,000 has been expended for a master plan layout. An Architectural and Engineering contract is in place for a total cost of \$395,000 (\$275,000 ADOT and \$120,000 DPS). The following lists the current cost allocations for the project.

	<u>Allocation</u>
Master Planning	\$10,000
A&E Contract	395,000
Soil Testing/Other	25,000
Construction	<u>5,770,000</u>
Total	\$6,200,000

ADOT anticipates having the project bid by September 1 so that construction may begin before the winter weather. The JLBC Staff recommends that ADOT and DPS submit the scope, purpose, and estimated cost for JCCR review after the project has been bid.

ADOT is seeking Committee review at this time primarily to sign BLM, Yavapai County and Yavapai College agreements and right-of-way grants.

RS/LM:ag



Jane Dee Hull
Governor

Mary E. Peters
Director

Arizona Department of Transportation

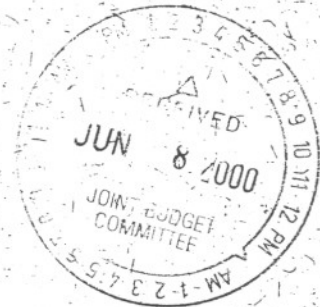
Office of the Director

206 S. 17th Ave. Phoenix, Arizona 85007-3213
Phone 602.712.7226 FAX 602.712.6941

Victor M. Mendez
Deputy Director

June 8, 2000

The Honorable Robert Burns, Chairman
Joint Committee on Capital Review
1700 West Washington
Phoenix, Arizona 85007



Dear Representative Burns:

We respectfully request to be placed on the agenda of the next scheduled JCCR meeting, so that the Committee can approve the release of funds appropriated by House Bill 2213 for a Regional Transportation Center at Pioneer Park in Prescott.

This project is to replace the loss of the use of DPS and ADOT facilities, resulting from restructuring the Highway 69 and Highway 89 interchange in Prescott. This act is established in order that the Arizona Department of Transportation, Department of Public Safety and Yavapai College may work together to finalize an intergovernmental agreement to transfer, in a timely manner, the land and existing facilities at the current Sheldon Street Transportation Center.

In Fiscal Year 1999-2000, appropriations of \$300,000 to the Arizona Department of Transportation and \$130,000 to the Department of Public Safety were made available for Architectural and Engineering fees. After working closely with the Bureau of Land Management, the City of Prescott, Yavapai College and Yavapai County an agreement on land transfer has been reached. Currently there are land use agreements and access to the properties that are under review by Right of Way. A master plan layout has been done at a cost of \$10,000 and there is an A&E contract now in place for the amount of \$275,000 for ADOT and \$120,000 for DPS to complete construction documents. The remaining funds will be used for soils and materials testing or other additional services as needed during the construction phase. It is presumed that final contract documents could be ready for review by June 30 and, based upon our review and acceptance, the bid documents could be printed by July 15.

In Fiscal Year 2000-2001, appropriations of \$4,647,500 to the Arizona Department of Transportation and \$1,122,500 to the Department of Public Safety are available for construction of the replacement facilities. Utilizing the above noted time schedule, we envisioned that bids would be received by August 15 and evaluated by September 1, so that

The Honorable Robert Burns

June 8, 2000

Page Two

construction could begin on or about September 15. This time schedule would prevent construction of footing and foundations before freezing weather and align with our intention to be within the budget and time schedule previously established for this project.

We respectfully request approval to proceed with the design and construction of this facility before this fiscal year is over. Your review and approval of this request is greatly appreciated.

Sincerely,

John A. Bagert for Mary E. Peters

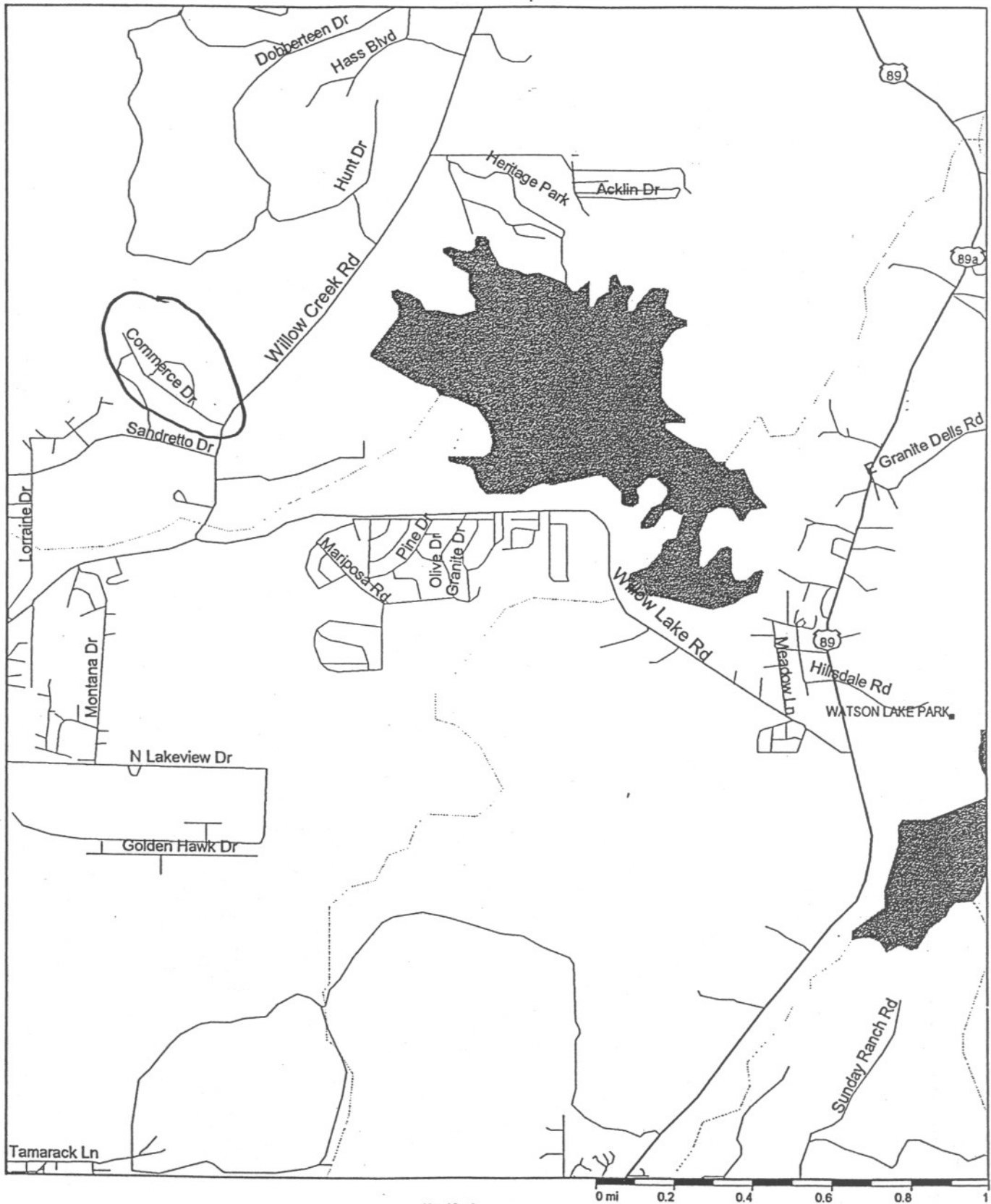
Mary E. Peters

cc: The Honorable Randall Gnant, JCCR
Marcel Benberou, OSPB
Richard Stavneak, JLBC
Dick Wright, ADOT
John Bogert, ADOT
Charles Haverstick, ADOT
Paula Gibson, ADOT

Tom Betlach, OSPB
Bret Cloninger, OSPB
Robert Hull, JLBC
Victor Mendez, ADOT
David Jankofsky, ADOT
Carl Tornambe, DPS

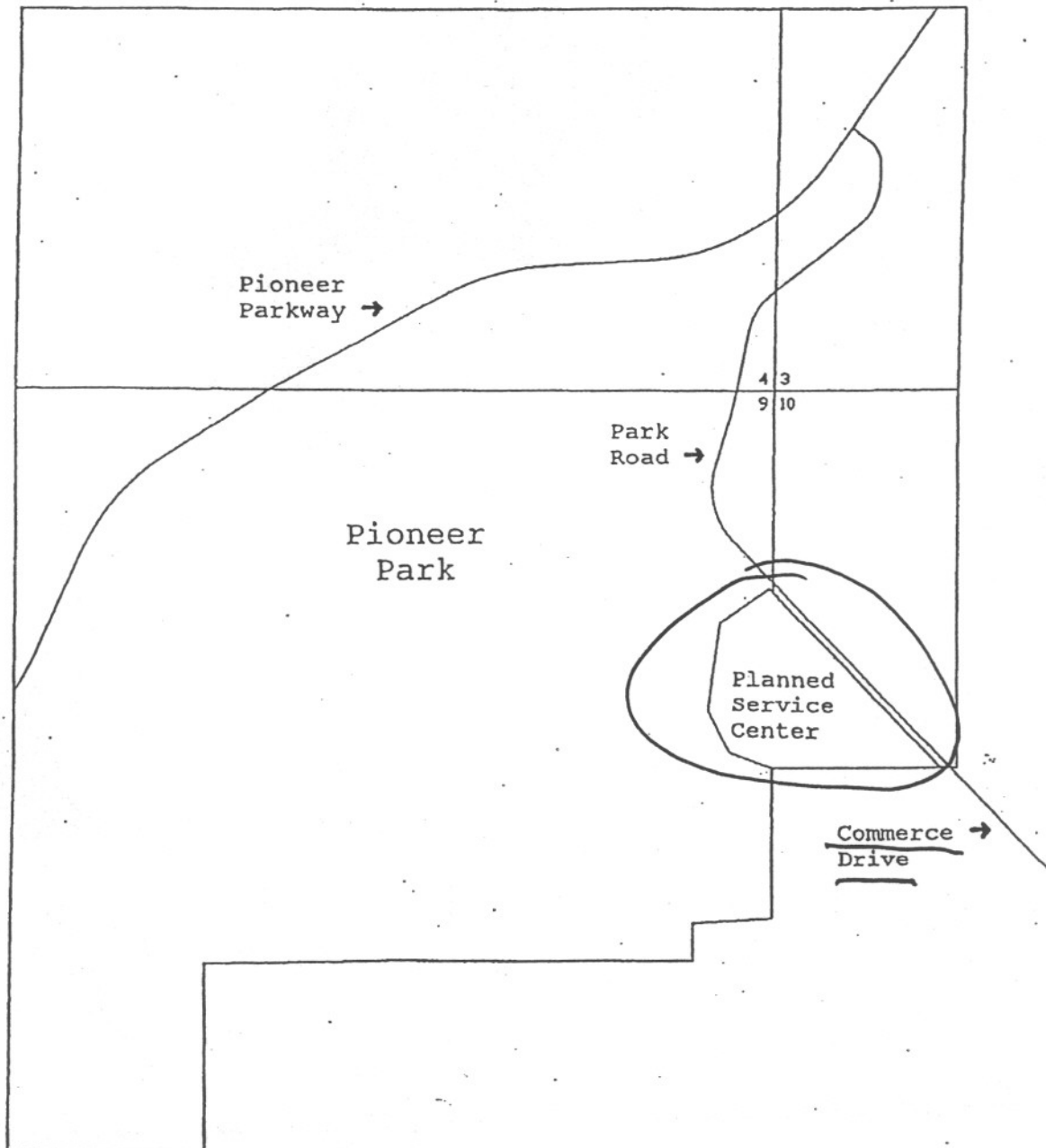
MEP/cdh

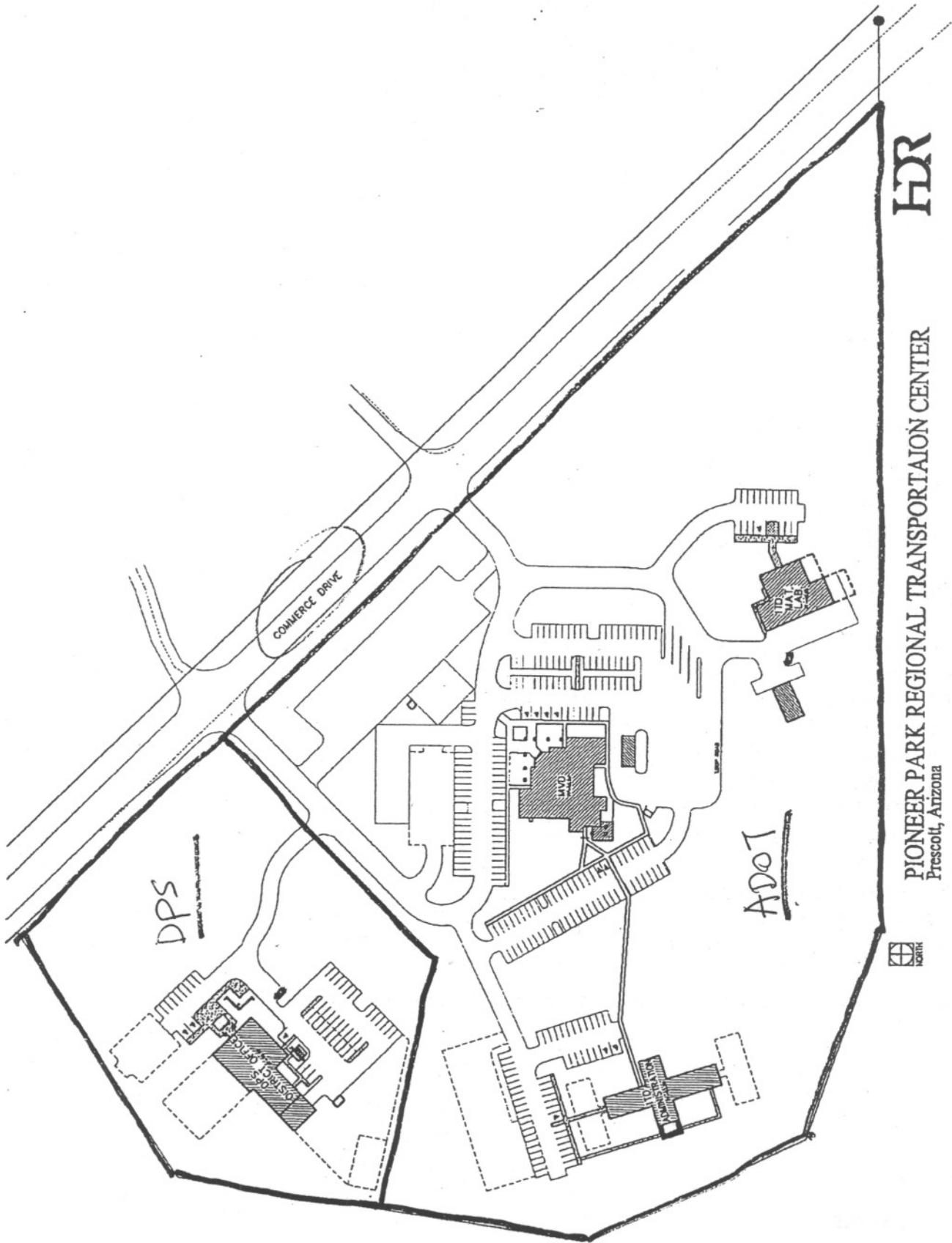
Pioneer Park



Microsoft

Streets98





HDR

PIONEER PARK REGIONAL TRANSPORTATION CENTER
Prescott, Arizona





United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Phoenix Field Office
2015 West Deer Valley Road
Phoenix, AZ 85027-2099

In reply refer to:

A-13942
2740 (020)

April 6, 2000

Mr. Angelo Manera
Special Projects Coordinator
County of Yavapai
1015 Fair Street
Prescott, Arizona 86305

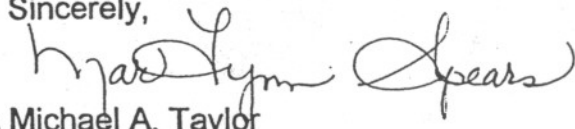
Dear Mr. Manera:

The County of Yavapai has informed the BLM that the County proposes to convey two parcels of land in Pioneer Park to the Arizona Department of Transportation (ADOT) and the Arizona Department of Public Safety (DPS). The proposed conveyances involve public land which is patented to the County under the Recreation and Public Purposes Act (R&PP). The proposed conveyances are required to facilitate the development of the State of Arizona's planned regional transportation service center in Pioneer Park. The County has requested BLM's assistance in drafting quitclaim deeds which convey the R&PP-patented land to ADOT and DPS.

Enclosed are draft quitclaim deeds which the County may use to convey the two parcels of R&PP-patented land to ADOT and DPS. The BLM requests that the County provide copies of the recorded quitclaim deeds to this office.

If you have any questions, please telephone Milton Rupp at 623-580-5606.

Sincerely,


for Michael A. Taylor
Field Manager

Enclosures

QUITCLAIM DEED

The County of Yavapai (hereinafter called "Grantor") does hereby release and quitclaim to the Arizona Department of Transportation (hereinafter called "Grantee") all interest, right, and title of the Grantor in and to the real property described in Exhibit A, attached hereto. To have and to hold said property to the Grantee, its successors and assigns, forever.

Dated this _____ day of _____, 2000.

By: _____

(Signature of Authorized
Officer for Grantor)

(Title of Authorized
Officer for Grantor)

EXHIBIT A

Real Property Description

That parcel of land lying in the Southeast One-Quarter of the Northeast One-Quarter of Section 9 and the Southwest One-Quarter of the Northwest One-Quarter of Section 10, Township 14 North, Range 2 West, Gila and Salt River Meridian, County of Yavapai, State of Arizona. Said parcel being all that portion of said property contained within the following metes and bounds description.

Beginning at the quarter-section corner common to Sections 9 and 10, Township 14 North, Range 2 West, Gila and Salt River Meridian, the true beginning point of the parcel.

Thence N.71°22'30"W. for 320.81 feet;

Thence N.28°13'41"W. for 329.62 feet;

Thence N.08°15'08"E. for 304.59 feet;

Thence S.81°44'52"E. for 377.25 feet;

Thence N.45°12'27"E. for 439.58 feet. Said point is located S.08°45'49"E. 1,701.57 feet from the section corner common to Sections 3, 4, 9, and 10, Township 14 North, Range 2 West, Gila and Salt River Meridian;

Thence S.44°59'04"E. for 1,323.50 feet;

Thence S.89°20'44"W. for 1,204.78 feet to the true beginning point.

The parcel of land to which the above description applies contains 20.87 acres more or less.

(End)

RIGHT-OF WAY GRANT

The County of Yavapai (hereinafter called "Grantor") does hereby grant to the Arizona Department of Transportation (hereinafter called "Grantee"), its successors and assigns, a right-of-way to use and maintain an existing road on land described in Exhibit A, attached hereto.

The rights and privileges herein granted are for the full use as a road by the Grantee and the Grantee's business visitors to land owned by the Grantee in the Southeast One-Quarter of the Northeast One-Quarter of Section 9 and the Southwest One-Quarter of the Northwest One-Quarter of Section 10, Township 14 North, Range 2 West, Gila and Salt River Meridian, for all lawful and proper purposes subject to reasonable rules and regulations of the Grantor.

The right-of-way granted herein is 100 feet wide, 1,837.55 feet long, and contains 4.22 acres, more or less.

The Grantee shall perform all activities in a good and workmanlike manner so as to ensure protection of the environment and the health and safety of the public.

The Grantee shall exercise reasonable care to avoid damage to said land and all property that may at any time be thereon.

The Grantee shall not assign this right-of-way grant without the written approval of the Grantor.

Failure of the Grantee to comply with any provision of this right-of-way grant shall constitute grounds for termination thereof.

This right-of-way grant shall be effective so long as the right-of-way shall be actually used for the aforesaid purposes, unless, prior thereto, the right-of-way grant is relinquished, abandoned, terminated, or modified.

All rights in the land subject to this right-of-way grant which are not expressly granted are retained and may be exercised by the Grantor. These rights include, but are not limited to:

1. A continuing right of access onto the land by the Grantor.

Thence N.52°38'40"E. for 7.39 feet to a point on the section line common to Sections 3 and 4. Said point is located N.00°29'30"E. 703.38 feet from the section corner common to Sections 3, 4, 9, and 10;

Thence continuing N.52°38'40"E. for 733.93 feet;

Thence along a curve concave to the left having a chord bearing N.27°18'10"E., a chord length of 342.41 feet, a radius of 400.00 feet, a central angle of 50°41'01", and an arc length of 353.83 feet;

Thence N.01°57'39"E. for 104.73 feet;

Thence along a curve concave to the left having a chord bearing N.26°02'56"W., a chord length of 187.85 feet, a radius of 200.00 feet, a central angle of 56°01'09", and an arc length of 195.55 feet;

Thence N.54°03'30"W. for 160.08 feet to the true ending point on the centerline of the right-of-way for the Pioneer Parkway in Section 3. Said ending point is located S.32°07'09"E. 969.22 feet from the quarter-section corner common to Sections 3 and 4, Township 14 North, Range 2 West, Gila and Salt River Meridian.

The parcel of land to which the above description applies contains 8.75 acres more or less.

(End)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
RIGHT-OF-WAY GRANT/TEMPORARY USE PERMIT

SERIAL NUMBER AZA-31237

-
1. A right-of-way is hereby granted pursuant to Title V of the Federal Land Policy and Management Act of October 21, 1976 (90 Stat. 2776; 43 U.S.C. 1761).
 2. Nature of Interest:
 - a. By this instrument, the holder:

Arizona Department of Transportation
1655 W Jackson Room 121
Phoenix, Arizona 85007

receives a right to construct, operate, maintain, and terminate a road, on the public lands described as follows:

T. 14 N., R. 2 W.,
secs. 3, W $\frac{1}{2}$ SW $\frac{1}{4}$,
4, SE $\frac{1}{4}$ SE $\frac{1}{4}$
9, NE $\frac{1}{4}$ NE $\frac{1}{4}$
 - b. The right-of-way or permit area granted herein is 100 feet wide, 3810.94 feet long and contains 8.75 acres, more or less.
 - c. This instrument is granted in perpetuity from the effective date of this grant unless prior there to, it is relinquished, abandoned, terminated or modified pursuant to the terms and conditions of this instrument or any applicable federal law or regulation.
 - d. Notwithstanding the expiration of this instrument or any renewal thereof, early relinquishment, abandonment, or termination, the provisions of this instrument, to the extent applicable, shall continue effect and shall be binding on the holder, its successors, or assigns, until they have fully satisfied the obligations and/or liabilities accruing herein before or on account of the expiration, or prior termination of the grant.

3. Rental:

This is a non-paying right-of-way grant.

4. Terms and Conditions:

- a. This grant or permit is issued subject to the holder's compliance with all applicable regulations contained in Title 43 Code of Federal Regulations part 2800.
- b. Upon grant termination by the authorized officer, all improvements shall be removed from the public lands within 90 days, or otherwise disposed of as provided in paragraph (4)(d) or as directed by the authorized officer.
- c. Each grant issued for a term of 20 years or more shall, at a minimum, be reviewed by the authorized officer at the end of the 20th year and at regular intervals thereafter not to exceed 10 years. Provided, however, that a right-of-way or permit granted herein may be reviewed at any time deemed necessary by the authorized officer.
- d. The stipulations, plans, maps, or designs set forth in Exhibits A and B dated May 24, 2000, attached hereto, are incorporated into and made a part of this grant instrument as fully and effectively as if they were set forth herein in their entirety.
- e. Failure of the holder to comply with applicable law or any provision of this right-of-way grant or permit shall constitute grounds for suspension or termination thereof.
- f. The holder shall perform all operations in a good and workmanlike manner so as to ensure protection of the environment and the health and safety of the public.

IN WITNESS WHEREOF, The undersigned agrees to the terms and conditions of this right-of-way grant or permit.

St. Hansen

(Signature of Holder)

CHIEF RIGHT OF WAY AGENT

(Title)

5-31-00

(Date)

(Signature of Authorized Officer)

(Title)

(Effective Date of Grant)

May 24, 2000

Page 1 of 1

AZA-31237

EXHIBIT A
RIGHT-OF-WAY STIPULATIONS

1. All applicable regulations in accordance with 43 CFR 2800
2. The holder shall not restrict the use of the existing road.
3. The use of the existing road by the holder and the holder's business visitors shall be subject to reasonable rules and regulations of the City of Prescott and the County of Yavapai.
4. The holder shall not install any traffic signs within the limits of the right-of-way.
5. The holder shall not install information signs within the limits of the right-of-way without the prior written approval of the City of Prescott and the County of Yavapai.
6. The holder shall not improve the existing road without the prior written approval of the authorized officer.
7. The holder shall allow the City of Prescott and the County of Yavapai to improve the existing road to enhance the safe movement of people in and through Pioneer Park.
8. The holder will be responsible for proportionately sharing the maintenance of the existing road. The holder's proportionate share will be the percentage of the total traffic volume on the existing road generated by the holder and the holder's business visitors. Upon written request, the holder will provide a complete copy of any maintenance agreement between the holder and any other authorized user of the existing road to the authorized officer.
9. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or federal land shall be immediately reported to the authorized officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

May 24, 2000
AZA-31237

EXHIBIT B
Right-of-Way Description

That parcel of land lying in the West One-Half of the Southwest One-Quarter of Section 3, the Southeast One-Quarter of the Southeast One-Quarter of Section 4, and the Northeast One-Quarter of the Northeast One-Quarter of Section 9, Township 14 North, Range 2 West, Gila and Salt River Meridian, County of Yavapai, State of Arizona. Said parcel being all that portion of said property contained within a strip of land 100 feet in width. The side lines of said strip to be lengthened or shortened to meet at angle points and to terminate on the east-west center line of the Northeast One-Quarter of the Northeast One-Quarter of Section 9 and on the centerline of the right-of-way for the Pioneer Parkway in Section 3, Township 14 North, Range 2 West, Gila and Salt River Meridian. Said strip being 50 feet each side of the centerline described below.

Beginning at the quarter section corner common to Sections 9 and 10, Township 14 North, Range 2 West, Gila and Salt River Meridian, thence N.00°59'54"W. for 1,315.91 feet to the true beginning point of the centerline of the strip on the east-west center line of the Northeast One-Quarter of the Northeast One-Quarter of Section 9.

Thence N.44°21'43"W. for 384.10 feet;

Thence along a curve concave to the right having a chord bearing N.13°29'05"W., a chord length of 513.20 feet, a radius of 500.00 feet, a central angle of 61°45'17", and an arc length of 538.91 feet;

Thence N.17°23'34"E. for 347.95 feet;

Thence along a curve concave to the left having a chord bearing N.14°17'16"E., a chord length of 216.67 feet, a radius of 2,000.00 feet, a central angle of 06°12'37", and an arc length of 216.78 feet to a point on the section line common to Sections 4 and 9. Said point is located S.89°57'31"W. 263.53 feet from the section corner common to Sections 3, 4, 9, and 10;

Thence along a curve concave to the left having a chord bearing N.11°01'31"E., a chord length of 10.97 feet, a radius of 2,000.00 feet, a central angle of 00°18'52", and an arc length of 10.97 feet

Thence N.10°52'05"E. for 392.16 feet;

Thence along a curve concave to the right having a chord bearing N.31°45'23"E., a chord length of 356.54 feet, a radius of 500.00 feet, a central angle of 41°46'35", and an arc length of 364.56 feet;

(continued on next page)

Thence N.52°38'40"E. for 7.39 feet to a point on the section line common to Sections 3 and 4. Said point is located N.00°29'30"E. 703.38 feet from the section corner common to Sections 3, 4, 9, and 10;

Thence continuing N.52°38'40"E. for 733.93 feet;

Thence along a curve concave to the left having a chord bearing N.27°18'10"E., a chord length of 342.41 feet, a radius of 400.00 feet, a central angle of 50°41'01", and an arc length of 353.83 feet;

Thence N.01°57'39"E. for 104.73 feet;

Thence along a curve concave to the left having a chord bearing N.26°02'56"W., a chord length of 187.85 feet, a radius of 200.00 feet, a central angle of 56°01'09", and an arc length of 195.55 feet;

Thence N.54°03'30"W. for 160.08 feet to the true ending point on the centerline of the right-of-way for the Pioneer Parkway in Section 3. Said ending point is located S.32°07'09"E. 969.22 feet from the quarter-section corner common to Sections 3 and 4, Township 14 North, Range 2 West, Gila and Salt River Meridian.

The parcel of land to which the above description applies contains 8.75 acres more or less.

(End)

APPLICATION FOR TRANSPORTATION AND
UTILITY SYSTEMS AND FACILITIES
ON FEDERAL LANDS

FORM APPROVED
OMB NO. 1004-0060
Expires: August 31, 1998

FOR AGENCY USE ONLY

NOTE: Before completing and filing the application, the applicant should completely review this package and schedule a preapplication meeting with representatives of the agency responsible for processing the application. Each agency may have specific and unique requirements to be met in preparing and processing the application. Many times, with the help of the agency representative, the application can be completed at the preapplication meeting.

Application Number

Date Filed

1. Name and address of applicant (include zip code)

Arizona Dept of Transportation
Facilities Design Section
1655 W Jackson Street
Phoenix AZ 85007-3217

2. Name, title, and address of authorized agent if
different from item 1 (include zip code)

3. TELEPHONE (area code)

Applicant 602-712-8196

Authorized Agent

4. As applicant are you? (check one)

- a. ☐ Individual
- b. ☐ Corporation*
- c. ☐ Partnership/Association*
- d. ☒ State Government/State Agency
- e. ☐ Local Government
- f. ☐ Federal Agency

5. Specify what application is for: (check one)

- a. ☒ New authorization
- b. ☐ Renewing existing authorization No.
- c. ☐ Amend existing authorization No.
- d. ☐ Assign existing authorization No.
- e. ☐ Existing use for which no authorization has been received *
- f. ☐ Other*

* If checked, complete supplemental page

* If checked, provide details under item 7

6. If an individual, or partnership are you a citizen(s) of the United States? Yes ☐ No ☐

7. Project description (describe in detail): (a) Type of system or facility, (e.g., canal, pipeline, road); (b) related structures and facilities; (c) physical specifications (Length, width, grading, etc.); (d) term of years needed; (e) time of year of use or operation; (f) Volume or amount of product to be transported; (g) duration and timing of construction; and (h) temporary work areas needed for construction (Attach additional sheets, if additional space is needed.)

Acquire legal access on an existing road on R&PP-leased land in Pioneer Park to facilitate the transfer of R&PP-patented land in Pioneer Park to ADOT for the State of Arizona's planned regional transportation service center in Pioneer Park..

8. Attach a map covering area and show location of project proposal

9. State or Local government approval: ☐ Attached ☐ Applied for ☐ Not Required

10. Nonreturnable application fee: ☐ Attached ☐ Not required

11. Does project cross international boundary or affect international waterways? Yes ☐ (No) (if "yes," indicate on map)

12. Give statement of your technical and financial capability to construct, operate, maintain, and terminate system for which authorization is being requested.

ADOT is technically and financially capable of maintaining the provisions of this agreement.

1. Describe other reasonable alternative routes and modes considered.

Why were these alternatives not selected?

Give explanation as to why it is necessary to cross Federal Lands.

List authorizations and pending applications filed for similar projects which may provide information to the authorizing agency. (Specify number, date, code, or name)

Provide statement of need for project, including the economic feasibility and items such as: (a) cost of proposal (construction, operation, and maintenance); (b) estimated cost of next best alternative; and (c) expected public benefits.

Describe probable effects on the population in the area, including the social and economic aspects, and the rural lifestyles.

Describe likely environmental effects that the proposed project will have on: (a) air quality; (b) visual impact; (c) surface and ground water quality and quantity; (d) the control or structural change on any stream or other body of water; (e) existing noise levels; and (f) the surface of the land, including vegetation, permafrost, soil, and soil stability.

Describe the probable effects that the proposed project will have on (a) populations of fish, plantlife, wildlife, and marine life, including threatened and endangered species; and (b) marine mammals, including hunting, capturing, collecting, or killing these animals.

State whether any hazardous material, as defined in this paragraph, will be used, produced, transported or stored on or within the right-of-way or any of the right-of-way facilities, or used in the construction, operation, maintenance or termination of the right-of-way or any of its facilities. "Hazardous material" means any substance, pollutant or contaminant that is listed as hazardous under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. 9601 et seq., and its regulations. The definition of hazardous substances under CERCLA includes any "hazardous waste" as defined in the Resource Conservation and Recovery Act of 1976 (RCRA), as amended, 42 U.S.C. 6901 et seq., and its regulations. The term hazardous materials also includes any nuclear or byproduct material as defined by the Atomic Energy Act of 1954, as amended, 42 U.S.C. 2011 et seq. The term does not include petroleum, including crude oil or any fraction thereof that is not otherwise specifically listed or designated as a hazardous substance under CERCLA Section 101(14), 42 U.S.C. 9601(14), nor does the term include natural gas.

No hazardous materials will be used, produced, transported, or stored within the right-of-way.

Name all the Department(s)/Agency(ies) where this application is being filed.

I HEREBY CERTIFY That I am of legal age and authorized to do business in the State and that I have personally examined the information contained in the application and believe that the information submitted is correct to the best of my knowledge.

Signature of Applicant

Clayton Stewart

Date

4/3/2000

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

RANDALL GNANT
CHAIRMAN 1999
GUS ARZBERGER
RUSSELL W. "RUSTY" BOWERS
JACK A. BROWN
TOM SMITH
RUTH SOLOMON
JOHN WETTAW

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 542-5491

FAX (602) 542-1616

HOUSE OF
REPRESENTATIVES

BOB BURNS
CHAIRMAN 2000
DEAN COOLEY
LORI S. DANIELS
KAREN S. JOHNSON
BOB MCLENDON
ANDY NICHOLS
CHRISTINE WEASON

DATE: June 12, 2000

TO: Representative Bob Burns, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Chris Earnest, Senior Fiscal Analyst

SUBJECT: ARIZONA STATE PARKS - REPORT ON STATUS OF DEVELOPMENT
PROJECTS AT ARIZONA STATE PARKS

At its last meeting, the Committee requested that State Parks provide a report on development projects at state parks relative the development of Kartchner Caverns State Park. Although Parks staff is preparing the report, it will not be completed in time for the June 20 meeting. We do anticipate providing the Committee with the report at its next meeting.

CE:ag



STATE OF ARIZONA

Joint Committee on Capital Review

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May 23, 2000

Kenneth E. Travous, Executive Director
Arizona State Parks
1300 West Washington
Phoenix, AZ 85007

Dear Mr. Travous:

At its meeting held on May 16, 2000, the Joint Committee on Capital Review approved the release of \$2,932,900 from FY 2000 State Parks Enhancement Fund monies for the completion of the lower chamber caverns at Kartchner Caverns State Park.

Pursuant to the meeting's proceedings, it is the Committee's and JLBC Staff's understanding that your agency's current cost estimate to complete the opening of the lower chamber caverns is \$2,932,900. We understand unforeseen construction issues and potential delays resulting from the roosting bats may affect the cost estimate and projected opening date of November 2003.

In addition, we understand that the impact of opening of the lower chamber caverns may require the expansion of park infrastructure, such as utility and campground services, and these potential costs are not included in the \$2,932,900.

As you know, you are required by Laws 1998, Chapter 297 to report quarterly on the status of the Kartchner project. We believe that these quarterly reports will continue to serve as a useful mechanism to update the Committee of your timeline and cost estimates change. If our understanding of the current estimates or the timeline for the project is inaccurate, please let us know so we may provide clarification to the Committee.

(Continued)

Kenneth E. Travous, Ex. Director

- 2 -

May 24, 2000

Representative Dean Cooley also requested a report on the status of development projects at all state parks. We anticipate scheduling the next JCCR meeting in late June and would like to include your report on development projects as an informational item at that time. As a result, we would appreciate submittal of the report by June 16 so that we may have sufficient time for review. Please let us know if this timeframe is a problem.

If you have questions, please contact us at 542-5491.

Sincerely,



Richard Stavneak
Director

RS:jb

xc: Representative Bob Burns, Chairman
Senator Randall Gnant, Vice-Chairman
Speaker Jeff Groscost
Senate President Brenda Burns

Tom Betlach, Director, OSPB
Mark Siegwarth, Ass't Director, Parks
Bob Rocha, Comptroller, GAO/ADOA