

STATE OF ARIZONA

## Joint Committee on Capital Review

STATE  
SENATE

DON SHOOTER  
CHAIRMAN 2013  
GAIL GRIFFIN  
LEAH LANDRUM TAYLOR  
JOHN McCOMISH  
AL MELVIN  
LYNNE PANCRAZI  
ANNA TOVAR

1716 WEST ADAMS  
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HOUSE OF  
REPRESENTATIVES

JOHN KAVANAGH  
CHAIRMAN 2014  
LELA ALSTON  
CHAD CAMPBELL  
TOM FORESE  
DAVID GOWAN, SR.  
RICK GRAY  
ANDREW C. SHERWOOD

### **\*\* REVISED \*\***

#### JOINT COMMITTEE ON CAPITAL REVIEW

Tuesday, August 20, 2013

2:30 P.M. or upon adjournment of the JLBC Meeting  
House Hearing Room 4

#### MEETING NOTICE

- Call to Order
- [Approval of Minutes of June 12, 2013.](#)
- DIRECTOR'S REPORT (if necessary).
- 1. [ARIZONA DEPARTMENT OF ADMINISTRATION - Review of FY 2014 Building Renewal Allocation Plan.](#)
- 2. [ARIZONA DEPARTMENT OF CORRECTIONS](#)
  - A. [Review of Arizona State Prison Complex \(ASPC\) - Yuma Cheyenne Building Repair Plan.](#)
  - B. [Review of FY 2014 Building Renewal Allocation Plan.](#)
- 3. [ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND - Review of FY 2014 Residential Dormitory Renovation Plan.](#)
- 4. [ARIZONA STATE PARKS BOARD - Review of FY 2014 State Parks Revenue Fund and State Lake Improvement Fund Capital Expenditures.](#)
- 5. [NORTHERN ARIZONA UNIVERSITY - Review of Housing Indirect Financing Projects Addendum.](#)
- 6. [ARIZONA STATE UNIVERSITY - Review of 3 Bond Projects.](#)

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

~~8/9/13~~

8/15/13

Tls

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



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### MINUTES OF THE MEETING

#### JOINT COMMITTEE ON CAPITAL REVIEW

June 12, 2013

The Chairman called the meeting to order at 9:10 a.m., Wednesday, June 12, 2013 in Senate Appropriations Room 109. The following were present:

Members:	Senator Shooter, Chairman	Representative Kavanagh, Vice-Chairman
	Senator Griffin	Representative Alston
	Senator Landrum Taylor	Representative Gowan
	Senator McComish	Representative Gray
	Senator Melvin	Representative Sherwood
	Senator Pancrazi	
	Senator Tovar	

Absent:	Representative Campbell
	Representative Forese

#### APPROVAL OF MINUTES

Representative Gowan moved that the Committee adopt the minutes from April 2, 2013. The motion carried.

#### ARIZONA DEPARTMENT OF ADMINISTRATION - Review of the Arizona Department of Corrections 500 Public Prison Beds.

Mr. Stefan Shepherd, JLBC Staff, stated that this item is a review of the estimated \$50.0 million project for the construction of 500 new male maximum security public prison beds in the Lewis Complex. The FY 2013 budget appropriated monies in FY 2013 and FY 2014 for this purpose.

The JLBC Staff presented options to the Committee.

Mr. Charles Ryan, Director of the State Department of Corrections, responded to member questions.

Mr. Roger Berna, General Manager of Construction Services, Arizona Department of Administration, responded to member questions.

(Continued)

*Representative Gowan moved that the Committee give a favorable review to the request for the Arizona Department of Administration's construction of 500 new male maximum security public prison beds. The favorable review include provisions that ADOA and ADC report to the Committee on the final cost details and timeline for each of the 5 bid components, any increase in costs above the current non-contingency estimate of \$49.7 million and the timing for opening the 500 beds. The motion carried.*

**ARIZONA GAME AND FISH DEPARTMENT - Review of Lake Havasu (Tri-State Shooting Park) Shooting Range FY 2005 Appropriation Expenditures.**

Ms. Krista MacGahan, JLBC Staff, stated that this item is a review of Arizona Game and Fish Department's proposed \$600,000 expenditure plan to complete the final phase of construction of the shooting range.

The JLBC Staff presented options to the Committee.

Mr. Tony Guiles, Legislative Liaison for Arizona Game and Fish Department, addressed the members.

*Representative Gowan moved that the Committee give a favorable review to AGFD's request of phase 2 of the \$600,000 expenditure plan for the completion of the Tri-State Shooting Park. The motion carried.*

**ARIZONA EXPOSITION AND STATE FAIR - Review of New Power Distribution Line and Meter Appropriation Expenditures.**

Mr. Steve Grunig, JLBC Staff, stated that this item is a review of the Arizona Exposition and State Fair's \$300,000 proposed plan for construction of a new electrical power line and meter. This project would allow AESF to avoid paying a higher electrical service rate and charges.

The JLBC Staff presented options to the Committee.

Ms. Wanell Costello, Deputy Director, Arizona Exposition and State Fair, addressed the members.

*Representative Kavanagh moved that the Committee give a favorable review for Arizona Exposition and State Fair's request to expend \$300,000 for the construction of a new electrical power line and meter. The motion carried.*

Without objection, the meeting adjourned at 9:39 a.m.

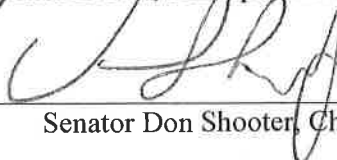
Respectfully submitted:



Tera Scherer, Secretary



Jack Brown, Principal Fiscal Analyst



Senator Don Shooter, Chairman



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DATE: August 13, 2013

TO: Senator Don Shooter, Chairman  
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director *RS*

FROM: Jack Brown, Principal Fiscal Analyst *JB*

SUBJECT: Arizona Department of Administration - Review of FY 2014 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 review its FY 2014 Building Renewal Allocation Plan. Laws 2013, 1<sup>st</sup> Special Session, Chapter 8 appropriated \$9 million from the Capital Outlay Stabilization Fund (COSF) to ADOA in FY 2014.

### Recommendation

The Committee has at least the following 2 options:

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

The proposed building renewal expenditure plan is consistent with building renewal guidelines and appropriations.

Under either option, the JLBC Staff recommends the provision that ADOA shall report any change in the building renewal spending plan to the JLBC Staff, including reallocations between projects and non-emergency use of contingency monies. If there is significant change of scope in the reallocation reported by ADOA, the JLBC Staff shall recommend ADOA to request Committee review of the reallocation.

The JLBC Staff also recommends the following provisions for the emergency contingency allocation of \$650,000:

1. ADOA notify the Chairman and the JLBC Staff that they plan to spend less than \$50,000 on an emergency project. ADOA can proceed without Committee review.
2. If the emergency project is \$50,000 or greater, ADOA will request JCCR review.

(Continued)

3. The Chairman can allow ADOA to move forward with an emergency project of greater than \$50,000 without Committee review.
4. The Chairman will notify ADOA if he does not agree that the project is an emergency and will request that ADOA not proceed with the project.

An “emergency” project is defined as unforeseen, critical in nature, and of immediate time sensitivity. These provisions are similar to those used for prior contingency allocations.

### **Analysis**

Building renewal appropriations provide for the major maintenance and repair of state-owned buildings. The building renewal formula takes into account the replacement value, age, and life-cycle of all structures in the ADOA building system. A total of \$9 million is appropriated to ADOA to fund 32% of building renewal formula in FY 2014. (These amounts exclude Department of Corrections facilities as they received their own building renewal appropriation.) See *Table 1* for the list of projects included in ADOA’s FY 2014 Building Renewal Allocation Plan.

The following provides an overview of the amounts allocated to different categories of projects.

#### Fire and Life Safety Projects

A total of \$1,650,000 will be allocated to 4 different projects. Of this amount, \$500,000 will fund a continuation of phased fire alarm system replacements in Capitol Mall office buildings. Phase III of the fire alarm systems upgrade at the Department of Health Services’ (DHS) Arizona State Hospital will be funded at \$500,000. In addition, Phase III of the fire alarm systems upgrade at the Arizona State Schools for the Deaf and the Blind’s Tucson campus will be funded at a cost of \$250,000. The expenditure plan also allocates \$400,000 to the Department of Juvenile Corrections (DJC) Adobe Mountain School for the replacement of obsolete fire hydrants.

#### Major Building Services Projects

A total of \$3,050,000 will be allocated to 4 different projects. Of this amount, \$1,150,000 will be spent to replace the Executive Tower’s source that provides power to the building and relocate the electrical equipment further away from existing chilled water lines. After adjusting for prior year monies allocated for this project, the total cost is \$2,283,000.

The expenditure plan allocates \$800,000 for the repair and replacement of elevator systems at several Capitol Mall buildings. In addition, HVAC system replacements will cost \$700,000 at Capitol Mall office buildings. The remaining \$400,000 will replace corroded chilled water piping at the DJC Adobe Mountain School.

#### Building Shell/Interior Projects

A total of \$1,900,000 will be allocated to 3 different projects. Of this amount, \$800,000 will be spent for roof repair and replacements at several buildings statewide. The expenditure plan allocates \$600,000 for re-caulking and sealing of building exterior expansion joints and windows at Capitol Mall office buildings. The remaining \$500,000 is allocated to replacing carpet and flooring, which have exceeded their useful life, at several Capitol Mall office buildings.

#### Infrastructure Projects

A total of \$400,000 will be allocated to the repair and replacement of surface parking lots at Capitol Mall office buildings, as certain lots show long-term erosion, shifting or settling and patch repairs/sealants have been determined by ADOA to be ineffective.

(Continued)

Energy Conservation Projects

A total of \$1,000,000 will be allocated to various energy conservation projects, including lighting retrofits and the installation of newer HVAC control systems. ADOA has indicated it will select projects based on formal third party energy audits.

Other

The sum of \$275,000 will be allocated to cover project management costs for FY 2014 building renewal projects. Since some of the project costs listed were based on agency estimates, \$70,000 will be spent on contractors to develop better cost estimates. A payment of \$5,000 will be paid for a Construction Insurance Premium. A total of \$650,000 is allocated for contingency.

Some of the amounts are based on agency estimated scope and project costs, while some amounts are based on estimates from ADOA engineering studies, audits, and historical costs.

Table 1	
FY 2014 Building Renewal Allocation Plan	
<u>Fire &amp; Life Safety Projects</u>	
ADOA Capitol Mall Fire Alarm Systems Replacement	\$ 500,000
DHS State Hospital Fire Alarm System Upgrades – Phase 3	500,000
DJC Adobe Mountain Fire Hydrant Repair/Replacement	400,000
ASDB Fire Alarm System Upgrades – Phase 3	<u>250,000</u>
Subtotal	\$ 1,650,000
<u>Major Building Services Projects</u>	
ADOA Executive Tower Electrical Service Entrance Replacement	\$ 1,150,000
ADOA Capitol Mall Elevator Repair/Replacement	800,000
ADOA Capitol Mall HVAC Repair/Replacement	700,000
DJC Adobe Mountain Water Piping Replacement	<u>400,000</u>
Subtotal	\$ 3,050,000
<u>Building Shell/Interior Projects</u>	
ADOA Facilities Roof Repair/Replacement	\$ 800,000
ADOA Capitol Mall Re-Caulk Exterior Joints and Windows	600,000
ADOA Capitol Mall Carpet/Tile Replacement	<u>500,000</u>
Subtotal	\$ 1,900,000
<u>Infrastructure Projects</u>	
ADOA Capitol Mall Surface Parking Lot Repair/Replacement	\$ 400,000
<u>Energy Conservation Projects</u>	
ADOA Statewide Projects – Lighting Retrofits/HVAC System Controls	\$ 1,000,000
<u>Other</u>	
Emergency Contingency	\$ 650,000
Personnel Services/ERE Costs	275,000
Building Renewal Project Scoping	70,000
Risk Management Insurance Premium	<u>5,000</u>
Subtotal	\$ 1,000,000
<b>TOTAL</b>	<b>\$ 9,000,000</b>

Janice K. Brewer  
Governor



Brian C. McNeil  
Director

**ARIZONA DEPARTMENT OF ADMINISTRATION**

OFFICE OF THE DIRECTOR

100 NORTH FIFTEENTH AVENUE • SUITE 401  
PHOENIX, ARIZONA 85007

(602) 542-1500

July 30, 2013

The Honorable John Kavanagh, Chairman  
Joint Committee on Capital Review  
Arizona House of Representatives  
1700 West Washington Street  
Phoenix, Arizona 85007



Dear Representative Kavanagh:

ARS § 41-1252 directs the Joint Committee on Capital Review (JCCR) shall review the expenditure of all monies appropriated for building renewal. Laws 2013, First Special Session, Chapter 8 (HB 2008) appropriates \$9,000,000 to the Arizona Department of Administration (ADOA) for building renewal to allocate to the ADOA Building System.

ADOA requests JCCR review ADOA's FY 2014 ADOA Building System building renewal allocation plan (attachment). To the extent possible, ADOA completes major maintenance and replacements to building systems before failures occur. Given the years of deferred major maintenance of an aging building infrastructure, it is difficult, if not impossible, to anticipate the timing and nature of building component failure. In the event of one or more unexpected critical breakdowns or imminent failures, ADOA may redirect all or some monies from an allocation to address priorities of superior urgency.

If you have any questions regarding ADOA's FY 2014 ADOA Building System building renewal allocation plan, please contact William Hernandez, Assistant Director, ADOA General Services Division, at (602) 364-2872.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian C. McNeil".  
Brian C. McNeil  
Director

Attachment

The Honorable John Kavanagh

July 30, 2013

Page 2 of 2

cc: The Honorable Don Shooter, Vice-Chairman, JCCR  
Richard Stavneak, Director, JLBC Staff  
Jack Brown, Principal Fiscal Analyst, JLBC Staff  
John Arnold, Director, OSPB  
Ed Boot, Capital Manager, OSPB  
Ken Matthews, Capitol Budget Analyst, OSPB  
Paul Shannon, Assistant Director, ADOA  
William Hernandez, Assistant Director, ADOA  
Nola Barnes, General Manager, ADOA



Arizona Department of Administration Building System  
FY 2014 Building Renewal Allocation Plan  
Laws 2013, First Special Session, Chapter 8 (HB 2008)  
\$9,000,000

<u>Agency</u>	<u>Tenant Agency</u>	<u>Fire &amp; Life Safety</u>	<u>Allocation</u>
Administration, Arizona Department of ADOA Managed Facilities	Corrections, Department of Secretary of State, Library and Archives	Replace Obsolete and Unsupported Fire Alarm Systems	\$500,000
Deaf and the Blind, Arizona State Schools for the Tucson Campus	Deaf and the Blind, Arizona State Schools for the	Upgrade Fire & Life Safety Systems - Phase III	\$250,000
Health Services, Department of Arizona State Hospital (ASH)	Health Services, Department of	Replace or Upgrade Fire & Life Safety Systems - Phase III	\$500,000
Juvenile Corrections, Arizona Department of Adobe Mountain School (AMS)	Juvenile Corrections, Arizona Department of	Repair or Replace Fire Hydrants	\$400,000
		<b>Subtotal</b>	<b>\$1,650,000</b>
<u>Building Shell (Asset Preservation)</u>			
Administration, Arizona Department of ADOA Managed Facilities	Education, Department of JLBC Staff Revenue, Department of	Re-Caulk Exterior Expansion Joints & Windows	\$600,000
ADOA Building System Agency Statewide Priorities	Land Department, State Pharmacy, State Board of Charter Schools, State Board for Citizens Clean Elections Commission Administration, Department of Secretary of State, Library and Archives Auditor General Financial Institutions, Department of Insurance, Department of Real Estate, Department of Public Safety, Department of Exposition and State Fair Board	Repair or Replace Roofs	\$800,000
		<b>Subtotal</b>	<b>\$1,400,000</b>
<u>Major Building Services</u>			
Administration, Arizona Department of ADOA Managed Facilities	House of Representatives State Senate Contractors, Registrar of Economic Security, Department of Governor's Office Homeland Security, Department of Indian Affairs, AZ Commission for Mine Inspector, State Navigable Stream Adjudication Commission Public Safety, Department of School Facilities Board Secretary of State Treasurer, State	Replace Service Electrical Entrance Section	\$1,150,000
Administration, Arizona Department of ADOA Managed Facilities	House of Representatives State Senate Economic Security, Department of Juvenile Corrections, Arizona Department of Health Services, Department of	Repair or Replace Failing HVAC	\$700,000
Administration, Arizona Department of ADOA Managed Facilities	Economic Security, Department of Juvenile Corrections, Arizona Department of Corporation Commission Parks Board, Arizona State	Replace or Upgrade Elevators	\$800,000
Juvenile Corrections, Arizona Department of Adobe Mountain School (AMS)	Juvenile Corrections, Arizona Department of	Replace Plumbing Chase Piping	\$400,000
		<b>Subtotal</b>	<b>\$3,050,000</b>
<u>Infrastructure</u>			
Administration, Arizona Department of ADOA Managed Facilities	Corporation Commission Parks Board, Arizona State State Boards (Various) Corrections, Department of	Replace or Repair Surface Parking Lots	\$400,000
		<b>Subtotal</b>	<b>\$400,000</b>
<u>Building Interior; Finishes</u>			
Administration, Arizona Department of ADOA Managed Facilities	Education, Department of Economic Security, Department of Juvenile Corrections, Arizona Department of State Boards (Various)	Replace Floor Coverings	\$500,000
		<b>Subtotal</b>	<b>\$500,000</b>

Arizona Department of Administration Building System  
FY 2014 Building Renewal Allocation Plan  
Laws 2013, First Special Session, Chapter 8 (HB 2008)  
\$9,000,000

<u>Agency</u>	<u>Tenant Agency</u>	<u>Fire &amp; Life Safety</u>	<u>Allocation</u>
		<u>Energy Conservation</u>	
ADOA Building System Agency Statewide Priorities	Auditor General	Energy Conservation Measures	\$1,000,000
	Financial Institutions, Department of Insurance, Department of Real Estate, Department of Public Safety, Department of Administration, Department of	Subtotal	\$1,000,000
ADOA Building System Agency Statewide Priorities		<u>Contingency</u>	\$650,000
		Subtotal	\$650,000
		<u>Other</u>	
Project Management		Project Scoping	\$70,000
Project Management		Personnel Services or Employee Related Expenditures	\$275,000
Risk Mgt Insurance		State Risk Management Construction Insurance Premium	\$5,000
		Subtotal	\$350,000
Total FY 2014 Building Renewal Appropriation			\$9,000,000

A.R.S. 49-793.D. requires each agency responsible for its Building System and each state agency should give priority to fire and life safety projects.

A.R.S. 41-1252.B. requires JCCR should give priority to funding fire and life safety projects.

ADOA Managed Facilities means those buildings under ADOA jurisdiction pursuant to A.R.S. 41-791.

Statewide Priorities means one or more agencies of the ADOA Building System.

Tenant Agency means the agency occupying a particular facility that will benefit from a potential project.

Arizona Department of Administration (ADOA) Building System  
FY 2014 Building Renewal Allocation Plan  
Laws 2013, First Special Session, Chapter 8 (HB 2008)  
\$9,000,000

**Fire and Life Safety:** improve or eliminate an impending condition that threatens life or property

The ADOA Building System has a number of fire alarm and suppression systems that have exceeded their life expectancy, are functionally obsolete, and in various stages of failure, if not already failed. When fire alarm systems are out of commission for extended repair times, agencies must employ 24-hour fire watch personnel, usually on an overtime basis, to achieve fire and life safety standards. Upgrades to fire alarm and suppression systems are necessary to bring facilities into compliance with federal, state, and local fire and life safety regulations.

\$500,000: Administration, Department of (ADOA) – ADOA Managed Facilities – Replace Obsolete and Unsupported Fire Alarm Systems

The proprietary systems in many Capitol Mall buildings are obsolete. Some of the alarm system companies have been out of business for many years and alternative sources do not manufacture parts or support older proprietary systems. Last year, ADOA continued the phased implementation with FY 2013 building renewal monies, to replace fire alarm systems in 1716, 1740, and 1688 W. Adams. The proposed allocation consists of the planned design and construction of non-proprietary fire alarm systems at 1831 and 1919 W. Jefferson, and 1101 W. Washington.

\$250,000: Deaf and the Blind, Arizona Schools for the (ASDB) – Tucson Campus – Upgrade Fire & Life Safety Systems – Phase III

An FY 2012 allocation provided monies for a campus-wide fire alarm assessment; including prioritization recommendations. ADOA re-prioritized recommendations for fire alarm upgrades and replacements in FY 2014 concurrent with a requirement to install fire suppression in the renovated Maricopa, Pima, and Apache dormitories. The proposed allocation will provide monies for design and construction of fire alarms and fire suppression.

\$500,000: Health Services, Department of (DHS) – Arizona State Hospital (ASH) – Replace or Repair Fire & Life Safety Systems – Phase III

A number of fire alarm and sprinkler suppression systems currently serving ASH are obsolete and in various stages of failure. Related equipment and a majority of replacement parts are no longer available. An FY 2013 building renewal allocation for Phase II procured the front-end computer and engineering design for ten (10) buildings. This allocation will continue phased replacement of DHS ASH fire alarm systems.

\$400,000: Juvenile Corrections, Arizona Department of (ADJC) - Adobe Mountain School (AMS) - Repair or Replace Fire Hydrants

The fire hydrants located throughout the AMS campus are below grade, are inaccessible to emergency personnel, and do not meet fire and life safety code requirements. This allocation will evaluate and relocate fire hydrants throughout the campus to ensure accessibility and code compliance.

**Building Shell:** including existing exterior closure, walls, windows, doors, and roofs

The allocations in this category are reflective of deteriorating exterior systems repaired to maximum effectiveness where further repairs are not cost effective nor prevent leaks. Neglect of exterior roofs, walls, windows, and doors facilitates deterioration of building structural systems, leads to undesirable environmental conditions, and increases risk of property and contents damage. The costs of structure damage and environmental abatement can often exceed the cost of replacing a roof membrane alone. This allocation is dedicated to proactively replacing failing roof systems, exterior expansion joints, doors and windows to mitigate negative impacts of interruption to mission critical functions and expensive "crisis-mode" emergency repairs and replacements.

\$600,000: Administration, Department of (ADOA) - ADOA Managed Facilities - Re-Caulk Exterior Expansion Joints & Windows

Building joints expand and contract due to seasonal warming and cooling. Over time, the caulking and sealants in the joints deteriorate creating opportunity for water intrusion, drafts, and noise pollution. Deterioration accelerates in extreme weather conditions, and contents damage and excess energy consumption are inevitable. The useful life of caulking and expansion joint materials is approximately 15-20 years. A majority of ADOA managed facilities are over 20-years old. Potential projects include:

- 1535 W. Jefferson
- 1740 W. Adams
- 1600 W. Monroe

\$800,000: ADOA Building System Statewide Priorities - Repair or Replace Roofs

Many roof systems in the ADOA Building System have reached or exceeded their useful lives. Physical deterioration through the combination of wear and tear, exposure to the elements, structural defects, and deferred maintenance have contributed to evidence of leakage, punctures, tears, blistered coatings, stained interior ceilings, sagging or decaying roof structures, and more. Some types of deterioration may be very apparent, while others may require a more thorough examination by a qualified source. When appropriate, ADOA intends to identify tasks and/or projects it may assign for Arizona Department of Corrections (ADC) inmate labor. Potential roofing projects include:

- ADOA - 1616 W. Adams (Lower roof)
- ADOA - 1919 W. Jefferson
- ADOA - 2910 N. 44<sup>th</sup> St.
- DPS - Phoenix Fleet P-141, Knutson Station P-243, FSL Phoenix P-369
- AESF - Civic/Floriculture Building

**Major Building Services:** includes existing elevators, plumbing (domestic), HVAC, and electrical

The allocations in this category are projects that reflect the worsening condition of chief building services components, including large central plants. Many of the failing chillers and cooling towers are original to building construction, have well surpassed their useful lives, and can no longer meet the cooling demands of the structures they support. Many systems are weak and unpredictable, and imminent failure conditions threaten mission critical functions of public safety and institutional settings. Replacing aged and inefficient systems with new and more efficient systems will generate energy savings, protect assets, and provide comfortable climate control in Arizona's extreme environment.

\$1,150,000: Administration, Department of (ADOA) - ADOA Managed Facilities - Additional Funds, Replace Electrical Service Entrance Section (SES) - 1700 W. Washington, Executive Tower

ADOA's FY 2012 Building Renewal Allocation Plan included \$1,133,000 to replace the electrical Service Entrance Section (SES) at 1700 West Washington. ADOA procured the services of an electrical engineer to evaluate and provide the scope of work to replace or refurbish the SES.

Initially, refurbishing the SES was determined a cost-effective solution to address the looming failure, including a series of planned outages to occur in between legislative sessions to facilitate engineering measurements and installation.

The engineer's subsequent investigation identified building codes and fire and life safety issues that are not within the budgeted FY 2012 \$1,133,000 allocation. As it turns out, the nearly 40-year old chilled water lines serving the Executive Tower are located approximately 12" above the SES cabinets and pose serious and fire and life safety concerns. The chilled water pipes are original to the buildings' construction and increasingly prone to failure. ADOA considered rerouting the chilled water lines within the existing basement footprint; however, it is impractical given the volume of chilled water flow and exposures of other major mechanical equipment.

In light of these findings, the engineering firm recommends replacing and relocating the SES cabinets and other major electrical equipment to an above ground location east of the South Wing. This allocation includes construction, replacement, and relocation of the SES and provides a footprint for future relocation of other major electrical equipment.

The primary benefits of this option include:

- Elimination of fire and life safety concerns
- Compliance with electrical code
- Replacement of the SES
- Lessens impact to Executive and Legislative functions
- SES functionality during construction
- Future space for migration of other major electrical equipment from the basement

These monies will address the unforeseen building codes and fire and life safety problems presented.

\$700,000: Administration, Department of (ADOA) - ADOA Managed Facilities - Repair or Replace Failing HVAC

Several ADOA-managed buildings in the Capitol Mall need to have HVAC systems replaced. The proposed allocation will address the most critical HVAC needs in the Capitol Mall to mitigate negative impacts of "crisis-mode" emergency repairs and replacements. Potential projects include:

- 1700 W. Washington House of Representatives; Senate - Replace Air Handler Units
- 1624, 1740 W. Adams - Replace Boilers

Given the years of deferred repairs and replacements, unanticipated mechanical failures of HVAC systems may warrant reprioritization of projects.

\$800,000: Administration, Department of (ADOA) - ADOA Managed Facilities - Elevator Repairs/Upgrades

Elevator control systems on the Capitol Mall are obsolete and replacement parts are no longer available. Some elevators, including in some cases the sole elevator servicing the building, are unreliable and out of service repeatedly. Potential projects include:

- 1624 W. Adams
- 1200 W. Washington
- 1300 W. Washington

\$400,000: Juvenile Corrections, Arizona Department of (ADJC) - Adobe Mountain School (AMS) - Replace Plumbing Chase Piping

The corroded piping in many of the AMS campus buildings requires replacement. A recent repair uncovered extensive corrosion of the chilled water piping throughout the building. Briefly, when the temperature of the chilled water piping

is below the dew point of surrounding air, moisture penetrates the pipe insulation and condenses on the piping causing “invisible” corrosion that persists for years without any indication of a problem. New piping includes a vapor barrier to mitigate corrosion.

**Infrastructure:** includes existing roadways, parking lots, pedestrian paving, site electrical and mechanical utilities, water supply and distribution, sanitary and storm sewers, waste treatment, electrical distribution, site lighting, fencing, communications, and security

\$400,000: Administration, Department of (ADOA) - ADOA Managed Facilities - Replace or Repair Surface Parking Lots

Many parking lots have been in a “deferred indefinitely” status for many years and in an exhausted state of deterioration because limited building renewal monies are directed at keeping failing roofs, HVAC, electrical and plumbing systems, fire alarms, sewer and water systems operational. Interim measures such as patch repairs and sealants are ineffective and the only option is to remove and replace the asphalt. The lot surfaces have succumbed to long-term erosion, shifting, and settling caused by water penetration of the underlying pavement base and extreme weather conditions further exacerbated by the weight of passing traffic. Potential projects include:

- 1200 W. Washington
- 1300/1400 W. Washington
- 1601 W. Jefferson

**Building Interiors and Finishes:** primarily floor coverings, interior doors and door casements, stairs

Floor covering replacements have been in a “deferred indefinitely” status for many years because limited building renewal monies are directed at keeping failing roofs, HVAC, electrical and plumbing systems, fire alarms, sewer and water systems operational. Many floor coverings – some as old as 20-years – have exhausted a deferred status and are in such poor condition they require immediate attention to avert or eliminate safety hazards. The expected useful life of most carpet in a typical office building is five to ten-years. Conditions include floor coverings completely worn through to the concrete floor, trapped dirt accumulation, patch maintenance, stains, unraveling seams and tears, unsuccessful duct tape repairs, and extensive rippling. Cleaning is not an interim alternative because the cleaning process only compresses “wet” dirt into deteriorated carpet fibers and onto the floor surface underneath.

\$500,000: Administration, Department of (ADOA) - ADOA Managed Facilities - Replace Floor Coverings

ADOA will address buildings and areas with the most critical floor covering needs, including carpet and tile. Potential projects include:

- 1535 W. Jefferson

- 1624 W. Adams
- 1400 W. Washington

**Energy Conservation:** primarily emphasizes the reduction of energy consumption by a building, utility system, or core component. Replacing aged and inefficient systems will generate energy savings, protect assets, and provide comfortable climate control in Arizona's extreme environment.

\$1,000,000: ADOA Building System Statewide Priorities – Energy Conservation Measures

Executive Order 2003-14 directed all agencies to take steps to reduce energy consumption. State agencies can realize significant reductions in energy consumption and realize operational savings by centralizing control of inefficient HVAC control systems, upgraded lighting systems, and other innovative energy saving technologies. ADOA will select projects based on a return on investment strategy, many supported by formal third party energy audits. Potential projects include:

- ADOA - 2910 N. 44<sup>th</sup> St. –Retrofit Lighting
- ADOA – ADOA Managed Facilities - Integrate HVAC Control Systems
- DPS - 2102 W. Encanto Blvd. – Replace HVAC Control System

### **Contingency**

\$650,000: ADOA Building System Statewide Priorities – Contingency

ADOA will expend monies from this proposed allocation to repair or replace failed or failing HVAC, plumbing, electrical, and other building systems in mission critical structures and address unforeseen scope of work conditions.

### **Project Scoping:**

\$70,000: Administration, Department of (ADOA) – ADOA Building System – Building Renewal Project Priorities (FY 14 and Prospective FY 15)

Some building renewal requests ADOA receives for funding consideration has deficient or very broad scopes of work, no supporting documentation, and insufficient, unreliable, or aged cost estimates. The proposed allocation supports ADOA's mission to prepare an allocation plan that addresses the ADOA Building System's current and deferred building renewal requirements efficiently, including allocating an appropriate amount - not too much; not too little - of monies to well scoped projects.

### **Personnel Services or Employee Related Expenditures:**

\$275,000: ADOA Personal Services and Employee Related Expenses



ADOA may allocate up to up \$275,000 in Personal Services and Employee Related Expenses for up to 5 FTE Positions each fiscal year for project management.

**Risk Management Insurance Premium:**

\$5,000: State Risk Management Construction Insurance Premium

The ADOA General Services Division (GSD) pays a .34% Construction Insurance Premium from each fiscal year's building renewal appropriation to ADOA State Risk Management for Errors and Omissions (E & O) insurance premiums associated with Engineering and Architectural (A & E) services contracts. The premium is not for direct construction costs or for reimbursable expenses.



STATE OF ARIZONA

## Joint Committee on Capital Review

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RICK GRAY  
ANDREW C. SHERWOOD

DATE: August 13, 2013

TO: Senator Don Shooter, Chairman  
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director *RS*

FROM: Micaela Larkin, Fiscal Analyst *ML*

SUBJECT: Arizona Department of Corrections - Review of Arizona State Prison Complex (ASPC) -  
Yuma Cheyenne Building Repair Plan

### Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for capital projects. Laws 2013, 1<sup>st</sup> Special Session, Chapter 8, the FY 2014 Capital Outlay Bill, appropriated \$8,000,000 for repairs at the Cheyenne unit of the Arizona Department of Corrections' (ADC's) Yuma prison complex. ADC requests review of its Building Repair Project Plan for ADC's Yuma prison complex.

### Recommendation

The Committee has at least the following 2 options:

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

Under either option, the JLBC Staff recommends the provision that ADC shall report any change in the spending plan to the JLBC Staff.

### Analysis

A total of \$8,000,000 was appropriated to the ADC from the Department of Corrections Building Renewal Fund in FY 2014 for the repair of two buildings, Building #2 ("Kitchen Building") and Building #13 at the Cheyenne Unit in the (ASPC-Yuma). The Cheyenne Unit opened in 1996, and currently houses 1,200 medium custody inmates. The two buildings sustained structural damage due to water leaking from evaporative coolers onto the steel roof deck and steel roof structure for many years. The water damage compromised the integrity of a number of building systems including electrical components, fire alarm apparatus, and mechanical ductwork. In June 2009, a structural engineer deemed the buildings as "unsafe" to occupy.

(Continued)

The plan to restore the unusable buildings includes \$4,096,147 for building renovation, \$1,430,208 for specialty equipment, \$1,017,304 for risk insurance, bond, and taxes, \$852,163 for architecture and engineering design fees, and \$604,178 for contingency

For the project, ADC will select a contractor using a bidding process. At this time, ADC anticipates the completion of the project by January 30, 2015. The costs are based on the preliminary contractor estimate made when ADC brought in a contractor to shore up the buildings and to develop a scope of work plan. The breakdown may change as a result of the upcoming bidding process. For a breakdown of the costs based on current department estimates, please see *Table 1*.

<b>Table 1</b>	
<b>Cheyenne Building #2 &amp; #13 Repairs</b>	
<u><b>Building Renovation</b></u>	
General Conditions	\$ 410,420
Structure (Demolition, Steel, Masonry, Concrete)	624,384
Enclosure (Roofing, Fire Stopping & Joint Sealants)	633,135
Finishes	396,843
Systems (Fire Protection, Plumbing, Mechanical, Electrical)	<u>2,031,365</u>
Subtotal	<u>\$4,096,147</u>
<u><b>Specialty Equipment</b></u>	
Fire Extinguishers & Cabinets	\$ 2,500
Kitchen	655,155
Laundry	655,554
Dining Seating	<u>117,000</u>
Subtotal	<u>\$1,430,208</u>
<u><b>Other</b></u>	
Indirect Soft Costs (Risk Insurance, Bond, Taxes)	\$1,017,304
A&E Design Fees	852,163
Contingency	<u>604,178</u>
Subtotal	<u>\$2,473,464</u>
<b>TOTAL</b>	<b>\$8,000,000</b>

The scope of work for the repair consists of removing the roof structure from both buildings; disposing of failed structural components, infrastructure, and equipment; the fixing of structural deficiencies and restoration of the roof, and the replacement of infrastructure including mechanical, plumbing, electrical, systems and equipment. The proposed \$1,430,208 expenditure for specialty equipment includes the estimated price of the equipment and installation. The restoration of the kitchen to functionality includes the purchase of ovens, a fire suppression system, and griddles and other kitchen components. The restoration of the dining area and laundry will also require new equipment.

RS/ML:tb



JANICE K. BREWER  
GOVERNOR

# Arizona Department of Corrections

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(602) 542-5497  
[www.azcorrections.gov](http://www.azcorrections.gov)



CHARLES L. RYAN  
DIRECTOR

July 26, 2013

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



Dear Senator Shooter:

The Arizona Department of Corrections (ADC) requests placement on the next meeting agenda of the Joint Committee on Capital Review (JCCR) for its review of the following items:

1. ADC FY 2014 Building Renewal Appropriation (\$5,000,000) Allocation Plan
2. ASPC-Yuma Cheyenne Building Repair Project Plan

ADC is including supporting documentation for both requests as enclosures.

If you have any questions regarding any of the proposed items, please contact Michael Kearns, Division Director, Administrative Services Division, at (602) 542-1160.

Sincerely,

  
Charles L. Ryan  
Director

Enclosures

Cc: The Honorable John Kavanagh, Vice-Chairman, JCCR  
John Arnold, Director, Office of Strategic Planning and Budgeting (OSPB)  
Richard Stavneak, Director, Joint Legislative Budget Committee (JLBC)  
Stefan Shepherd, Deputy Director, JLBC  
Brandon Nee, Budget & Project manager, OSPB  
Ed Boot, Capital Manager, OSPB  
Micaela Larkin, Fiscal Analyst, JLBC Staff

**ARIZONA DEPARTMENT OF CORRECTIONS  
ASPC-YUMA CHEYENNE UNIT BUDGET**

GENERAL CONDITIONS	\$	410,420
DEMOLITION	\$	272,384
CONCRETE	\$	167,000
STEEL	\$	125,000
MASONRY	\$	60,000
ROOFING	\$	605,289
FIRE STOPS AND JOINT SEALANT	\$	27,845
DOORS, FRAMES, HARDWARE	\$	40,000
ACCESS DOORS AND FRAMES	\$	3,500
METAL STUDS, DRYWALL	\$	12,000
FLOOR AND WALL TILE	\$	78,000
CEILINGS	\$	77,250
FLOORING	\$	55,937
PAINTING AND COATINGS	\$	130,156
EQUIPMENT	\$	2,057,799
FIRE PROTECTION	\$	75,000
PLUMBING	\$	423,655
MECHANICAL	\$	689,315
ELECTRICAL	\$	843,396
<b>Subtotal</b>	<b>\$</b>	<b>6,153,946</b>
CONSTRUCTION CONTINGENCY	\$	475,566
A&E FEES	\$	631,684
INDIRECT SOFT COSTS*	\$	738,804
<b>Subtotal</b>	<b>\$</b>	<b>1,846,054</b>
<b>GRAND TOTAL</b>	<b>\$</b>	<b>8,000,000</b>

\* Risk insurance, bond, taxes

Prepared by ADC/ml/mpk

7/25/13

## **ARIZONA DEPARTMENT OF CORRECTIONS**

### **ASPC-YUMA CHEYENNE UNIT STRUCTURAL REPAIRS**

---

The ASPC-Yuma complex currently has structural issues with two buildings at the Cheyenne unit: the kitchen building and building #13, which housed the complex laundry and Arizona Correctional Industries (ACI).

It was determined that over an extended period of time, the evaporative coolers had been leaking water into the steel deck structure that supports the roof. These buildings were deemed "unsafe" to occupy in June 2009 by a structural engineer and have been out of service since that time.

Due to these buildings being taken out of service at the Cheyenne Unit, several operational issues have been created for the Yuma complex. Some examples include additional food costs of \$6,500 per month due to meals being served on paper products, visitation being utilized as a dining area and food distribution point which has increased staffing costs dramatically and visitation for all inmates has been greatly affected. Laundry services have also been shifted to other prison units within the Yuma and Lewis complexes and an ACI inmate labor call center was relocated to other units at the Yuma complex eliminating inmate jobs at the Cheyenne unit. This issue has also created additional security needs and issues.

The cost to repair the Cheyenne kitchen and laundry/ACI programs buildings is estimated at \$8 million dollars with an estimated timeline for construction of 18 months.

The scope of work consists of removing the roof structure in its entirety from both buildings, removal of all of the failed structural components, related infrastructure and equipment; conduct structural repairs and replace all infrastructure to include all mechanical, plumbing, electrical and equipment. This will allow the re-constructed buildings to be fully functional as they were originally designed.

Inmate labor will be utilized to the fullest extent possible during this project.



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DAVID GOWAN, SR.  
RICK GRAY  
ANDREW C. SHERWOOD

DATE: August 13, 2013

TO: Senator Don Shooter, Chairman  
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director *RS*

FROM: Micaela Larkin, Fiscal Analyst *ML*

SUBJECT: Arizona Department of Corrections - Review of FY 2014 Building Renewal Allocation Plan

### Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for building renewal monies. Laws 2013, 1<sup>st</sup> Special Session, Chapter 8, the FY 2014 Capital Outlay Bill, appropriated \$5,000,000 for the Department of Corrections Building Renewal Fund to ADC in FY 2014 for general building renewal. The Arizona Department of Corrections (ADC) requests the Committee review its FY 2014 Building Renewal Allocation Plan, which primarily funds perimeter electronic security systems and the replacement of obsolete locking and control systems.

### Recommendation

The Committee has at least the following 2 options:

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

Under either option, the JLBC Staff recommends the provision that ADC shall report any change in the spending plan to the JLBC Staff, including reallocations between projects and non-emergency use of contingency monies. If there is significant change of scope in the reallocation reported by ADC, the JLBC Staff shall recommend ADC request Committee review of the reallocation.

The JLBC Staff also recommends the following provisions for the emergency contingency allocation of \$221,712.

1. ADC notify the Chairman and JLBC Staff that they plan to spend less than \$50,000 on an emergency project. ADC can proceed without Committee review.

(Continued)

2. If the emergency project is \$50,000 or greater, ADC will request JCCR review.
3. The Chairman can allow ADC to move forward with an emergency project of greater than \$50,000 without Committee review.
4. The Chairman will notify ADC if he does not agree that the project is an emergency and will request that ADC not proceed with the project.

An “emergency” project is defined as unforeseen, critical in nature, and of immediate time sensitivity. These provisions are similar to those used for prior contingency allocations.

### Analysis

Building renewal appropriations provide for the major maintenance and repair of state-owned buildings. A total of \$5,000,000 was appropriated to ADC from the Department of Corrections Building Renewal Fund in FY 2014. Of this amount, ADC proposes to use \$4,778,288 for building renewal, and \$221,712 for contingency. The FY 2014 Building Renewal Allocation Plan consists of the following projects:

<b>Table 1</b>	
<b>FY 2014 Building Renewal Allocation Plan</b>	
<u>Perimeter Electronic Security Systems by Complex/Unit</u>	
Florence/South	\$ 660,000
Yuma/Cheyenne	308,200
Florence/East	95,200
Perryville/Santa Cruz	95,200
Tucson/Cimarron	<u>347,200</u>
Subtotal	<b>\$1,505,800</b>
<u>Locking and Control Systems</u>	
Tucson/Cimarron	\$1,132,488
Douglas/CDU	840,000
Eyman/SMU I	<u>1,300,000</u>
Subtotal	<b>\$3,272,488</b>
Emergency Contingency	\$221,712
<b>TOTAL</b>	<b>\$5,000,000</b>

#### Perimeter Electronic Security Systems

A total of \$1,505,800 would be allocated to 5 different perimeter electronic security systems that have reached the end of their service lives (generally 20 to 30 years). These electronic systems notify ADC staff when a person approaches the perimeter fence. ADC indicates that because of their age and condition, the electronic security systems are prone to failure and have required repairs to maintain their status. When these systems go down, additional staff is needed to guard the perimeter of the prison.

The department will use the contractor who is currently under contract to maintain, repair, and upgrade the electronic perimeter system. This contractor supplied the cost estimates for the work at the individual units. The department reports because each project differs in the equipment needed for different portions of the perimeter, there is no single cost per linear foot.

#### Locking and Control Systems

A total of \$3,272,488 would be allocated for locking and control systems at 3 units. The locking and electronic control systems allow staff to secure and move inmates in a safe and effective fashion. A prison unit is made up of housing units or buildings that are further subdivided into pods that contain the

(Continued)



individual cells. For ADC, an individual control system typically allows for the operation of doors within a housing unit or a building that contains multiple pods. A system can operate all doors within a pod including cells, showers, program areas and pod unit entry and exit doors. As a result of 25-year old control systems, the staff faces equipment failures, repairs, and in the case of ASPC-Douglas, the need to operate the doors and locks manually. The updating of the electronic control systems and the fixing of deteriorating locks and doors will contribute to the safety and security of the staff and prisoners.

The contractor for the locking and control system projects will be chosen through a competitive bid process. It is typical for doors and locks to be upgraded at the same time as the control system. The costs for each unit depend on the size of the unit and the extent of repair or upgrading needed for the locks and doors. For example, the FY 2014 Building Renewal Plan would upgrade 20 of the 90 pods at the Eyman SMU-I complex that houses maximum custody prisoners at an average cost of \$65,000. For the repairs at ASPC Tucson Cimarron, ADC has allocated \$1,132,488 for the project. Of that amount, \$785,000 will be dedicated to electronic door control systems and the remainder will be utilized for locks, doors, and associated parts.

ADC has also allocated \$221,712 for emergency contingencies.

RS/ML:tb



JANICE K. BREWER  
GOVERNOR

# Arizona Department of Corrections

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CHARLES L. RYAN  
DIRECTOR

July 26, 2013

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



Dear Senator Shooter:

The Arizona Department of Corrections (ADC) requests placement on the next meeting agenda of the Joint Committee on Capital Review (JCCR) for its review of the following items:

1. ADC FY 2014 Building Renewal Appropriation (\$5,000,000) Allocation Plan
2. ASPC-Yuma Cheyenne Building Repair Project Plan

ADC is including supporting documentation for both requests as enclosures.

If you have any questions regarding any of the proposed items, please contact Michael Kearns, Division Director, Administrative Services Division, at (602) 542-1160.

Sincerely,

Charles L. Ryan  
Director

Enclosures

Cc: The Honorable John Kavanagh, Vice-Chairman, JCCR  
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Stefan Shepherd, Deputy Director, JLBC  
Brandon Nee, Budget & Project manager, OSPB  
Ed Boot, Capital Manager, OSPB  
Micaela Larkin, Fiscal Analyst, JLBC Staff

**ARIZONA DEPARTMENT OF CORRECTIONS  
AY 2014 BUILDING RENEWAL PLAN <sup>1</sup>**

Institution	Project Name	Project Description	Building Renewal Plan
ASPC-Florence South Unit	Perimeter upgrade	Perimeter security system and fencing upgrade	660,000
ASPC-Yuma Cheyenne Unit	Perimeter upgrade	Perimeter security upgrade	308,200
ASPC-Florence East Unit	Perimeter upgrade	Perimeter security upgrade	95,200
ASPC-Perryville Santa Cruz Unit	Perimeter upgrade	Perimeter security upgrade	95,200
ASPC-Tucson Cimarron Unit	Perimeter upgrade	Perimeter security upgrade	347,200
ASPC-Tucson Cimarron Unit	Lock upgrades in housing unit 4	Replace obsolete locking and control systems	1,132,488
ASPC-Douglas CDU	Control panel replacement	Replace obsolete control panel	840,000
ASPC-Eyman SMU I	Locking systems & controls	Phase I: Replace obsolete, non-functional locks and doors for 20 of 96 pods. Total project: \$6.24M	1,300,000
		AY 2014 PROJECT TOTAL	<u>4,778,288</u>
		Contingency	<u>\$221,712</u>
		AY 2014 GRAND TOTAL	<u><u>\$5,000,000</u></u>

<sup>1</sup> Laws 2013, 1st Special Session, Chapter 8 (HB 2008), Section 10 requires JCCR review of the scope, purpose, and estimated cost of a new capital project with an estimated cost in excess of \$250,000.

# **ARIZONA DEPARTMENT OF CORRECTIONS**

## **FY 2014 ADC BUILDING RENEWAL PLAN**

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### **FIRE & LIFE SAFETY ISSUES**

#### **ASPC-Florence South Unit: \$660,000**

The perimeter alarm system at the medium custody level South Unit was installed 35 years ago and has reached the end of its service life. Due to the deterioration of the buried ported cable detection wire and controls, the system has experienced several failures and requires frequent costly repairs to maintain operational status. The integrity of this perimeter alarm system is critical in preventing escapes and protecting the public.

#### **ASPC-Yuma Cheyenne Unit: \$308,200**

The perimeter alarm system at the medium custody Cheyenne Unit has been in service for 17 years and has reached the end of its service life. Due to the deterioration of the buried ported cable detection wire and controls, the system has experienced several failures and requires frequent costly repairs to maintain operational status. The integrity of this perimeter alarm system is critical in preventing escapes and protecting the public.

#### **ASPC-Florence East Unit: \$95,200**

The perimeter alarm system at the medium custody East Unit has been in service for 30 years and has reached the end of its service life. Due to the deterioration of the buried ported cable detection wire and controls, the system has experienced several failures and requires frequent costly repairs to maintain operational status. The integrity of this perimeter alarm system is critical in preventing escapes and protecting the public.

#### **ASPC-Perryville Santa Cruz Unit: \$95,200**

The perimeter alarm system at the medium custody Santa Cruz Unit has been in service for 32 years and has reached the end of its service life. Due to the deterioration of the buried ported cable detection wire and controls, the system has experienced several failures and requires frequent costly repairs to maintain operational status. The integrity of this perimeter alarm system is critical in preventing escapes and protecting the public.

#### **ASPC-Tucson Cimarron Unit: \$347,500**

The perimeter alarm system at the medium and close custody Cimarron Unit has been in service for 27 years and has reached the end of its service life. Due to the deterioration of the buried ported cable detection wire and controls, the system has experienced several failures and requires

frequent costly repairs to maintain operational status. The integrity of this perimeter alarm system is critical in preventing escapes and protecting the public.

**ASPC-Tucson Cimarron Unit: \$1,132,488**

The Cimarron unit houses close and medium custody level inmates. The original locking and electronic control systems have been in use for 27 years and have reached the end of their service life. The safe operation of the locking systems is critical to protect inmates, staff and the public from harm. Due to the deterioration of the locks, wires and controls, the system has experienced several failures and requires frequent costly repairs to maintain operational status.

**ASPC-Douglas Complex Detention Unit: \$840,000**

The ASPC-Douglas Complex Detention Unit (CDU) control panel as well as the doors and locks were installed in 1987. These items have reached the end of their service life and require replacement. Currently the doors and locks are operated manually with keys which create a security and safety risk for staff and inmates. The detention unit houses all custody levels of inmates and the replacement of the door control panel, locks and doors is critical to the safe operation of the unit.

**ASPC-Eyman SMU I: \$1,300,000**

The doors and locks at SMU I were installed in 1987 and have reached the end of their service life. The SMU I unit houses maximum custody level inmates and it is critical that doors and locks are secure and function properly. The entire SMU I unit requires repairs and upgrades, and 20 of the 96 housing pods will be addressed in this year's project. The total project cost is estimated at \$6,240,000.

There are no Risk Management insurance premiums, project management or architectural and engineering fees associated with the above projects.



STATE OF ARIZONA

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TOM FORESE  
DAVID GOWAN, SR.  
RICK GRAY  
ANDREW C. SHERWOOD

DATE: August 13, 2013

TO: Senator Don Shooter, Chairman  
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director *RS*

FROM: Tom Ritland, Fiscal Analyst *TR*

SUBJECT: Arizona State Schools for the Deaf and the Blind - Review of FY 2014 Residential  
Dormitory Renovation Plan

### Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for capital outlay appropriations. The Arizona State Schools for the Deaf and the Blind (ASDB) requests the Committee review its FY 2014 Residential Dormitory Renovation Plan. The Capital Outlay Bill (Laws 2013, 1<sup>st</sup> Special Session, Chapter 8) appropriated \$1.0 million from the General Fund to ASDB in FY 2014.

### Recommendation

The Committee has at least the following 2 options:

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

### Analysis

The \$1.0 million capital appropriation would fund the renovation of 2 of ASDB's 9 residential halls on the Tucson campus. The residential halls house the school's live-in students who reside on the ASDB campus 7 days a week. The 2 halls to be renovated were built in the 1950's, house 46 students, and cover 16,933 square feet. The halls' bathrooms have damaged partitions, and the bedrooms have built-in dressers and closets in need of repair or replacement. The bedrooms are not wired appropriately to meet student IT needs and the lighting is poor. The carpet is original and also needs to be replaced. The renovations would provide a more comfortable and accessible home for the students.

The building renovations would include new ceilings, flooring, walls, lighting, bedrooms, closets, interior doors, bathrooms, kitchens, HVAC grills, radiators, and electrical wiring. The bathroom renovations would also include new toilets, sinks, and accessible showers that will bring the school into compliance with the Americans with Disabilities Act (ADA) accessibility standards. The Arizona Department of

Administration (ADOA) estimates the cost per square foot to be \$50. At its April 2013 meeting, the Committee favorably reviewed residence hall renovations at Yavapai Community College at a cost per square foot of \$105. *Table 1* provides details of the estimated project costs.

<b>Table 1</b>	
<b><u>FY 2014 ASDB Residence Hall Renovations</u></b>	
<b>Professional Services</b>	<b><u>Estimated Cost</u></b>
A/E Fees	\$60,000
Reimbursables	2,000
<b>Construction Services</b>	
Residential Halls 16,933 sq ft @ \$50	846,650
<b>Separate Contracts</b>	
Asbestos Oversight & Abatement	55,060
<b>Project Support</b>	
ADOA Project Management Fees	26,290
<b>Contingency Allowance</b>	<u>10,000</u>
<b>TOTAL PROJECT COST</b>	<b>\$1,000,000</b>

ASDB plans to use an Interagency Service Agreement (ISA) to transfer the \$1.0 million to ADOA and have their General Service Division - Construction Services manage the project. ADOA would oversee the design, construction administration and renovation of the residential halls. ASDB has used an ISA with ADOA to complete similar projects in the past, including a transfer of a \$19 million General Fund capital outlay appropriation in FY 2007 for multiple renovation projects at both the Tucson and Phoenix campuses.

RS/TR:ts



**Agency Administration**

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Tucson, AZ 85754  
520 770 3601  
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7654 N. 19<sup>th</sup> Avenue  
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Tucson Campus  
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520 770 3200  
520 770 3782 Fax

Southwest  
Regional Cooperative  
2450 S. 4<sup>th</sup> Ave. Ste 600  
Yuma, AZ 85364  
928 317 0429  
928 317 0447 Fax

Early Childhood  
& Family Education  
P.O. Box 88510  
Tucson, AZ 85754  
520 770 3725  
520 770 3711 Fax

July 30, 2013

The Honorable Don Shooter, Chairman  
Joint Committee on Capital Review  
Arizona House of Representatives  
State of Arizona  
1700 West Washington  
Phoenix, AZ 85007



RE: Placement on next Capital Appropriations Committee Agenda

Dear Senator Shooter:

The Arizona State Schools for the Deaf and the Blind (ASDB) would like to request placement on the upcoming August 20, 2013 Capital Appropriations Committee agenda. We would like to request approval from the Committee to start work on our Tucson Campus Residential Facilities Repairs using our Capital appropriations of \$1,000,000.

If you have any questions or comments I can be reached at (520) 770-3704.

Sincerely,

Robert Hill  
Superintendent  
Arizona State Schools for the Deaf and the Blind





**Agency Administration**

P.O. Box 88510  
Tucson, AZ 85754  
520.770.3601  
520.770.3711 Fax

Phoenix Campus  
7654 N. 19<sup>th</sup> Avenue  
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602.771.5364 Fax

Tucson Campus  
P.O. Box 85000  
Tucson, AZ 85754  
520.770.3863  
520.770.3007 Fax

Desert Valleys  
Regional Cooperative  
2051 W. Northern Ave., #200  
Phoenix, AZ 85021  
602.771.5200  
602.544.1704 Fax

Eastern Highlands  
Regional Cooperative  
153 W. Vista  
Holbrook, AZ 86025  
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928.524.6779 Fax

North Central  
Regional Cooperative  
1000 E. Butler Ave., Ste 115  
Flagstaff, AZ 86001  
928.774.0655  
928.773.9229 Fax

Southeast  
Regional Cooperative  
P.O. Box 85000  
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Southwest  
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2450 S. 4<sup>th</sup> Ave. Ste 600  
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928.317.0447 Fax

Early Childhood  
& Family Education  
P.O. Box 88510  
Tucson, AZ 85754  
520.770.3725  
520.770.3711 Fax

**Tucson Campus Residential Facilities Repairs**

**Request**

Pursuant to A.R.S. 41-1252, the Arizona State Schools for the Deaf and the Blind (ASDB) request review by the committee of the scope, purpose, and probable cost for the Tucson Campus Residential Facilities Repairs as presented herein. Laws 2013, 51<sup>st</sup> Legislature, 1<sup>st</sup> Special Session, chapter 8, section 4, HB 2008, appropriated \$ 1 million for the renovation of Residential dorms on the Tucson campus. ASDB would like to request that the Arizona Department of Administration-General Service Division-Construction Services manage and oversee this project. We would further like to use an Interagency Service Agreement (ISA) to transfer the \$ 1 million to ADOA. A favorable review will allow ASDB to start this renovation project.

**Background**

ASDB would like to retain ADOA Project Management Services (ADOA) to oversee the Design, Construction Administration, and Renovation of the Maricopa and Palo Verde Residential Halls (Dorms). Please see attached proposed estimated budget for this project.

**Information**

ASDB has nine (9) Residential Halls (Dorms). These Dorms house our live-in students who reside on the ASDB Campus 7 days a week. The two dorms for renovation are: Maricopa Dorm, built in 1954, has a total of 10,344 square feet capable of housing up to 26 students. The Palo Verde Dorm, built in 1957 is 6,589 square feet, capable of housing up to 20 students.

The building renovation includes the following:

- \* New Drop ceilings in the halls, accessory spaces, except for the bathrooms and dorm rooms. Extending existing HVAC grills, new lights.
- \* Complete removal of existing bathrooms, enlarge bathroom foot print by removing existing adjoining closets, and reconfigure bathrooms to include toilets, lavatories/sinks, ADA accessible showers (Alternative might include whirlpool tub) new tile walls, floor, water resistant ceiling and new lighting.
- \* Renovate kitchen area and laundry washer/dryer room.
- \* Refurbishment/replacement of existing interior doors such as, bedroom doors, closet, etc.
- \* Refurbishment or replacement of existing wardrobe closets.
- \* Removal of existing wall radiators/ventilators.
- \* Repair any existing cracks in the walls.
- \* Paint complete interior-rooms, closets, offices, laundry, bathrooms, etc.
- \* Remove and replace flooring.
- \* Wiring for phone, computers, TV, security, etc.

PROJECT: ASDB Tucson Campus Residential Facilities Repair

PROJECT NUMBER: 8958TI.1

DATE PREPARED:

July 1, 2013

SENIOR PROJECT MANAGER: Janet Collegio

REVISED :

July 15, 2013

GENERAL MANAGER: Roger Berna

DESCRIPTION		AMOUNT	
<u>FUNDING SOURCES:</u>	<u>INDEX:</u>		
ASDB Tucson Campus	ISA Transfer		\$1,000,000.00
<b>TOTAL FUNDING</b>		<b>\$0.00</b>	<b>\$1,000,000.00</b>
<b>PROJECT COST:</b>	<b>Cost Code</b>	<b>Estimate</b>	<b>Project Cost at completion</b>
<u>Land Acquisition Costs:</u>			
Subtotal		\$0.00	
<u>Professional Services:</u>			
A/E Fees			\$60,000.00
Reimbursables			\$2,000.00
Subtotal		\$0.00	\$62,000.00
<u>Construction Services (GC):</u>			
Maricopa Dorm	10344 SF @ \$50		\$517,200.00
Palo Verde Dorm	6589 SF @ \$50		\$329,450.00
Subtotal		\$0.00	\$846,650.00
<u>Separate Contracts:</u>			
Asbestos Oversight & Abatement			\$55,060.00
Subtotal		\$0.00	\$55,060.00
<u>Project Support:</u>			
ADOA Project Management Fees			\$26,290.00
Subtotal		\$0.00	\$26,290.00
<u>Contingency Allowance:</u>			
			\$10,000.00
Subtotal		\$0.00	\$10,000.00
<u>Previous/Future Projects:</u>			
1.			
Subtotal		\$0.00	\$0.00
<b>TOTAL PROJECT COST</b>		<b>\$0.00</b>	<b>\$1,000,000.00</b>
<b>Funds Remaining/ (Additional Funds Required)</b>		<b>\$0.00</b>	<b>\$0.00</b>

Printed 7/30/2013 10:40 AM



STATE OF ARIZONA

## Joint Committee on Capital Review

STATE  
SENATE

DON SHOOTER  
CHAIRMAN 2013  
GAIL GRIFFIN  
LEAH LANDRUM TAYLOR  
JOHN McCOMISH  
AL MELVIN  
LYNNE PANCRAZI  
ANNA TOVAR

1716 WEST ADAMS  
PHOENIX, ARIZONA 85007

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HOUSE OF  
REPRESENTATIVES

JOHN KAVANAGH  
CHAIRMAN 2014  
LELA ALSTON  
CHAD CAMPBELL  
TOM FORESE  
DAVID GOWAN, SR.  
RICK GRAY  
ANDREW C. SHERWOOD

DATE: August 13, 2013

TO: Senator Don Shooter, Chairman  
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director *RS*

FROM: Art Smith, Senior Fiscal Analyst *AS*

SUBJECT: Arizona State Parks Board - Review of FY 2014 State Parks Revenue Fund and State Lake Improvement Fund Capital Expenditures.

### Request

The Arizona State Parks Board requests Committee review of FY 2014 capital projects totaling \$2.9 million. Of that amount, \$1.8 million would be used for new construction and building renewal, \$730,000 would be for Arizona Department of Environmental Quality (ADEQ) compliance and \$325,000 would be used for miscellaneous repairs and replacement at parks that allow the use of motorized boats as the need arises.

### Recommendation

The Committee has at least the following 2 options:

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

Under either option, the JLBC Staff recommends the provision that the projects are ultimately approved by the Parks Board along with the following provisions for the \$325,000 emergency contingency allocation:

1. The Parks Board notifies the Chairman and the JLBC Staff that they plan to spend less than \$50,000 on an emergency project. The Parks Board can proceed without Committee review.
2. If the emergency project is \$50,000 or greater, the Parks Board will request the Joint Committee on Capital Review (JCCR) to review the project.
3. The Chairman can allow the Parks Board to move forward with an emergency project of greater than \$50,000 without Committee review.
4. The Chairman will notify the Parks Board if he does not agree that the project is an emergency and will request that the Parks Board not proceed with the project.

(Continued)

An “emergency” project is defined as unforeseen, critical in nature, and of immediate time sensitivity. These provisions are the same used for SLIF contingency allocations in FY 2013.

### Analysis

The FY 2014 Revenue Budget Reconciliation Bill (Laws 2013, 1<sup>st</sup> Special Session, Chapter 9) requires the deposit of \$1.0 million of interest income from the Budget Stabilization Fund (BSF) to the State Parks Revenue Fund (SPRF) for capital projects. Under permanent law, capital projects that are funded by SPRF require Committee review.

SLIF is a non-appropriated fund that generates revenue primarily from the Highway User Revenue Fund based on a formula that estimates state gasoline taxes paid for boating purposes and is used to fund projects at boating sites. Monies in the fund are available for capital improvement projects and acquisitions of real property on waters where gasoline-powered boats are permitted.

The beginning balance for SLIF in FY 2014 is estimated to be \$4.4 million. The Parks Board estimates that SLIF will generate \$6.9 million, for total resources of \$11.3 million in FY 2014. Monies in SLIF are primarily used by the Parks Board for operating expenses. Statute requires Committee review of SLIF expenditures for capital projects. The Parks Board proposes to spend \$1.9 million from SLIF on capital projects in FY 2014.

### New Construction and Building Renewal

The Parks Board would fund 5 new construction and building renewal projects. The largest project would be the electrification of existing campgrounds at Buckskin Mountain, Catalina and Lost Dutchman State Parks. The electrification project at the 3 parks will consist of upgrades to existing electrical infrastructure at 92 campsites, as well as the addition of electricity to 55 campsites. The \$1.3 million cost of this project will be funded by the BSF, SLIF and the Federal Land and Water Conservation Fund (LWCF). Expenditures from the LWCF are not subject to Committee review; however, the Parks Board has provided this information to show the total cost of the campground electrification project.

New construction would also include sand and landscape projects for waterfront beaches and access at 5 boating parks: Buckskin Mountain, Cattail Cove, Lake Havasu, Patagonia Lake and River Island State Park, which would be funded with \$600,000 from SLIF. The BSF would fund replacement of a restroom at Lost Dutchman at a cost of \$180,000, construction of a new restroom at Tonto Natural Bridge for \$195,000, and \$175,000 for plumbing and HVAC upgrades at Tonto Natural Bridge Lodge.

Table 1 provides a summary of the Parks Board’s capital project fund sources.

Table 1

### FY 2014 Arizona State Parks Capital Projects

<u>Project</u>	<u>BSF/SPRF</u>	<u>SLIF</u>	<u>Federal LWCF</u> <sup>1/</sup>	<u>Total</u> <sup>2/</sup>
Campground Electrification	\$ 450,000	\$ 245,000	\$600,000	\$1,295,000
Sand and Landscape Projects	0	600,000	0	600,000
Lost Dutchman Restroom Replacement	180,000	0	0	180,000
Tonto Natural Bridge – New Restroom Building	195,000	0	0	195,000
Tonto Natural Bridge – Plumbing and HVAC	175,000	0	0	175,000
ADEQ Consent Order Compliance	0	730,000	0	730,000
Emergency Repair and Building Renewal	0	325,000	0	325,000
<b>Total</b>	<b>\$1,000,000</b>	<b>\$1,900,000</b>	<b>\$600,000</b>	<b>\$3,500,000</b>

1/ JCCR review is not required for Federal LWCF expenditures.

2/ Of the \$3.5 million, \$2.9 million requires JCCR review for BSF/SPRF and SLIF expenditures.

(Continued)

ADEQ Consent Order Compliance

The Parks Board has allocated \$730,000 in SLIF monies in order to continue to obtain compliance with a longstanding ADEQ consent order to upgrade water and wastewater systems. Alamo Lake would receive \$245,000 to fund the design and construction of a water tank and lift station for wastewater treatment, in addition to the construction of a new restroom facility. Lake Havasu would receive \$110,000 to design restrooms, showers and concession buildings, in addition to replacing a restroom at the park's Water Safety Center. Patagonia Lake would receive \$375,000 for replacement of a lift station for wastewater treatment and the repair of a dam.

Emergency Repair and Building Renewal

The Parks Board has allocated \$325,000 from SLIF for emergency building and equipment renewal at its boating parks. The Parks Board states that emergency repair and replacements may include pumps and blowers for wastewater treatment, HVAC units, fire alarms, security fencing, electrical systems and plumbing. In FY 2013, the Parks Board was allocated \$299,400 in SLIF monies for emergency building renewal, which was favorably reviewed by the Committee at its June 2012 meeting. Of this amount the Parks Board spent \$104,700. Any unspent amount of the FY 2013 allocation will lapse at the end of the fiscal year.

RS/AS:ts

Janice K. Brewer  
Governor

Bryan Martyn  
Executive Director



Board Members

Walter D. Armer, Jr., Vail, *Chair*  
Mark Brnovich, Phoenix  
R. J. Cardin, Phoenix  
Kay Daggett, Sierra Vista  
Alan Everett, Sedona  
Larry Landry, Phoenix  
Vanessa Hickman, State Land Commissioner

July 31, 2013

The Honorable Senator Don Shooter  
Joint Committee on Capital Review  
1716 West Adams  
Phoenix, AZ 85007



RE: Request for Joint Committee on Capital Review (JCCR) review of FY 2014  
Capital Project Recommendations

Dear Senator Shooter:

Arizona State Parks is requesting the JCCR to give a favorable review of the capital outlay projects listed below. These projects will be funded, or obligated, during FY 2014, using available appropriations and cash balances from the State Parks Revenue Fund (SPRF), the State Lake Improvement Fund (SLIF), and the Federal Land & Water Conservation Fund (LWCF). Sufficient revenues and cash balances forward are projected, or available, in each of the funds to pay for the projects, while also providing adequate cash flow for agency operational needs.

A.R.S. § 5-382 requires JCCR review of expenditure plans for SLIF capital projects prior to expenditure. A.R.S. § 41-1252 requires JCCR review of capital projects with an estimated cost exceeding \$250,000. Per the Revenue Budget Reconciliation Bill, Laws 2013, 51<sup>st</sup> Legislature, 1<sup>st</sup> Special Session, Chapter 9, HB 2009, Section 18, the agency is appropriated \$1.0 million in FY 2014 for capital improvements from the State Parks Revenue Fund, subject to review by the JCCR. Chapter 9, Section 17, supports this appropriation with a transfer of funds from interest earned on the State's Budget Stabilization Fund (BSF).

The recommended projects reflect the agency's highest and most time-sensitive priorities. Projects include a mix of New Construction and Facility Renewal, Arizona Department of Environmental Quality (ADEQ) Consent Order Compliance, and Boating Parks Repairs and Replacements.

**New Construction and Facility Renewal Projects:**

- 1) Electrification of existing campgrounds at Buckskin Mountain, Catalina and Lost Dutchman State Parks. Projects will be fund by SPRF, SLIF & LWCF.
- 2) Sand and landscape amenities for waterfront beaches and access at five boating parks. Project will be funded by SLIF.
- 3) Restroom replacement at Lost Dutchman State Park. Project will be funded by SPRF.

- 4) Plumbing and HVAC upgrades to the Tonto Natural Bridge Lodge. Project will be funded by SPRF.
- 5) New restroom at Tonto Natural Bridge State Park. Project will be funded by SPRF.

These projects are targeted to increase park visitation and generate additional user fee revenue at eight State Parks.

These projects will be funded with \$1.0 million of SPRF, \$600,000 of LWCF and \$845,000 of SLIF.

**ADEQ Consent Order Compliance Projects:**

Replace and/or retrofit water, wastewater and sanitary facilities that are in non-compliance with standards mandated by the ADEQ. These critical compliance projects target parks with high visitation and deteriorating water and sanitation infrastructure, which will help ensure uninterrupted park revenue-generating operations, public health and safety, and protect environmental resources. Projects will include:

- 1) Design and construction of water tank at Alamo Lake.
- 2) Design and construction of lift station at Alamo Lake.
- 3) Repair of the restroom/shower building at Alamo Lake.
- 4) Design of four buildings at Lake Havasu, e.g., restrooms, showers, concession.
- 5) Replacement of vault restroom at Lake Havasu Water Safety Center.
- 6) Replacement of lift station at Patagonia Lake.
- 7) Repair of dam at Patagonia Lake.

These projects will be funded with \$730,000 of SLIF.

**Boating Parks Repairs and Replacements:**

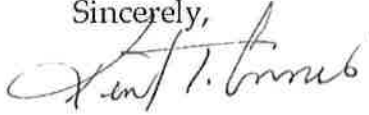
Repair and/or replace buildings, facilities, infrastructure and equipment at boating parks within the park system.

These projects will be funded with \$325,000 of SLIF.

The Honorable Don Shooter  
July 31, 2013  
Page 3

The agency is ready to move forward with these projects pending favorable review. If you have any questions regarding Arizona State Parks' capital projects, or funding of the projects, please contact me at (602) 542-4174, or [bmartyn@azstateparks.gov](mailto:bmartyn@azstateparks.gov), or you may contact Kent Ennis, Deputy Director, at 602-542-6920 or [kennis@azstateparks.gov](mailto:kennis@azstateparks.gov).

Sincerely,



*for*  
Bryan Martyn  
Executive Director

cc: Richard Stavneak, Director, JLBC Staff  
John Arnold, Director, OSPB  
Walter D. Armer, Jr., Chair, Arizona State Parks Board  
Kent Ennis, Deputy Director, Arizona State Parks  
Jay Ream, Deputy Director of Parks, Arizona State Parks



## Arizona State Parks - FY 2014 Capital Projects Spending Recommendation

<u>Park and Project Description</u>	<u>SPRF / Budget Stabilization Fund</u>	<u>Federal LWCF Grant Program</u>	<u>State Lake Improvement Fund</u>	<u>Total FY 2014 Capital Spending Recomm.</u>
				11
<b><u>New Construction and Facility Renewal:</u></b>				
Campground Electrification Buckskin, Catalina, Lost Dutchman	\$ 450,000	\$ 600,000	\$ 245,000	\$ 1,295,000
Sand & Landscaping - Beaches at Five Parks BUMO, CACO, LAHA, PALA, RIIS	-	-	600,000	600,000
Lost Dutchman - Replace Existing Restroom	180,000	-	-	180,000
Tonto - Lodge Plumbing & HVAC Upgrades	195,000	-	-	195,000
Tonto - New Restroom Building	175,000	-	-	175,000
	<u>\$ 1,000,000</u>	<u>\$ 600,000</u>	<u>\$ 845,000</u>	<u>\$ 2,445,000</u>
<b><u>ADEQ Consent Order Compliance:</u></b>				
Alamo - Water Tank & Lift Station / Repair Restroom	\$ -	\$ -	\$ 245,000	\$ 245,000
Lake Havasu - Design Four Buildings - Restrooms / Showers / Concession Area	-	-	65,000	65,000
L.H. Water Safety Center - Replace Vault RR	-	-	45,000	45,000
Patagonia Lake - Mini Lift Stations	-	-	175,000	175,000
Patagonia Lake - Repair Dam	-	-	200,000	200,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 730,000</u>	<u>\$ 730,000</u>
<b><u>Multi-Park Repairs and Replacements:</u></b>				
Boating Parks - Misc. Repair and Replace	-	-	325,000	325,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325,000</u>	<u>\$ 325,000</u>
<b><u>Total FY 2014 Capital Project Spending</u></b>	<u>\$ 1,000,000</u>	<u>\$ 600,000</u>	<u>\$ 1,900,000</u>	<u>\$ 3,500,000</u>



STATE OF ARIZONA

## Joint Committee on Capital Review

1716 WEST ADAMS  
PHOENIX, ARIZONA 85007

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STATE  
SENATE

DON SHOOTER  
CHAIRMAN 2013  
GAIL GRIFFIN  
LEAH LANDRUM TAYLOR  
JOHN McCOMISH  
AL MELVIN  
LYNNE PANCRAZI  
ANNA TOVAR

HOUSE OF  
REPRESENTATIVES

JOHN KAVANAGH  
CHAIRMAN 2014  
LELA ALSTON  
CHAD CAMPBELL  
TOM FORESE  
DAVID GOWAN, SR.  
RICK GRAY  
ANDREW C. SHERWOOD

DATE: August 13, 2013

TO: Senator Don Shooter, Chairman  
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director *RS*

FROM: Art Smith, Senior Fiscal Analyst *AS*

SUBJECT: Northern Arizona University - Review of Housing Indirect Financing Projects Addendum

### Request

A.R.S. § 15-1682.02 requires Committee review of any university projects using indirect debt financing (also known as third party financing). At its April 2011 meeting, the Committee favorably reviewed a Northern Arizona University (NAU) proposal to enter into ground lease agreements with American Campus Communities (ACC) for development of additional new student housing facilities on the Flagstaff campus for a total of \$68.0 million. NAU requests Committee review of an addendum to the ground lease agreements for 2 additional residence wings on the Flagstaff campus for a total of \$24.7 million.

### Recommendation

The Committee has at least the following 2 options:

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

Under either option, the JLBC Staff recommends the provision that this does not constitute endorsement of any level of General Fund appropriations.

### Analysis

As the result of a Request for Proposals, NAU selected ACC to construct and operate 2 residence halls with up to 1,126 beds on the Flagstaff campus. Construction of the 2 residence halls, McConnell Suites and Hilltop Apartments, began in May 2011 and resulted in 1,126 beds, which were completed in August 2012. The addendum would result in the construction of 2 additional wings totaling 304 beds to McConnell Suites. The additional wings would bring the McConnell Suites occupancy capacity to 854 beds. NAU states that the residence hall projects support their strategic goal of housing 25,000 students on the Flagstaff campus by 2020.

(Continued)

When NAU entered into ground leases with ACC for the 2 original residence hall projects, ACC funded all costs of the projects. The 2 additional units would be entirely funded by ACC, as well. The original ground leases between the university and the third party are for a period of 40 years, with four 10-year extension options. The new residence halls would be amortized over 38 years to fit within the current 40 year lease structure. Combined with the original residence hall projects, the university estimates they would receive about \$755,000 in annual rent payments from ACC for the ground leases, of which \$160,000 would result from the new project.

During the lease period, the third party would operate and maintain the facilities, which will provide them with an opportunity to recoup their capital investment. ACC would receive monthly rent directly. NAU does not have any obligation to financially support the facilities, and they do not have to guarantee occupancy. NAU would, however, share in any revenues generated above the occupancy rate as expected by ACC. This provision of the lease agreement would be similar to the revenue sharing provision for the units built in August 2012, when ACC agreed to pay 10% of gross revenue received for occupancy that exceeds the annual projection.

NAU's Flagstaff campus currently has 8,300 housing units that are up to 60 years old, of which approximately 3,700 beds are designated for first-year students. NAU states that over 300 students have been referred to off-campus housing and that the proposed additions to McConnell Suites would meet current demand. The proposed suite style wings would accommodate 304 sophomores, juniors and seniors.

The total cost for the new residence hall projects is estimated to be \$24.7 million, which ACC pays with 25% equity and 75% debt funding. This is the same financing plan that ACC uses to pay for the 2011 projects. As the operator of the facilities, ACC would fund their debt service from dorm fees. The dorm rates for the new residence halls have not yet been determined, but NAU estimates that the rates may be about \$25 to \$75 per month higher than the current rates at NAU owned and operated dorms. Current NAU dorm rates for similar facilities range from \$543 to \$567 per month and have typically increased by approximately 3% each year for incoming students. The current monthly rate for the ACC-operated McConnell Suites is \$584.

The cost per bed for the additional wings to the McConnell Suites project is \$81,250. For comparison, the cost per bed for the initial McConnell Suites construction at NAU in 2011 is \$58,700. NAU states that construction costs have increased over the last 2 years and the economy of scale provided for the 2011 construction for the 1,126 beds does not exist for the proposed 304 bed project.

RS/AS:ts



# NORTHERN ARIZONA UNIVERSITY

Office of the Vice President  
for Finance & Administration

Northern Arizona University  
PO Box 4088  
Flagstaff, AZ 86011-4088

928.523.2708  
928.523.4230 fax  
www4.nau.edu/vpadmin

July 22, 2013

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



RE: Northern Arizona University (NAU) Capital Projects for Review

Dear Senator Shooter:

In accordance with ARS 15-1682.02, the Arizona Board of Regents requests that the following third-party financed project for Northern Arizona University be placed on the next Joint Committee on Capital Review agenda for review:

- Addendum to Ground Lease with American Campus Communities for development of additional new student housing at the Flagstaff campus.

The review is contingent upon the approval of the project by the ABOR Business & Finance Committee scheduled for August 14<sup>th</sup>, 2013.

Enclosed is the pertinent information relating to this item. If you have any questions or need additional clarifications regarding the enclosed information, please contact me at (928) 523-8871.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jennus L. Burton'.

Jennus L. Burton  
Vice President for Finance and Administration

Attachment

cc: Richard Stavneak, Director, JLBC  
Art Smith, JLBC Analyst  
Eileen Klein, ABOR President  
Lorenzo Martinez, Associate Vice President, ABOR  
John D. Haeger, President  
Christy Farley, Vice President Government Affairs

**EXECUTIVE SUMMARY**

**Item Name: Ground Leases with American Campus Communities for Development of Student Housing (NAU)**

☒ Action Item      ☐ Discussion Item      ☐ Information Item

**Issue:** Northern Arizona University (NAU) requests approval to amend the Agreement of and Ground Lease with American Campus Communities (ACC) for the development of additional third-party student housing projects on the Flagstaff Campus

**Previous Board Action:**

Business & Finance Executive Session Review  
Amended FY2014 Capital Development Plan  
(planned)

August 14, 2013  
September 2013

**Statutory/Policy Requirements:**

- Board Policy 7-102.B.3 requires Committee review and Board approval of projects shared with outside entities such as third-parties.
- Board Policy 7-207 requires Committee review and Board approval for the lease of real property.

**Project:**

American Campus Communities development of two additional suite style privatized residence halls at the Flagstaff Campus.

**Project Justification**

In the spring of 2008, NAU initiated a Request for Proposals process to select a third-party student housing development partner for the Flagstaff Campus. NAU ultimately selected American Campus Communities (ACC) as the exclusive student housing developer for up to 1,126 beds of housing at the Flagstaff Campus.

August 2012 the first 1,076 beds described above were completed and leased for the 2012/13 school year.

This amendment will add 304 beds to the existing 1,076 beds.

Campus currently contains nearly 7,200 housing units that are between 4 and 60 years old. A large portion of the inventory is for first-year students. The additional project is for, sophomores, juniors and seniors. These projects will help the university to meet NAU's strategic goal of 25,000 students on the Flagstaff Campus by 2020 per the

**Contact Information**

Jennus Burton, Vice President, (928) 523.8871, [Jennus.Burton@nau.edu](mailto:Jennus.Burton@nau.edu)

David Bousquet, Vice President, (928) 523.8449, [David.Bousquet@nau.edu](mailto:David.Bousquet@nau.edu)

Jane Kuhn, Associate Vice President, (928) 523.7732, [Jane.Kuhn@nau.edu](mailto:Jane.Kuhn@nau.edu)

**EXECUTIVE SUMMARY**

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system Enterprise Plan.

**Project Description and Scope:**

Through its current partnership with ACC, NAU is seeking to have ACC construct two additional suite units as part of the existing Suites project completed in August 2012. The addition to the suite style project is proposed to be 304 beds and serve sophomores, juniors and seniors.

The University intends to fast track this project and will be submitting information to JCCR for its review at the August 20, 2013 meeting. The University will bring this project to the September Board meeting for approval prior to start of construction.

**Project Cost/Financial Structure:**

- **Operating Expenses** – ACC is responsible for all costs and expenses of operating and maintaining the project, including reasonable reserve deposits. Minimum Standards of Operation (both maintenance and staffing) are defined as equal to “Class A” privatized student housing.
- **Management** – ACC will provide the residential life programming and staffing. ACC will also employ a general manager and maintenance staff. ACC and NAU have jointly established an Advisory Committee responsible for the day-to-day operations of the Facilities, including review and approval of the annual operating budget, capital budget, and staffing plan and any proposed changes in programs, policies, and procedures. ACC retains ultimate control of those decisions that result in a material economic consequence to ACC, provided that Minimum Standards of Operations have been satisfied.
- **Master Lease Agreement** – The project is to be administered by an Amendment to the Ground Lease Agreement dated May 16, 2011 between the University and ACC. The Ground Lease is for a period of 40 years with four 10-year options to renew. The new structures will be amortized over 38 years to fit within the existing 40 years lease structure.
- **Lease Payments** – NAU will receive rental payments in the form of an annual base rental amount plus out performance rent should the project yield revenue in excess of the required return threshold.

**EXECUTIVE SUMMARY**

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**Fiscal Impact and Financing Plan:**

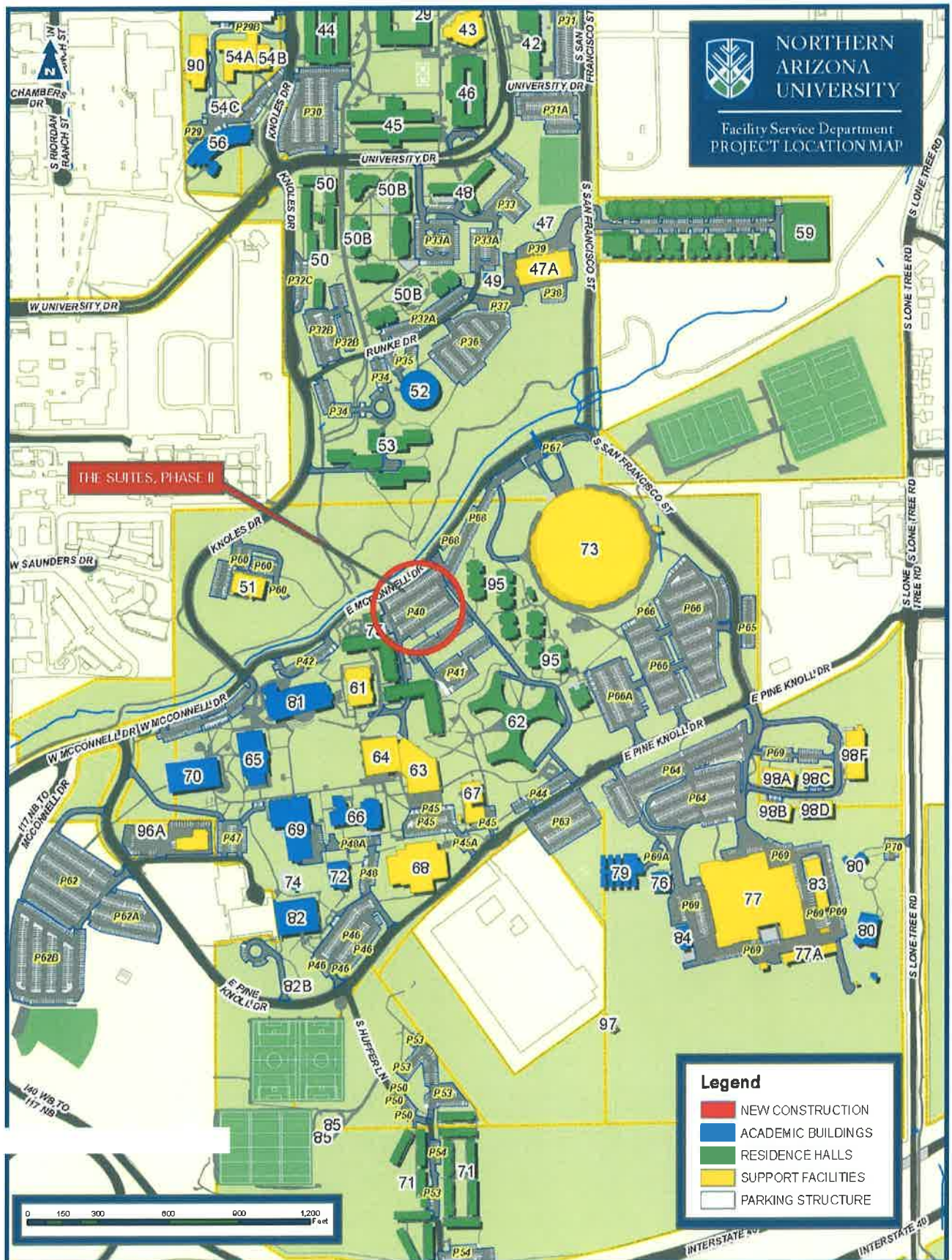
ACC will fund the entire project construction cost, estimated at \$24.7 million (not to exceed) initially, with 25% equity funding/75% loan to value. The University has no obligation to support the facility financially. The project has no occupancy guarantees from the university.

**Recommendation:**

**RESOLVED: That the President, the Vice President of Finance & Administration and the Senior Vice President of Enrollment Management & Student Affairs are each hereby separately authorized to take all appropriate actions necessary to facilitate and execute an amendment to the "Suites" ground lease with American Campus Communities for the development of student housing on the Flagstaff Campus. The amendment is to be reviewed by ABOR Counsel prior to execution.**



EXECUTIVE SUMMARY







STATE OF ARIZONA

## Joint Committee on Capital Review

STATE  
SENATE

DON SHOOTER  
CHAIRMAN 2013  
GAIL GRIFFIN  
LEAH LANDRUM TAYLOR  
JOHN McCOMISH  
AL MELVIN  
LYNNE PANCRAZI  
ANNA TOVAR

1716 WEST ADAMS  
PHOENIX, ARIZONA 85007

PHONE (602) 926-5491

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HOUSE OF  
REPRESENTATIVES

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DAVID GOWAN, SR.  
RICK GRAY  
ANDREW C. SHERWOOD

DATE: August 15, 2013

TO: Senator Don Shooter, Chairman  
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director *RS*

FROM: Art Smith, Senior Fiscal Analyst *AS*

SUBJECT: Arizona State University - Review of 3 Bond Projects

### Request

A.R.S. § 15-1683 requires Committee review of any university projects financed with revenue bonds. Arizona State University (ASU) requests Committee review of \$33.3 million in University Lottery revenue bond issuances to fund 3 projects. The 3 projects include building renewal and campus infrastructure, classroom renovations and research laboratory renovations.

### Recommendation

The Committee has at least the following 2 options:

1. A favorable review of the 3 projects.
2. An unfavorable review of the 3 projects.

Under either option, the JLBC Staff recommends the following standard university financing provisions:

#### Standard University Financing Provisions

- A favorable review by the Committee does not constitute endorsement of General Fund appropriations to offset any revenues that may be required for debt service, or any operations and maintenance costs when the project is complete.
- ASU shall provide the final debt service schedules for the projects as soon as they are available.

### Analysis

The \$33.3 million in bond issuances includes building renewal and academic facility renovations. Of this amount \$15 million will be for general building renewal and campus infrastructure, \$10 million will be for research laboratory renovations, and \$8.3 million will be for classroom renovations.

(Continued)

### Financing

The total \$33.3 million for the 3 projects will be issued in fall 2013 with a rating of A1 (Moody's)/AA- (S&P) at a projected interest rate of 4.26% for a term of 20 years. In addition to project costs, issuance costs are projected to be \$480,000. The university plans interest-only debt service payments of \$958,400 in FY 2014 and \$1.4 million in FY 2015. Annual debt service payments, including principal, will increase to \$2.7 million in FY 2016 for a 20-year total cost of \$51.4 million. The debt service will be paid with up to \$41.1 million from Lottery revenues and up to \$10.3 million from tuition.

### Construction Costs

Total project costs are projected to be \$33.3 million, which does not include issuance costs. *Table 1* provides a brief description of each project along with the project's total cost, direct construction cost, square footage, and direct construction cost per square foot.

**Table 1**

#### **ASU Lottery Revenue Bond Projects**

<b>Project</b>	<b>Total Cost <sup>1/</sup></b>	<b>Direct Cost</b>	<b>Sq. Ft.</b>	<b>Direct Cost/ Sq. Ft.</b>
Research Laboratory Renovations – All Campuses	\$10,000,000	\$ 6,787,000	28,570	\$238
Classroom Renovations – All Campuses	8,265,000	5,175,000	41,325	125
Building Renewal and Campus Infrastructure – All Campuses	15,000,000	11,276,600	N/A	N/A
<b>Total</b>	<b>\$33,265,000</b>	<b>\$23,238,600</b>	<b>69,895</b>	<b>\$363</b>

<sup>1/</sup> These amounts do not include issuance costs.

#### *Research Laboratory Renovations – All Campuses*

ASU is planning to renovate approximately 28,570 gross square feet of laboratories throughout all of its campuses for a cost of \$10 million (plus estimated issuance costs of \$145,000).

The laboratory renovation project will include upgrades to wet and dry laboratory space, in addition to building renewal components such as HVAC, mechanical infrastructure, fume hoods, gas lines and electrical upgrades. ASU states that this project will ensure the facility's system can meet current and new research demands, while bringing areas into safety code compliance where required. The direct construction cost per square foot is \$238.

#### *Classroom Renovations – All Campuses*

ASU is planning to renovate approximately 41,325 gross square feet of classroom and academic space throughout all of its campuses for a cost of \$8.3 million (plus estimated issuance costs of \$120,000). This amount will fund building renewal for HVAC, plumbing, electrical systems, and audio/visual systems, in addition to interior and exterior structural components. Partitions, elevators and fire equipment may also be upgraded as part of the renovations. The direct construction cost per square foot is \$125.

#### *Building Renewal and Infrastructure - All Campuses*

ASU is planning to update critical building systems within existing facilities and improving infrastructure at all of its campuses for a cost of \$15 million (plus estimated issuance costs of \$215,000).

The project will include upgrading, installing and replacing building systems and infrastructure such as fire sprinklers and alarms, HVAC, electrical systems, water systems, building exteriors, roofs and building joints. Campus infrastructure improvements will include site and safety improvements for malls, lighting, street repair, parking and site drainage. ASU did not provide a direct construction cost per square foot for this project, since the exact scope of the project has not yet been determined.

(Continued)

#### University Lottery Bond Projects

Permanent law authorizes ABOR to enter into lease-to-own and bond transactions up to a maximum of \$800.0 million to pay for building renewal projects and new facilities. ASU has been allocated \$136.0 million. At this time, ASU has \$33.3 million of its \$136.0 million allocation remaining and is now requesting to issue the maximum of the remaining lottery bonding authority. In total, ASU will have set aside the entire \$136.0 million for building renewal.

Of the \$800.0 million, a total of \$408.0 million has been dedicated to building renewal over the last 5 years. The state has not funded any direct university General Fund building renewal since FY 2008. If funded, the building renewal formula would generate \$32.6 million annually for ASU.

#### Debt Service Ratio

A.R.S. § 15-1683 allows each state university to incur a projected annual debt service for bonds and certificates of participation of up to 8% of each institution's total projected annual expenditures. This calculation is known as the debt ratio. ASU's current debt ratio is 5.8%. Laws 2008, Chapter 287 exempts the \$800.0 million in University Lottery bonds from a university's debt calculation. If this bond were to be included, it would increase the ASU debt ratio by 0.13%. If this bond and ASU's other lottery bonds were included, ASU would have a debt ratio of 5.93% overall.

RS/AS:ts

**ASU**  
ARIZONA STATE UNIVERSITY

July 22, 2013

The Honorable Don Shooter, Chairman  
Joint Committee on Capital Review  
Arizona State Senate  
1700 West Washington  
Room 200  
Phoenix, AZ 85007



Dear Senator Shooter:

In accordance with ARS 15-1683, the Arizona Board of Regents requests that the following bond-financed items for Arizona State University be placed on the next Joint Committee on Capital Review agenda for review:

- Building and Infrastructure Enhancements and Modifications
- Classroom and Academic Renovations
- Research Laboratory/Faculty Startup

Enclosed is pertinent information relating to these items.

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

Sincerely,

A handwritten signature in blue ink, appearing to read 'Morgan R. Olsen'.

Morgan R. Olsen  
Executive Vice President, Treasurer and CFO

Enclosures

c: Richard Stavneak, Director, JLBC  
Eileen Klein, President, Arizona Board of Regents, ABOR  
Lorenzo Martinez, Associate Vice President for Finance & Administration, ABOR  
Steve Miller, Deputy Vice President, Public Affairs, ASU  
Lisa Frace, Associate Vice President, Planning and Budget, ASU  
David Brixen, Associate Vice President, Facilities Development and Management, ASU  
Joanne Wamsley, Senior Associate Vice President for Finance and Deputy Treasurer, ASU  
Art Smith, Senior Fiscal Analyst, JLBC

**Joint Committee on Capital Review  
Arizona State University  
August 2013 JCCR Meeting**

**RE: On behalf of the Arizona Board of Regents, ASU requests JCCR review the following items as required by ABOR policy and ARS § 15-1683:**

- Building and Infrastructure Enhancements and Modifications
- Classroom and Academic Renovations
- Research Laboratory/Faculty Startup

**BACKGROUND**

ASU plans to undertake bond-financed projects to enhance campus and building infrastructure, and to renovate classrooms, academic spaces, and laboratories. Additional information regarding the projects is shown on the following pages.

**Joint Committee on Capital Review  
Arizona State University  
August 2013 JCCR Meeting**

**1. BUILDING AND INFRASTRUCTURE ENHANCEMENTS AND MODIFICATIONS**

**Project Description**

Many campus infrastructure, building life safety, and system capacities are inadequate and cannot meet current research, laboratory or academic requirements. Infrastructure improvement projects preserve University assets and ensure that critical systems supporting academic and research initiatives continue without interruption.

ASU continually updates critical building systems to optimize the use of existing facilities. Building enhancements and modifications will include upgrading, installing and replacing building systems and infrastructure such as fire sprinklers and alarms, HVAC, electrical systems (including reliability and redundancy upgrades), exhaust, chilled water and steam systems, exterior building skin, roofs, windows and building joints.

Campus infrastructure enhancements and modifications will include projects such as site and safety improvements for malls, lighting, street repair and realignment, parking, site drainage and retention.

This debt-financed project will be funded from \$15,000,000 in SPEED Lottery Revenue Bonds.

Debt service will be funded with Lottery Revenue Proceeds and Tuition.

An Arizona Board of Regents executive summary is attached for this project, which outlines the project description and other relevant information. This project was granted Capital Development Plan approval by ABOR at its June 13, 2013 meeting.

**Project Costs**

Total Project Cost	\$ 15,000,000
Total Project Construction Cost	\$ 11,276,560
Total Project Cost per GSF	n/a*
Construction Cost per GSF	n/a*

\*This project will affect infrastructure and building systems; therefore, a cost per square foot is not definable.

Operations and maintenance costs are not expected to change when this project is complete.

**Project Delivery Method**

Components of this project will be delivered by the Construction Manager at Risk (CMAR), Job Order Contracting (JOC) and Design Bid Build (DBB) methods, as deemed appropriate by the University.

**Joint Committee on Capital Review  
Arizona State University  
August 2013 JCCR Meeting**

**2. CLASSROOM AND ACADEMIC RENOVATIONS**

**Project Description**

Classroom and academic space at all campuses will be renovated, creating new classrooms of various sizes and adding instructional and academic support space. Plans call for the renovation of approximately 41,325 gross square feet of classroom and academic space.

Building components such as HVAC, plumbing, electrical systems, flooring, ceilings, interior and exterior paint, roofs, audio/visual systems, windows, doors, internal walls and partitions, elevators, and fire prevention equipment may be upgraded as part of the renovations. The Classroom and Academic Renovations project will affect multiple areas at each ASU campus.

This debt-financed project will be funded from \$8,265,000 in SPEED Lottery Revenue Bonds.

Debt service will be funded with Lottery Revenue Proceeds and Tuition.

An Arizona Board of Regents executive summary is attached for this project, which outlines the project description and other relevant information. This project was granted Capital Development Plan approval by ABOR at its June 13, 2013 meeting.

**Project Costs**

Total Project Cost	\$ 8,265,000
Total Project Construction Cost	\$ 5,175,000
Total Project Cost per GSF	\$ 200
Construction Cost per GSF	\$ 125

Operations and maintenance costs are not expected to change when this project is complete.

**Project Delivery Method**

Components of this project will be delivered by the Construction Manager at Risk (CMAR), Job Order Contracting (JOC) and Design Bid Build (DBB) methods, as deemed appropriate by the University.

**Joint Committee on Capital Review  
Arizona State University  
August 2013 JCCR Meeting**

**3. RESEARCH LABORATORY/FACULTY STARTUP**

Research Laboratory/Faculty Startup projects will involve the renovation of approximately 28,570 gross square feet of laboratories to meet the needs of new and current research requirements within existing facilities.

Many existing University laboratories and building systems are inadequate. The poor condition of the space and age of the building systems constrain the development of these strategically important areas. This project will ensure facility systems can meet research demands and will bring areas into code compliance where required. It will convert inadequate classroom laboratories, research laboratories and research building systems to state-of-the-art research facilities.

Multiple wet and dry lab space will be upgraded, as well as infrastructure and building systems, in order to maximize adaptable and flexible technologies. Renovation activities will involve building systems such as HVAC, mechanical, fume hoods, lab gas lines, electrical, and code required life safety upgrades.

This debt-financed project will be funded from \$10,000,000 in SPEED Lottery Revenue Bonds.

Debt service will be funded with Lottery Revenue Proceeds and Tuition.

An Arizona Board of Regents executive summary is attached for this project, which outlines the project description and other relevant information. This project was granted Capital Development Plan approval by ABOR at its July 13, 2013 meeting.

**Project Costs**

Total Project Cost	\$ 10,000,000
Total Project Construction Cost	\$ 6,787,000
Total Project Cost per GSF	\$ 350
Construction Cost per GSF	\$ 238

Operations and maintenance costs are not expected to change when this project is complete.

**Project Delivery Method**

This project may utilize Construction Manager at Risk (CMAR) or Job Order Contracting (JOC) project delivery methods, as deemed appropriate by the University.



**Joint Committee on Capital Review  
Arizona State University  
August 2013 JCCR Meeting**

**PROJECT SUMMARY – Lottery Revenue Bonds**

<u>Renovation and Improvements:</u>	<u>Funding Sources:</u>	<u>Amount:</u>
Building and Infrastructure Enhancements and Modifications	80% State Lottery/ 20% Tuition	\$ 15,000,000
Classroom and Academic Renovations	80% State Lottery/ 20% Tuition	8,265,000
Research Laboratory/Faculty Startup	80% State Lottery/ 20% Tuition	10,000,000
		<u><u>\$ 33,265,000</u></u>

**FINANCING INFORMATION**

Lottery Revenue Bonds:

Project Costs	\$ 33,265,000
Estimated Costs of Issuance	\$ 480,000
Anticipated Bond Rating	A1 (Moody's) and AA- (S&P)
Assumed Interest Rate	4.26%
Term	20 years

Debt Service Information:

Estimated Debt Service For 2014 (interest only)	\$ 958,358
Estimated Annual Debt Service For 2015 (interest only)	\$ 1,437,537
Estimated Annual Debt Service For 2016 - 2033	\$ 2,722,131
Total Estimated Debt Service Costs	\$ 51,394,251

**DEBT RATIO**

Debt Ratio on Existing Debt	5.80
Incremental Debt Ratio	0.13
Projected Debt Ratio	5.93

**Joint Committee on Capital Review  
Arizona State University  
August 2013 JCCR Meeting**

Arizona State University  
Lottery Revenue Bonds

**Building and Infrastructure Enhancements and Modifications**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$	\$ 432,106	\$ 432,106
2015		648,159	648,159
2016	580,000	648,159	1,228,159
2017	605,000	623,451	1,228,451
2018	630,000	597,678	1,227,678
2019	655,000	570,840	1,225,840
2020	685,000	542,937	1,227,937
2021	715,000	513,756	1,228,746
2022	745,000	483,297	1,228,297
2023	775,000	451,560	1,226,560
2024	810,000	418,545	1,228,545
2025	845,000	384,039	1,229,039
2026	880,000	348,042	1,228,042
2027	915,000	310,554	1,225,554
2028	955,000	271,575	1,226,575
2029	995,000	230,892	1,225,892
2030	1,040,000	188,505	1,228,505
2031	1,080,000	144,201	1,224,201
2032	1,130,000	98,193	1,228,193
2033	1,175,000	50,055	1,225,055
	<u>\$ 15,215,000</u>	<u>\$7,956,544</u>	<u>\$23,171,544</u>

**Joint Committee on Capital Review  
Arizona State University  
August 2013 JCCR Meeting**

**Arizona State University  
Lottery Revenue Bonds**

**Classroom and Academic Renovations**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$	\$ 238,134	\$ 238,134
2015		357,201	357,201
2016	320,000	357,201	677,201
2017	335,000	343,569	678,569
2018	345,000	329,298	674,298
2019	360,000	314,601	674,601
2020	375,000	299,265	674,265
2021	395,000	283,290	678,290
2022	410,000	266,463	676,463
2023	430,000	248,997	678,997
2024	445,000	230,679	675,679
2025	465,000	211,722	676,722
2026	485,000	191,913	676,913
2027	505,000	171,252	676,252
2028	525,000	149,739	674,739
2029	550,000	127,374	677,374
2030	575,000	103,944	678,944
2031	595,000	79,449	674,449
2032	620,000	54,102	674,102
2033	650,000	27,690	677,690
	\$ 8,385,000	\$ 4,385,883	\$ 12,770,883

**Joint Committee on Capital Review  
Arizona State University  
August 2013 JCCR Meeting**

Arizona State University  
Lottery Revenue Bonds

**Research Laboratory/Faculty Startup**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$	\$ 288,118	\$ 288,118
2015		432,177	432,177
2016	385,000	432,177	817,177
2017	405,000	415,776	820,776
2018	420,000	398,523	818,523
2019	440,000	380,631	820,631
2020	455,000	361,887	816,887
2021	475,000	342,504	817,504
2022	495,000	322,269	817,269
2023	515,000	301,182	816,182
2024	540,000	279,243	819,243
2025	565,000	256,239	821,239
2026	585,000	232,170	817,170
2027	610,000	207,249	817,249
2028	635,000	181,263	816,263
2029	665,000	154,212	819,212
2030	695,000	125,883	820,883
2031	720,000	96,276	816,276
2032	755,000	65,604	820,604
2033	785,000	33,441	818,441
	\$ 10,145,000	\$ 5,306,824	\$ 15,451,824

## EXECUTIVE SUMMARY

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**Arizona Board of Regents  
Arizona State University  
Capital Development Plan Project Justification Report  
Building and Infrastructure Enhancements and Modifications**

### Previous Board Action:

- |                                         |                |
|-----------------------------------------|----------------|
| • FY 2014-2016 Capital Improvement Plan | September 2012 |
| • FY 2013-2015 Capital Improvement Plan | September 2011 |

### Statutory/Policy Requirements

- Pursuant to ABOR Policy 7-102, all renovation and infrastructure capital projects with an estimated total project cost of \$5 million or more shall be brought to the Business and Finance Committee for approval, regardless of funding source or financing.
- ABOR Policy 7-102C.2 states that if the Board grants Capital Development Plan Approval for a group of related projects, Project Approval is necessary for any phase that exceeds \$5,000,000. At this conceptual stage of the project, ASU does not anticipate that any of the individual project components will exceed \$5,000,000.

### Project Justification/Strategic Implications/Project Compliance with Mission, Strategic Plan, Master Plan and Community Input Process

- The Building and Infrastructure Enhancements and Modifications projects will advance the goals and priorities of the University outlined in the ASU Strategic Business Framework. The projects will support the safe and uninterrupted use of vital classroom, academic and research space by students and staff. Many components of the ASU built environment are not capable of supporting additional new functions required by the University to carry out its mission of research and academic excellence without incremental investment. Campus infrastructure requires renovation to ensure the preservation of University assets. The primary institutional priorities supported by this project include:
  - **Key ABOR enterprise metrics: Achieve a 50 percent increase in degree production and expand research performance to \$700 million in annual research expenditures** Many campus infrastructure, building life safety and system capacities are inadequate and cannot meet current research, laboratory or academic requirements. Infrastructure improvement

## EXECUTIVE SUMMARY

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projects ensure that critical systems supporting academic and research initiatives continue without interruption.

- **Campus Operations and Infrastructure Priorities:** ASU facilities must be kept in a safe, operational, attractive and maintainable condition. These projects will ensure campus buildings and utility systems are efficient and durable, maximize the use of operational funds, and take advantage of economies of scale. The projects will protect University investment in facilities, and are essential in allowing the University to reach its goals, particularly without State funding for building renewal.
- **Life Safety and Code Compliance:** Life safety and code compliance matters take highest priority in the Building and Infrastructure Enhancements and Modifications projects. These projects will help ensure the safety of students, faculty, staff and visitors, and will address safety and code compliance issues as needed.

### **Project Description/Scope/Project Compliance with Space Standards:**

- Building enhancements and modifications will upgrade, install and replace building systems and infrastructure such as fire sprinklers and alarms; HVAC, electrical (including reliability and redundancy upgrades), exhaust, chilled water and steam systems; repair exterior building skins and roofs; and re-caulk windows and building joints.
- Campus infrastructure enhancements and modifications will include projects such as site and safety improvements for malls, lighting, street repair and realignment, parking, site drainage and retention.

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

- Depending on the nature of the work required, components of these projects may be delivered through either the CMAR or Job Order Contracting (JOC) method.
- ASU has not yet selected a CMAR, JOC contractor or design professional firm for any components of this project at this time. CMAR or JOC contractors and design professionals will be selected according to ABOR policy and Arizona law.

## **EXECUTIVE SUMMARY**

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### **Project Costs:**

- The budget for this set of projects is \$15,000,000.
- For this Capital Development Plan phase, no preliminary external cost estimates have been provided by third-party consultants. DP and CMAR or JOC contractor teams have not yet been selected for this project. Independent cost estimates will be provided by the DP, CMAR or JOC contractor after these selections are complete.
- Comparable costs for these projects cannot be determined at this conceptual stage. Costs have been determined based on preliminary estimates using a combination of recent ASU construction projects and the nationally-recognized estimating program RS Means.
- For project components selected to use the CMAR delivery method, the CMARs, when selected, will be at risk to provide the completed project components within the agreed upon Guaranteed Maximum Price (GMP). A final report on project control procedures such as change orders and contingency use will be provided at project completion.

### **Project Status and Schedule:**

- Design Professionals (DPs) will be selected after CDP approval. Design will be complete approximately six to nine months after the DP contract is awarded.
- General construction is scheduled to begin when design is complete and after all approvals are in place. Construction on all project components will be completed by September 2016.

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

- The projects will be funded with SPEED (lottery) revenue bonds. Debt service will be paid from lottery revenues committed by the state legislature as part of the SPEED authorization and existing tuition that is available for reallocation due to bond refunding savings and retirement of existing debt.
- There are no expected increases in operation and maintenance costs for this project.
- Debt Ratio Impact: SPEED lottery revenue bond debt service is excluded by statute from the debt ratio, but if included, the ratio impact is 0.06 percent.

## **EXECUTIVE SUMMARY**

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### **Occupancy Plan:**

- This project will not affect occupancy or programs, but will renew building and campus infrastructure and life/safety systems.

### **Backfill Plan:**

- There is no backfill associated with these projects.

### **Alternatives:**

- There is no alternative to maintaining vital building and campus infrastructure, and life safety systems.

### **Description of Other Related Projects Including Infrastructure Improvements:**

- All infrastructure costs have been included in the project budget.



**EXECUTIVE SUMMARY**

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**Capital Project Information Summary**

**University:** Arizona State University

**Project Name:** Building and Infrastructure  
Enhancements and  
Modifications

**Project Description and Location:**

These projects will upgrade, install and replace building systems and infrastructure at all ASU campuses.

**Project Schedule:**

Planning	January	2013
Design	December	2013
Construction	September	2014
Occupancy	September	2016

**Project Budget:**

Total Project Cost	\$	15,000,000
Total Project Construction Cost	\$	11,276,560
Total Project Cost per GSF	\$	n/a
Construction Cost per GSF	\$	n/a

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

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

**Funding Sources:**

**Capital**

A. Lottery Revenue Bonds \$ 15,000,000

Funding Source for Debt Service: Lottery Revenues and Tuition

Operation/Maintenance \$ 0

Funding Sources: Not applicable

**EXECUTIVE SUMMARY**

**Capital Project Budget Summary**

**University:** ASU at the Tempe campus

**Project:** Building and Infrastructure  
Enhancements and  
Modifications

	<b>Capital Development Plan</b>	<b>Project Approval</b>
Capital Costs		
1. Land Acquisition	\$ -	\$ -
2. Construction Cost	-	-
A. New Construction	351,060	
B. Renovation	7,234,000	
C. Special Fixed Equipment	113,000	-
D. Site Development (excl. 2.E.)	523,000	
E. Parking and Landscaping	1,650,000	
F. Utilities Extensions	1,405,500	
G. Other*(Demolition)		
Subtotal Construction Cost	<u>\$ 11,276,560</u>	<u>\$ -</u>
3. Fees		
A. Construction Mgr	\$ 166,000	
B. Architect/Engineer	1,140,000	
C. Other		-
Subtotal Consultant Fees	<u>\$ 1,306,000</u>	<u>\$ -</u>
4. FF&E Movable	\$ 42,854	
5. Contingency, Design Phase	428,000	
6. Contingency, Constr. Phase	600,000	
7. Parking Reserve		-
8. Telecommunications Equipment	684,500	
Subtotal Items 4-8	<u>\$ 1,755,354</u>	<u>\$ -</u>
9. Additional University Costs		
A. Surveys, Tests, Haz. Mat. Abatement	\$ 110,000	
B. Move-in Costs	2,000	
C. Printing Advertisement		
D. Keying, signage, facilities support	77,000	
E. Project Management Cost (3%)	450,000	
F. State Risk Mgt. Ins. (.0034 **)	23,086	
Subtotal Addl. Univ. Costs	<u>\$ 662,086</u>	<u>\$ -</u>
<b>Total Capital Cost</b>	<u><u>\$ 15,000,000</u></u>	<u><u>\$ -</u></u>

\* Universities shall identify items included in this category

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

**EXECUTIVE SUMMARY**

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**Arizona Board of Regents  
Arizona State University  
Capital Development Plan Project Justification Report  
Classroom and Academic Renovations**

**Previous Board Action:**

- FY 2014-2016 Capital Improvement Plan September 2012

**Statutory/Policy Requirements**

- Pursuant to ABOR Policy 7-102, all renovation and infrastructure capital projects with an estimated total project cost of \$5 million or more, or \$10 million or more for new construction or information technology projects, shall be brought to the Business and Finance Committee for approval, regardless of funding source or financing.
- ABOR Policy 7-102C.2 states that if the Board grants Capital Development Plan Approval for a group of related projects, Project Approval is necessary for any phase that exceeds \$5,000,000. At this conceptual stage of the project, ASU does not anticipate that any of the individual project components will exceed \$5,000,000.

**Project Justification/Strategic Implications/Project Compliance with Mission, Strategic Plan, Master Plan and Community Input Process**

- The Classroom and Academic Renovations projects will advance the goals and priorities of the University outlined in the ASU Strategic Business Framework, by providing vital classroom and academic space to students, faculty, staff and community. University enterprise strategies are intrinsic to the program and design of this project, as follows.
- **Establishing national standing in academic quality and impact of colleges and schools in every field** These projects will enhance the quality of the University's buildings, with improved space for faculty and better classroom experiences for students. Project components will bring the University in compliance with code requirements for safety and address ABOR directives to reduce deferred maintenance. Project components essential for life safety/code compliance and University strategic initiatives have been given top priority.

## EXECUTIVE SUMMARY

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- **Maintaining and Improving Cost Effectiveness** These renovation projects will play a significant role in the ASU goal of improving University cost-effectiveness, by allowing the consolidation of administrative operations in academic units and by encouraging innovation and the use of technology in classrooms and in other areas.
- **Key ABOR enterprise metric: Achieve a 50 percent increase in degree production** The ASU Strategic Business Framework identifies several imperatives in reaching this goal, including improving retention and graduation performance, curricular reform, and improved student outcomes. Resources needed to achieve these ends include continued investment in faculty, as well as space renovations to support teaching innovations. These projects will provide renovated space and growth space for academic programs, allowing better student/faculty interaction and learning experiences. The work will create attractive spaces for student learning, and renovate worn areas that distract from learning and teaching, resulting in improved and updated space.

### **Project Description/Scope/Project Compliance with Space Standards:**

- ASU intends to renovate existing classrooms, create new classrooms of various sizes and add smaller instructional spaces at all campuses. Plans call for the renovation of approximately 41,325 gross square feet of classrooms and academic space, including faculty and student space.
- Building components such as HVAC, plumbing, electrical systems, flooring, ceilings, interior and exterior paint, roofs, windows, doors, internal walls and partitions, elevators, and fire prevention equipment may be upgraded in this project. The Classroom and Academic Renovations project will comprise multiple components at each ASU campus.

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

- Depending on the nature of the projects, components of this project may be delivered through either the CMAR or Job Order Contracting (JOC) method.
- ASU has not yet selected a CMAR, JOC contractor or design professional firm for any components of the project at this time. CMAR or JOC contractors and design professionals will be selected according to ABOR policy and Arizona law.

## **EXECUTIVE SUMMARY**

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### **Project Costs:**

- The budget for this project is \$8,265,000.
- For this Capital Development Plan phase, no preliminary external cost estimates have been provided by third-party consultants. DP and CMAR or JOC contractor teams have not yet been selected for this project. Independent cost estimates will be provided by the DP, CMAR or JOC contractor after these selections are complete.
- Comparable costs for these projects cannot be determined at this conceptual stage. Costs have been determined based on preliminary estimates using a combination of recent ASU construction projects and the nationally-recognized estimating program RS Means.
- For projects selected to use the CMAR delivery method, the CMARs, when selected, will be at risk to provide the completed projects within the agreed upon Guaranteed Maximum Price (GMP). A final report on project control procedures such as change orders and contingency use will be provided at project completion.

### **Project Status and Schedule:**

- Design Professionals (DPs) will be selected after CDP approval. Design will be complete approximately six to nine months after the DP contract is awarded.
- General construction is scheduled to begin when design is complete and after all approvals are in place. Construction on all projects will be completed by September 2016.

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

- The projects will be funded with SPEED (lottery) revenue bonds. Debt service will be paid from lottery revenues committed by the state legislature as part of the SPEED authorization and existing tuition that is available for reallocation due to bond refunding savings and retirement of existing debt.
- There are no expected increases in operation and maintenance costs for this set of projects.
- Debt Ratio Impact: SPEED (lottery) revenue bond debt service is excluded by statute from the debt ratio, but if included, the ratio impact is 0.03 percent.

## **EXECUTIVE SUMMARY**

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### **Occupancy Plan:**

- These projects will reconfigure and renew spaces for classroom and academic areas. Programs may be temporarily displaced as spaces are renovated.

### **Backfill Plan:**

- There is no backfill associated with these projects.

### **Alternatives:**

- There are few alternatives available that will fully accomplish the goals and objectives of these projects. Renovating existing space at all ASU campuses was determined to be the most economic and desirable option.

### **Description of Other Related Projects Including Infrastructure Improvements:**

- All infrastructure costs have been included in the project budget.

**EXECUTIVE SUMMARY**

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**Capital Project Information Summary**

**University:** Arizona State University

**Project Name:** Classroom and Academic  
Renovations

**Project Description and Location:**

This set of projects will include the renovation of approximately 41,325 square feet of various academic spaces at all ASU campuses. It will include upgrading building systems to maximize adaptable and flexible technologies.

**Project Schedule:**

Planning	June	2013
Design	January	2014
Construction	June	2014
Occupancy	March	2016

**Project Budget:**

Total Project Cost	\$	8,265,000
Total Project Construction Cost	\$	5,175,000
Total Project Cost per GSF	\$	200
Construction Cost per GSF	\$	125

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

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

**Funding Sources:**

Capital

A. Lottery Revenue Bonds \$ 8,265,000

Funding Source for Debt Service: Lottery Revenues and Tuition.

Operation/Maintenance \$ 0

Funding Sources: Not applicable

## EXECUTIVE SUMMARY

### Capital Project Budget Summary

**University:** ASU at the Tempe campus

**Project:** Classroom and Academic Renovations

	<b>Capital Development Plan</b>	<b>Project Approval</b>
Capital Costs		
1. Land Acquisition	\$ -	\$ -
2. Construction Cost	-	-
A. New Construction		
B. Renovation	5,175,000	
C. Special Fixed Equipment		-
D. Site Development (excl. 2.E.)		
E. Parking and Landscaping		
F. Utilities Extensions		
G. Other*(Demolition)		
Subtotal Construction Cost	<u>\$ 5,175,000</u>	<u>\$ -</u>
3. Fees		
A. Construction Mgr	\$ 114,007	
B. Architect/Engineer	510,000	
C. Other		-
Subtotal Consultant Fees	<u>\$ 624,007</u>	<u>\$ -</u>
4. FF&E Movable	\$ 900,000	
5. Contingency, Design Phase	100,000	
6. Contingency, Constr. Phase	520,900	
7. Parking Reserve		-
8. Telecommunications Equipment	594,900	
Subtotal Items 4-8	<u>\$ 2,115,800</u>	<u>\$ -</u>
9. Additional University Costs		
A. Surveys, Tests, Haz. Mat. Abatement	\$ 20,000	
B. Move-in Costs	40,000	
C. Printing Advertisement		
D. Keying, signage, facilities support	25,000	
E. Project Management Cost (3%)	247,950	
F. State Risk Mgt. Ins. (.0034 **)	17,243	
Subtotal Addl. Univ. Costs	<u>\$ 350,193</u>	<u>\$ -</u>
<b>Total Capital Cost</b>	<u><u>\$ 8,265,000</u></u>	<u><u>\$ -</u></u>

\* Universities shall identify items included in this category

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



**EXECUTIVE SUMMARY**

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**Arizona Board of Regents  
Arizona State University  
Capital Development Plan Project Justification Report  
Research Laboratory/Faculty Startup**

**Previous Board Action:**

- FY 2014-2016 Capital Improvement Plan September 2012

**Statutory/Policy Requirements**

- Pursuant to ABOR Policy 7-102, all renovation and infrastructure capital projects with an estimated total project cost of \$5 million or more shall be brought to the Business and Finance Committee for approval, regardless of funding source or financing.
- ABOR Policy 7-102C.2 states that if the Board grants Capital Development Plan Approval for a group of related projects, Project Approval is necessary for any phase that exceeds \$5,000,000. At this conceptual stage of the project, ASU does not anticipate that any of the individual project components will exceed \$5,000,000.

**Project Justification/Strategic Implications/Project Compliance with Mission, Strategic Plan, Master Plan and Community Input Process**

- Many existing University laboratories and building systems are inadequate for current needs. The poor condition of the spaces and age of the building systems constrain the development of these strategically important facilities. This set of projects will ensure facility systems can meet research demands and will bring areas into code compliance where required. It will convert inadequate classroom laboratories, research laboratories and research building systems to state-of-the-art research facilities.

The primary institutional priorities supported by this set of projects include:

- **Positioning ASU as a national comprehensive University and establishing national standing in academic quality and impact of colleges and schools in every field** Specific strategic targets include 1) doubling of research to \$700 million annually, and 2) integration of the teaching, learning and discovery mission into the Phoenix urban fabric and outstate Arizona.

## EXECUTIVE SUMMARY

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- **Increasing research activity** The arrival of new faculty as part of the initiative to achieve the expanded research priority continues to make laboratory renovation projects an imperative. Spaces must be updated and renovated for the needs of incoming researchers and following successful grant applications. These laboratories will provide the core infrastructure from which faculty and students can compete in the global marketplace of ideas, stimulating not only advances in science and human health needs, but potentially stimulating the regional economy.

### **Project Description/Scope/Project Compliance with Space Standards:**

- Research Laboratory/Faculty Startup projects will involve the renovation of approximately 28,570 gross square feet of laboratories to meet the needs of new and current research requirements within existing facilities.
- Multiple wet and dry lab spaces will be upgraded, as well as infrastructure and building systems, in order to maximize adaptable and flexible technologies. Renovation activities will involve building systems such as HVAC, mechanical and electrical systems, fume hoods, lab gas lines, and code-required life/safety upgrades.

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

- Depending on the nature of the work, components of this project may be delivered through either the CMAR or Job Order Contracting (JOC) method.
- ASU has not yet selected a CMAR, JOC contractor or design professional firm for any components of this project at this time. Contractors, and design professionals will be selected according to ABOR policy and Arizona law.

### **Project Costs:**

- The budget for this set of projects is \$10,000,000.
- For this Capital Development Plan phase, no preliminary external cost estimates have been provided by third-party consultants. DP and CMAR or JOC contractor teams have not yet been selected for these projects. Independent cost estimates will be provided by the DP, CMAR or JOC contractor after these selections are complete.
- Comparable costs for these projects cannot be determined at this conceptual stage. Costs have been determined based on preliminary estimates, using a

## **EXECUTIVE SUMMARY**

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combination of recent ASU construction projects and the nationally-recognized estimating program RS Means.

- For projects selected to use the CMAR delivery method, the CMARs, when selected, will be at risk to provide the completed projects within the agreed upon Guaranteed Maximum Price (GMP). A final report on project control procedures such as change orders and contingency use will be provided at project completion.

### **Project Status and Schedule:**

- Design Professionals (DPs) will be selected after CDP approval. Design will be complete approximately six to nine months after the DP contract is awarded.
- General construction is scheduled to begin when design is complete and after all approvals are in place. Construction on all project components will be completed by September 2016.

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

- The projects will be funded with SPEED (lottery) revenue bonds. Debt service will be paid from available lottery revenues committed by the state legislature as part of the SPEED authorization and existing tuition that is available for reallocation due to bond refunding savings and retirement of existing debt.
- There are no expected increases in operation and maintenance costs for these projects.
- Debt Ratio Impact: SPEED (lottery) revenue bond debt service is excluded by statute from the debt ratio, but if included, the ratio impact is 0.04 percent.

### **Occupancy Plan:**

- These projects will not affect occupancy or programs, but will renew research spaces.

### **Backfill Plan:**

- There is no backfill associated with these projects.

## **EXECUTIVE SUMMARY**

### **Alternatives:**

- There are few alternatives available that will fully accomplish the goals and objectives of these projects. Renovating existing space at all ASU campuses was determined to be the most economic and desirable option.

### **Description of Other Related Projects Including Infrastructure Improvements:**

- All infrastructure costs have been included in the project budget.

**EXECUTIVE SUMMARY**

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**Capital Project Information Summary**

**University:** Arizona State University

**Project Name:** Research Laboratory/  
Faculty Startup

**Project Description and Location:**

This project set will convert approximately 28,570 gross square feet of inadequate classroom laboratories, research laboratories and research building systems to state-of-the-art research facilities.

**Project Schedule:**

Planning	June	2013
Design	January	2014
Construction	June	2014
Occupancy	September	2016

**Project Budget:**

Total Project Cost	\$	10,000,000
Total Project Construction Cost	\$	6,787,000
Total Project Cost per GSF	\$	350
Construction Cost per GSF	\$	238

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

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

**Funding Sources:**

Capital

A. Lottery Revenue Bonds \$ 10,000,000

Funding Source for Debt Service: Lottery Revenues and Tuition

Operation/Maintenance \$ 0

Funding Sources: Not applicable

## EXECUTIVE SUMMARY

### Capital Project Budget Summary

**University:** ASU at the Tempe Campus

**Project:** Research Laboratory/  
Faculty Startup

	<b>Capital Development Plan</b>	<b>Project Approval</b>
Capital Costs		
1. Land Acquisition	\$ -	\$ -
2. Construction Cost	-	-
A. New Construction		
B. Renovation	6,437,805	
C. Special Fixed Equipment	350,000	-
D. Site Development (excl. 2.E.)		
E. Parking and Landscaping		
F. Utilities Extensions		
G. Other* (Demolition)		
Subtotal Construction Cost	<u>\$ 6,787,805</u>	<u>\$ -</u>
3. Fees		
A. Construction Mgr	\$ 94,875	
B. Architect/Engineer	633,000	
C. Other		-
Subtotal Consultant Fees	<u>\$ 727,875</u>	<u>\$ -</u>
4. FF&E Movable	\$ 220,000	
5. Contingency, Design Phase	275,000	
6. Contingency, Constr. Phase	620,000	
7. Parking Reserve		-
8. Telecommunications Equipment	750,000	
Subtotal Items 4-8	<u>\$ 1,865,000</u>	<u>\$ -</u>
9. Additional University Costs		
A. Surveys, Tests, Haz. Mat. Abatement	\$ 170,000	
B. Move-in Costs	36,000	
C. Printing Advertisement	5,000	
D. Keying, signage, facilities support	75,000	
E. Project Management Cost (3%)	300,000	
F. State Risk Mgt. Ins. (.0034 **)	33,320	
Subtotal Addl. Univ. Costs	<u>\$ 619,320</u>	<u>\$ -</u>
<b>Total Capital Cost</b>	<u><u>\$ 10,000,000</u></u>	<u><u>\$ -</u></u>

\* Universities shall identify items included in this category

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