

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

ROBERT L. BURNS
CHAIRMAN 2005
PAULA ABOUD
LINDA AGUIRRE
TIMOTHY S. BEE
ROBERT CANNELL
RON GOULD
KAREN S. JOHNSON

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 926-5491

FAX (602) 926-5416

<http://www.azleg.gov/jlbc.htm>

HOUSE OF
REPRESENTATIVES

TOM BOONE
CHAIRMAN 2006
AMANDA AGUIRRE
ANDY BIGGS
JACK A. BROWN
PHIL LOPES
RUSSELL K. PEARCE
STEPHEN TULLY

JOINT COMMITTEE ON CAPITAL REVIEW

Thursday, July 27, 2006

1:30 p.m.

House Hearing Room 4

MEETING NOTICE

- Call to Order
- [Approval of Minutes of June 15, 2006.](#)
- DIRECTOR'S REPORT (if necessary).
- 1. [COCHISE COMMUNITY COLLEGE DISTRICT – Review of General Obligation Bond Projects](#)
- 2. [ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND – Review of Preliminary Cost Estimates and Procurement Method for Capital Projects](#)
- 3. ARIZONA DEPARTMENT OF TRANSPORTATION
 - A. [Review of FY 2007 Construction Budget Operating Expenditure Plan](#)
 - B. [Review of FY 2007 Building Renewal Allocation Plan](#)
- 4. ARIZONA DEPARTMENT OF ADMINISTRATION
 - A. [Review of FY 2006 Building Renewal Reallocation](#)
 - B. [Review of FY 2007 Building Renewal Allocation Plan](#)
 - C. [Review of Energy Conservation Project](#)
- 5. [ARIZONA DEPARTMENT OF WATER RESOURCES – Review of City of Williams Dam Repair Project](#)

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

7/19/06

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

Thursday, June 15, 2006

The Chairman called the meeting to order at 9:35 a.m., Thursday, June 15, 2006 in House Hearing Room 4 and attendance was as follows:

Members:	Senator Burns, Vice-Chairman	Representative Boone, Chairman
	Senator Bee	Representative Biggs
	Senator Cannell	Representative Brown
	Senator Gould	Representative Pearce
	Senator Johnson	Representative Tully
Absent:	Senator Aboud	Representative A. Aguirre
	Senator L. Aguirre	Representative Lopes

Senator Burns moved the Committee approve the minutes of May 9, 2006, as presented. The motion carried.

ARIZONA DEPARTMENT OF TRANSPORTATION – Consider Approval of Transfer of Funds and Review of Asphalt Storage Tanks Project.

Mr. Bob Hull, JLBC Staff, presented the approval of transfer of funds and review of Asphalt Storage Tanks Project for the Department of Transportation (ADOT). ADOT has a remaining balance of \$11,600 in FY 2006 for the oil storage tanks and asphalt storage tanks which the department requests be transferred to the FY 2007 project. There is an existing contract for \$418,000 for 2 asphalt storage tanks and locations. The Capital Outlay Bill includes a proposed appropriation of approximately \$1.6 million in FY 2007 for asphalt storage tanks. The department would use \$406,400 of the FY 2007 appropriation, plus the FY 2006 transfer for the project. ADOT is requesting review now in order to take advantage of the existing bid as soon as possible.

There was no discussion on this item.

Senator Burns moved the Committee give a favorable review as recommended by JLBC Staff to approve the transfer of \$11,600 from the Laws 2005, Chapter 298, capital appropriation for oil storage tanks to the proposed FY 2007 asphalt storage tank project and give a favorable review of \$406,400 for the FY 2007 project to install 2 asphalt storage tanks, concrete containment basins and dispose of existing tanks with 2 conditions:

1. Enactment of the FY 2007 Capital Outlay Bill, and
2. Prior to expenditure of any of the remaining balance of \$1,181,200 in the proposed FY 2007 appropriation for asphalt storage tanks, the Committee shall review the department's request for additional spending.

The motion carried.

ARIZONA DEPARTMENT OF TRANSPORTATION – Review of FY 2007 Construction Budget Operating Expenditure Plan.

Mr. Bob Hull, JLBC Staff, presented the ADOT FY 2007 Construction Budget Operating Expenditure Plan for Professional and Outside Services. The request is being reviewed before the FY 2007 Capital Outlay Bill is enacted since the bill requires Committee review by July 1, 2006 before the expenditure of any money for Professional and Outside Services.

There was no discussion on this item.

Senator Burns moved the Committee give a favorable review as recommended by JLBC Staff of up to \$17.3 million for the first 2 months of the Arizona Department of Transportation (ADOT) total \$103.6 million Professional and Outside Services expenditure plan for FY 2007, with the following provisions:

- *Before the expenditure of any monies beyond the \$17.3 million for the first 2 months in FY 2007, ADOT shall submit a complete highway construction budget expenditure plan for Professional & Outside Services. To the extent possible, the department's report is to include an estimate of consulting services from the Statewide Transportation Acceleration Needs Account.*
- *ADOT's report shall include the traffic congestion performance measures for the Phoenix area, Tucson area and the balance of the state, which the Committee adopted last year and asked that ADOT report on as part of this year's Committee review.*

The motion carried.

SCHOOL FACILITIES BOARD – Review of FY 2007 New School Construction Report.

Ms. Leatta McLaughlin, JLBC Staff, presented the review of the School Facilities Board (SFB) FY 2007 New School Construction Report. She recapped the October 26, 2005 meeting where action on this item was deferred until SFB could complete its new school construction approval process in the current fiscal year, which was completed in May. SFB expects enrollment to grow at a higher rate in FY 2007 and FY 2006 than in FY 2005. They will oversee 75 projects in FY 2007, of which 30 are continuing projects from a previous year with construction ending in FY 2007, and 45 projects beginning in FY 2007. In October 2005, SFB estimated spending \$308 million on new school construction in FY 2007 but now estimates the spending to be \$360.7 million. She referred to tables in JLBC recommendation memo showing how the \$360.7 million will be spent and financed and also a list of the number of district construction projects.

Chairman Tom Boone asked if all the projects from all the school districts for new school construction have been reviewed and if this is the final recommendation.

Ms. McLaughlin replied that this is the final recommendation and they were all approved by the board as of May 4.

Representative Boone asked if this would necessitate any additional cash financing needs.

Ms. McLaughlin said SFB has expressed that the \$250 million appropriated for FY 2007 is all they would need.

Representative Andy Biggs noticed that Gilbert Unified School District is not on the project list and asked if a report was submitted or if they are not getting new projects.

Ms. McLaughlin said if they are not on the list then they were not approved for projects.

Ms. Monica Petersen, Deputy Director of Finance, School Facilities Board, said Gilbert did submit a plan, however, there are no 2007 construction awards.

Senator Ron Gould asked if the \$17.2 million from lease-purchase proceeds are from a prior year.

Ms. Petersen replied that it is from the balance of the 2003 lease-purchase proceeds.

Senator Burns moved the Committee give a favorable review as recommended by JLBC Staff to the School Facilities Board demographic assumptions, proposed construction schedule, and new school construction cost estimates for FY 2007.

The motion carried.

DEPARTMENT OF JUVENILE CORRECTIONS – Review of Suicide Prevention Renovations.

Ms. Kimberly Cordes-Sween, JLBC Staff, presented the Department of Juvenile Corrections (DJC) review of suicide renovations project. The FY 2007 proposed budget includes a \$495,000 appropriation for suicide renovations as related to a federal audit. The department is requesting to use \$489,000 for construction. The total project cost is \$533,000 with the remaining funding being paid out of the department's operating budget. Suicide renovations projects include replacing furniture, shower fixtures, vents and door hinges in 3 Adobe Mountain School housing units to eliminate all suicide anchor points. A portion of the funding will also bring DJC facilities to fire code compliance.

Senator Robert Cannell asked if there have been any suicide incidents.

Mr. Michael Branham, Director, Arizona Department of Juvenile Corrections, replied that there have been a couple of attempts, but with the changes in operational procedures and the elimination of the anchor points, no deaths or serious injuries have occurred.

Senator Burns asked if there are additional Civil Rights of Institutionalized Persons Act (CRIPA) requirements that need to be addressed.

Mr. Branham replied this is the end of the suicide renovations as the last of the 3 phases. Currently the department of working through things to get into substantial compliance, and at this time the consultant has not identified anything further.

Senator Burns asked if there could possibly be any further requirements.

Mr. Branham replied they are working hard to make sure there will not be a need for additional CRIPA money.

Senator Burns moved the Committee give a favorable review as recommended by JLBC Staff to the proposal to use \$489,000 of the Department of Juvenile Corrections (DJC) proposed FY 2007 budget for suicide prevention modifications of secure care facilities contingent on enactment of the FY 2007 DJC budget.

The motion carried.

ARIZONA DEPARTMENT OF ADMINISTRATION – Consider Approval of Rent Exemption for the Arizona Department of Real Estate.

Mr. Tyler Palmer, JLBC Staff, presented the Arizona Department of Administration (ADOA) rent exemption for the Arizona Department of Real Estate (ADRE). A.R.S. § 41-792.01 authorizes the director of ADOA to grant a rent exemption on recommendation from the Committee. ADRE has vacated 500 square feet of space in the Tucson office building which will save ADRE approximately \$10,000 in rent money. ADRE has proposed using this money to reorganize the office to accommodate staff and purchase computer equipment. The Arizona Department of Liquor Licenses and Control will occupy the vacated office space and projects that its FY 2007 budget is sufficient to cover the \$10,000.

Senator Burns moved the Committee approve as recommended by JLBC Staff a partial rent exemption of \$10,000 of FY 2007 rent charges for the Arizona Department of Real Estate.

The motion carried.

Without objection the Committee meeting adjourned at 9:50 a.m.

Respectfully submitted:

Yvette Medina, Secretary

Lorenzo Martinez, Assistant Director

Representative Tom Boone, Chairman

NOTE: A full tape recording of this meeting is available at the JLBC Staff Office, 1716 W. Adams.

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DATE: July 19, 2006

TO: Representative Tom Boone, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Amy Strauss, Fiscal Analyst

SUBJECT: Cochise Community College District – Review of General Obligation Bond Projects

Request

The Cochise Community College District plans to hold a bond election on November 7, 2006. If approved by the voters, the district would be authorized to issue \$87.8 million in General Obligation (GO) bonds. The \$87.8 million from the bond proceeds would be used to fund construction and renovation projects to address student growth in the district. These funds would be combined with \$22 million from other fund sources for a project total of \$110 million. The bonds would be issued in 3 installments of \$25 million in FY 2007, \$40 million in FY 2009, and \$22.7 million in FY 2011.

Recommendation

The Committee has at least the following 3 options:

1. A favorable review.
2. A favorable review with the provision that the district return to the Committee for review prior to each actual bond issuance. Requiring the district to return for review prior to each actual bond issuance would allow the Committee to receive greater detail on the projects to be funded with each individual issuance.
3. An unfavorable review.

In the past, the Committee has chosen option 2 for Maricopa, Yuma La-Paz and Pinal community college districts, prior to their bond elections. The Cochise issuances represent a portion of the funding for a total of \$110.5 million in projects. The \$87.8 million issuance will have an estimated interest rate of 5.5% for FY 2007, and 6.0% for the FY 2009 and FY 2011 issuances. All issuances have a 20-year term. Total interest payments would equal \$63.9 million. Total debt service would be approximately \$151.5 million. The first payment of \$4.9 million would be in FY 2008. Payments would gradually increase to \$7.4 million in FY 2027, after which the amount will decline. Over the life of the bond, the average debt service annual payment would be \$6.3 million (*see Attachment #1*).

(Continued)

To make the debt service payments, the district estimates increasing the secondary property tax rate by 60¢ in FY 2008. This rate changes slightly over the remaining 3 issuances, declining as assessed property values increase. Over the life of the bonds, the district estimates increasing secondary property tax rates by an average of 57¢. This would annually result in approximately \$57 in additional taxes for every \$100,000 of house value.

At the end of FY 2005, the district had an outstanding balance of \$1,055,000 from a Certificates of Participation (COP) issuance of \$3 million in 1995. This COP amount will be retired by 2009. The Constitution limits the amount of GO debt a community college district may incur; however, the district would still be below its constitutional limit after the new GO issuances.

Analysis

Project Costs

Cochise College has 2 main campuses at Sierra Vista and Douglas, and 2 smaller facilities at Willcox and Benson. *Attachment 1* provides greater detail on the district's expenditure plan. The total cost of the projects is \$110.5 million. Of this amount, \$87.7 million comes from the GO issuances, \$11 million from college reserves, \$6.2 million from grants, and \$5.6 million from revenue bonds. Of the total \$110.5 million, \$79.5 million would be allocated for construction and renovation, \$11 million for equipment and furniture, \$10.2 million for architecture and engineering fees, \$9.5 million for contingency, and \$300,000 for bond issuance costs. The amount allocated for new projects would be \$65.7 million and \$44.8 million would finance renovations to the existing infrastructure. Cochise will cover the operating and maintenance of new facilities using operating funds.

As a comparison, recent new construction projects submitted to the Committee for review by the Pinal and Yuma/La Paz Community College Districts had an average cost per square foot of \$284 and \$262, respectively. The cost per square foot for new projects in Cochise is \$271. Given the similarity in costs per square foot between the districts, the estimates for new construction in Cochise appear reasonable.

Enrollment Growth

The district projects that the FY 2008 Full-Time Student Equivalent (FTSE) enrollment will be approximately 7,065. Through FY 2015, the district estimates annual FTSE growth of 11.2%. Total existing square footage within the district is currently 366,811. The planned projects would provide an additional 130,946 square feet to the existing space, for a new total of 497,757. *Table 1* details existing and projected district enrollment. After adding the new space, Cochise will have 67 square feet per FTSE. As a comparison, Pinal projected it would have 224 square feet per FTSE after it added new space from its GO bond issuance, while Yuma La-Paz projected 123 square feet per FTSE at its campuses.

Table 1			
Projected Enrollment			
Cochise	<u>FTSE</u>	<u>Square Feet</u>	<u>Square Feet Per FTSE</u>
FY 2008	7,065	384,336	54
FY 2010	7,299	489,757	67
FY 2015	7,859	497,757	63

(Continued)

Bond Issuances and Debt Service

Attachment 1 provides information on the issuances and the district's estimated debt service payment schedule. Each of the bond issuances would have a 20-year payment term.

Total outstanding debt for the district at the end of FY 2005 was \$1,055,000 on a Certificates of Participation (COP) \$3 million issuance in 1995. This COP amount will be retired by 2009. The Constitution limits the amount of outstanding GO debt the district may incur to 15% of the district's total Secondary Net Assessed Valuation (NAV). The district currently has no outstanding GO debt. The FY 2007 planned issuance of \$25 million would equal 3.3% of secondary NAV, and the FY 2009 issuance would increase that amount to approximately 6.6%.

Tax Rates

To pay for the annual debt service costs, the district estimates it will have to increase secondary property tax rates. *Attachment 1* details the estimated tax rates associated with the new issuances. Over the life of the debt service payments the district estimates that rates would increase by an average of approximately 57¢.

To determine the level of tax rates necessary to make the debt service payments, the district has assumed annual Secondary NAV growth of 6.1% from FY 2008 to FY 2012, and 1.2% for each subsequent year.

Since the actual tax rate for each year is calculated based on actual Secondary NAV, the actual tax rates required to fund the debt service payments will depend on future NAV growth. Over the past 10 years Secondary NAV in Cochise has grown by an average of 5.4%. The district, therefore, is likely underestimating Secondary NAV growth beyond FY 2012, which could result in lower secondary property tax rate increases if Secondary NAV is above the 1.2% used in the estimates.

Committee Review Authority

There are 2 statutory sections granting community college districts the authority to issue bonds, 1 that requires Committee review and 1 that does not. The district plans to issue the bonds under the section that does not require Committee review. As a result, the district is submitting this information as a report and is not requesting a review. A legal argument can be made, however, that legislative intent requires Committee review of all community college bond issuances. The Committee has favorably reviewed 3 previous bond issuances for community college districts. At a June 22, 2004 meeting, the Committee reviewed Maricopa Community College District's \$950 million bond issuance. The next review of a bond issuance took place at an August 17, 2004 meeting for Yuma La Paz's \$73.9 million issuance. Most recently, on May 11, 2005 the Committee reviewed Pinal's issuance of \$435.2 million.

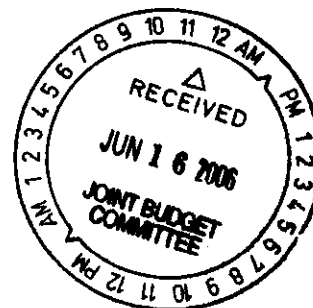
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New Project Expenditures			
	Project Cost (\$ in millions)	Square Feet	Construction Cost Per Square Foot
<i>Sierra Vista Campus</i>			
General Academic Phase 1	\$ 5.4	20,000	\$ 170
General Academic Phase 2	12.2	44,000	168
Student Union/One Stop	10.7	38,000	183
Small Performance Hall	6.2	20,000	199
Science Building Addition	5.9	17,500	199
Technology Facility Addition	<u>3.6</u>	<u>18,000</u>	<u>133</u>
Subtotal	44.0	157,500	279
<i>Douglas Campus</i>			
Science/Nursing Building	3.4	10,000	187
Vocational Building Addition	3.4	15,000	148
Student Housing Complex	5.6	--	--
Early Childhood Education Center	<u>1.2</u>	<u>--</u>	<u>--</u>
Subtotal	13.6	25,000	268
City of Douglas Adult Education Center	1.0	--	--
<i>Benson Campus</i>			
Expansion to Building	1.9	8,000	154
Outdoor Amphitheatre	<u>0.4</u>	<u>--</u>	<u>--</u>
Subtotal	2.3	8,000	154
<i>Wilcox Center</i>			
Land Acquisition	0.5	--	--
New Center	<u>2.9</u>	<u>12,000</u>	<u>158</u>
Subtotal	3.4	12,000	158
Fire Training SV & D ^{1/}	1.1	6,000	120
Bond Issuance Costs	<u>0.3</u>	<u>--</u>	<u>--</u>
TOTAL	\$65.7	208,500	\$271
^{1/} Funds for Fire Science Training Facilities with the Sierra Vista and Douglas Fire Districts. Cochise is partnering with the Fire Districts to build facilities on land owned by the cities of Sierra Vista and Douglas.			

Renovated Project Expenditures			
	Project Cost (\$ in millions)	Square Feet	Cost Per Square Foot
<i>Sierra Vista Campus</i>			
Renovation of Existing Buildings	\$ 6.0	--	\$ --
Site Improvements	10.0	--	--
Early Childhood Education Building ^{1/}	<u>--</u>	<u>5,300</u>	<u>43</u>
Subtotal	16.0	5,300	43
<i>Douglas Campus</i>			
Renovation of Existing Buildings	23.0	--	--
Site Improvements	<u>5.6</u>	<u>--</u>	<u>--</u>
Subtotal	28.6	--	--
<i>Benson Campus</i>			
Site Improvements	<u>0.2</u>	<u>--</u>	<u>--</u>
TOTAL	\$44.8	5,300	\$43
^{1/} No General Obligation Bond funds will be used for this building. Instead grants, and various partnerships will fund the building.			



COCHISE COLLEGE
OFFICE OF THE
PRESIDENT



June 14, 2006

Mr. Richard Stavneak
Director JCCR
Joint Legislative Budget Committee
1716 West Adams
Phoenix, Arizona 85007

Dear Mr. Stavneak:

On June 13, 2006 the Cochise College Governing Board called for a General Obligation Bond Election to be held on November 7, 2006 for \$87.7 million.

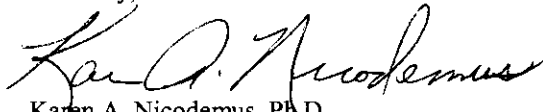
Cochise College has been developing its Master Facilities Plan over the last six years, with heavy emphasis during the last eighteen months. We have been working with professional master facilities plan architects, The Acacia Group; bond council, Gust Rosenfeld; and financial advisor, RBC Capital. Over the last eighteen months, we have held numerous reviews and updates with our Governing Board, College faculty and staff, and a large number of community groups and individuals. In March, the Governing Board formed a Citizens Advisory Committee to review the plans and make a recommendation to the Board. In May, the committee recommended that the Governing Board call the election for November 7 for \$87.7 million.

Cochise College last held a General Obligation Bond Election in 1962 for \$1.6 million and it was successful. The College has no General Obligation Bonds outstanding. It currently has \$815,000 of Certificates of Participation outstanding, from a \$3,000,000 issue in 1995. The entire balance of the COP's will be retired by 2009.

The details of the Master Facilities Plan process, campus plans, project costs and proposed financing are documented in our Master Facilities Plan Report, finalized and issued last week. I am enclosing with this letter a copy of the Report for the JCCR. Of particular interest will be Section 12. Cost Projections. It includes the list of projects in the plan and their projected costs, the funding sources for the plan including the \$87.7 million GO Bond, the Debt Schedule from RBC Capital showing the proposed issuance of the bonds and the estimated tax impact, and a 15-year Operating Budget projection for the college. Note that the College engaged a professional cost estimator, Compusult, for preparing the estimated construction costs for the projects. The estimate was completed in December, 2005, updated in May, 2006 and included as Appendix E of the report.

Please contact me if you would like any additional information prior to the November 7th election.

Sincerely,


Karen A. Nicodemus, Ph.D.
President

CC: Cochise College Governing Board Members
Neil Goodell
Terry Bowmaster

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
\$87,700,000 General Obligation Bond Program

Structure: Level Tax Rate for the entire Program

Fiscal Year	Secondary Assessed Valuation (a)	Estimated \$25,000,000 Series 2007: 7/1/2007		Estimated \$40,000,000 Series 2009: 7/1/2009		Estimated \$22,700,000 Series 2011: 7/1/2011		TOTAL		Fiscal Year
		Principal	Interest (b)	Principal	Interest (c)	Principal	Interest (c)	Debt Service	Debt Tax Rate	
2004-05	\$628,655,003									2004-05
2005-06	682,367,252									2005-06
2006-07	767,443,022									2006-07
2007-08	814,487,279	\$3,500,000	\$1,375,000					\$4,875,000	0.5985	2007-08
2008-09	864,415,349	3,990,000	1,182,500					5,172,500	0.5984	2008-09
2009-10	917,404,010	1,725,000	963,050	\$400,000	\$2,400,000			5,488,050	0.5982	2009-10
2010-11	973,640,876	1,215,000	868,175	1,365,000	2,376,000			5,824,175	0.5982	2010-11
2011-12	1,033,325,062	545,000	801,350	1,175,000	2,294,100		\$1,362,000	6,177,450	0.5978	2011-12
2012-13	1,045,993,627	610,000	771,375	1,175,000	2,223,600	\$115,000	1,362,000	6,256,975	0.5982	2012-13
2013-14	1,058,817,509	725,000	737,825	1,200,000	2,153,100	165,000	1,355,100	6,336,025	0.5984	2013-14
2014-15	1,071,798,612	740,000	697,950	1,350,000	2,081,100	195,000	1,345,200	6,409,250	0.5980	2014-15
2015-16	1,084,938,863	755,000	657,250	1,445,000	2,000,100	295,000	1,333,500	6,485,850	0.5978	2015-16
2016-17	1,098,240,213	770,000	615,725	1,550,000	1,913,400	400,000	1,315,800	6,564,925	0.5978	2016-17
2017-18	1,111,704,638	840,000	573,375	1,665,000	1,820,400	455,000	1,291,800	6,645,575	0.5978	2017-18
2018-19	1,125,334,137	880,000	527,175	1,775,000	1,720,500	560,000	1,264,500	6,727,175	0.5978	2018-19
2019-20	1,139,130,734	945,000	478,775	1,875,000	1,614,000	665,000	1,230,900	6,808,675	0.5977	2019-20
2020-21	1,153,096,476	1,000,000	426,800	2,000,000	1,501,500	775,000	1,191,000	6,894,300	0.5979	2020-21
2021-22	1,167,233,439	1,000,000	371,800	2,100,000	1,381,500	980,000	1,144,500	6,977,800	0.5978	2021-22
2022-23	1,181,543,721	1,100,000	316,800	2,220,000	1,255,500	1,085,000	1,085,700	7,063,000	0.5978	2022-23
2023-24	1,196,029,447	1,100,000	256,300	2,400,000	1,122,300	1,250,000	1,020,600	7,149,200	0.5977	2023-24
2024-25	1,210,692,768	1,150,000	195,800	2,500,000	978,300	1,465,000	945,600	7,234,700	0.5976	2024-25
2025-26	1,225,535,862	1,250,000	132,550	2,605,000	828,300	1,650,000	857,700	7,323,550	0.5976	2025-26
2026-27	1,240,560,931	1,160,000	63,800	3,110,000	672,000	1,650,000	758,700	7,414,500	0.5977	2026-27
2027-28	1,255,770,208			4,000,000	485,400	1,700,000	659,700	6,845,100	0.5451	2027-28
2028-29	1,271,165,951			4,090,000	245,400	1,700,000	557,700	6,593,100	0.5187	2028-29
2029-30	1,286,750,445					4,000,000	455,700	4,455,700	0.3463	2029-30
2030-31	1,302,526,006					3,595,000	215,700	3,810,700	0.2926	2030-31
Totals		\$25,000,000	\$12,013,375	\$40,000,000	\$31,066,500	\$22,700,000	\$20,753,400	\$151,533,276		
									Average Tax Rate	\$0.5692

NOTES:

(a) The 2004-05 and 2005-06 net secondary assessed valuation figures are actual. The 2006-07 net secondary assessed value is based on a preliminary estimate from the County as of February, 2006. For FY 2007-08 through FY 2011-12 we assumed 6.13% annual growth. For each year thereafter, we assumed 1.226% annual growth (per statute).

(b) The Series 2007 Bond is assumed at an annual interest rate of 5.50%.

(c) The Series 2009 and Series 2011 Bond is assumed at an annual interest rate of 6.00%.



-Prepared By-
RBC Capital Markets
4/11/2006



STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

ROBERT L. BURNS
CHAIRMAN 2005
PAULA ABOUD
LINDA AGUIRRE
TIMOTHY S. BEE
ROBERT CANNELL
RON GOULD
KAREN S. JOHNSON

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 926-5491

FAX (602) 926-5416

<http://www.azleg.gov/jlbc.htm>

HOUSE OF
REPRESENTATIVES

TOM BOONE
CHAIRMAN 2006
AMANDA AGUIRRE
ANDY BIGGS
JACK A. BROWN
PHIL LOPES
RUSSELL K. PEARCE
STEPHEN TULLY

DATE: July 24, 2006

TO: Representative Tom Boone, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Nick Klingerman, Assistant Fiscal Analyst

SUBJECT: Arizona State Schools for the Deaf and the Blind – Review of Preliminary Cost Estimates
and Procurement Method for Capital Projects

Request

The Arizona State Schools for the Deaf and the Blind (ASDB) requests a favorable review of its preliminary cost estimates and procurement method for capital projects to be funded with its \$19 million capital appropriation from Laws 2006, Chapter 345 (the Capital Outlay Bill). Chapter 345 requires ASDB to submit to the Committee its preliminary cost estimates and procurement method before issuing a Request for Proposals (RFP) or procuring any services for the projects. ASDB plans to use about \$12 million of the capital appropriation to replace the middle school and high school buildings on its Phoenix Campus. Its subsequent priorities in order (as funds allow) would be to 1) finish air conditioner installation in its Tucson dormitories, 2) replace the Tucson vocational education classroom building and remodel its annex, 3) replace the Tucson student health center, 5) convert one of the existing Phoenix Campus classroom buildings into administrative space (pending further input from architects) and 6) make other miscellaneous improvements. Under those current estimates, ASDB would only have enough funding to complete projects 1 & 2 (and possibly 3). ASDB plans to use the Construction Manager at Risk (CMR) procurement method for the proposed projects with competitive bids of the subcontracts.

Subsequent to this review, and before beginning any construction activity, Chapter 345 requires ASDB to return to the Committee for an additional review of the scope, purpose and estimated cost of the projects.

Recommendation

The Committee has at least the following options:

1. A favorable review of the project using the CMR procurement method as requested.
2. A favorable review of the project as requested with the provision that ASDB contract for a 3rd party review of the project outside of ADOA.

(Continued)

3. A favorable review with the provision that ASDB use an alternative procurement method, such as design-bid-build, or one that incorporates developing a list of qualified bidders to participate in a competitive bid process.

Under the CMR method, a project is designed under a competitively-selected construction manager who then sets a guaranteed price. The design-bid-build method is a sequential process where the construction component is competitively bid after the design component is completed. JLBC Staff is researching whether an alternative method that incorporates developing a list of qualified bidders for the competitive bid process is allowable under the procurement code.

Under any option, the JLBC Staff recommends that the Committee request ASDB to submit additional detail on their cost estimates with the next submission. For example, their proposal's primary cost is the \$200 per square foot middle school and high school, which is higher than the School Facilities Board's \$117-\$142 per square foot guidelines. ASDB may need adjustments for their students' special needs above the SFB guidelines, but they should submit further supporting information after additional work is done with their contractors. In general, ASDB's current cost estimates are tentative and subject to considerable change.

The JLBC Staff also recommends that ASDB include "furniture, fixtures and equipment" and contingency placeholders for each project funded in their \$19 million appropriation.

Analysis

Background

ASDB currently operates 2 central campuses, one in Tucson that consists of 34 buildings and one in Phoenix that consists of 20 buildings. In a report presented to the Committee on December 2, 2004, the Schools Facilities Board (SFB) estimated that the minimum space per student at ASDB should be 875 square feet including not only classrooms, but also libraries, physical education areas, administrative space, auditoriums and other types of required school space (other than dormitories). SFB set the square foot guidelines relative to schools in other states that are similar to ASDB. Currently, ASDB is providing about 350 square feet per student. The projects described below would increase that average to approximately 423 square feet per pupil, as well as eliminate some existing quality deficiencies.

Priority Projects

The table below shows ASDB's current priority list (in order) for capital projects and preliminary cost estimates for them. Under the cost estimates shown, ASDB's current \$19 million capital appropriation would be capable of funding only the first 3 projects, which total to more than \$18.8 million even without explicit funding for contingencies. Also, the proposed budget for the Tucson Vocational Building does not include explicit funding for furniture, fixtures and equipment.

<u>Proposed Projects in ASDB's Order of Priority</u>		
<u>Priority / Project</u>	<u>Campus</u>	<u>Cost</u>
1) New Middle School and High School	Phoenix	\$12,132,600
2) Finish Air Conditioning Dorms	Tucson	1,698,800
3) New Vocational Building & Remodel Annex	Tucson	4,997,900
Subtotal		\$18,829,300
4) New Student Health Center	Tucson	1,108,600
5) Convert Building to Office Space	Phoenix	302,000
6) Renovate front entrance & misc.	Phoenix	500,000
Total		\$20,739,900

(Continued)

A discussion of each proposed project appears below.

Priority 1: Replace Phoenix Middle School and High School

ASDB currently uses 3 different buildings for the middle school and high school (grades 7-12) at the Phoenix Campus. The buildings are converted from an old church. The 3 buildings have approximately 25,000 square feet in total and currently provide only about 60 square feet of classroom space per pupil versus the SFB minimum of 100. ASDB proposes replacing each of these buildings with a single 50,000 square foot building that would address both capacity and quality deficiencies of the current structures. The following table displays the estimated cost of the Phoenix Campus proposed middle and high school projects:

<u>New Phoenix Middle School and High School</u>	
<u>Component</u>	<u>Estimated Cost</u>
Build Middle School and High School	\$10,000,000
Demolish Existing Middle and High Schools	\$372,100
Asbestos Abatement at Existing Schools	\$260,500
Furniture, Fixtures and Equipment	500,000
Architecture and Engineering Fees	<u>1,000,000</u>
Total	\$12,132,600

Based on the above table, the new middle school and high school would cost an average of \$200 per square foot to build (50,000 square feet at \$10,000,000). Currently SFB provides between \$116.87 and \$142.83 per square foot for new school construction, so the proposed allocation would exceed SFB “high end” costs per square foot by approximately 40%. ASDB indicates that its \$200 per square foot estimate is based on preliminary input from the project architect and assumes continued rapid growth in construction costs, which may now be moderating. ASDB also indicates that its construction costs are affected by specialized infrastructure needs of students with disabilities including mobility accommodations for students in wheelchairs and special flooring and lighting requirements unique to its student population. The \$12,132,600 estimate does not include explicit funding for contingencies.

After construction is completed, ASDB plans to demolish at least 2 of the 3 existing classroom buildings on the Phoenix Campus. The 3rd building will possibly be converted into office space for ASDB’s human services and regional cooperative staff depending on further input from architects (see priority #5). ASDB plans to demolish at least 2 of the structures as they again are former church buildings that were not designed to serve as schools and furthermore are not compliant with the Americans with Disabilities Act (ADA). The second floor of the middle school building, for example, lacks restrooms and does not have adequate wheelchair access. ADOA indicates that it would be more expensive to update these structures to meet existing buildings codes and ADA compliance issues for classroom space than to replace them with new buildings. Demolition costs for the existing middle and high school buildings are estimated to be \$15 per square foot (24,808 square feet at \$372,100), and the cost to remove asbestos in them prior to demolition is estimated at \$10.50 per square foot (24,808 square feet at \$260,500).

The estimated middle and high school project cost for furniture, fixtures and equipment is \$500,000, which appears reasonable as it represents less than 4% of total project costs.

Priority 2: Finish Air Conditioning Conversion for Tucson Dorms

The ASDB Tucson Campus houses approximately 175 residential students who live on campus during the school year. Of the 8 dormitories on the Tucson campus, only 4 are air conditioned. The remaining 4 dormitories have evaporative cooling instead. The table below shows ASDB’s cost estimates for this project. These estimates, however, do not appear to align with a \$300,000 estimate that ASDB provided

(Continued)

last year for retrofitting 3 dormitories and do not reflect the \$300,000 in one-time funding that ASDB received in the General Appropriation Act in FY 2007 for this issue.

<u>Tucson Dormitory Air Conditioning Conversion</u>	
<u>Component</u>	<u>Estimated Cost</u>
Construction Cost	\$1,098,300
Architect and Engineering Fees	271,000
Asbestos Abatement	<u>329,500</u>
Total	\$1,698,800

Priority 3: Replace Tucson Vocational Building and Remodel Annex

The Vocational Building on the Tucson Campus was built in 1952 , lacks adequate wheelchair accessibility, contains safety hazards and has antiquated electrical and other major mechanical systems. ASDB proposes to replace this building with a new 14,720 square foot structure. It also proposes to renovate the existing separate 9,900 square foot Vocational Annex, which provides work areas for ceramics, crafts, horticulture and sewing. The table below shows ASDB's current cost estimate for this project. These estimates do not include explicit funding for construction contingencies or for furniture, fixtures and equipment.

<u>Replace Tucson Vocational Building and Remodel Annex</u>	
<u>Component</u>	<u>Estimated Cost</u>
Construction Cost (24,620 sq. ft. X \$175)	\$4,308,500
Architect and Engineering Fees	430,800
Asbestos Abatement	<u>258,600</u>
Total	\$4,997,900

Priority 4: Replace Tucson Student Health Center

The existing 4,685 square foot Student Health Center on the Tucson Campus was built in 1949 and has experienced major building system problems in recent years, one of which required evacuation of the building for part of the school year. The building is cooled with individual window air conditioning units, which provide inadequate climate control and are expensive to operate and maintain. The building also is not ADA compliant and its pharmacy and kitchen utilize the same space, which violates health codes. Based on renovation estimates received in recent years, ASDB believes that it would be more cost efficient to replace rather than renovate this building. The table below shows ASDB's current cost estimates for the project. The proposed budget does not include explicit funding for construction contingencies.

<u>Replace Tucson Student Health Center</u>	
<u>Component</u>	<u>Estimated Cost</u>
Construction Cost (4,700 sq. ft. X \$200)	\$942,300
Architect and Engineering Fees	82,300
Furniture, Fixtures and Equipment	<u>84,000</u>
Total	\$1,108,600

Priority 5: Convert Phoenix Classroom Building to Office Space

As noted above under the discussion of "Priority 1," ASDB is considering whether to remodel one of the 3 existing Phoenix classroom buildings into office space for ASDB's human services and regional

(Continued)

cooperative staff depending on further input from architects. The table below shows the estimated costs for this project.

<u>Convert Phoenix Classroom Building to Office Space</u>	
<u>Component</u>	<u>Estimated Cost</u>
Construction Cost (4,440 sq. ft. X \$50)	\$220,000
Architect and Engineering Fees	22,000
Furniture, Fixtures and Equipment	60,000
Total	\$302,000

Priority 6: Renovate Phoenix Campus Front Entrance & Miscellaneous

ASDB's current request also includes a total of \$500,000 for miscellaneous small projects, such as renovating the Phoenix Campus front entrance and improving the irrigation system and landscaping on that Campus. A detailed breakdown of costs for those projects is not currently available.

Procurement Method

ASDB proposes using the CMR procurement method for the projects, which ADOA-Construction Services currently is helping it to set up. The selection of a CMR construction manager is conducted through a competitive bidding process that is based on qualifications. Under the CMR approach, a project is designed under the review of the construction manager. When the design is completed, the construction manager sets a guaranteed maximum price. The construction manager must select subcontractors based on qualifications alone or on a combination of qualifications and price, but not on price alone. ADOA-Construction Services indicates that it would be with the construction manager when the sealed bids were opened in order to assure selection of the most competitive bids.

The Committee may also want to consider whether to require 3rd party review outside of ADOA for the project. The cost of such review varies depending on the level of review required, but could cost roughly 1% of the project total, or \$200,000.

As an alternative, the Committee could also require that ASDB use an alternative procurement method such as design-bid-build. Under this procurement method, the design and construction phases are separately contracted and done in sequence. After design is complete, the construction phase requires a competitive bid process that awards the contract to the lowest responsible and responsive bidder. JLBC Staff is researching whether an alternative method that incorporates developing a list of qualified bidders for the competitive bid process is also an option for the Committee to consider. The qualified list of bidders would be developed based on qualifications submitted by interested bidders. Only the most qualified bidders meeting established criteria would be invited to participate in the competitive bid process, which would then make an award based on best price.

Outstanding Issues

There are several issues that ASDB still must consider in the final design of the project. The decision on whether to remodel one of the current Phoenix Campus classroom buildings for other purposes, for example, again has not yet been made. ASDB indicates that these issues will be addressed in the final decision depending on cost and space requirements for the new middle school and high school and upon further input from project architects.

RS/NK:ym



ASDB-Agency Administration
P.O. Box 88510
Tucson, AZ 85754
520.770.3700 V/TDD
520.770.3711 FAX
*Board of Directors
Superintendent
Deputy Superintendent
Early Childhood and Family Education
Technical Assistance to Schools
Business Services
Human Resources
Information Technology*

July 07, 2006

Representative Tom Boone
JCCR
State of Arizona
1700 West Washington Street, #313
Phoenix, Arizona 85007

RE: Joint Committee on Capital Review Agenda

Dear Representative Boone:

On behalf of the families and students of ASDB, I would like to thank you for the outstanding support you and the Legislature have shown towards our school.

As a follow-up to your appropriation, I would like to request placement on the upcoming July 27, 2006 Capital Appropriations Committee agenda to request approval from the Committee to start work on our High School/Middle School Building.

The estimate for this project is \$12,132,604.00 of the \$19 million appropriated to the School. I have reviewed the options for construction with Janet Collegio, Senior Project Engineer in Construction Services with ADOA. We discussed Design, Bid and Build and Manager at Risk options. Based on this conversation, it is my intent to have ADOA-Construction Services oversee this project and to use a Construction Manager at Risk as defined in ARS 34-603 to provide oversight for the project. In this case, the construction company would serve as both the Construction Manager as well as the General Contractor. The construction company would provide the design phase project management services including estimating, scheduling, and value engineering. Since the construction company then guarantees the construction cost of the projects and serves as the general contractor, this would be the most prudent, economical and efficient use of State funds.

I will be sending more detailed information to you separately.

If you have any questions, I can be reached at 520-770-3704.

Sincerely,

Harold Hoff
Harold E. Hoff, Ph.D.
ASDB Superintendent

HEH/dg

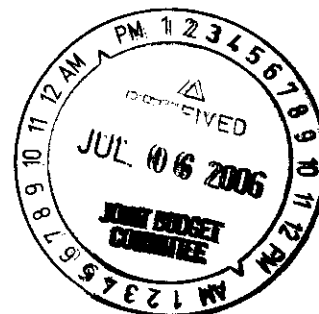
cc: OSPB
Nick Klingerman

ASDB-Southern Region
P.O. Box 85000
Tucson, AZ 85754
520.770.3229 V/TDD
520.770.3711 FAX
*Regional Superintendent
AZ School for the Deaf
AZ School for the Blind
K-12 Day and Residential Programs
Extended School Day
Career and Technical Education*

*Southeast Regional Cooperative
P.O. Box 87010
Tucson, AZ 85754
520.884.5255 V/TDD
Parent Outreach 0-3
520.770.3677 V/TDD
CHIC-VIP Preschools
520.770.3002 V/TDD
Southwest Regional Cooperative
928.317.0429 V/TDD*

ASDB-Northern Region
1935 W. Hayward Avenue
Phoenix, AZ 85021
602.336.6800 V/TDD
602.336.6944 FAX
*Regional Superintendent
Phoenix Day School for the Deaf
K-12 Day Programs*

*ASDB Coop Preschool VI-FBC
602.331.1470 V/TDD
CHIC-Phoenix
602.336.6810 V/TDD
Parent Outreach 0-3
602.544.1670 V/TDD
Desert Valleys Regional Cooperative
602.544.1670 V/TDD
North Central Regional Cooperative
928.774.0655 V/TDD
Eastern Highlands Regional Cooperative
928.368.8955 V/TDD*





July 18, 2006

ASDB-Agency Administration
P.O. Box 88510
Tucson, AZ 85754
520.770.3700 V/TDD
520.770.3711 FAX
Board of Directors
Superintendent
Deputy Superintendent
Early Childhood and Family Education
Technical Assistance to Schools
Business Services
Human Resources
Information Technology

ASDB-Southern Region
P.O. Box 85000
Tucson, AZ 85754
520.770.3229 V/TDD
520.770.3711 FAX
Regional Superintendent
AZ School for the Deaf
AZ School for the Blind
K-12 Day and Residential Programs
Extended School Day
Career and Technical Education

Southeast Regional Cooperative
P.O. Box 87010
Tucson, AZ 85754
520.884.5255 V/TDD
Parent Outreach 0-3
520.770.3677 V/TDD
CHIC-VIP Preschools
520.770.3002 V/TDD
Southwest Regional Cooperative
928.317.0429 V/TDD

ASDB-Northern Region
1935 W. Hayward Avenue
Phoenix, AZ 85021
602.336.6800 V/TDD
602.336.6944 FAX
Regional Superintendent
Phoenix Day School for the Deaf
K-12 Day Programs

ASDB Coop Preschool VI-FBC
602.331.1470 V/TDD
CHIC-Phoenix
602.336.6810 V/TDD
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602.544.1670 V/TDD
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602.544.1670 V/TDD
North Central Regional Cooperative
928.774.0655 V/TDD
Eastern Highlands Regional Cooperative
928.368.8955 V/TDD

Representative Boone
JCCR
State of Arizona
1700 West Washington Street
Phoenix, Arizona 85007

Dear Representative Boone:

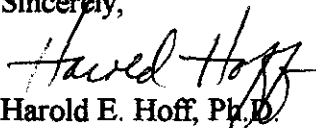
I am enclosing three documents for your information prior to the JCCR meeting on July 27. The three documents are:

1. An overview of how ASDB will invest the \$19,000,000 that was appropriated by the Legislature for construction. The projects are listed by priority and will be completed if funds are available.
2. An overview of the highest priority project-the new middle school and high school at PDSD.
3. A projected budget for the middle school/high school at PDSD.

Naturally, items two and three will change as we have the opportunity to work with Arizona Construction Services and an architect.

I am also sending copies to Nick Klingerman and OSPB. If you have any questions, please do not hesitate to call me.

Sincerely,


Harold E. Hoff, Ph.D.
ASDB Superintendent
(520) 770.3704

HEH/dg

cc: OSPB & Mr. N. Klingerman, JLBC

Enc. – FY2008 Capital Improvement Plan
FY2008 Capital Improvement Plan, FY 2008 Capital Project Description
FY2008 Capital Improvement Plan, Capital Project Scope & Cost

**STATE OF ARIZONA
FY 2008 CAPITAL IMPROVEMENT PLAN**

Form
CIP-2
(Rev 2/04)

Agency: ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND

[illegible]

**STATE OF ARIZONA
FY 2008 CAPITAL IMPROVEMENT PLAN
FY 2008 CAPITAL PROJECT DESCRIPTION**

Form
CIP-4
(Rev 1/03)

Agency: Arizona State Schools for the Deaf and the Blind

Project: Rebuild High school and Middle school (Phoenix Campus)

Priority: 1

Nature and Purpose of Project:

The current high school and middle school buildings, A,B, and C were purchased from the Church of Christ in 1988. All three buildings were built in 1978. These buildings were then retro-fitted to make various classroom and diagnostic spaces. Since this purchase and remodeling, we have out grown our needs. Under the School Facilities Board minimum square footage specification, we need at least 100 s.f. per student. The average number of students in each classroom is 8. We have no rooms in buildings A, B, or C this size. C-building averages 300 s.f. per room. Building B averages 500 sq. ft. per room. Building A which was the actual church is not economically feasible to accomodate this number of students or classrooms. We would need to start building the new Middle School and High School and keep the remaining buildings, using them concurrently; as we do not have enough classrooms or space to move the existing H.S. and M.S.to another location on campus and still conduct classes.

Because, the Middle School and High School facilities currently being used were originally built as a church and adapted for school use after the purchase, it does not meet the current educational needs of PDSB. Arizona Building Renewal has indicated that the cost to remodel the current building to meet current needs, meet all ADA compliance issues and meet current building codes would be greater than replacing the existing structure. This new facility would house both the middle school and the high school.

Replacement of the middle school. The current Middle School has several deficiencies as noted by SFB in their last report. These deficiencies include:

- a. Lack of adequate classroom space. The current space does not meet the minimum standards for the number of students enrolled in specific classes.
- b. Lack of adequate restrooms. The second level of the building does not have any restrooms.
- c. The second level is only accessible to individuals in wheelchairs from the outside. Students must use a lift as the 112 foot long ramp to the second floor does not meet ADA specifications. Currently, students in wheelchairs are restricted to classes on the main floor.
- d. Inadequate electrical wiring prevents the simultaneous use of basic classroom equipment such as overhead projectors and computers. Further, the wiring does not meet the electrical requirements of the new assistive technology.

Replacement of the High School. The current High School has several deficiencies as noted by the SFB in their last report. Arizona Building Renewal has indicated that the cost to remodel the current building to meet current needs, to meet all ADA compliance issues and to meet current building codes would be greater than replacing the existing structure. These deficiencies include:

- a. Inadequate space. The classrooms do not meet the current SFB minimum space requirements.
- b. Poor classroom design. The classrooms were laid out based on the existing church design rather than the optimal design for a school; therefore, they are not very efficient classrooms.
- c. Inadequate lighting. Due to remodeling of the existing facility, the lighting is not adequate in the classrooms.

Primary Occupants:

The primary occupants will be Middle school and High school kids. Grades 7,8,9,10,11,12. The growing trend is an influx of students coming in from the Elementary school over the next 2-5-years. These grade levels will be increasing rapidly.

Location of Building:

See attached Phoenix Campus map.

Is Project Part of an Overall Plan?

Yes, this is part of the 2003 State-Wide Master Plan for the Arizona State Schools for the Deaf and the Blind..

Capital Cost Estimate:

Cost are based on estimates. The total cost is for both sitework and construction.

50,000 s.f. X \$200 =	\$10,000,000
-----------------------	--------------

Subtotal	\$10,000,000
----------	--------------

10% design	<u>\$1,000,000</u>
------------	--------------------

Subtotal	\$11,000,000
----------	--------------

FF&E	500,000
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TOTAL	\$11,500,000
--------------	---------------------

Demolition 24808 s.f. X \$15.00	372,120
---------------------------------	---------

Asbestos Abatement 24808 s.f. X \$10.50	260,484
---	---------

Total of construction and demolition	\$12,132,604
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1. Provide a brief description of the nature (new construction, renovation, or combination) and purpose of the project (e.g., correct facility deficiencies in terms of quality and quantity of space, ADA, life safety, improve operational efficiency, etc.).
2. Identify the location and how this site will support program functions and activities.
3. Describe the use, primary occupants along with the major goals and objectives of the proposed facility or development area.
4. Explain why the project is necessary, and how it will enable the user to meet the presented goals and objectives.
5. Indicate whether the project is part of an overall plan, if so, what phase of the plan; clearly note any other related projects that would be associated with the project.
6. Briefly explain how the capital cost estimate was produced and describe any unique situations that affected the project costs, e.g., site constraints.

**STATE OF ARIZONA
FY 2008 CAPITAL IMPROVEMENT PLAN
CAPITAL PROJECT SCOPE & COST**

Form
CIP-3
(Rev 1/03)

Agency: Arizona State Schools for the Deaf and the Blind

Project: Construct High School and Middle School (Phoenix Campus)

Priority: 1

Project Scope		Construction Cost	Total Project Cost
GSF	NASF	\$/GSF	\$/GSF
50,000	50,000	200	243

Capital Cost Estimate ¹	
Category	Cost
Land Acquisition	
Construction	10,000,000
A & E Fees	1,000,000
F F & E	500,000
Other	632,604
Total	12,132,604

Proposed Funding ²	
Funding Source	Amount
Prior Appropriation	
General Fund Request	\$12,132,604
Other:	
Other:	
Total	\$12,132,604

Estimated Change Annual Facility Operations/Maintenance	
Category	Annual Costs
Utilities	\$31,400
Personnel*	\$36,300
Other	\$13,400
Total	\$81,100
Fund Source	GSF
*No. of FTE's	2

Proposed Funding Schedule ³				
Total Costs	Prior	FY2008	FY2009	FY2010
12,132,604		11,000,000	1,132,604	

Proposed Work Schedule	
Phase	Start Date
Planning	7/1/2007
Design	9/1/2007
Construction	1/1/2008
Occupancy	9/1/2008
Demolition	10/1/2008

- 1) Land Acquisition = land purchase price; Construction = site development, construction, fixed equipment, utility extensions, parking & landscaping;
A&E = architect and engineering and other professional services; FF&E = furniture, fixtures & equipment; Other = telecommunications equipment, etc.
- 2) List all funding sources and clearly identify proposed state funding request. Section will expand and contract based upon the number of funding sources.
- 3) Identify the years in which funding will be requested for multi-year funding.

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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PAULA ABOUD
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RON GOULD
KAREN S. JOHNSON

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 926-5491

FAX (602) 926-5416

<http://www.azleg.gov/jlbc.htm>

HOUSE OF
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TOM BOONE
CHAIRMAN 2006
AMANDA AGUIRRE
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JACK A. BROWN
PHIL LOPES
RUSSELL K. PEARCE
STEPHEN TULLY

DATE: July 17, 2006

TO: Representative Tom Boone, 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 FY 2007 Construction Budget
Operating Expenditure Plan

Request

In compliance with a footnote in the FY 2007 Capital Outlay Bill, the Arizona Department of Transportation (ADOT) requests that the Committee review its FY 2007 highway construction budget expenditure plan for Professional and Outside Services (contracted consultants).

Recommendation

The JLBC Staff recommends:

1. A favorable review of ADOT's \$103,644,800 Professional and Outside Services expenditure plan for FY 2007 with the provision that ADOT report to the Committee on the status of approved and requested spending plans for Statewide Transportation Acceleration Needs Account monies by December 15, 2006.
2. Adoption of the traffic congestion performance measures, with the provision that ADOT report on these performance measures as part of next year's Committee review.

The \$103,644,800 for FY 2007 includes \$17.3 million for Professional and Outside Services for the first 2 months in FY 2007, which the Committee favorably reviewed at its June 15, 2006 meeting.

In summary, the JLBC Staff has recommended a favorable review as the consultants' budget remains in line with previous years. It remains difficult, however, to measure the efficiency of these expenditures. The "traffic congestion" measures have been useful in identifying the targets for future improvements.

(Continued)

Analysis

The Committee gave a favorable review at its June 15, 2006 meeting to the expenditure of up to \$17.3 million for the first 2 months of ADOT's total \$103.6 million Professional & Outside Services expenditure plan for FY 2007.

ADOT's approved operating budget, in the General Appropriation Act (Laws 2006, Chapter 344), includes \$58 million and 616 FTE Positions from the State Highway Fund in FY 2007 for field administration, engineering, and oversight on highway construction projects. Additional monies for consulting services in the capital budget allow ADOT the flexibility to handle any interim changes in the level of funding for highway construction.

The Capital Outlay Bill (Laws 2006, Chapter 345) appropriated \$226.3 million from the State Highway Fund to ADOT for highway construction in FY 2007, apart from the new Statewide Transportation Acceleration Needs (STAN) Account. Of the \$226.3 million, ADOT plans to expend \$103.6 million for capital construction consultant services. ADOT's projected \$103.6 million is \$6.6 million more than their planned expenditures of \$97 million in FY 2006. The \$6.6 million includes increases of \$3.3 million for preliminary engineering, \$1.1 million for construction engineering, \$2 million for other Professional and Outside Services, and \$200,000 for other items.

The following table shows how ADOT's actual expenditures for construction consultant services have varied from the department's planned dollar amounts for the past several fiscal years. It is difficult to evaluate Professional and Outside Services and whether resources are being used efficiently.

ADOT's Construction Budget Professional and Outside Services Expenditure Plan			
	Expenditures		
<u>FY</u>	<u>Plan</u>	<u>Actual</u>	<u>Over/Under Plan</u>
2007	\$103,644,800	-	-
2006	97,000,000	\$ 87,047,700	\$(9,952,300)
2005	105,000,000	78,240,700	(26,759,300)
2004	105,000,000	82,000,000	(23,000,000)
2003	99,000,000	96,000,000	(3,000,000)
2002	99,000,000	111,000,000	12,000,000
2001	105,000,000	93,000,000	(12,000,000)

STAN Account

In addition, the General Appropriation Act includes a total of \$307 million for the STAN Account of the State Highway Fund, including \$245 million from the General Fund and \$62 million from the State Highway Fund. The Capital Outlay Bill establishes the STAN Account for the State Transportation Board to accelerate the construction or reconstruction of freeways, state highways, bridges and interchanges that are in a county's regional transportation plan or ADOT's long-range statewide transportation plan. ADOT's plan to expend \$103.6 million in FY 2007 for capital construction consultant services does not include any additional spending that might be needed for capital construction consultant services for projects paid for from the \$307 million in the STAN Account.

(Continued)

STAN Account monies are divided 60% for Maricopa County, 16% for Pima County and 24% for all other counties. The Maricopa Association of Governments (MAG) and Pima Association of Governments (PAG) are to establish processes for the review and approval of transportation projects eligible to receive STAN Account monies. In all other counties, ADOT, in cooperation with the council of governments (COG) that has the authority to approve transportation projects for the county, is to develop requests for expenditure of STAN Account monies. On receipt of a request for STAN Account monies, the State Transportation Board is to place the request on the agenda for the next regular business meeting of the board. The State Transportation Board is to review a request for monies from the STAN Account from MAG, PAG, or a COG, and approve or further modify the request before approval. STAN Account monies are to be used to supplement, not supplant, funding that would otherwise be made available for projects. The State Transportation Board shall not approve the release of any STAN Account monies for a transportation project unless the board verifies that all costs related to construction of the project are covered. ADOT has had preliminary discussions with MAG, PAG and some COG's, but has not yet received any request for STAN Account spending. ADOT does not have a timeline for having a STAN Account spending plan.

By July 1 of each year, the State Transportation Board is to submit a report of its activities pursuant to the STAN Account to the Governor, the President of the Senate and the Speaker of the House of Representatives and shall provide a copy of this report to the Secretary of State, the Director of the JLBC and the Director of the Arizona State Library, Archives and Public Records. MAG, PAG and COG's that receive monies from the STAN Account are to report by December 15 of each year to the Senate and House of Representatives Transportation Committees on approved projects and amounts expended for those projects.

Performance Measures

Last year the Committee adopted the following performance measures, which describe how ADOT's 5-year plan addresses some of the state's most crowded roadways. All the listed "over capacity" highway segments have some action in the 5-Year Plan, which was approved by the State Transportation Board on June 23, 2006. (*See ADOT's submission for maps showing highway segments listed in the congestion performance measures.*) ADOT's definition of "over capacity" highway segments includes those segments that are "over capacity" for 3 hours during either the morning or afternoon commute for the Phoenix and Tucson areas. (*See ADOT's submission for Phoenix area maps showing the duration of congestion for the morning or afternoon commute in 1-hour intervals for various highway segments.*)

PHOENIX AREA				FY 2004 Actual	FY 2005 Actual	FY 2007 Estimate
<ul style="list-style-type: none"> Percent of state highway system with traffic volume over 100% of capacity during 3 hours of the morning or afternoon commute in Phoenix Metro area 				14	14	14
Phoenix Metro Area Highway Segments Over 100% of Capacity During Peak Driving Periods						
Action in 5-Year Plan	Route	Segment	ADOT Action			
Yes	I-10	Agua Fria - I-17	General purpose lanes; completion FY 12			
Yes	I-10	Baseline Rd - 40 th St	Collector distributor roads; completion FY 14			
Yes	I-10	Sarival Rd - Agua Fria	HOV/general purpose lanes; completion FY 11			
Yes	Loop 101	Red Mtn (L202) - Baseline	HOV lanes; completion FY 10			
Yes	Loop 101	Baseline - Santan (L202)	HOV lanes; completion FY 12			
Yes	I-17	Carefree Hwy - Loop 101	HOV/general purpose lanes; completion FY 09			
Yes	US 60	Loop 303 - Loop 101	General purpose lanes; completion FY 11			
Yes	(Grand Ave) US 60	I-10 - Loop 101	General purpose lanes; completion FY 11			
Yes	(Superstition) US 60	Val Vista Dr - Ellsworth Rd	HOV/general purpose lanes; completion FY 08			
Yes	(Superstition) SR 51	Loop 101 - Shea Blvd	HOV/ramp; completion FY 09			
Yes	Loop 101	Princess Dr - Red Mtn (L202)	HOV lanes; completion FY 09			
Yes	Loop 202	Rural Rd - Pima (L101)	General purpose lanes; completion FY 11			
Yes	Loop 202	Pima (L101) - Gilbert Rd	General purpose lanes; completion FY 11			
Completed Projects						
	US 60 (Grand Ave)	I-10 - Loop 101	8 traffic interchanges; completed FY 06			

TUCSON AREA				FY 2004 Actual	FY 2005 Actual	FY 2007 Estimate
<ul style="list-style-type: none"> Percent of state highway system with traffic volume over 100% of capacity during 3 hours of the morning or afternoon commute in Tucson Metro area 				10	10	10
Tucson Metro Area Highway Segments Over 100% of Capacity During Peak Driving Periods						
Action in 5-Year Plan	Route	Segment	ADOT Action			
Yes	I-10	Prince Rd - 29 th Ave	Widening project; completion FY 09			
Yes	I-10	Ruthruaff Rd - Prince Rd	Widening from 6 to 8 lanes; completion FY 11			
Yes	I-10	Cortaro Traffic Interchange	Reconstruct interchange; design FY 08; completion FY 13			
Yes	Oracle Rd	Calle Concordia - Tangerine	Widening from 4 to 6 lanes; completion FY 08			
Completed Projects						
	Oracle Rd	Ina Rd - River Rd	Add shoulders; completed FY 06			

BALANCE OF STATE				FY 2004 Actual	FY 2005 Actual	FY 2007 Estimate
<ul style="list-style-type: none"> Percent of state highway system with traffic volume over 100% of capacity in balance of state 				1	1	1
State Highway Segments Over 100% of Capacity in Balance of State						
Action in 5-Year Plan	Route	Segment	ADOT Action			
Yes	SR 195	Yuma Area Service Highway (MP 0 - 26)	Design area service highway; completion FY 10			
Yes	US 93	Hoover Dam Bypass (MP 1.7 - 16.1)	Widen bridge approach from 2 to 4 lanes; completion FY 08			
Yes	SR 179	I-17 - Sedona (MP 304.5 - 313.4)	Needs study; completion FY 09			
MP - Mile post.						
SA - Alternate route.						
SR - State route.						
SB - Business route.						



Arizona Department of Transportation

Office of the Director

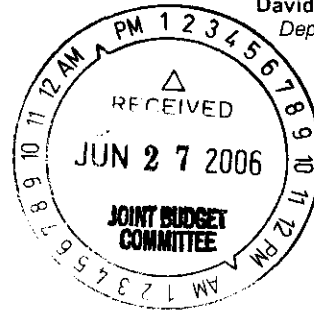
206 South Seventeenth Avenue Phoenix, Arizona 85007-3213

Janet Napolitano
Governor

Victor M. Mendez
Director

June 26, 2006

David P. Jankofsky
Deputy Director



The Honorable Tom Boone
Chairman
Joint Committee on Capital Review
1700 W. Washington
Phoenix, Arizona 85007

Dear Representative Boone:

Attached you will find reports on Professional and Outside Services, and traffic congestion performance measures.

Laws of 2006, Chapter 345, requires JCCR review of ADOT's FY07 expenditure plan for Professional and Outside Services. Attached you will find schedules outlining our expenditure plan. They do not differ from the schedules submitted June 5, 2006.

In Mr. Stavneak's letter of June 20, 2006, we were asked to include an estimate of services from the Statewide Transportation Acceleration Needs (STAN) Account. Due to the timing of the June 23, 2006, adoption by the State Transportation Board of the FY2007-2011 5-Year Construction Program and the passage of HB 2865 we are unable to estimate the impact of STAN on planned FY07 Professional and Outside Services. The decision on which projects will be accelerated is dependent upon the process defined in the law. We will only be able to develop an estimate of consulting services at such time as project acceleration is determined.

Also you will find the congestion performance measures for the Phoenix area, Tucson area and the balance of the state as adopted by the Committee last year.

If you have any questions or desire additional information, please do not hesitate to call Terry Trost, 602-712-8981.

Sincerely

Victor M. Mendez

cc: Senator Bob Burns, Vice-Chairman, Joint Committee on Capitol Review
Richard Stavneak, Director, Joint Legislative Budget Committee
Gary Yaquinto, Director, Governor's Office of Strategic Planning and Budgeting
Bob Hull, Joint Legislative Budget Committee
Marcel Benberou, Governor's Office of Strategic Planning and Budgeting



2001 Award Recipient

AGENCY NAME & AFIS CODE:

DEPARTMENT OF TRANSPORTATION DTA

COST CENTER/PROGRAM NAME:

CONSTRUCTION - STATE HIGHWAY FUND NON-APPROPRIATED

SCHEDULE 3A - FY 2007

COST CENTER/PROGRAM SUMMARY OF EXPENDITURES

AFIS OBJ CODE	CATEGORY	(A) ACTUAL FY 2005	(B) APPROVED FY 2006 (EXP PLAN)	(C) FY 2007 BASE ADJUSTMENTS	(D) FY 2007 BASE BUDGET (B) + (C)	(E) MANDATED & DEMOGRAPHIC ISSUES	(F) BASE MODIFICATIONS (Net to \$0)	(G) FY 2007 (D) + (E) + (F)
6200	EXPENDITURE DETAIL: PROFESSIONAL & OUTSIDE SERVICES	78,240.7	96,530.0	6,644.8	103,174.8			103,174.8
	TOTAL PROGRAM EXPENDITURES	78,240.7	96,530.0	6,644.8	103,174.8			103,174.8
1000	FUNDING SOURCES: GENERAL FUND							
	NON-APPROPRIATED FUNDS	78,240.7	96,530.0	6,644.8	103,174.8			103,174.8
	SUBTOTAL NON-APPROPRIATED FUNDS	78,240.7	96,530.0	6,644.8	103,174.8			103,174.8
	TOTAL FUNDS	78,240.7	96,530.0	6,644.8	103,174.8			103,174.8

AGENCY NAME & AFIS CODE:

DEPARTMENT OF TRANSPORTATION DTA

COST CENTER/PROGRAM NAME:

CONSTRUCTION - NON-APPROPRIATED

FUND NAME & AFIS NUMBER:

STATE HIGHWAY FUND 2030

SCHEDULE 7
PROFESSIONAL AND OUTSIDE SERVICES

AFIS COMP SRC CLS	EXPENDITURE CATEGORY	(A) ACTUAL FY 2005	(B) APPROVED FY 2006 (EXP PLAN)	(C) FY 2007 BASE ADJUSTMENTS	(D) FY 2007 BASE BUDGET (B) + (C)
6219	Other External Financial Services	321.6	275.0	56.5	331.5
6221	Attorney General Legal Services	348.6	475.0	31.1	506.1
6222	External Legal Services	13.9	50.0	19.4	69.4
6231	Preliminary Engineering	20,598.6	46,250.0	3,291.1	49,541.1
6232	Construction Engineering	18,830.8	19,000.0	1,091.8	20,091.8
6239	Other Design	497.8	1,275.0	92.1	1,367.1
6240	Temp Agency Services	18.5	125.0		125.0
6271	Education and Training	3.1	55.0	17.9	72.9
6299	Other Professional and Outside Services	37,607.8	29,025.0	2,044.9	31,069.9
	TOTAL Professional and Outside (to SCH. 3A)	78,240.7	96,530.0	6,644.8	103,174.8

ADOT 5-Year Highway Construction Program for 2007 - 2011

TABLE 1

PERFORMANCE MEASURES – PHOENIX AREA	FY 2004	FY 2005	FY 2007
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>
	14%	14%	14%

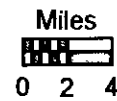
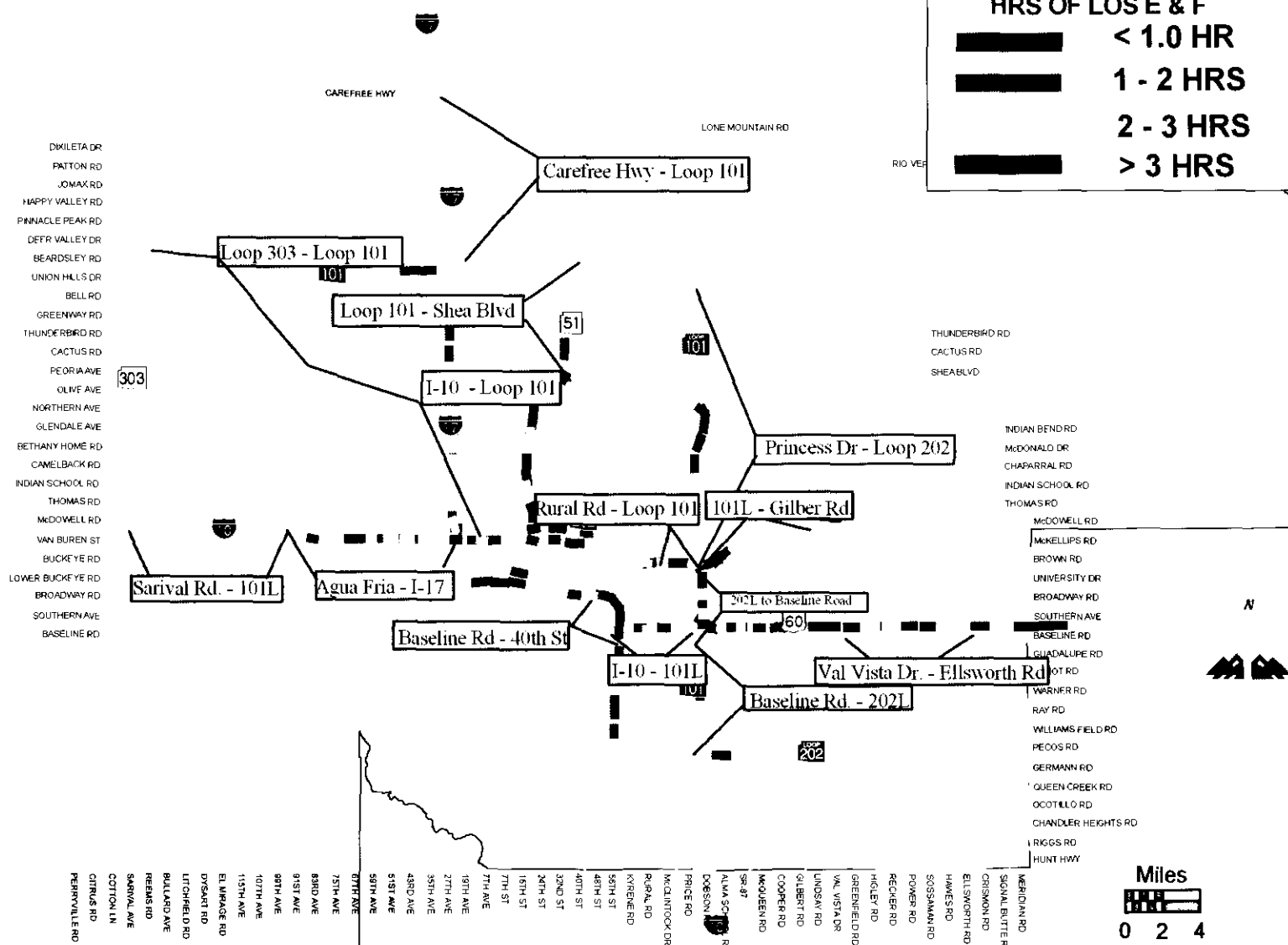
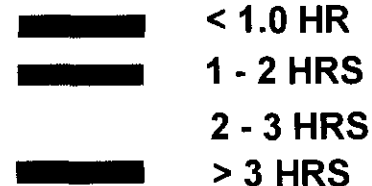
- Percent of state highway system with traffic volumes over 100% of capacity during peak driving periods in Phoenix Metro area.

Phoenix Metro Area Highway Segments Over 100% of Capacity During Peak Driving Periods.

<u>Action in</u> <u>5-Year Plan</u>	<u>Route</u>	<u>Segment</u>	<u>ADOT Action</u>
Yes	I-10	Agua Fria – I-17	General Purpose Lanes, completion FY 2012
Yes	I-10	Baseline Rd. - 40th St.	CD Road System, completion FY 2014
Yes	I-10	Sarival Rd. - 101L (Agua Fria)	HOV and General Purpose Lanes, completion 2011
Yes	101L (Price)	Red Mtn. (202L) – Baseline Rd	HOV lanes, completion FY 2010
Yes	101L (Price)	Baseline Rd. - 202L (Santan)	HOV Lanes, completion FY 2012
Yes	I-17	Carefree Hwy. – 101L	HOV/General Purpose Lanes, completion FY 2009
Yes	US 60 (Grand Avenue)	303L (Estrella) – 101L (Agua Fria)	General Purpose Lanes, completion FY 2011
Yes	US 60 (Superstition)	I-10 - 101L (Price)	General Purpose Lanes, completion FY 2011
Yes	US 60 (Superstition)	Val Vista Dr. – Ellsworth Rd.	General Purpose Lanes and HOV Lanes, completion FY 2008
Yes	SR 51	101L – Shea Blvd.	HOV Lanes including connector (101L / SR 51), completion FY 2009
Yes	101L (Pima)	Princess Dr. – 202L (Red Mtn)	HOV Lanes, completion FY 2009
Yes	202L (Red Mtn)	Rural Rd. – 101L (Pima)	General Purpose Lanes, completion FY 2011
Yes	202L (Red Mtn)	101L (Pima) – Gilbert Rd.	HOV Lanes, completion FY 2011

2006 NETWORK AM PEAK PERIOD DURATION OF LEVEL OF SERVICE

AM PEAK PERIOD
HRS OF LOS E & F



2006 NETWORK PM PEAK PERIOD DURATION OF LEVEL OF SERVICE

PM PEAK PERIOD
HRS OF LOS E & F

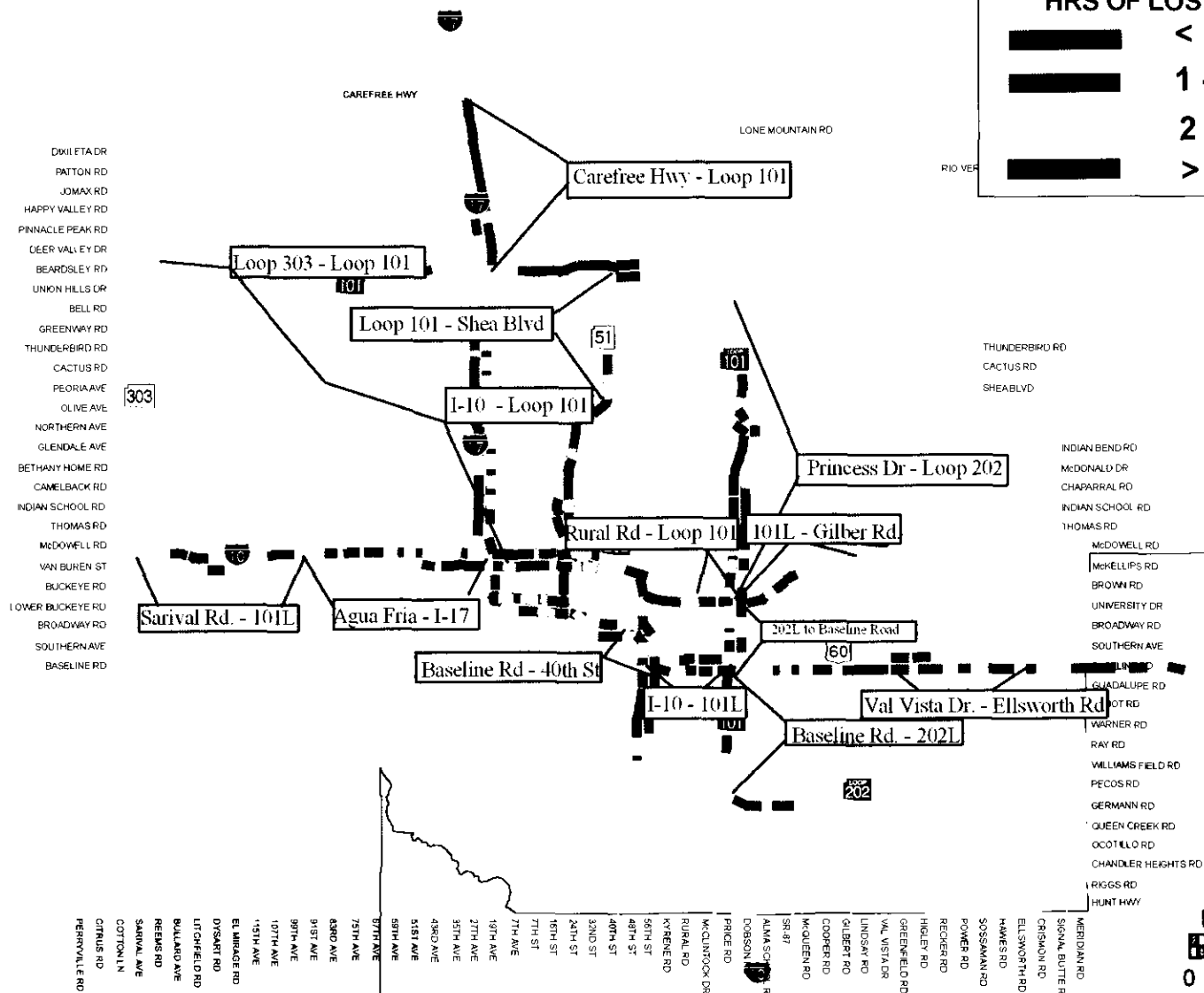
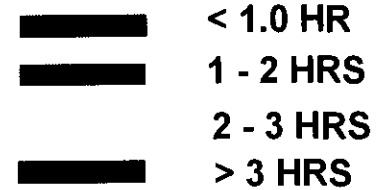


TABLE 2

PERFORMANCE MEASURES – TUCSON AREA	FY 2004	FY 2005	FY 2007
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>
	10	10	10

- Percent of state highway system with traffic volumes over 100% of capacity during peak driving periods in Tucson Metro area.

Tucson Metro Area Highway Segments Over 100% of Capacity During Peak Driving Periods.

<u>Action in 5-Year Plan</u>	<u>Route</u>	<u>Segment</u>	<u>ADOT Action</u>
Yes	I-10	Prince Rd – 29 th Ave	Widening project, completion FY 2009
Yes	I-10	Ruthruaff Rd – Prince Rd	Widening 6 to 8 lanes, completion FY 2011
Yes	Oracle Rd	Calle Concordia – Tangerine Rd	Widening 4 to 6 lanes, completion FY 2008
Yes	I-10	Cortaro Traffic Interchange (TI)	Reconstruct TI, design FY 2008, completion FY 2013

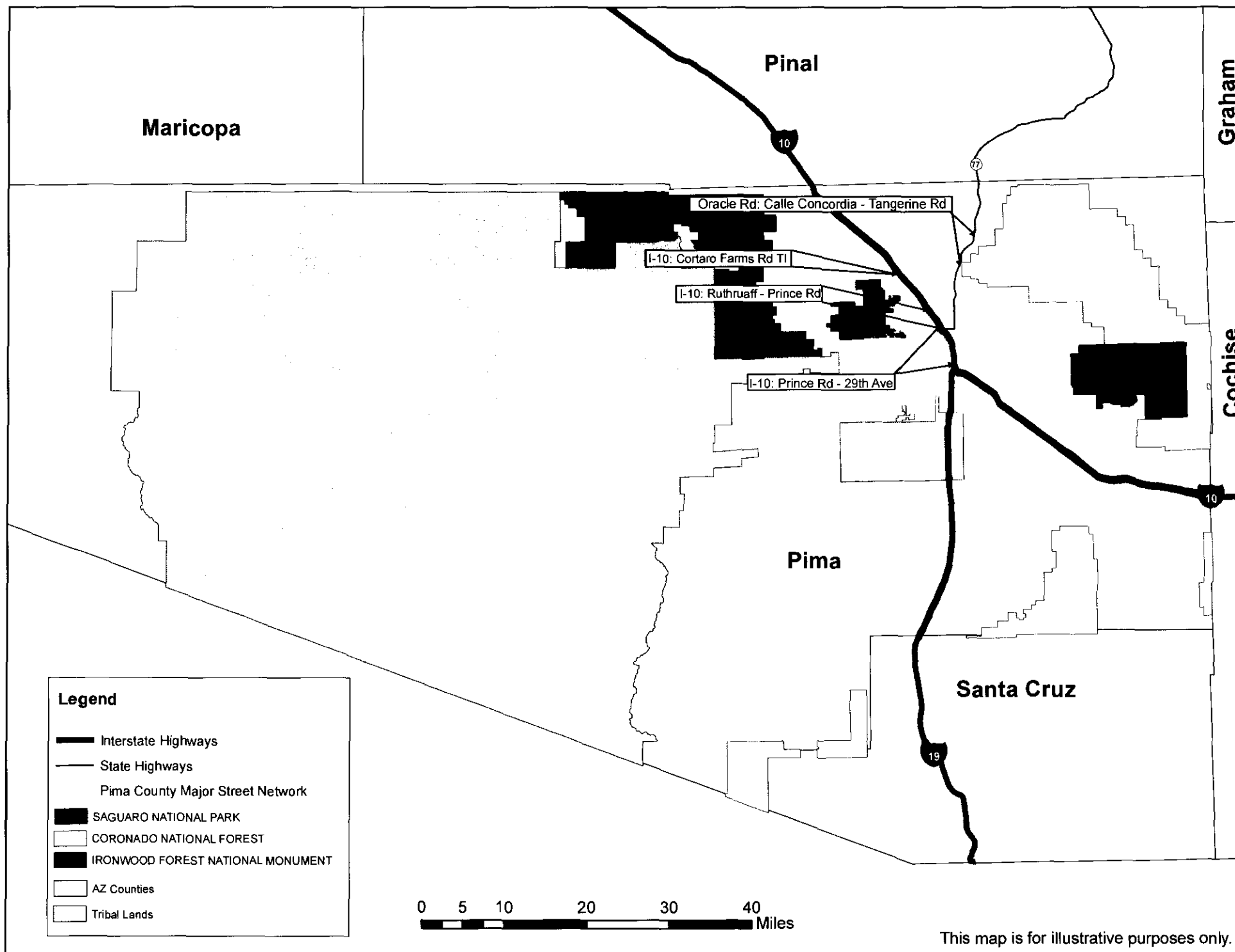


TABLE 3

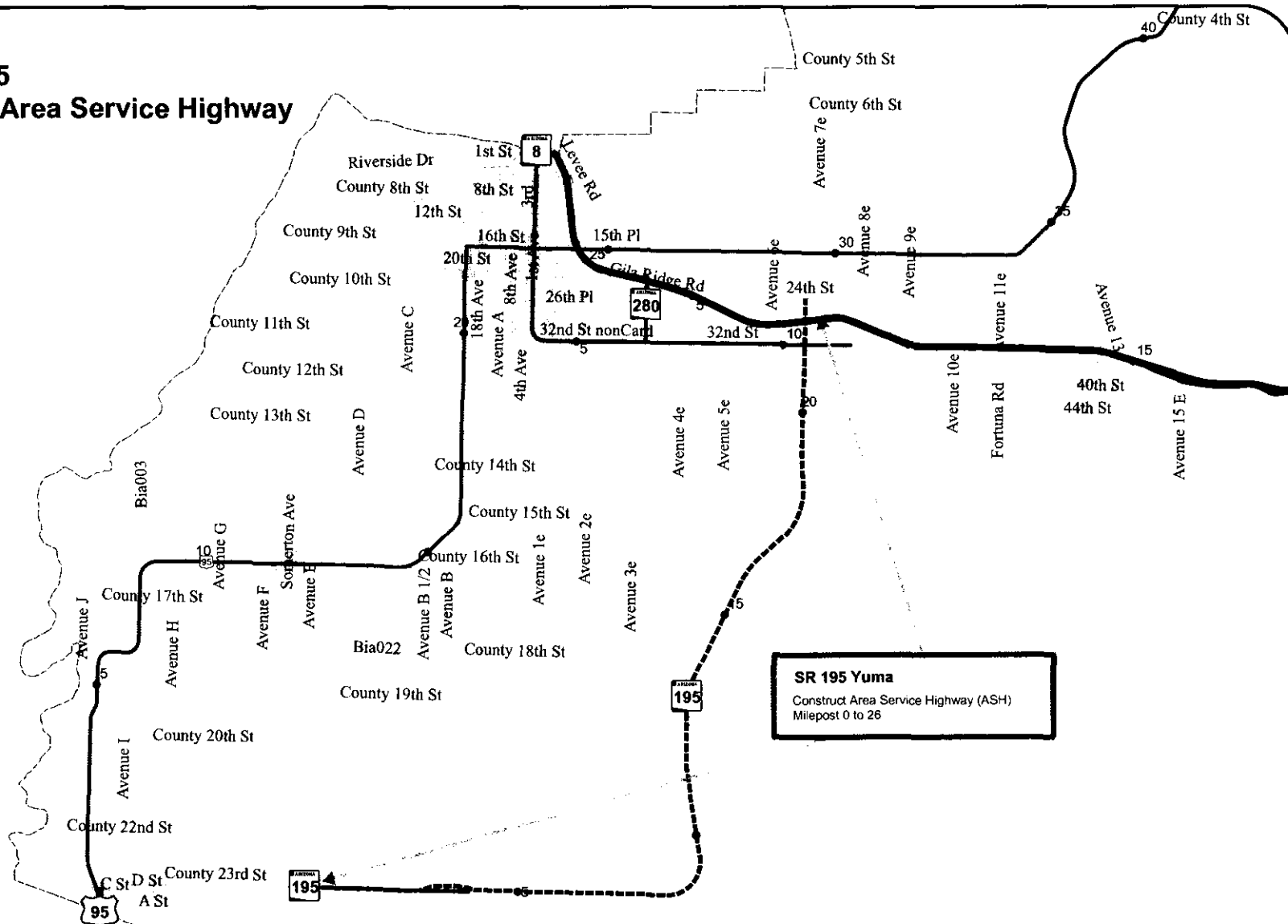
PERFORMANCE MEASURES – BALANCE OF STATE	FY 2004	FY 2005	FY 2007
	Actual	Actual	Estimate
	1	1	1

- Percent of state highway system with traffic volumes over 100% of capacity during peak driving periods in Balance of State.

Balance of State Highway Segments Over 100% of Capacity During Peak Driving Periods.

<u>Action in 5-Year Plan</u>	<u>Route</u>	<u>Segment</u>	<u>ADOT Action</u>
Yes	SR 195	Yuma Area Service Highway (MP 0 – 26)	Design area service highway, completion FY 2010
Yes	US 93	Hoover Dam Bypass (MP 1.7 – 16.1)	Widen from 2 to 4 lanes, 14.4 miles leading to the south approach. Bridge completion in 2008. Bypass will open to public later in that year.
Yes	SR 179	I-17 – Sedona (MP 304.5 – 313.4)	Needs study, completion FY 2009

SR-195 Yuma Area Service Highway



SR 195 Yuma
Construct Area Service Highway (ASH)
Milepost 0 to 26

Legend

- Interstate
- US Route
- State Route
- Future Hwy
- county and local roads
- SR-195 ASH
- Mile Marker (every 5th)
- County



0 1 2 4 Miles

Prepared by the Arizona Dept of Transportation
Planning Division, Data Bureau GIS-T Section
(602) 712-7333

US-93

US 93
Hoover Dam to MP 17
Construct roadway widening

MOHAVE

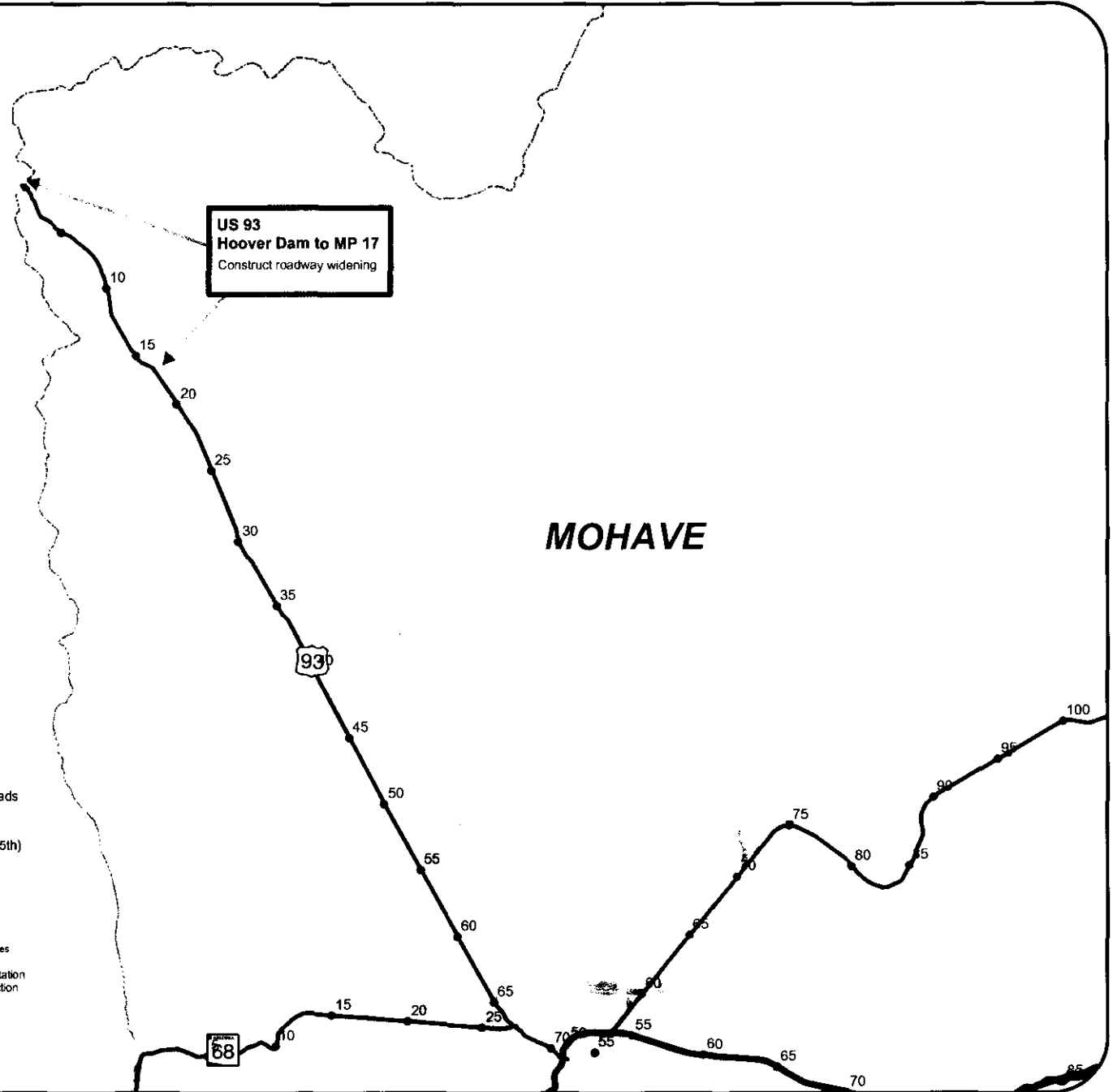
Legend

- Interstate
- US Route
- State Route
- Future Hwy
- county and local roads
- US-93
- Mile Marker (every 5th)
- County

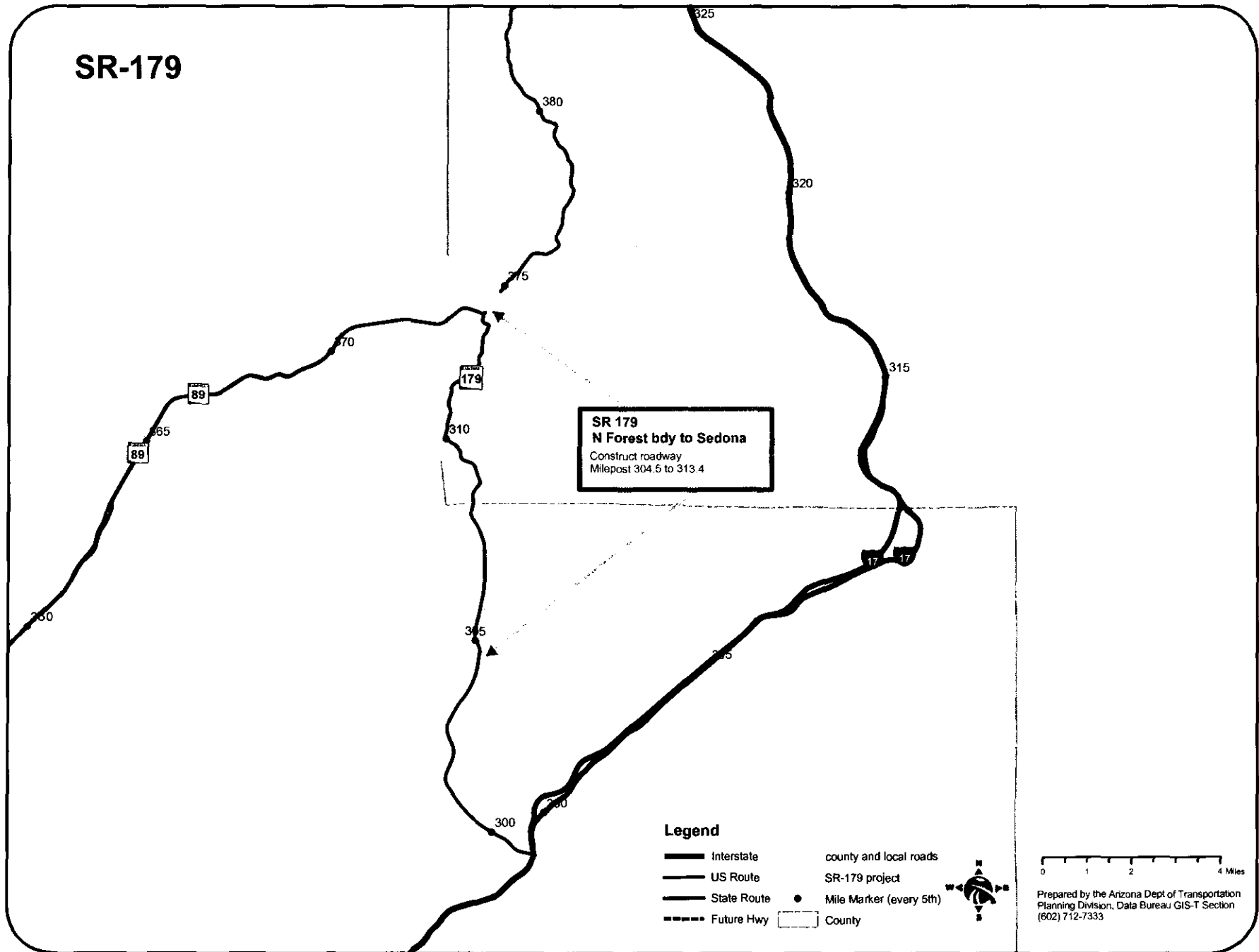


0 3 6 12 Miles

Prepared by the Arizona Dept of Transportation
Planning Division, Data Bureau GIS-T Section
(602) 712-7333



SR-179



STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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PAULA ABOUD
LINDA AGUIRRE
TIMOTHY S. BEE
ROBERT CANNELL
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KAREN S. JOHNSON

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 926-5491

FAX (602) 926-5416

<http://www.azleg.gov/jlbc.htm>

HOUSE OF
REPRESENTATIVES

TOM BOONE
CHAIRMAN 2006
AMANDA AGUIRRE
ANDY BIGGS
JACK A. BROWN
PHIL LOPES
RUSSELL K. PEARCE
STEPHEN TULLY

DATE: July 19, 2006

TO: Representative Tom Boone, 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 FY 2007 Building Renewal Allocation Plan

Request

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. The Arizona Department of Transportation (ADOT) requests that the Committee review its \$3,702,900 FY 2007 Building Renewal allocation plan, including \$3,627,100 from the State Highway Fund and \$75,800 from the State Aviation Fund.

Recommendation

The JLBC Staff recommends that the Committee give a favorable review of the plan with the following provisions:

- ADOT report to JLBC Staff any allocations for FY 2007 projects from the \$143,600 contingency amount. JLBC Staff will report to the Committee on significant allocations, typically those above \$50,000.
- ADOT submit any new projects for Committee review prior to implementing.
- ADOT submit any project reallocations above \$100,000 for Committee review.

ADOT has allocated \$3,483,500 from the State Highway Fund among 142 projects leaving a contingency amount of \$143,600. ADOT has allocated \$75,800 from the State Aviation Fund for 1 project. All of the projects fit within the guidelines for building renewal projects.

Analysis

The Capital Outlay Bill (Laws 2006, Chapter 345) appropriated a total of \$3,702,900 to ADOT for building renewal in FY 2007, including \$3,627,100 from the State Highway Fund and \$75,800 from the State Aviation Fund. The FY 2007 Building Renewal appropriations represent 100% of the amount generated by the

(Continued)

Building Renewal Formula for the ADOT Building System and 100% for the Grand Canyon Airport for FY 2006. The formula is based on the square footage and replacement cost of existing buildings.

ADOT calculated that 100% of the building renewal formula would cost \$7,198,500 in FY 2007, including \$7,069,800 from the State Highway Fund and \$128,700 from the State Aviation Fund. This amount would represent a 94% increase from FY 2006. ADOT reports that the large dollar increases were due to adding missing buildings and square footage in the building renewal formula, and updating building replacement costs. It is unclear which, if any, specific buildings were major contributors to these dollar increases.

ADOT expects to allocate the Building Renewal monies from the State Highway Fund in the following categories for 142 projects:

<u>Category</u>	<u>Projects</u>	<u>State Highway Fund</u>	<u>% of Total</u>
Fire/Life/Safety	28	\$ 484,500	13.3%
Roofs Repair/Replacement	14	649,500	17.9
Exterior Preservation (Doors, Windows, Siding)	20	429,000	11.8
Building Systems (HVAC, Electrical, Plumbing)	56	1,295,000	35.7
Interior Finishes (Paint, Carpet, Tile)	2	55,500	1.5
Remodel	6	137,500	3.8
Americans with Disabilities Act	11	212,500	5.9
Infrastructure (Sewers, Parking)	5	220,000	6.1
Contingencies		<u>143,600</u>	<u>4.0</u>
Total	142	\$3,627,100	100.0%

For the Committee's information, the following 18 State Highway Fund projects require \$50,000 or more:

<u>Project</u>	<u>Allocation</u>
Asbestos & lead paint abatement for renewal projects – Statewide	\$ 80,000
Install fire sprinkler system – Traffic Signal Office, 2104 S. 22 nd Ave Phoenix	150,000
Replace roof – West Phoenix MVD, 4005 N. 51 st Ave Phoenix	230,000
Replace roof – Phoenix Landscape Maintenance, 1600 NW Grand Ave	60,000
Roof inspections – Northern Region	124,000
Reseal roof/repair wall – Tucson CDL, 621 E. 22 nd St	60,000
Install “Energy Star” windows – Phoenix Maintenance District Headquarters	130,000
Install “Energy Star” windows/asbestos abatement – Douglas Port of Entry	50,000
Replace electrical service controls – Phoenix Equipment Services	150,000
Upgrade site electrical – Indian Pine Maintenance Yard	55,000
Upgrade site electrical – Flagstaff District Office, 1801 S. Milton	85,000
Upgrade lighting – Kingman Equipment Services Shop	60,000
Repair water systems – Statewide highway rest areas	50,000
Replace air conditioning – Yuma MVD	112,000
Replace third floor flooring – Administration building, 206 S 17 th Ave Phoenix	50,000
Consultant project managers – Central Region Projects ^{1/}	100,000
Connect to sewer and remove septic tank – MVD Building, 2600 W. Broadway Tempe ^{2/}	60,000
Connect to sewer and remove septic tank – Highways Construction Office, 2500 W. Broadway Tempe ^{2/}	<u>65,000</u>
Subtotal	\$1,671,000

^{1/} ADOT uses project management consultants in the Metro Phoenix region, and their own project management staff for the northern and southern regions. Project managers coordinate project work and requirements including design, procurement, asbestos regulations, safety codes, inspection, bill payment, and documentation.

^{2/} Each site, 2500 and 2600 W. Broadway, Tempe, currently has its own septic tank. Each septic tank would be removed when its respective building is connected to the city sewer.

(Continued)

ADOT expects to allocate the \$75,800 of Building Renewal monies from the State Aviation Fund to replace rain gutters and install heat tape in gutters and downspouts at the Grand Canyon Airport terminal.

The JLBC Staff recommends a favorable review of the FY 2007 expenditure plan. The attached material submitted by ADOT lists each project and its estimated cost. The projects are consistent with Building Renewal guidelines and appropriations.

RS/BH:ym



Arizona Department of Transportation
Transportation Services Group

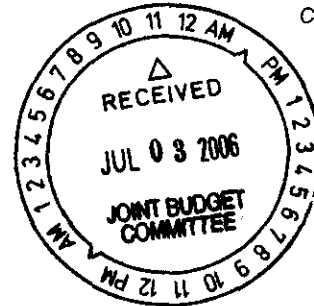
206 South Seventeenth Avenue Phoenix, Arizona 85007-3213

Janet Napolitano
Governor

Victor M. Mendez
Director

July 3, 2006

John A. Bogert
Chief of Staff



The Honorable Tom Boone
Chairman
Joint Committee on Capital Review
1700 W. Washington
Phoenix, AZ 85007

Dear Representative Boone:

We respectfully request that ADOT's planned FY 2007 Building Renewal projects be placed on the earliest possible JCCR agenda for review and approval.

The Building Renewal funds were appropriated for FY 2007 from State Highway and Aviation Funds. The following summarizes the proposed scope of work.

State Highway Fund Building Renewal Projects:

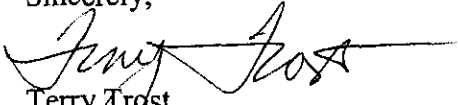
Category 1 – Fire/Life/Safety	\$ 484,500
Category 2 – Roof Repairs/Replacement	649,500
Category 3 – Preservation of Asset	429,000
Category 4 – Major Building Systems	1,295,000
Category 5 – Interior Building Finishes	55,500
Category 6 – Reconfigure/Remodel	137,500
Category 7 – ADA	212,500
Category 8 – Infrastructure	220,000
Contingency	<u>143,600</u>
Total	\$3,627,100

State Aviation Fund Renewal Projects:

Category 2 – Roof Repairs/Replacement	\$75,800
---------------------------------------	----------

The Committee's favorable review and approval of these expenditures is appreciated.

Sincerely,


Terry Trost
Budget Director

cc: Senator Bob Burns, Vice-Chair
Richard Stavneak, Director, JLBC
Gary Yaquinto, Director, OSPB
Bob Hull, JLBC
Marcel Benberou, OSPB

STATE OF ARIZONA
FY 2007 CAPITAL IMPROVEMENT PLAN
DEPARTMENT OF TRANSPORTATION FY 2007 FINAL RENEWAL PROJECT LIST - BY CATEGORY

Project Description	Estimated Cost
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STATE HIGHWAY FUND

CATEGORY 1 - FIRE/LIFE SAFETY

Statewide - Asbestos & lead paint abatement for Building Renewal projects	\$ 80,000
Statewide - Install emergency exit signs and lights	\$ 25,000
Traffic Signal Office - Install emergency exit sign and lights	\$ 5,000
Traffic Signal Office - Install fire sprinkler system	\$ 150,000
AST Bldg - Replace laminate on stair treads	\$ 4,000
Central Material Lab - Replace tread covering on the stairs from the first floor to the second	\$ 5,000
HRDC - Design of installation of catwalks for suspended AHUs above classrooms	\$ 8,000
Mesa Regional MVD - Fill in inspection pit to eliminate safety hazards	\$ 8,000
Glendale MVD - Level uneven concrete surfaces throughout the site	\$ 8,000
Equipment Services Light Duty Shop - Replace damaged and worn stair tread covering	\$ 6,500
Equipment Services Heavy Duty Shop - Replace 8x8 section of concrete flooring (trip hazard)	\$ 8,000
Holbrook Maintenance Office - Relocate unserviceable electric panel out of water heater closet	\$ 8,000
Indian Pine Equipment Storage - Install heavy duty snow dam and rain gutters w/electric heat on both sides	\$ 15,000
Prescott Valley Equipment Services - Replace 16 overhead door bump safety edges	\$ 8,000
Holbrook Equipment Services Shop - Design and replace failing stairs to 2nd floor	\$ 18,000
San Simon Rest Area - Install well fence enclosure to protect water system (ADEQ required)	\$ 6,000
San Simon Rest Area Wellhouse - Reseal wellhead	\$ 5,500
Safford Signing & Striping Storage/Office - Remove unserviceable unsafe floor hoist	\$ 10,000
Safford Signing & Striping Storage/Office - Convert electrical service to underground feed	\$ 5,000
Three Way Maint Equip Storage Bldg - Remove/cleanup unserviceable and unsafe hoist	\$ 30,000
Sonoita Well - Reseal wellhead	\$ 4,000
Determine mezzanine load limits (15 sites: Globe-2, Safford-9, Tucson-2, Yuma-2)	\$ 37,500
Determine mezzanine load limits (2 sites)	\$ 5,000
Yuma Equipment Services Shop - Install firewall partition in welding area	\$ 6,000
Claypool MVD - Install rain gutter to preclude dangerous icy sidewalk	\$ 2,000
Duncan POE - Install well fence enclosure (ADEQ requirement)	\$ 6,000
San Simon POE - Install well fence enclosure (ADEQ requirement)	\$ 6,000
Yuma I-8 POE - Replumb and insulate safety shower/eyewash water supply	\$ 5,000
TOTAL	\$ 484,500

CATEGORY 2 - ROOFS

East Area Lab Bldg - Replace roof	\$ 31,000
West Phoenix MVD - Replace roof	\$ 230,000
Phoenix Landscape Maintenance Office, 1600 NW Grand Ave - Replace roof	\$ 60,000
Traffic Signal Office, 20th Str, Phoenix - Replace/repair roof	\$ 10,000
Mickenburg Crew Ready Room Bldg - Replace roof	\$ 5,500
Mickenburg Equipment Shop - Replace roof	\$ 25,000
Mickenburg Sign Storage Bldg - Replace roof	\$ 11,000
Mickenburg Roadway Maintenance Office - Replace roof	\$ 8,000
Black Canyon Field Office Training/Conference Bldg - Replace roof	\$ 10,000
Northern Region - Inspect all roofs	\$ 124,000
Needle Mountain Maintenance Office - Replace failing roof	\$ 15,000
Holbrook Equipment Services Shop - Evaluate storage area canopy for structural integrity and design mods	\$ 15,000

STATE OF ARIZONA
FY 2007 CAPITAL IMPROVEMENT PLAN
DEPARTMENT OF TRANSPORTATION FY 2007 FINAL RENEWAL PROJECT LIST - BY CATEGORY

Project Description	Estimated Cost
Tucson District Annex/Permits - Repair roof and water damages on wall from leaking roof	\$ 45,000
Tucson CDL - Design and repair/replace parapet wall, reseal roof	\$ 60,000
TOTAL	\$ 649,500

CATEGORY 3 - PRESERVATION OF ASSET

Facilities Management Bldg - Reinsulate printing & mailroom ceilings; remove abandoned duct & flex conduit	\$ 25,000
NW Phoenix MVD - Repair/repaint weathered fascia board and repaint shingle molding	\$ 7,500
Phoenix Maintenance District Headquarters Bldg - Install "Energy Star"-rated exterior thermal windows	\$ 130,000
Williams Maintenance Yard Storage Bldg - Replace damaged siding, doors, door frames, upgrade ext lighting	\$ 30,000
Needle Mountain Maintenance Office - Replace single pane windows with double pane	\$ 12,000
Kingman Signing & Striping Office - Replace bad fascia and paint	\$ 14,000
Camp Verde Equipment Storage - Replace worn out roll up doors	\$ 30,000
Lake Havasu MVD - Repaint exterior	\$ 8,000
Bullhead City MVD - Repaint exterior	\$ 8,000
Young Maintenance - Unserviceable window replacement	\$ 12,000
Safford Signing & Striping Storage/Office - Replace failing overhead door	\$ 15,000
Tucson Traffic Operations Bldg - Evaluate termite damage by structural engineer	\$ 6,000
Tucson Construction Training Office - Install awning on west side	\$ 4,000
Tucson Signing & Striping Warehouse - Replace unserviceable exterior bldg dampers	\$ 10,000
Quartzsite Maintenance Equipment Barn - Install 3 overhead doors for pigeon control	\$ 21,000
Yuma Maintenance Equipment Barn - Install 3 overhead doors for pigeon control	\$ 21,000
Tonopah Maintenance Equipment Barn - Replace 3 overhead doors for pigeon control	\$ 18,000
Douglas Equipment Services Shop - Install weatherstripping on overhead doors	\$ 2,500
Globe Equipment Services Shop - Replace damaged exterior wall insulation	\$ 5,000
Douglas POE - Install 8 "Energy Star"-rated windows, includes asbestos abatement	\$ 50,000
TOTAL	\$ 429,000

CATEGORY 4 - MAJOR BUILDING SYSTEMS

Statewide - Installation of "Energy Star"-rated thermostats	\$ 3,000
Facilities Management Bldg - Design & upgrade HVAC in Contracts & Specs area	\$ 20,000
Engineering Bldg - Chilled water pipe and controls modifications (design only)	\$ 15,000
Engineering Bldg - Repair two cooling water pumps	\$ 34,000
New MVD Bldg - HVAC and lighting controls feasibility study and design	\$ 35,000
New MVD Bldg - Replace sanitary sewer line from lift station to main	\$ 8,000
West Phoenix MVD - Replace sanitary sewer line from lift station to main	\$ 6,500
North Phoenix Maint Yard Pond Pump House - Replace pump fuel tank or install spill containment area	\$ 15,000
Equipment Services Phoenix - Replace two unserviceable chillers	\$ 25,000
Equipment Services Phoenix - Replace service entry sections and motor controls	\$ 150,000
Equipment Services Phoenix - Design for installation of new water towers and plate and frame heat exchanger	\$ 10,000
Phoenix Maintenance District Training Restrooms - Replace unserviceable fixtures and plumbing lines	\$ 19,500
Traffic Operations Center - Feasibility study and design for solar fuel renewable energy project	\$ 15,000
Winslow Equipment Storage - Replace drain sump with oil water separator	\$ 25,000
Kingman District-wide - Reconfigure plumbing on all deicing tanks	\$ 40,000
Needle Mountain Office/Equipment Storage - Replace 4 unserviceable evaporative coolers	\$ 8,000
Indian Pine Equipment Storage - Upgrade insufficient bay lighting with energy efficient light fixtures	\$ 25,000
Indian Pine Maintenance Yard - Upgrade overloaded site electrical	\$ 55,000
Show Low Training Trailer - Replace old evap cooler and furnace with new gaspack	\$ 7,000

STATE OF ARIZONA

FY 2007 CAPITAL IMPROVEMENT PLAN

DEPARTMENT OF TRANSPORTATION FY 2007 FINAL RENEWAL PROJECT LIST - BY CATEGORY

Project Description	Estimated Cost
Snowflake Traffic Signals Building - Replace multi component HVAC system with 1 central HVAC system	\$ 9,000
Flagstaff District Site - Upgrade site electrical, for new backup generator, remove non-compliant j-boxes	\$ 85,000
Prescott Valley Equipment Services - Replumb evap cooler drains to sewer and install clean machine pumps	\$ 10,000
Prescott Valley Equipment Services - Install waterless traps in all floor drains	\$ 2,500
Flagstaff Equipment Services Shop - Replace and rehang overhead crane wiring so loops hang higher	\$ 3,500
Springerville Equipment Services Shop - Design floor drainage containment basin	\$ 7,500
Holbrook Equipment Services Shop - Replace leaking washbay contain pad incl grate, sump, & line to separ	\$ 45,000
Kingman Equipment Services Shop - Upgrade insuff bay lighting with sky lights & energy efficient light fixtures	\$ 60,000
Statewide Highway Rest Areas - Repair water systems	\$ 50,000
Globe District Office & Lab - Install electrical disconnect switches to comply with code	\$ 14,000
Globe District Lab - Replace air handler unit (includes asbestos abatement)	\$ 15,000
Tonto Basin Well Head - Replace unserviceable concrete pad	\$ 4,000
Young Equipment Shed - Upgrade electrical (design & construction)	\$ 35,000
Superior Maintenance De-icer Tank - Pump and plumbing repairs	\$ 3,000
San Simon Rest Area Pumphouse - Replace pressure tank drain line	\$ 5,500
Safford District Office - Evaluate and design electrical service upgrade	\$ 15,000
Tucson Regional Lab Bldg - Design electrical service upgrade	\$ 12,000
Yacaton Rest Area EB & WB - Replace unserviceable evap coolers	\$ 16,000
Tucson District Office Bldg - Upgrade electrical per consultant recommendation	\$ 5,000
Coolidge Maintenance Office - Replace unserviceable HVAC system (design & construction)	\$ 32,000
Tucson Liquid De-icer Tanks (4each) - Pump and plumbing repairs	\$ 12,000
Tuma Construction Lab - Repairs to moisture room	\$ 25,000
House Wash Rest Area - Replace toilet fixtures and related plumbing	\$ 30,000
Tuma Maintenance Storage/Truck Barn - Replace unserviceable evap coolers	\$ 12,000
House Wash Rest Area EB & WB - Replace unserviceable evap coolers	\$ 18,000
Burnt Well Rest Area EB & WB - Replace unserviceable evap coolers	\$ 18,000
Sentinel Rest Area Residence - Replace HVAC	\$ 7,500
Gila Bend Construction Office - Replace HVAC	\$ 7,500
House Wash Rest Area EB & WB - Design for replace failing water lines	\$ 15,000
Burnt Well Rest Area EB & WB - Replace unserviceable water fillers and isolation valves	\$ 10,000
Casa Grande Equipment Services Shop - replace/upgrade evap coolers	\$ 20,000
Logans MVD - Replace HVAC units	\$ 21,000
Green Valley MVD - Replace HVAC units	\$ 18,000
Tuma MVD - Upgrade lobby lighting	\$ 12,000
Coolidge MVD - Replace HVAC	\$ 8,000
Casa Grande MVD - HVAC filter retrofit	\$ 4,000
Tuma MVD - Replace/upgrade aging HVAC units with energy-efficient models	\$ 112,000
TOTAL	\$ 1,295,000

CATEGORY 5 - INTERIOR BUILDING FINISHES

Administration Bldg, Third Floor - Replace unserviceable flooring	\$ 50,000
Kingman Equipment Services Shop - Paint north & south interior walls w/light paint to enhance lighting	\$ 5,500
TOTAL	\$ 55,500

CATEGORY 6 - RECONFIGURE OR REMODEL

Little Antelope Deicer Building - Design for repair of undersized containment concrete pad	\$ 7,500
Williams Deicer Building - Design for repair of undersized containment concrete pad	\$ 7,500

STATE OF ARIZONA
FY 2007 CAPITAL IMPROVEMENT PLAN
DEPARTMENT OF TRANSPORTATION FY 2007 FINAL RENEWAL PROJECT LIST - BY CATEGORY

Project Description	Estimated Cost
Jacob Lake Deicer Building - Design for repair of undersized containment concrete pad	\$ 7,500
Flagstaff Deicer Building - Design for repair of undersized containment concrete pad	\$ 7,500
Gray Mountain Deicer Building - Design for repair of undersized containment concrete pad	\$ 7,500
Consultant Project Managers for Building Renewal projects	\$ 100,000
TOTAL	\$ 137,500

CATEGORY 7 - ADA	
Littlefield MVD - ADA interior corrections/improvements	\$ 20,000
Page POE - ADA interior corrections/improvements	\$ 21,000
Window Rock MVD - ADA interior corrections/improvements	\$ 16,000
Springerville POE - ADA interior corrections/improvements	\$ 23,000
Tucson North MVD - Install ADA door opener	\$ 15,000
Safford MVD - ADA interior corrections/improvements	\$ 16,000
Sasabe NAFTA POE - ADA interior corrections/improvements	\$ 8,500
Nogales NAFTA POE - ADA interior corrections/improvements	\$ 24,000
Naco NAFTA POE - ADA interior corrections/improvements	\$ 8,000
San Simon POE - ADA interior corrections/improvements	\$ 26,000
Phoenix Maintenance District Training Restrooms - ADA interior corrections/improvements	\$ 35,000
TOTAL	\$ 212,500

CATEGORY 8 - INFRASTRUCTURE	
Tempe Enforcement Building - Connect building to city sewer service & remove septic tank	\$ 60,000
48th Str Construction Office - Connect building to city sewer service & remove septic tank	\$ 65,000
Human Resources Development Center - Install parking lot drainage basin	\$ 30,000
Page Maintenance Yard - Design for connection of buildings to city sewer	\$ 30,000
Kingman District site - Design to connect remaining buildings to city sewer	\$ 35,000
TOTAL	\$ 220,000

TOTAL OF ALL PROJECTS REQUESTED	\$ 3,483,500
CONTINGENCY	\$ 143,600
TOTAL AUTHORIZED FUNDS	\$ 3,627,100

RECAP	
CATEGORY 1 - FIRE/LIFE/SAFETY	\$ 484,500
CATEGORY 2 - ROOFS	\$ 649,500
CATEGORY 3 - PRESERVATION OF ASSET	\$ 429,000
CATEGORY 4 - MAJOR BUILDING SYSTEMS	\$ 1,295,000
CATEGORY 5 - INTERIOR BUILDING FINISHES	\$ 55,500
CATEGORY 6 - RECONFIGURE OR REMODEL	\$ 137,500
CATEGORY 7 - ADA COMPLIANCE	\$ 212,500
CATEGORY 8 - INFRASTRUCTURE	\$ 220,000
CONTINGENCY	\$ 143,600
TOTAL	\$ 3,627,100

STATE OF ARIZONA
 FY 2007 CAPITAL IMPROVEMENT PLAN
 DEPARTMENT OF TRANSPORTATION FY 2007 FINAL RENEWAL PROJECT LIST - BY CATEGORY

Project Description	Estimated Cost
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STATE AVIATION FUND

CATEGORY 2 - ROOFS

Grand Canyon Airport Terminal - Replace unserv rain gutters, install heat tape in gutters and downspouts	\$ 75,800
TOTAL	75,800

Authorized Aviation Renewal Amount FY 07 = \$75,800

STATE OF ARIZONA

Joint Committee on Capital Review

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1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 926-5491

FAX (602) 926-5416

<http://www.azleg.gov/jlbc.htm>

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STEPHEN TULLY

DATE: July 17, 2006

TO: Representative Tom Boone, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Tyler Palmer, Fiscal Analyst

SUBJECT: Arizona Department of Administration – Review of FY 2006 Building Renewal
Reallocation

Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for building renewal monies. The FY 2006 Building Renewal Plan allocated \$3.4 million to 18 projects. The Arizona Department of Administration (ADOA) requests the Committee favorably review the reallocation of \$422,200 from unused FY 2006 amounts.

Recommendation

The JLBC Staff recommends that the Committee give a favorable review of the request.

The \$422,200 represents \$410,000 for the 2 projects detailed in the ADOA Building Renewal Reallocation Plan, plus \$12,200 for project contingencies. The 2 projects include:

- \$225,000 for water leaks at the 15 S. 15th Avenue, Capitol Center Building
- \$185,000 for chillers at the 1600 W. Monroe, Department of Revenue Building

Analysis

The Department of Health Services did not use the \$280,000 it was allocated in FY 2006 to design and replace the Dietary Building air handlers and roof fans because the project was funded from remaining monies from a previous building renewal allocation for the State Hospital. The Department of Juvenile Corrections used only \$91,800 of the \$234,000 it was allocated in FY 2006 to design and replace roofs at the Adobe Mt. School, leaving \$142,200 unexpended. The Department of Administration proposes reallocating the unexpended \$422,200 to 2 other FY 2006 Building Renewal projects that are unfinished.

(Continued)

15 S. 15th Avenue Building

The FY 2006 Building Renewal Plan allocated \$229,200 to address water leaks at the 15 S. 15th Avenue, Capitol Center Building. The \$229,200 was to replace the stucco roof parapet wall with a metal parapet wall and repair exterior finish and window joints. However, a project engineer determined that these corrections wouldn't fully eliminate the building leaks until the negative air pressure in the fresh air intake system had been corrected. Fixing the fresh air intake system is estimated to add \$225,000 to the total project cost.

1600 W. Monroe Building

The FY 2006 Building Renewal Plan allocated \$600,000 to replace 2 chillers at the 1600 W. Monroe, Department of Revenue Building. The \$600,000 was to fund the replacement of 2 chillers for \$525,000 and fund the system design for \$75,000. However, with the design 85% complete the engineer estimates construction and replacement costs at \$707,000 and design costs at \$77,300, for a total of \$784,300. Based on this updated estimate, completing the project is expected to require an additional \$185,000 to the total project cost.

RS/TP:ym

Janet Napolitano
Governor

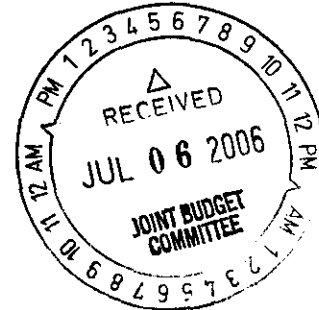


William Bell
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

100 North 15th Avenue
PHOENIX, ARIZONA 85007
(602) 542-1500

July 6, 2006



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

Dear Representative Boone:

The Arizona Department of Administration (ADOA) requests the Joint Committee on Capital Review favorably review the reallocation of \$422,207 from the FY 2006 Building Renewal appropriation. The reallocation will provide additional funding for two existing projects on the Capitol Mall: elimination of water leaks at 15 South 15th Avenue and replacement of chillers at 1600 West Monroe. The reallocation plan with supporting information is attached.

If you have any question or need additional information please contact me at 542-1500 or Lynne Smith, Assistant Director, ADOA General Services Division, at 542-1427.

Sincerely,

A handwritten signature in black ink, appearing to read "William Bell".
William Bell
Director

Attachment

cc: The Honorable Robert Burns, Arizona State Senate
The Honorable Russell Pearce, Arizona State House of Representatives
Richard Stavneak, Director, Joint Legislative Budget Committee Staff
Lorenzo Martinez, Assistant Director, Joint Legislative Budget Committee Staff
Tyler Palmer, Fiscal Analyst, Joint Legislative Budget Committee Staff
Gary Yaquinto, Director, Office of Strategic Planning and Budgeting
Marcel Benberou, Principal Budget Analyst, Governor's Office of Strategic Planning and Budgeting
Matt Gottheiner, Senior Budget Analyst, Governor's Office of Strategic Planning and Budgeting
Jerry Oliver, Deputy Director, ADOA
Paul Shannon, Budget Manager, ADOA
Lynne Smith, Assistant Director of General Services Division, ADOA
Roger Berna, General Manager of Construction Services, ADOA
Alan Ecker, Legislative Liaison, ADOA

Department of Administration Building System

Fiscal Year 2006 Building Renewal Reallocations

Funds to be re-allocated: \$422,207.50

The Joint Committee on Capital Review approved an allocation \$280,000 from the FY 2006 Department of Administration Building Renewal appropriation to the Department of Health Services to design and replace the Dietary Building air handlers and roof fans. The project was funded entirely from the remaining Civil Hospital capital funds that the JCCR approved for Building Renewal projects at the State Hospital. Thus, these funds will not be needed for the State Hospital Dietary Building.

The Committee approved an allocation of \$234,000 for the design of 6 roofs and the construction of 3 roofs at the north unit of the Adobe Mt. School. The ADOA request was based upon design and construction estimates provided by the Department of Juvenile Corrections. The ADOA, Construction Services Section managed this project and completed all 6 roofs at a cost of \$91,792.75. Thus, this project has a balance of \$142,207.25.

New Allocations: \$410,000

1. 15 S. 15th Ave. rain water leaks into the building

Add \$225,000 to Project 2006-20 for the re-design of the parapet and upper window details where water leaks into the 15 S. 15th Avenue office building whenever it rains. ADOA utilized building renewal funds to design both the repair of the building parapet and the redesign of the building's fresh air intake system. The HVAC engineer completed the design of the corrective measures needed to correct the negative pressure in the building whenever the fresh air intake system is operating was completed after the parapet design was completed. The engineer determined that the redesigned parapet couldn't correct the building leaks until the negative air pressure has been corrected. The Department intends to allocate an additional \$225,000 to this project so a general contractor can re-construct the building parapet in conjunction with the re-design of the fresh air intake system.

2. 1600 W. Monroe new chillers

Add \$185,000 to Project 2006-9, for replacing the Revenue Building chillers. The JCCR approved \$600,000 for the design and replacement of the two major chillers at the Revenue Building. The design engineer has completed 85% of the design to replace the 2 -250 ton chillers included the following items: demolition of the old chillers, new chilled water valves and pumps, new piping, purchasing and installing new chillers, concrete work, and electrical work. The probable construction costs are now projected to be \$707,000. Including design, the project is expected to cost \$784,300.

Request

The Arizona Department of Administration requests the Committee's review of the final FY 2006 Building Renewal Allocation Plan for the ADOA Building System.

STATE OF ARIZONA

Joint Committee on Capital Review

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STEPHEN TULLY

DATE: July 19, 2006

TO: Representative Tom Boone, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Tyler Palmer, Fiscal Analyst

SUBJECT: Arizona Department of Administration – Review of FY 2007 Building Renewal Allocation Plan

Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for building renewal monies. The Arizona Department of Administration (ADOA) requests the Committee favorably review the FY 2007 Building Renewal Allocation Plan. Laws 2006, Chapter 345 appropriated \$7,249,200 to ADOA for building renewal in FY 2007. This amount consists of \$3,400,000 from the General Fund (GF) and \$3,849,200 from the Capital Outlay Stabilization Fund (COSF).

Recommendation

The JLBC Staff recommends that the Committee give a favorable review for \$3,118,600 of the GF FY 2007 Building Renewal Allocation Plan and \$3,780,600 of the COSF FY 2007 Building Renewal Allocation Plan with the following provisions:

- ADOA submit for Committee review any reallocation above \$100,000 between the individual projects.
- ADOA report to JLBC Staff any allocations for FY 2007 emergency projects or unallocated projects. JLBC Staff will report to the Committee on significant allocations, typically those above \$50,000.

The \$3,118,600 GF allocation represents \$2,916,000 for the 6 projects detailed in the ADOA Building Renewal Allocation Plan, plus \$202,600 for emergency projects and contingencies. The \$3,780,600 COSF allocation represents \$3,185,000 for the 6 projects detailed in the ADOA Building Renewal Allocation Plan, plus \$595,600 for emergency projects and contingencies.

Analysis

The FY 2007 Building Renewal Reallocation plan consists of the following projects:

(Continued)

<u>FY 2007 Building Renewal Allocation Plan</u>			
		<u>GF</u>	
Courts Building Cooling Tower	\$	365,000	
ADC Perryville Prison Gas Lines		856,000	
DPS Headquarters Fire Alarm		50,000	
DES Coolidge Sewage Treatment Plant		615,000	
ADC Florence Prison Water Tank		1,000,000	
Evans House Roof		30,000	
Emergency Projects		55,850	
Construction Project Management		145,750	
Risk Management Construction Insurance		1,003	
		<u>\$3,118,603</u>	
	Appropriated	3,400,000	
	Remaining	281,397	
		<u>COSE</u>	
DES Elevators	\$	455,000	
DOR Fire Alarm System		400,000	
Chillers and Cooling Towers		1,500,000	
Roof Replacements		195,000	
ADOA Asbestos Abatement		235,000	
DOR Toxic Mold Abatement		400,000	
Bid Fluctuation Contingency		280,500	
Emergency Projects		185,200	
Construction Project Management		129,250	
Risk Management Construction Insurance		656	
		<u>\$3,780,606</u>	
	Appropriated	3,894,200	
	Remaining	113,594	
TOTAL		<u>\$6,899,209</u>	
	Appropriated	7,294,200	
	Remaining	394,991	

General Fund Projects

Courts Building - Cooling Tower

The FY 2005 Building Renewal Allocation plan repaired the cooling tower walls and sump. This proposal is to rehabilitate the fill material, replace fan motors, and replace variable frequency drives. These changes are estimated to provide annual savings of \$10,000. The \$365,000 cost estimate for this project was provided by the engineer who designed the project.

Department of Corrections - Perryville Prison Gas Lines

The PVC gas pipes that were installed 20 years ago are no longer thought to be safe and are thought to be subject to failure. The \$856,000 cost estimate to replace a portion of the pipes within the Perryville complex was provided by the Arizona Department of Corrections.

(Continued)

Department of Public Safety - Headquarters Fire Alarm

The fire alarm system does not meet the Class A standards required by state code. As a fire alarm sounds, the alarm panels send a general alarm to the main building alarm panel. Currently the general alarm does not identify the type of alarm, such as heat, smoke, or sprinklers, and also does not indicate the location of the problem. The \$50,000 cost estimate to upgrade the fire alarm system was provided by the Department of Public Safety.

Department of Economic Security, Arizona Training Program - Coolidge Sewage Treatment Plant

The training facility in Coolidge does not have the ability to treat the 70,000 gallons of untreated sewage it pumps in each day. The \$615,000 cost estimate to renovate the sewage treatment plant was provided by the Department of Economic Security.

Department of Corrections - Florence Prison Water Tank

The 150,000 gallon storage tank is developing rust on the inside, and supply piping is corroded beyond repair. The \$1,000,000 cost estimate to replace the water storage tank was provided by the Department of Corrections.

Evans House Roof

The cedar shingles on the roof have begun to crack, curl and fall off, leading to leaks into the building. The \$30,000 cost estimate to replace the roof was provided by the Department of Administration using inflation adjusted costs from the Means Construction Cost Reporting Service with consideration of the steeper than normal incline of the roof, and the detail required to preserve the building's historical value.

Emergency Projects

ADOA has set aside \$55,800 for unanticipated failures of HVAC, mechanical, electrical, plumbing, roofing, elevator, flooring and other infrastructure. The department allocated \$50,000 for failures during FY 2006. Several of the larger agencies have access to other fund sources to pay for these types of failures.

Construction Project Management

The FY 2007 Building Renewal appropriation included \$275,000 and up to 5 FTE Positions for project management. These costs have been allocated proportionally to the COSF and GF total project amounts.

Risk Management Construction Insurance

ADOA Risk Management requires that all expenditures related to engineering and architectural services contracts include a .34% Construction Insurance Premium that insures the state for design errors and omissions.

Capital Outlay Stabilization Fund Projects

Department of Economic Security - Elevators

The 1789 W. Jefferson, Department of Economic Security Building has 6 elevators, 3 on the east and 3 on the west. The FY 2006 Building Renewal Expenditure Plan allocated \$350,000 to design replacements for the 6 elevators and replace 3. The \$455,000 cost estimate to renovate the remaining 3 elevators is based on a bid that is open until September 2006.

Department of Revenue - Fire Alarm System

The current fire alarm system was installed in 1988, when the building was completed. Replacement parts for much of the hardware and components can no longer be purchased. The FY 2006 Building Renewal Expenditure Plan allocated \$80,000 to design a replacement system. The \$400,000 cost estimate to replace the fire alarm system is based on partially completed design documents.

(Continued)

Chillers and Cooling Towers

The chillers and cooling towers in the 1616 W. Adams and the 400 W. Congress buildings need to be replaced. Freon for the Chillers in the Capitol Group Buildings is no longer manufactured. The chillers needing replacement are over 20 years old and the cooling tower is over 15 years old. The \$1,500,000 cost estimate to replace chillers and cooling towers is based in part on the cost per ton of replacing the chillers at another current ADOA project.

Roof Replacements

The cost to design and replace the roof at the Kingman Office Building is projected to cost \$33,000. The roof of the Agriculture Lab Building has many air handlers and vents mounted on the roof that could complicate the re-roofing project. The cost to design and replace the roof at the 2422 W. Holly, Agriculture Lab is projected to cost \$162,000. The total \$195,000 cost estimate to replace the 2 roofs is based on preliminary estimates.

Department of Administration - Asbestos Abatement

The ADOA Risk Management Division identified asbestos in the 1937 W. Jefferson Building. The building houses the ADOA child development center. The contaminated HVAC ducts and tile need to be abated. The \$235,000 cost estimate to remove the asbestos and replace the affected areas is based on preliminary estimate.

Department of Revenue - Toxic Mold Abatement

The 1600 W. Monroe, Department of Revenue Building has toxic mold growing on the drywall. The mold has been caused by leaky restroom pipes. The Phase 1 design will determine whether all or part of the buildings 20 restrooms will need to be abated and later modified during reconstruction to meet ADA standards. In FY 2006, ADOA spent an average of \$40,000 per restroom to meet ADA guidelines in renovating restrooms in another building. The \$400,000 cost estimate will pay for the design, and some or all of the abatement and construction costs depending on the scope of the problem.

Bid Fluctuation Contingency

The \$280,500 is roughly equal to 10% of the construction costs for project contingencies.

Emergency Projects

ADOA has set aside \$185,200 for unanticipated failures of HVAC, mechanical, electrical, plumbing, roofing, elevator, flooring and other infrastructure. The department allocated \$168,000 for failures during FY 2006. Several of the larger agencies have access to other fund sources to pay for these types of failures.

Construction Project Management

The FY 2007 Building Renewal appropriation included \$275,000 and up to 5 FTE Positions for project management. These costs have been allocated proportionally to the COSF and GF total project amounts.

Risk Management Construction Insurance

ADOA Risk Management requires that all expenditures related to engineering and architectural services contracts include a .34% Construction Insurance Premium that insures the state for design errors and omissions.

RS/TP:ym

Janet Napolitano
Governor



William Bell
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

100 North 15th Avenue
PHOENIX, ARIZONA 85007
(602) 542-1500



July 6, 2006

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

Dear Representative Boone:

The Arizona Department of Administration (ADOA) requests the Joint Committee on Capital Review favorably review the FY 2007 Building Renewal allocation plan for the ADOA Building System. The FY 2007 allocation plan with supporting information is attached.

If you have any question or need additional information please contact me at 542-1500 or Lynne Smith, Assistant Director, ADOA General Services Division, at 542-1427.

Sincerely,

A handwritten signature in cursive script, appearing to read "W. Bell".
William Bell
Director

Attachment

cc: The Honorable Robert Burns, Arizona State Senate
The Honorable Russell Pearce, Arizona State House of Representatives
Richard Stavneak, Director, Joint Legislative Budget Committee Staff
Lorenzo Martinez, Assistant Director, Joint Legislative Budget Committee Staff
Tyler Palmer, Fiscal Analyst, Joint Legislative Budget Committee Staff
Gary Yaquinto, Director, Office of Strategic Planning and Budgeting
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Jerry Oliver, Deputy Director, ADOA
Paul Shannon, Budget Manager, ADOA
Lynne Smith, Assistant Director of General Services Division, ADOA
Roger Berna, General Manager of Construction Services, ADOA
Alan Ecker, Legislative Liaison, ADOA

**Department of Administration Building System
FY 2007 Building Renewal Allocation Plan**

COSF Funds

Continuing Projects

\$455,000: Phase 2 Elevator Renovation, 1789 W. Jefferson

The second bank of 3 elevators (east end) was bid as an alternate to the west bank renovation construction bid and the price is being held until September. The project was designed with FY 2006 Building Renewal. The renovation of the west bank of elevators is currently underway. The Department has a firm bid for this construction and the bid is valid until September 2006. This project will incorporate energy saving equipment compared to the existing equipment.

\$400,000: Construction Costs to Replace Revenue Building Fire Alarm System

The fire alarm system is functionally obsolete. The hardware is original to the building and the system is no longer manufactured. Many of the components cannot be purchased off the shelf and will have to be custom fabricated if they fail. This is the most densely occupied office building on the mall and the system needs to be brought into compliance with the City of Phoenix high rise fire alarm code. Design is underway with FY 2006 Building Renewal funds. The Design firm has provided the Department with the probable costs based upon partial completion of the design documents. This project will incorporate energy saving equipment compared to the existing equipment.

New Projects

\$1,500,000: Replace 4 major chillers and cooling towers, Capitol Group Buildings

Replace 2 chillers & cooling tower, 1616 W Adams. The 250 ton R11 chiller is obsolete and barely operates. It uses R-11 Freon that is no longer manufactured; thus, only recycled R-11 Freon can be used if the chiller loses its charge. The 120 ton R22 chiller and its cooling tower were installed when the building was expanded over 20 years ago. Both are now obsolete and past their useful life.

Replace chillers, cooling towers, and VFD's, 400 W Congress. The building's original two large R-12 chillers and the galvanized cooling tower are 15 years old. Both chillers use R-12 refrigerant which is no longer manufactured. Only recycled R-12 Freon can be used if the chiller loses its charge. Galvanized cooling towers have a useful life of 10 to 12 years. This project will incorporate energy saving equipment compared to the existing equipment.

Both projects incorporate energy saving equipment compared to the existing equipment (new chillers and variable frequency drives for both chilled water and cooling tower pump motors).

Forecasted project costs are based upon the probable cost per ton to replace chillers that ADOA received as part of the current design for the replacement of the 1600 W. Monroe chillers.

\$195,000: Replace Capitol Group building roofs:

The Department of Administration received a preliminary cost estimate to replace Kingman office building roof late in 2005. The roof couldn't be designed and constructed during the winter months. Thus, ADOA replaced the roof at 417 W. Roosevelt because it was in worse condition and roofing work in Phoenix can be completed during the winter. The Kingman office building roof still needs to be replaced. The preliminary cost estimate to design and replace this roof is \$33,000.

The roof on the Agricultural lab at 2422 W. Holly is in very poor condition and needs to be replaced. The preliminary cost estimate to design and replace this roof is \$162,000. The project could be complicated by the poor condition of the air handlers that are mounted on the roof and all of the exposed piping associated with the HVAC system.

\$235,000: Environmental abatement of HVAC ducts and flooring & install new ducts, 1937 W. Jefferson

The Department of Administration's Risk Management identified contamination in the insulation that is inside the HVAC ducts at 1927 W. Jefferson. The insulation is an integral part of the rigid ducts and the contaminated ducts must be removed and replaced. Most of the ducts are located above drywall that has asbestos in the joint compound. The carpet will be replaced after the duct work has been completed. Building renewal funds will not be used to purchase the carpet; however, the original tile mastic also contains asbestos. Building Renewal funds will be needed to abate these problems.

The Department is obtaining cost estimates to remove the original duct work and ceilings, to replace the duct work and the ceilings, and to abate all contamination in the both the drywall, the floor tile mastic, and possible in the tape associated with the joints in the duct work.

The preliminary cost estimates to complete the demolition, new construction, and the environmental abatement and monitoring is \$235,000. The Department is in the process of obtaining quotes based upon several alternative time frames in which the work can be completed.

\$400,000: Environmental abatement of bathroom walls and renovation of bathrooms, 1600 W. Monroe

The Department of Administration's Risk Management identified contamination in the bathroom walls at the Revenue building restrooms. Toxic mold is growing in the drywall and is probably caused by pipes that are continually leaking in the plumbing chase behind the toilets and urinals. ADOA intends to renovate the restrooms after the existing chase walls are demolished and the contamination is abated. The renovation project will also require ADA modification to some or all of the bathrooms. The phase 1 design will determine whether all or part of the building's 20 restrooms will have to be modified to reflect current ADA requirements.

In FY 2006, ADOA spent \$40,000 per restroom for the renovation, including full ADA compliance for the 6 restrooms at 1510 W. Adams. The total construction cost for this project cannot be determined until more design work is completed. The current request will cover design services, some or all of the abatement costs and an unknown amount of construction costs. An additional allocation or a second construction phase may be needed.

\$280,500: Contingency for bid fluctuations and design and construction change orders

Historically, the Department's Construction Services Section has started each project with a 10% contingency. During the last 3 years, most construction costs have increased dramatically and the final construction estimate that the architects and engineers have submitted have varied quite significantly with the bids. Many construction bids have received only one or two bids. Major renovation projects for HVAC, fire alarms, and roofing are subject to additional issues that can't be identified until an architect or engineer is involved with the design. In addition, these projects also experience construction change orders during the construction process. Thus, ADOA has identified a 10% contingency fund for all the projects that will be undertaken with FY 2007 COSF funds.

\$185,200: Unanticipated failures of HVAC, mechanical, electrical, plumbing, roofing systems, elevator repairs not covered by the maintenance contract, flooring and infrastructure for Capitol Group Buildings managed by ADOA, General Services

During FY 2006, ADOA allocated \$168,000 for building system component failures at ADOA managed buildings, including the Legislative buildings, the Capitol Mall and Tucson complexes buildings that ADOA manages. This total is composed of failures that were \$2,500 or greater per incident. ADOA has projected that a comparable amount of system component failures that includes, motors, water valves, air handler, package chillers, heat pumps, garage gate components, etc. will happen during the next fiscal year because of the advance age of most of the buildings that ADOA manages. The FY 2007 request includes a 10% factor that reflects the actual construction cost increases that have occurred in the past year.

\$129,250: Construction Project Management Costs

The FY 2007 Building Renewal Appropriation included \$275,000 for project management. These costs have been proportionately allocated to the COSF and General Fund total project amounts.

\$656: ADOA Risk Management Construction Insurance Premium

ADOA Risk Management requires that all expenditures related to all engineering and architectural services contracts include a 0.34% Construction Insurance premium that insures the state for design

errors and omissions. The premium is not paid for direct construction costs or for reimbursables, contractor liability insurance costs, and bid advertising costs.

General Funds

Continuing Projects

\$365,000: Courts Buildings Phase II cooling tower rehabilitation (replace fill material, fan motors, & VFD's):– Phase 1, repair of tower walls and sump is funded from FY 2005 Building Renewal. Phase 2 will rehabilitate the fill material. Combined with new fan motors and VFD's, the tower will operate much more efficiently. Annual savings could exceed \$10,000. The cost estimate was provided by the engineer that designed both the phase 1 and 2 of this overall renovation.

New Projects

\$856,000: Replace ASPC-Perryville gas lines - PVC gas pipes, installed 20 years ago, are no longer considered safe and subject to failure. The Department of Correction's has requested this project in both the capital plan and the building renewal requests for over 4 years. ADC provided the cost projection to ADOA. The Corporation Commission has also been working with ADC about this serious problem. The entire gas piping system within the Perryville complex needs to be replaced. ADC has a plan that will permit the project to be completed in phases.

\$50,000: Replace DPS Headquarters Fire alarm - The fire alarm system needs to be brought up to Class A standards as mandated by state statutes and code. The individual buildings within the DPS Phoenix compound have fire alarm panels that send a general alarm to the main panel that is monitored in one building. However, the general alarm doesn't identify where, in the building, the problem has been detected, nor does the forwarded alarm differentiate the type of alarm such as smoke, heat, or sprinklers. Thus, this compound doesn't have a Class "A" fire alarm system that is mandated by Arizona Revised statutes for all state buildings.

DPS provided ADOA with the projected cost for this project.

\$615,000: Renovate ATP-Coolidge Sewage Treatment Plant - The training facility in Coolidge is pumping 70,000 gallons of untreated sewage into sewage ponds each day. The facility does not have the ability to treat any of this wastewater. The engineering study has been completed. This will bring the facility into compliance with the Arizona Department of Environmental Quality regulations and avoid the cost of drilling ground water monitoring wells. The Department of Economic Security has provided the cost project to ADOA. This project has been included in the DES capital requests during the past years.

\$1,000,000: Replace ASPC-Florence complex water tank – The 150,000 gallon storage tank is developing rust on the inside and the supply piping is corroded beyond repair. Tank size is inadequate to meet fire safety. The Department of Corrections identified this problem in the past few years. The poor condition of the tank is now affecting the water pressure at the Florence complex. The Department of Corrections has provided the cost project to ADOA.

\$30,000 Replace Evans House Roof:

The architectural grade cedar shingles have exceeded their useful life. The shingles are cracking, curling and falling off. The roof has leaked in several places. A new cedar shingle roof is needed to preserve this historic building that is being used by Legislative Services. ADOA has prepared a preliminary, using inflation adjusted costs from the Means Construction Cost Reporting Service. The material cost for architectural grade red cedar shingles is significantly more expensive than the costs for architectural grade fiberglass shingles. The steep pitch of the roof of the Evans House and the detail work associated with the building's cupola will add to the labor costs compared to a much less sloped roof that is found on most contemporary houses.

\$55,850: Unanticipated failures of HVAC, mechanical, electrical, plumbing, roofing systems, elevator repairs not covered by the maintenance contract, flooring and infrastructure for other agency's buildings in the ADOA Building system

During FY 2006, ADOA allocated only \$50,000 for entirely new failures in other agency's buildings. Several agencies, such as Corrections and Juvenile Corrections have access to other fund sources to pay for these types of failures.

\$145,750: Construction Project Management Costs

The FY 2007 Building Renewal Appropriation included \$275,000 for project management. These costs have been proportionately allocated to the COSF and General Fund total project amounts.

\$1,003: ADOA Risk Management Construction Insurance Premium

ADOA Risk Management requires that all expenditures related to all engineering and architectural services contracts include a 0.34% Construction Insurance premium that insures the state for design errors and omissions. The premium is not paid for direct construction costs or for reimbursables, contractor liability insurance costs, and bid advertising costs.

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

ROBERT L. BURNS
CHAIRMAN 2005
PAULA ABOUD
LINDA AGUIRRE
TIMOTHY S. BEE
ROBERT CANNELL
RON GOULD
KAREN S. JOHNSON

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 926-5491

FAX (602) 926-5416

<http://www.azleg.gov/jlbc.htm>

HOUSE OF
REPRESENTATIVES

TOM BOONE
CHAIRMAN 2006
AMANDA AGUIRRE
ANDY BIGGS
JACK A. BROWN
PHIL LOPES
RUSSELL K. PEARCE
STEPHEN TULLY

DATE: July 18, 2006

TO: Representative Tom Boone, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Tyler Palmer, Fiscal Analyst

SUBJECT: Arizona Department of Administration – Review of Energy Conservation Project

Request

Pursuant to A.R.S. § 41-1252, the Arizona Department of Administration (ADOA) requests Committee review of its energy conservation project. Statute requires capital projects which have an estimated cost of \$250,000 or greater be submitted to the Committee for review. Funding for the \$521,200 energy conservation project will be from ADOA's \$5,733,800 Utilities Special Line Item Capital Outlay Stabilization Fund (COSF) appropriation.

Recommendation

The JLBC Staff recommends that the Committee give a favorable review of the \$521,200 energy conservation project.

Analysis

In response to increasing electricity costs, the ADOA has identified 3 types of energy conservation projects for various buildings on the Capitol Mall; Lighting Retrofit and Controls, HVAC Lockouts, and Vending Misers. These projects are expected to cost \$521,200, reduce annual energy costs by \$300,200 (at current usage and electricity rates), and generate Arizona Public Service (APS) rebates of \$212,300. Rebates from APS will be returned to the Utilities Special Line Item.

Lighting Retrofit and Controls

The ADOA energy conservation project includes lighting upgrades in 4 buildings on the Capitol Mall. Energy will be conserved by replacing older, less-efficient lighting fixtures, with newer, more-efficient fixtures. The newer fixtures decrease the wattage used by light bulbs, but maintain or increase the lighting output. The lighting retrofit project is expected to cost \$311,700, reduce annual energy costs by \$125,400 (at current usage and electricity rates), and generate an APS rebate of \$111,200.

(Continued)

HVAC Lockouts

The ADOA energy conservation project includes HVAC lockout measures at 15 buildings on the Capitol Mall. Energy will be conserved by modifying HVAC systems so that fans automatically shut off when outdoor temperatures making heating and cooling unnecessary. The HVAC lockout project is expected to cost \$187,900, reduce annual energy costs by \$167,900 (at current usage and electricity rates), and generate an APS rebate of \$93,900.

Vending Misers

The ADOA energy conservation project includes installing vending misers on 72 vending machines in 19 buildings on the Capitol Mall. Energy will be conserved by installing vending misers, which are motion sensors and plug fixtures that shut off power to vending machines when movement around the machines is not detected. As most state buildings are unoccupied during the evenings and on weekends, the vending miser will reduce the vending machine's energy usage by approximately 50%. The vending miser project is expected to cost \$21,600, reduce annual energy costs by \$6,900 (at current usage and electricity rates), and generate an APS rebate of \$7,200.

RS/TP:ym

Janet Napolitano
Governor



William Bell
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

100 North 15th Avenue
PHOENIX, ARIZONA 85007
(602) 542-1776



July 6, 2006

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

Dear Representative Boone:

The Arizona Department of Administration (ADOA) requests that the Joint Committee on Capital Review (JCCR) review an ADOA energy conservation project. ADOA proposes to implement energy conservation measures in several buildings on the Capitol Mall. The project costs of \$521,100 would be funded by a combination of approximately \$212,300 in Arizona Public Service (APS) rebates and \$308,800 from the ADOA Utilities Special Line Item appropriation from the Capital Outlay Stabilization Fund. The APS rebate amount is an estimate, subject to APS' determination, and limited to a maximum of 50% of the cost. If ADOA completes the project at the beginning of FY 2007, resulting energy savings of approximately \$300,000, in combination with the \$212,300 in APS rebates, would enable ADOA to come within \$10,000 of "breaking even" in FY 2007. Starting in FY 2008, the State would save approximately \$300,000 per year in reduced energy costs.

It is important that ADOA act quickly due to rising energy costs. ADOA currently projects its FY 2007 energy costs for the ADOA building system at approximately \$6,933,300, which is \$1,199,500 greater than the Utilities Special Line Item appropriation of \$5,733,800. While the Department has identified \$2.3 million in energy conservation measures, due to the shortfall in current utilities funding, ADOA is only proposing to complete the projects with a quick (one year) return on investment.

Additional information on the proposed project is attached. If you have any questions or would like further information, please contact me at 542-1500 or Lynne Smith, Assistant Director, ADOA General Services Division, at (602) 542-1427.

Sincerely,

A handwritten signature in black ink, appearing to read "W. Bell".

William Bell, Director

Attachments

Tom Boone
Page 2
July 6, 2006

Cc: The Honorable Robert Burns, Arizona State Senate
The Honorable Russell Pearce, Arizona State House of Representatives
Richard Stavneak, Director, Joint Legislative Budget Committee Staff
Lorenzo Martinez, Assistant Director, Joint Legislative Budget Committee Staff
Tyler Palmer, Fiscal Analyst, Joint Legislative Budget Committee Staff
Gary Yaquinto, Director, Office of Strategic Planning and Budgeting
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Jerry Oliver, Deputy Director, ADOA
Paul Shannon, Budget Manager, ADOA
Lynne Smith, Assistant Director of General Services Division, ADOA
Roger Berna, General Manager of Construction Services, ADOA
Alan Ecker, Legislative Liaison, ADOA

ISSUES

On March 13, 2006, Arizona Public Service Company (APS) filed a rate increase request with the Arizona Corporation Commission. APS has calculated that electricity rates are expected to increase 27.8% over 2005 base rates. To mitigate the effect of this increase, APS is offering an energy incentive program for its customers to reduce energy costs through conservation.

Based on a rate model built by APS, the projected impact of the rate increases paid by the Arizona Department of Administration (ADOA) on behalf of state agencies will be an additional \$1.2 million in FY 2007 from the Utilities Special Line Item. In order to reduce state energy usage, ADOA proposes to participate in the energy incentive program offered by APS.

BACKGROUND

ADOA owns an investment grade energy audit report on energy conservation strategies for the Capitol Mall buildings. The report was prepared by Sempra Energy Services Company. The recommended energy saving strategies of efficient lighting/controls, fan scheduling/lockout and "Vending Misers" for vending machines are relatively standard energy saving measures. ADOA engineers have analyzed the methodology and assumptions and determined that the projected energy savings are valid.

All the energy conservation measures recommended in the report will qualify for APS' energy rebates. To maximize the return on investment (ROI), ADOA has selected a number of buildings in the Mall to receive appropriate energy conservation measures recommended in the report. The attached spread sheet describes in detail the estimated savings, investments, APS' rebate, ROI, and simple payback of all the measures recommended for the buildings.

A one-time investment of approximately \$521,000 in energy conservation projects for the Capitol Mall buildings will reduce ADOA's energy costs by over \$300,000 annually. These projects will qualify for a significant APS rebate. The rebate is subject to a determination by APS. Based on the rules of the program ADOA expects a rebate close to 50% of the cost of improvements, or over \$200,000. With the APS rebate, the investment will be paid back in close to one year.

Arizona Revised Statute §34-451, Energy Conservation Standards for public buildings, mandates that the ADOA conserve energy by 10% per square foot of floor area on or before FY 2008 and by 15% per square foot of floor area on or before FY 2011 using FY 2002 as the baseline year. These projects will save 2.43-Million kWh/year in energy consumption. This equates to about 4% of FY 2002 energy consumption of the Capitol Mall buildings.

ADOA proposes to fund the energy conservation projects from the ADOA Utility Special Line Item. The energy rebates received from APS would be returned to the Utility Special Line Item. All future energy savings also will accrue in this special line item via lower utility charges. Funding for the Utility Special Line Item is appropriated from the Capital Outlay Stabilization Fund (COSF).

REQUEST

ADOA General Services Division respectfully requests review by the Joint Committee on Capital Review of the energy conservation plan and funding.

ACTION PLAN TO SAVE ENERGY IN CAPITOL MALL BUILDINGS

Submit applications to APS Business Solutions for Energy Incentives for the following measures and install measures in the applicable Capitol Mall buildings listed below:

Building	I. Lighting Retrofit & Controls							II. HVAC Lockout							III. Vending Misers						
	kWh Svngs/Yr	FY05 Svng (1)	FY07 Svngs (2)	Est. Inv. '05 (6)	Est. Inv. in '07 \$(3)	Estimated Rebate \$(5)	ROI (4)	kWh Svngs/Yr	FY05 Svng (1)	FY07 Etc. Svngs (2)	Est. Inv. '05 (6)	Est. Inv. in '07 \$(3)	Est. Rebate	ROI (4)	kWh Svngs/Yr	No. of Units	FY05 Svngs (1)	FY07 Svngs (2)	Est. Inves \$300/unit	Est. Rebate	ROI (4)
1501 WW - Courts															5,909	3	\$240	\$288	\$900	\$300	0.48
1275 WW- Att.Gen	545,124	\$22,676	\$27,211	\$32,577	\$33,880	\$16,289	1.55	299,797	\$12,176	\$14,611	\$19,433	\$20,210	\$10,105	1.45	29,546	15	\$1,200	\$1,440	\$4,499	\$1,500	0.48
1600 WM-Rev	1,248,292	\$53,189	\$63,827	\$110,907	\$115,343	\$55,453	1.07								9,849	5	\$400	\$480	\$1,500	\$500	0.48
1616 WA - Old Comp	472,186	\$19,920	\$23,904	\$45,329	\$47,142	\$22,665	0.98	265,270	\$10,774	\$12,929	\$17,195	\$17,883	\$8,942	1.45	13,788	7	\$560	\$672	\$2,100	\$700	0.48
1700 WW- Ex. Tower	167,752	\$8,707	\$10,448	\$110,873	\$115,308	\$16,775	0.11	643,206	\$26,124	\$31,349	\$41,694	\$43,362	\$21,681	1.45	3,939	2	\$160	\$192	\$600	\$200	0.48
1700 WW-Senate								227,538	\$9,241	\$11,089	\$14,749	\$15,339	\$7,669	1.45	11,818	6	\$480	\$576	\$1,800	\$600	0.48
1789 WJ-DES															3,939	2	\$160	\$192	\$600	\$200	0.48
1601 WJ -Corrct. 1																					
1645 WJ - Corrct. 2																					
1400 WW - State Off.								191,424	\$7,775	\$9,330	\$12,409	\$12,905	\$6,453	1.45	7,879	4	\$320	\$384	\$1,200	\$400	0.48
1300 WW-Pks & C.C.								160,216	\$6,507	\$7,808	\$10,385	\$10,801	\$5,400	1.45	7,879	4	\$320	\$384	\$1,200	\$400	0.48
1200 WW - C.C.								123,383	\$5,011	\$6,013	\$7,998	\$8,317	\$4,159	1.45	5,909	3	\$240	\$288	\$900	\$300	0.48
1624 WA - E. Annx								81,979	\$3,330	\$3,996	\$5,315	\$5,527	\$2,764	1.45	5,909	3	\$240	\$288	\$900	\$300	0.48
1688 WA - Agricltr.								194,675	\$7,907	\$9,488	\$12,620	\$13,124	\$6,582	1.45	5,909	3	\$240	\$288	\$900	\$300	0.48
1700 WW - Cap.Add.																					
1700 WW - House								192,236	\$7,808	\$9,370	\$12,462	\$12,960	\$6,480	1.45	3,939	2	\$160	\$192	\$600	\$200	0.48
1740 WA - Hlth. Srv.								313,000	\$12,713	\$15,256	\$20,290	\$21,102	\$10,551	1.45	7,879	4	\$320	\$384	\$1,200	\$400	0.48
1535 WJ - Educatn.																					
1520 WA - H.Lab/D.C.															3,939	2	\$160	\$192	\$600	\$200	0.48
15 S. 15th Ave - Cap. C																					
1818 WA - Vital Rcrds.																					
1831 WJ - Corr./Persnl								30,449	1237	\$1,484	\$1,974	\$2,053	\$1,027	1.45	3,939	2	\$160	\$192	\$600	\$200	0.48
1840 WJa-Mnt.Comp.																					
1919 WJ - Rec.Retn.								34,459	1400	\$1,680	\$2,234	\$2,324	\$1,162	1.45	3,939	2	\$160	\$192	\$600	\$200	0.48
1937 WJ - Child Dev.								13,595	552	\$662	\$881	\$916	\$458	1.45							
1537 WJa- Surplus Pr															3,939	2	\$160	\$192	\$600	\$200	0.48
1850 WJa - GSD WH															1,970	1	\$80	\$96	\$300	\$100	0.48
1100 WW - Evans H.																					
1101 WW- Carneg. Lib																					
1802 WW- Print S.																					
1805 WM - GSD																					
1522 WJa- MOT. Pool																					
1937D WJ - Wayland																					
1937E WJ - Wayland																					
14N 18th Ave-Sec o.St																					
1502 WW - Ming. & Minr								20630	838	\$1,006	\$1,006	\$1,046	\$523	1.92							
		\$104,492							\$113,393								\$5,760				
	2,433,354		\$125,390					2,791,857		\$136,072								\$6,912		\$21,596	
				\$299,686						\$180,643											
					\$311,673					\$187,869											
						\$111,182							\$93,935								\$7,199

Notes:

- 1 FY '05 savings estimates are based on APS' Rate effective 4/1/05
- 2 FY07 savings estimates are based on APS' Pending Rate Adjustment Requests as of March 13, 2006
- 3 APS' Pending Rate Adjustment Request is approximately 20% over 2005 Rate Base.
- 4 Estimated Investments are in FY07 dollars (FY05 dollars x 1.04)
- 5 ROI is with the estimated rebate
- 6 Estimated by Mark Grange, Deputy Chief Engineer, ADOA
- 7 Actual cost x 1.33 (per Mark Grange)
- 8 HVAC Lockout savings include electric savings of \$136,072 + Gas savings of \$31,865

RECOMMENDATIONS

- Install: (1) Measure I - Lighting Retrofit & Controls in the following bldgs only:
- a) 1616 W. Adams
 - b) 1275 W. Washington
 - c) 1600 W. Monroe
 - d) 1700 WW- Ex. Tower
- (2) Measure II - HVAC Lockouts (in the bldgs as shown above)
- (3) Measure III - Vending Misers (in the bldgs as shown above)

Measure	Invest. FY07	E/N.G.	Svngs FY07	ROI w/o Rebate	Rebate	ROI w/ Rebate	Simple P/B w/Rebate, vrs.
Lighting Retrofit	\$311,673	E	\$125,390	0.40	\$111,182	0.83	1.60
HVAC Lockout (7)	\$187,869	E+G	\$167,937	0.89	\$93,935	1.79	0.56
Vending Miser	\$21,596	E	\$6,912	0.32	\$7,199	0.48	2.68
Total/Avg.:	\$521,139		\$300,236	0.54	\$212,315	0.96	1.41

ARIZONA PUBLIC SERVICE COMPANY
Bill Projections for State of Arizona Dept. of Administration Accounts
Fiscal Year

Service Account	Jun 05 - Jul 04	Jun 06 - Jul 05	Jun 07 - Jul 06	Jun 08 - Jul 07
27631283	\$ 16,821	\$ 18,055	\$ 20,181	\$ 22,337
46740282	\$ 76,658	\$ 81,187	\$ 94,954	\$ 106,640
53250283	\$ 24,101	\$ 27,073	\$ 30,047	\$ 33,237
118150282	\$ 140	\$ 172	\$ 181	\$ 193
237150285	\$ 296	\$ 289	\$ 301	\$ 324
270390283	\$ 8,459	\$ 10,197	\$ 11,144	\$ 12,285
291250284	\$ 595	\$ 732	\$ 775	\$ 835
318150282	\$ 143,072	\$ 153,965	\$ 179,612	\$ 203,722
320250281	\$ 15,824	\$ 17,874	\$ 19,582	\$ 21,568
420250281	\$ 34,805	\$ 39,615	\$ 44,439	\$ 48,554
471250284	\$ 31,215	\$ 35,613	\$ 39,699	\$ 43,271
490250286	\$ 627	\$ 621	\$ 658	\$ 703
520250281	\$ 254,672	\$ 284,134	\$ 327,198	\$ 369,306
540250288	\$ 2,396	\$ 3,925	\$ 4,298	\$ 4,713
579290286	\$ 5,986	\$ 6,147	\$ 6,801	\$ 7,501
730690282	\$ 23,444	\$ 27,706	\$ 30,477	\$ 33,563
743250283	\$ 11,411	\$ 12,346	\$ 13,572	\$ 14,910
800250281	\$ 12,450	\$ 14,390	\$ 15,790	\$ 17,260
843250283	\$ 297	\$ 361	\$ 379	\$ 405
887301286	\$ 2,521	\$ 2,711	\$ 2,930	\$ 3,230
897290284	\$ 6,389	\$ 5,491	\$ 6,066	\$ 6,690
522241284	\$ 9,205	\$ 10,237	\$ 11,177	\$ 12,198
594731285	\$ 1,742	\$ 1,235	\$ 1,697	\$ 1,781
5421284	\$ 30,423	\$ 35,848	\$ 39,225	\$ 42,813
7280287	\$ 190,694	\$ 214,777	\$ 248,263	\$ 280,415
11250286	\$ 33,346	\$ 33,733	\$ 37,487	\$ 41,622
72901281	\$ 562	\$ 580	\$ 607	\$ 650
114550286	\$ 178,078	\$ 196,623	\$ 227,947	\$ 258,688
153250283	\$ 75,113	\$ 84,950	\$ 99,793	\$ 112,516
157150285	\$ 794,562	\$ 857,651	\$ 983,271	\$ 1,127,046
211550285	\$ 244	\$ -	\$ -	\$ -
223550289	\$ 199,619	\$ 221,408	\$ 255,502	\$ 290,205
253250283	\$ 6,614	\$ 7,242	\$ 7,962	\$ 8,805
260250288	\$ 277,760	\$ 323,425	\$ 373,242	\$ 428,022
341550282	\$ 6,486	\$ 6,976	\$ 7,603	\$ 8,290
357150285	\$ 351	\$ 389	\$ 404	\$ 434
451721284	\$ 3,028	\$ 3,071	\$ 3,229	\$ 3,450
452840284	\$ 5,957	\$ 6,841	\$ 7,455	\$ 8,135
460250288	\$ 38,791	\$ 41,397	\$ 46,109	\$ 51,744
560250288	\$ 254,619	\$ 292,265	\$ 337,875	\$ 384,844
566090285	\$ 1,709	\$ 1,741	\$ 1,820	\$ 1,950
618150282	\$ 138	\$ 128	\$ 133	\$ 143
661090286	\$ 301,075	\$ 367,398	\$ 422,681	\$ 481,898
694490282	\$ 3,161	\$ 3,290	\$ 3,437	\$ 3,684
725550284	\$ 562	\$ 580	\$ 607	\$ 650
846550283	\$ 18,589	\$ 18,971	\$ 20,958	\$ 23,023
868790282	\$ 518,524	\$ 556,754	\$ 635,518	\$ 723,091
901250286	\$ 4,789	\$ 5,322	\$ 5,756	\$ 6,347
922590280	\$ 511,704	\$ 584,616	\$ 670,740	\$ 597,420
927150287	\$ 162,445	\$ 171,418	\$ 199,751	\$ 227,194
956241285	\$ 741	\$ 615	\$ 651	\$ 694
785941284	\$ 4,417	\$ 4,452	\$ 5,828	\$ 6,417
196341289	\$ 2,939	\$ 2,990	\$ 3,800	\$ 4,165

Total	\$ 4,310,163	\$ 4,799,528	\$ 5,509,611	\$ 6,089,582
\$ Increase from FYE Jun 05		\$ 489,365	\$ 1,199,448	\$ 1,779,419
% Increase from FYE Jun 05		11.4%	27.8%	41.3%
\$ Increase from FYE Jun 06			\$ 710,083	\$ 1,290,054
% Increase from FYE Jun 06			14.8%	23.4%

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

ROBERT L. BURNS
CHAIRMAN 2005
PAULA ABOUD
LINDA AGUIRRE
TIMOTHY S. BEE
ROBERT CANNELL
RON GOULD
KAREN S. JOHNSON

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 926-5491

FAX (602) 926-5416

<http://www.azleg.gov/jlbc.htm>

HOUSE OF
REPRESENTATIVES

TOM BOONE
CHAIRMAN 2006
AMANDA AGUIRRE
ANDY BIGGS
JACK A. BROWN
PHIL LOPES
RUSSELL K. PEARCE
STEPHEN TULLY

DATE: July 18, 2006

TO: Representative Tom Boone, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Matt Busby, Fiscal Analyst

SUBJECT: Arizona Department of Water Resources – Review of City of Williams Dam Repair Project

Request

The Arizona Department of Water Resources (DWR) requests the Committee review the City of Williams Dam Repair project. A.R.S. § 41-1252 requires Committee review of capital projects.

Recommendation

The JLBC Staff recommends that the Committee give a favorable review of the request. Total cost of the project is \$1,500,000 along with \$136,000 of local in-kind contributions.

Analysis

A.R.S. § 45-1212 assigns DWR responsibility for the supervision of the operation and maintenance of all dams in Arizona. The department generally uses monies in the Dam Repair Fund to implement emergency remedial measures on privately owned dams and to provide financial assistance to dam owners to make repairs to dams that are classified as unsafe but non-emergency. Dam Repair Fund revenues are generated from loan repayments, inspection fees, filing and review fees, and legislative appropriations and can vary widely each year, ranging from \$40,000 to \$150,000, depending on how many dams are constructed or repaired. The fund's ending balance in FY2006 was estimated to be approximately \$1,000,000. However, revenues were less than originally projected and some projects required additional funds, so the balance will be approximately \$260,000.

In June of 2005 a safety inspection of the dam performed by DWR and various consultants concluded that the City of Williams Dam was the number 1 priority unsafe dam in Arizona. In order not to deplete the Dam Repair Fund balance, Laws 2006, Chapter 345 (Capital Outlay Bill) appropriated \$1,500,000 from the General Fund in FY 2007 for the repair of the City of Williams

(Continued)

Dam. In addition to this amount, \$136,000 in local monies and in-kind contributions will be applied to the costs of the repair.

DWR has entered into an Intergovernmental Agreement with the City of Williams and has agreed to pay up to \$1,500,000 for the repair of the dam. The agreement requires that the city submit detailed construction invoices to DWR and upon approval DWR will distribute the funds to the city. The city awarded the contract for the dam repair project to Rummel Construction, which represented the low bid of \$1,498,435. Construction will begin on July 17, 2006 and has an estimated completion date on October 25, 2006. The table below displays the identified deficiencies along with the associated repairs and costs.

<u>Identified Deficiency</u>	<u>Approved Design Component(s)</u>	<u>Bid Amount</u>
Inadequate stability of the downstream slope	Flattening of the downstream slope and construction of a stability berm	\$ 189,000
Improperly abandoned low-level outlet pipe	Proper abandonment of the low-level outlet pipe	17,000
Excessive, uncontrolled seepage	Installation of a seepage collection and monitoring system	279,500
Inadequate safe flood-passing capacity	Raising of the dam crest and widening and construction of a new emergency spillway	806,485
Inadequate stability of the concrete parapet wall	Removal of the concrete parapet wall	50,000
	Misc. construction costs	<u>156,450</u>
Total Bid Amount		\$1,498,435

RS/MB:ym

ARIZONA DEPARTMENT OF WATER RESOURCES

Office of Water Engineering

3550 North Central Avenue, Phoenix, Arizona 85012

Telephone 602 771-8649

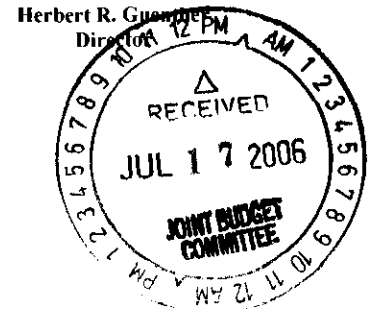
Fax 602 771-8686



Janet Napolitano
Governor

July 6, 2006

Mr. Matthew Busby
Joint Legislative Budget Committee
State of Arizona
1716 West Adams
Phoenix, Arizona 85007



Subject: Agenda Item: Status Report July 27, 2006 JCCR Meeting
\$1.5 million GF appropriation for the repair of City Dam, Williams, Az.

Dear Mr. Busby,

The Arizona Department of Water Resources (Department) is requesting to be placed on the agenda for the July 27, 2006 JCCR meeting. We will present a status of the HB 2865 appropriation of \$1,500,000 for the repair of City Dam, owned by the City of Williams.

The City is in the process of signing Contract No. 2006-2629IGA, which authorizes funding for the City of Williams to award the construction contract for the repair of City Dam. I am attaching a copy of the IGA between the City and Department for your review until a signed copy is available about mid-July. In addition, a briefing paper prepared in 2005 is also included.

I hope this is all you require for now. Either myself and or Mike Johnson will attend the JCCR Meeting.

Sincerely,

A handwritten signature in cursive script that reads "J. Darrell Jordan".

J. Darrell Jordan
Division Manager

Enclosure

CC. Herb Guenther, Director
Ron Gray, Administration
Mike Johnson, Dam Safety

CITY DAM REHABILITATION PROJECT

FY 2006-2007 Appropriation: \$1,500,000.00

Construction Contract Award Amount: \$1,498,435.00

Contractor: Rummel Construction, Inc., License #ROC114845 A

Identified Safety Deficiencies

ADWR has identified five safety deficiencies at City Dam requiring repair or mitigation:

- ▶ Inadequate stability of the downstream slope
- ▶ Improperly abandoned low-level outlet pipe
- ▶ Excessive, uncontrolled seepage
- ▶ Inability to safely pass the required inflow design flood
- ▶ Inadequate stability of the concrete parapet wall

Project Description

The approved construction plans and specifications include six design components intended to mitigate the identified safety deficiencies:

- ▶ Removal of the concrete parapet wall
- ▶ Proper abandonment of the low-level outlet pipe
- ▶ Raising and widening of the dam crest
- ▶ Widening and construction of a new emergency spillway
- ▶ Flattening of the downstream slope and construction of a stability berm
- ▶ Installation of a seepage collection and monitoring system

Summary Table

The following table shows the design component(s) intended to address each identified deficiency and the bid cost of each.

Identified Deficiency	Approved Design Component(s)	Bid Amount
Inadequate stability of the downstream slope	Flattening of the downstream slope and construction of a stability berm	\$189,000.00
Improperly abandoned low-level outlet pipe	Proper abandonment of the low-level outlet pipe	\$17,000.00
Excessive, uncontrolled seepage	Installation of a seepage collection and monitoring system	\$279,500.00
Inability to safely pass the required inflow design flood	Raising of the dam crest and widening and construction of a new emergency spillway	\$806,485.00
Inadequate stability of the concrete parapet wall	Removal of the concrete parapet wall	\$50,000.00
	<i>Misc. construction costs</i>	<i>\$156,450.00</i>
Total Bid Amount		\$1,498,435.00