

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

RUTH SOLOMON
CHAIRMAN 2001
RUSSELL W. "RUSTY" BOWERS
JACK A. BROWN
EDWARD J. CIRILLO
HERB GUENTHER
DARDEN C. HAMILTON
HARRY E. MITCHELL

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 542-5491

FAX (602) 542-1616

<http://www.azleg.state.az.us/jlbc.htm>

HOUSE OF
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CHRISTINE WEASON

JOINT COMMITTEE ON CAPITAL REVIEW

Thursday, August 30, 2001

9:30 a.m.

Senate Appropriations Room 109

AGENDA

- Call to Order
- [Approval of Minutes of June 28, 2001.](#)
- DIRECTOR'S REPORT (if necessary)
- 1. ARIZONA DEPARTMENT OF ADMINISTRATION -
 - [A. Review of Lease-to-Own Transaction for Capitol Mall Office Building.](#)
 - [B. Consider Approval of Refinancing of 1991 and 1992 Certificates of Participation \(COPs\).](#)
- 2. DEPARTMENT OF HEALTH SERVICES/ARIZONA DEPARTMENT OF ADMINISTRATION -
 - [A. Report on the Arizona State Hospital Construction Program.](#)
 - [B. Review of Expenditure Plan for Cholla Hall Renovation and Preliminary Expenditures for the Forensic Facility Components of the Arizona State Hospital Construction Project.](#)
 - [C. Advice on Plan to Finance Preliminary Activities for New State Health Laboratory Building.](#)
- 3. ARIZONA DEPARTMENT OF TRANSPORTATION -
 - [A. Review of FY 2002 Building Renewal Allocation Plan.](#)
 - [B. Consider Adoption of Additional Performance Measures for the FY 2002 Construction Budget Operating Expenditure Plan and Report on Arizona 5-Year Transportation Facilities Construction Program.](#)
- 4. [GAME AND FISH DEPARTMENT - Review of Scope, Purpose, and Estimated Cost of Expansion and Renovation of Game and Fish Headquarters.](#)

(Continued)

5. ARIZONA STATE PARKS -
 - A. Consider Approval of FY 2001 Enhancement Fund Monies for Continued Development of Dead Horse Ranch State Park.
 - B. Report on Kartchner Caverns State Park.
6. ARIZONA BOARD OF REGENTS/ARIZONA STATE UNIVERSITY -
 - A. Report on Analysis of Cost Effectiveness of Certificates of Participation versus Bond Financing.
 - B. Report on Lease-Purchase Projects.

The Chairman reserves the right to set the order of the agenda.
8/23/01

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MINUTES OF THE MEETING JOINT COMMITTEE ON CAPITAL REVIEW

Thursday, June 28, 2001

The Chairman called the meeting to order at 10:05 a.m. Thursday, June 28, 2001 in Senate Appropriations Room 109 and attendance was noted.

Members:	Senator Solomon, Chairman Senator Brown Senator Bowers Senator Hamilton	Representative Knaperek, Vice Chairman Representative Allen Representative Gray Representative Lopez Representative Weason
Absent:	Senator Cirillo Senator Guenther Senator Mitchell	Representative Chevront Representative Pearce
Staff:	Richard Stavneak Lorenzo Martinez Bob Hull Brad Regens Kim Hohman	Jan Belisle, Secretary Gina Guarascio Beth Kohler Stefan Shepherd Tony Vidale
Others:	Debbie Johnston, Senate Bruce Ringwald, ADOA John Sempert, ADOA Steve Miller, ASU Jim Hillyard, DJC Reed Spangler, Senate Debbie Johnston, Senate Cherie Randall, DOC Michael Goetz, DOC	Mary Peters, ADOT Bob Harris, ADOT Tim Brand, ADOA Diane Minton, ADOT Charles Bitner, ADOT Greg Gemson, House GladysAnn Wells, ASLAPR Mike Smarik, DOC

Senator Solomon moved the Committee approve the minutes of April 24, 2001 as presented. The motion carried.

ARIZONA DEPARTMENT OF TRANSPORTATION (ADOT) - Review of FY 2002 Construction Budget Operating Expenditure Plan.

Bob Hull, JLBC Staff presented the Arizona Department of Transportation FY 2002 Construction Budget Operating Expenditure Plan. The largest part of the plan is \$99,471,800 for Professional and Outside consulting services. Last year, JLBC Staff worked with ADOT to better understand these costs. The first five Performance Measures (PM) also recommended for adoption deal with design work and the next five PMs deal with field administration of construction projects. In FY 2002, \$80,800,000 or 54% of the total estimated budget is for design, including

(Continued)

\$79,000,000 for consultants and \$1,800,000 for Personal Services for ADOT staff. Field administration accounts for \$38,300,000 or 25% of the total estimated budget, including \$20,500,000 for consultants and \$17,800,000 for Personal Services for ADOT staff. The JLBC Staff recommends a favorable review of the request and also recommends the Committee adopt the performance measures, with the requirement that ADOT report back to the Committee on the PMs next year when the budget plan is submitted for review.

In reply to Representative Knaperek, Mr. Hull stated that the PMs were selected specifically for the construction operating budget to deal with design and building of facilities. There are other PMs in ADOT's operating budget, including one for customer satisfaction.

Representative Knaperek expressed concern over the highways being built and people having to wait in lines for service. She indicated the freeways and people services should be connected.

In answer to Representative Weason, Mr. Hull stated that we have consulting cost data for 3 years (2 of which are estimates). Mr. Hull stated that he had compared Arizona's PMs with other states, but did not specifically compare their outside consultant services.

Richard Stavneak stated that customer satisfaction is a valid issue that should be explored and that needs to be addressed in the PMs. The consulting services reporting is an on-going issue given the large amounts dedicated to these services.

In answer to Chairman Solomon, Mr. Hull stated that the 5-year highway construction program is a flexible document that the State Transportation Board adopts around June of each year. After it is adopted, various projects may be moved up or may be moved back time-wise throughout the year as various changes occur. No major projects have been delayed or dropped in the 5-year highway construction program, which was adopted by the State Transportation Board on June 15, 2001.

In response to Representative Gray, Mr. Hull stated that he had received some revised schedules whereas the Committee handout contains ADOT's original submission.

Mary Peters, Director of ADOT, said that ADOT has some quality-related PMs in response to Representative Knaperek and offered to provide these PMs to the Committee. There are constraints and factors related to highway construction timelines such as the amount of time it takes to get through the various environmental clearances and engineering studies. ADOT will provide a copy of the PMs monitored on a monthly basis. ADOT will work with JLBC Staff to recommend additional PMs. ADOT has been working with the Maricopa Association of Governments, the Pima Association of Governments and throughout the state to prioritize projects based on significant public input. The program and the workload for the 5-year plan have been evaluated for the near and long term.

Ms. Peters mentioned that the Highway User Revenue Fund bonding cap was raised from \$800 million to \$1 billion. A plan was recommended to the State Transportation Board, and the board adopted it June 15th. Some of the additional bonding authority was used to keep the program unchanged. The potential project accelerations from the Highway Expansion and Extension Loan Program (HELP) Fund were not affected, and it is important to leave in place a mechanism that has been established for local government and others to bring projects forward. The higher funding for the Department of Public Safety as we add more highway miles is needed. There are concerns regarding vehicle licenses taxes, which is an area that needs to be watched closely. Some of the bonding authority has been reserved for contingency issues.

Senator Bowers asked why we are using bonding authority for fuel usage. Ms. Peters stated that bonding authority is not being used to purchase fuel, we are bonding against future revenues based on fuel taxes. Bonding has to be paid back and the plan is to spread payment over a reasonable time. The full \$4 billion of the 5-year highway construction program is not hard cash money. It includes a healthy component of debt. State Route 85 is an improvement project, and is currently in a number of different construction segments. Short term passing lanes have been constructed for safety improvement, as well as the Department of Public Safety increasing their enforcement detail. They would like to construct a whole corridor between I-10 and I-8. Environmental clearances have not

(Continued)

been received. State Route 60 is undergoing an extensive environmental study. There are improvements and additional passing lanes have been added to the Florence Junction section. The Gold Canyon bypass area is a separate area study.

Senator Bowers complimented the department for the excellent improvements on State Route 87, and asked if the plan was to do the same on State Route 60 in the future. Ms. Peters stated that with the environmental studies and the funding issues, a 4-lane road is a decade away.

Chairman Solomon also complimented the department for excellent work in all areas.

Representative Knaperek moved that the Committee give a favorable review to the FY 2002 Construction Budget Operating Expenditure Plan and further moved the adoption of the Performance Measures presented with the understanding that Arizona Department of Transportation submit quality-related Performance Measures for further review. The motion carried.

Consider Approval of Transfer of Monies and Review of Scope, Purpose, and Estimated Cost of Cottonwood Motor Vehicle Division Service Center Project.

Bob Hull, JLBC Staff presented the scope, purpose, and estimated cost of the Cottonwood Motor Vehicle Division Service Center Project. The department requests that the Committee approve the transfer of \$64,700 from a FY 2000 appropriation of \$800,000 from the State Highway Fund to purchase the land and design the Cottonwood Service Center to the \$1,000,000 FY 2001 appropriation for Service Center construction. The \$64,700 represents the balance from the appropriation for land purchase and design.

Senator Hamilton moved that the Committee give a favorable review to the scope, purpose, and estimated cost of the Cottonwood Service Center and approve the transfer of \$64,700 from the land purchase and building design appropriation to the \$1,000,000 appropriation for the construction and design of the Cottonwood Service Center Motor Vehicle Division Service Center. The motion carried.

Consider Approval of Transfer of Monies and Review of Scope, Purpose, and Estimated Cost of Glendale Motor Vehicle Division Service Center Project.

Bob Hull, JLBC Staff presented the scope, purpose, and estimated cost of Glendale Motor Vehicle Division Service Center Project. It is recommended that the Committee approve the transfer of the \$33,900 remaining balance from the land purchase and building design appropriation in FY 2000 to the \$2,100,000 Service Center construction appropriation in FY 2001 and give a favorable review to the Glendale MVD Service Center construction project.

Senator Hamilton moved that the Committee approve the transfer of \$33,900 from the land purchase and design appropriation to the \$2,100,000 appropriation for the construction of the Glendale Service Center and give a favorable review to the scope, purpose and estimated cost of the project. The motion carried.

ARIZONA DEPARTMENT OF TRANSPORTATION/DEPARTMENT OF PUBLIC SAFETY – Review of Scope, Purpose, and Estimated Cost of Regional Transportation Center at Pioneer Park in Prescott.

Bob Hull, JLBC Staff presented the scope, purpose and estimated cost of Regional Transportation Center at Pioneer Park in Prescott. The Committee reviewed the project at their August 2000 meeting. At that time, the project was to be bid as a joint ADOT/DPS project. However, problems developed and the project now has been bid as separate ADOT and DPS projects. Each project is consistent with the scope of legislative intent and the appropriations. The JLBC Staff recommends a favorable review.

Senator Hamilton moved that the Committee give a favorable review to the scope, purpose and estimated cost of the Regional Transportation Center at Pioneer Park in Prescott. The motion carried.

(Continued)

ARIZONA DEPARTMENT OF ADMINISTRATION – Review of FY 2002 Building Renewal Allocation Plan.

Lorenzo Martinez, JLBC Staff presented the FY 2002 Building Renewal Allocation Plan. There were three separate appropriations for building renewal. One appropriation came from the Department of Corrections which funds 100% of the building renewal formula for Department of Corrections and Department Juvenile Corrections. The second appropriation came from the Miners' Hospital Fund which funds 100% of the building renewal formula for the Arizona Pioneers' Home. The third appropriation came from the Capital Outlay Stabilization Fund and represents 27% of the building renewal formula for the ADOA building system. The Capital Outlay Bill also included \$2.9 million from the General Fund for building renewal, however, those appropriations were vetoed. In addition, the "trigger bill" contains triggered appropriations for ADOA building renewal of over \$3 million each year.

In response to Chairman Solomon, Mr. Martinez stated that the Building Renewal Plan has 53 projects. All the projects are consistent with building renewal guidelines and the intent of the appropriation.

Senator Hamilton moved that the Committee give a favorable review to the Arizona Department of Administration FY 2002 Building Renewal Allocation Plan. The Committee further moved that funding for any new projects, reallocations between projects, and allocations from reserve amounts be reported to JLBC Staff prior to expenditure. The motion carried.

Review of Expenditure Plan for Arizona Department of Corrections Safety Improvements.

Brad Regens, JLBC Staff presented the expenditure plan for Arizona Department of Corrections (ADC) safety improvements. Laws 2001, Chapter 237 appropriated \$1,379,400 in FY 2002 from the Corrections Fund to ADOA for safety improvements. The appropriation funds the modification of fencing around ADC administration buildings to correct a design flaw and eliminate a security weakness. In addition, Chapter 237 required ADOA to submit an expenditure plan to the Committee for review prior to the expenditures. The department intends to use up to \$100,000 for a design assessment.

In response to Representative Weason, Mr. Regens stated that he was not aware of any past comprehensive study on lock replacement. The problems with locks have been resolved on an individual basis. When the new complexes are being built the contractors check for the latest designs and what potential flaws have been experienced in the past. The RFP for the lock assessment, which has a separate \$20.4 million appropriation has been issued and bids will be accepted up thru July 12th. The appropriation was based on what the department had done as part of the renewal and their various needs. They have examined some of the facilities internally and given their experience with handling locks and problems and past experiences addressing locks issues this is the best guess estimate at this point and time.

The fencing needs are consistent with other projects. Allowing them to utilize up to \$100,000 is not a requirement and it represents approximately 7% of the total appropriation.

In reply to Representative Weason, Michael Smarik, Assistant Director, Department of Corrections stated the escape occurred out of a Level 4 facility in Winslow and the inmate got to the top of the roof of the administration building and dropped from there into an unsecured area. The escape occurred approximately 3-4 years ago.

Senator Hamilton moved that the Committee give a favorable review to the expenditure of up to \$100,000 from the safety improvements appropriation for a design assessment and cost report to correct fencing flaws around prison administration buildings. The Arizona Department of Administration is to submit for Committee review an expenditure plan detailing projects to be initiated and their estimated costs after completion of the safety improvement assessment. The motion carried.

(Continued)

ARIZONA BOARD OF REGENTS/ARIZONA STATE UNIVERSITY-EAST/ARIZONA STATE UNIVERSITY-WEST – Review of Education 2000 Lease-Purchase Projects.

Lorenzo Martinez, JLBC Staff presented the issuance of Certificates of Participation (COPs) to finance projects on the ASU-East and ASU-West campuses. Proposition 301, "Education 2000", appropriated in FY 2002 \$2.5 million

for ASU-East and \$1.1 million for ASU-West for the lease-purchase financing of expanding the campuses. Before the COPs can be issued they require JCCR review. There will be 3 projects for ASU-East, which involves primarily building renovation and infrastructure improvements, and there will also be a flightline facility constructed. ASU-West will have an additional classroom built and central plan expansion. The funding is from the portion that the Technology and Research Initiative Fund receives. The legislation also had intent language that future requirements for this lease-purchase financing also come from that fund. Appropriations beyond FY 2002 have not been made. The JLBC recommends a favorable review of the projects and also recommends that ASU-East report back to the Committee on the ASU projects when more information is available as to the operating impacts of the project.

Representative Gray asked if bidding had been issued on the project. Mr. Martinez said that they are waiting for Committee review before they can issue the COPs and then bid the projects.

In reply to Representative Gray, Mr. Martinez stated that the intent for the flightline facility is to provide additional student capacity for some of the flight related programs that are offered on the campus, but specifically who will be using the hanger besides students and faculty he deferred to ASU.

In reply to Representative Gray, Sheila Ainlay, Director, Planning and Budgeting, ASU-East mentioned that the flightline facility supports an existing program that makes do without direct access to the flight line. The flight training will be contracted out. Airplanes are not owned and the new contract has been awarded to Mesa Air. The students for the flight training component are using contract airplanes. It is ASU-East students and faculty that will be using the facility. Mesa Air provides the flight training for the students which is a requirement of the program and students pay the contractor directly for the flight instruction. In addition to the airplane hangar of the facility, there will be additional instructional spaces and faculty offices incorporated into the building. The bids have not gone out on the facility.

Representative Gray mentioned that information was already out to bidders.

In response to Representative Gray, Mr. Martinez stated that Proposition 301 is structured to establish the Technology and Research Initiative Fund (TRI) and that fund was to receive 12% of monies from the new education sales tax after payments of School Facilities revenue bonds. Twelve percent of those remaining monies is estimated to be about \$39 million in FY 2002 and \$54 million in FY 2003. Proposition 301 also made two direct appropriations from the TRI Fund to ASU-East \$2.5 million in FY 2002 and \$1.1 million in FY 2002 for ASU-West. Those appropriations were made to pay for the cost associated with lease-purchase financing of expanding those campuses. Those appropriations were made to pay the debt service on issuing COPs. The COP issuances will be \$27.5 million for ASU-East and \$24.5 million for ASU-West.

In answer to Representative Gray, Steve Miller, Associate VP of Institution Advancement, ASU, said that he will look into to the matter of the bidding and will get back to her.

Representative Knaperek moved that the Committee give a favorable review to the issuance of Certificates of Participation to finance renovation and expansion projects at the ASU-East and ASU-West campuses. The Committee also requests information be submitted when completed in August on:

- *On-going ASU-East project assessment including the operating impacts of each project and*
- *A list of specific ASU-East infrastructure projects along with component cost estimates.*

The motion carried.

(Continued)

ARIZONA BOARD OF REGENTS/ARIZONA STATE UNIVERSITY – Review of Revised Multi-Year Bonding Plan for Arizona State University.

Lorenzo Martinez, JBLC Staff presented the revisions to the Multi-Year Bonding plan for Arizona State University. ASU currently has \$100,000,000 in bonding authority allocated and the requirement of the authorization legislation requires that they submit a multi-year bonding plan. The legislation also requires that each project in the plan be approved by JCCR before any bonds can be issued. The Committee last reviewed the ASU bonding plan in May of 2000. The Social Sciences building on campus has structural deficiencies and that building will need to be vacated and demolished within the next 2 or 3 years. As a result, ASU is expanding the scope of one of the projects of the multi-year bonding plan, the Mediated Classroom Building. In order to accommodate the additional costs of expanding the building, they reduced or eliminated funding in four of the other projects within the multi-year bonding plan. The plan is to make up the loss of funding for those projects by issuing COPs to finance the projects.

In response to Representative Knaperek, Steve Miller stated the scope of the project has changed and they have to accommodate space issue as a result of the Social Sciences Building problem. The main campus review of the COPs will be on a future meeting agenda.

Typically when the Board of Regents authorizes the issuance of COPs for projects for universities, there is no requirement that requires any legislative review or approval of those issuances. However, the universities have agreed to submit those projects to the Committee as informational items.

In response to Representative Knaperek, Mr. Martinez said the universities can decide to finance any project with COPs without having any type of legislative input. The only input the legislature has at this point is related to bonding authority. Any COP project does receive Board of Regents review, there is no limit aside from outside constraints related to bond rating, etc. Under the ADOA statute, the Committee must approve any COP issuances. When lease-purchase mechanism financing was developed, it was essentially developed for ADOA use. At the same time ADOT statutes were updated, but the universities statutes were never updated to do the same thing.

Steve Miller also mentioned that the COPs are brought before the Committee as an information item. Mr. Miller complimented the JLBC Staff for the work on this complicated issue.

Richard Stavneak, Director, JLBC mentioned that the Social Science Building repair lends itself to bonding just because of the magnitude of the project. The secondary question is can or do they need to do the other items with COPs, which is not an item staff had focused on.

In response to Senator Bowers, Mr. Stavneak stated the amount for equipment for the building was approximately \$3.2 million and that is the amount when the project was reviewed the first time. Given the useful life of the equipment bond finances should not be used. That issue will be raised when that specific project has to be reviewed. As of right now, it is the broad plan and not the individual bond or project issuances that is being reviewed.

Senator Bowers asked that a motion be made to pull the short-term life span equipment and/or associated items from the COP umbrella. He also mentioned that a way has to be found to fund short term projects.

Mr. Martinez said ASU is working on a plan to structure the repayment of the financing so that the equipment component is paid off first.

Representative Knaperek asked if it would be more prudent to increase the revenue bonding limit as opposed to using COPs.

In answer to Representative Gray, Mr. Martinez stated there are 2 projects that add capacity for student housing and essentially the repayment will come from Residential Life revenue. The Residential Life Program is suppose to be self supporting, meaning the revenues the program generates are supposed to pay for any operating or capital costs associated with maintaining that program.

Representative Knaperek moved that the Committee give a favorable review to the revised ASU multi-year bonding plan for ASU and also expressed interest in receiving an analysis of the cost effectiveness of COP versus bond financing. The motion carried.

(Continued)

ARIZONA DEPARTMENT OF ADMINISTRATION/ARIZONA STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS – Advice on Plan to Finance Preliminary Activities for New State Archives Building.

Beth Kohler, JLBC Staff presented the plan to finance preliminary activities for the new state archives building. The Arizona Department of Administration and the Arizona State Library, Archives, and Public Records (ASLAPR) request the Committee review the use of ASLAPR operating funds to fund preliminary activities for the new state archives building. Although Committee review is not required by statute, ADOA and ASLAPR are seeking guidance that the proposed method of financing the preconstruction costs is acceptable.

Senator Hamilton moved that the Committee concur with the plan to use \$100,000 from the Arizona State Library, Archives, and Public Records FY 2002 operating budget to fund preconstruction activities for the new State Archives Building, and to have the operating funds reimbursed from Certificates of Participation authorized for the project. The motion carried.

ARIZONA STATE PARKS – Report On Kartchner Caverns State Park.

Lorenzo Martinez, JLBC Staff presented the quarterly report on Kartchner Caverns State Park. Construction continues on schedule for lower caverns opening of November 2003. There have been concerns in the past of the drying conditions inside the cave, however, those conditions have stabilized and the park staff have hired a cave resource manager to monitor environmental conditions in the cave. To date, the project has been allocated approximately \$31,500,000 from a variety of funds. Trail construction continues and the parks have indicated a need for additional administration space and will propose an annex to the administration building to be funded from the State Parks Enhancement Fund. The JCCR considers approval of these expenditures in the fall.

In answer to Senator Bowers, Mr. Martinez stated the majority of funding for Kartchner Caverns is coming from the State Parks Enhancement Fund. That fund receives its revenues from park fees and concession revenue. One-half of that fund is appropriated for operation of parks and the other half goes for park development and acquisition. Currently, the development and acquisition half is dedicated to completing Kartchner Caverns and completing the lease-purchase payoff of Tonto Natural Bridge State Park. When Kartchner Caverns is fully developed, the monies that are no longer needed revert to appropriated status and will be available for appropriation by the Legislature.

No Committee action was required.

The meeting adjourned at 12:00 p.m.

Jan Belisle, Secretary

Lorenzo Martinez, Senior Fiscal Analyst

Senator Ruth Solomon, Chairman

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

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DATE: August 24, 2001

TO: Senator Ruth Solomon, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Tony Vidale, Fiscal Analyst
Rebecca Hecksel, Assistant Fiscal Analyst

SUBJECT: ARIZONA DEPARTMENT OF ADMINISTRATION - REVIEW OF LEASE-TO-OWN
TRANSACTION FOR CAPITAL MALL OFFICE BUILDING AND ARIZONA
POWER AUTHORITY LAND EXCHANGE

Request

The Arizona Department of Administration (ADOA) requests that the Committee review the terms of its proposed contract with a private firm as part of a lease-to-own transaction to design, build and operate a new state office building and parking garage for the Department of Health Services (DHS) on the Capitol Mall.

ADOA also requests that the Committee review the proposed land exchange with the Arizona Power Authority (APA) on which the new DHS office building will be constructed.

Recommendation

The JLBC Staff recommends that the Committee give a favorable review to the proposed lease-to-own transaction with the following stipulations for the project:

- Adequate security be provided for employees required to use temporary parking areas while the project is in progress.
- ADOA work with DHS, JLBC, and the House of Representatives to ensure pedestrian safety in identified parking areas given that traffic in established alleys may increase as a result of the closure of a portion of Monroe Street as a primary thoroughfare.

For the Committee's information, the new office building will be approximately 73 feet 6 inches high. The height of the capitol dome, excluding Winged Victory, is 74 feet. The new building will obstruct the view of the capitol dome (but not Winged Victory) from a north-western vantage point looking south-east. There are currently no statutory guidelines on height restrictions for the Capitol Mall area. If there are height concerns relative to new construction on the Capitol Mall, the Legislature may want to consider incorporating height guidelines in statute.

(Continued)

This review does not include an anticipated appropriation request of roughly \$1,060,600 (net total funds) for telecommunication equipment and relocation costs. This request will be considered by the Legislature during the 2002 legislative session.

The JLBC staff also recommends that the Committee give a favorable review of the proposed land exchange with APA.

Analysis

Laws 2001, Chapter 317 provides that the ADOA Director "...may enter into a lease-to-own transaction with a private entity for the construction, occupancy and ownership by this state of three office buildings located on the Capitol Mall ... Any lease-to-own transaction...shall be reviewed by the JCCR before the transaction takes effect." In accordance with this legislation, ADOA has received favorable JCCR review and related funding to proceed with two buildings on the capital mall (the new ADOA and Department of Environmental Quality (DEQ) buildings). ADOA is now requesting JCCR review of the third building which will house 5 DHS operations currently housed in private space or lease-purchase buildings located off the Capitol Mall. This proposal also includes a new parking garage.

Office Building

ADOA has issued a Request for Proposal (RFP) and is negotiating with the Trammell Crow Company to design, build, and operate the new DHS office building which will be located on the southwest corner of Monroe and 18th Avenue. The building will be approximately 176,000 square feet and house approximately 770 FTE Positions. The building will consist of 20 percent hard wall offices and 80 percent modular furniture workstations to allow flexibility of interior design and space reconfiguration. The building will also contain varying sized conference rooms and support rooms for general and specialized storage, lab space, and break areas.

Once the JCCR review is complete, ADOA may finalize the contract, allowing Trammell Crow to proceed with the financing and construction. The contract for the new building will include:

- 25 year full service lease (i.e., builder provides maintenance, utilities, and janitorial services).
- Rent costs escalating at approximately 2.8% per year (projected to match market increases), starting at \$14.29 per square foot in FY 2004 and ending with \$27.25 per square foot in FY 2028. The escalating rent costs include each of the following components:
 - Set amounts for base rent, including annual increases.
 - Adjustable amounts for operation and maintenance costs (negotiated every 2 years) starting at approximately \$4.50 per square foot. For comparison, we currently budget \$4.48 per gross square foot for operations and maintenance in ADOA lease-purchase buildings away from the Capitol Mall. The contract will include an escape clause for the "Maintenance Fund" and "Operations and Maintenance" services, so that if the state is unable to negotiate acceptable rates for these items at a future renewal date, it may provide or purchase these services separately.
 - Adjustable amounts for replacement and renovation costs (i.e., building renewal), starting at \$0.53 per square foot and increasing approximately 2% per year to \$0.85 per square foot in year 25. For comparison, this would provide an annual average of \$0.69 per square foot; while the state building renewal formula over the 25-year lease would average out to \$1.03 per square foot. The \$0.69 per square foot average would therefore equate to 67% of the building renewal formula annual average. We frequently budget less than 100% of the building renewal formula amount.

The total estimated cost for the building is \$22,000,000, which equates to \$125 per square foot. This is a reasonable cost for this type of building. The financing is for a term of 27 years (includes 2 years for construction) at an anticipated rate of 5.2%. The private lease and lease-purchase payments currently used for the DHS operations that will be relocated to the new building will be used to make the annual

(Continued)

lease-to-own payments. Including costs for the parking garage of \$6,000,000, and other ancillary and issuance costs of \$2,000,000, the total financed cost of the project is estimated to be \$29,000,000. At an interest rate of 5.2%, total payments over the 27-year term will equate to approximately \$54,610,800.

Table 1 summarizes the costs associated with the new DHS building that will not be included in the lease-to-own agreement. Additional funding will be needed for telephone and moving expenses. ADOA proposes that the purchase of phone and data services be funded out of the ADOA Technology and Telecommunications Fund which will then be reimbursed by a monthly service charge to DHS. This is the same funding scheme used for the new ADOA and DEQ buildings. Laws 2001 Chapter 317 specifically prohibits relocation costs from being financed as a part of the lease-to-own contract. DHS therefore will need additional funding in FY 2004 to relocate their operations to the new building. ADOA estimates the cost to be \$450,600. ADOA suggests that these expenses be funded from the expected DHS rent savings (approximately \$300,000) and the Capital Outlay Stabilization Fund. The primary on-going cost of the project, the annual lease-to-own payments, will be funded from existing rent payments already being made by DHS. ADOA estimates that over the first 2 years of occupancy, net rent savings of approximately \$(600,000) will result from current DHS rent costs that are higher than the planned lease-to-own costs.

Table 1			
<u>Project</u>	<u>Cost</u>	<u>Term</u>	<u>Proposed Funding Source</u>
Phone and Data Services	\$ 610,000		ADOA Technology & Telecommunications Fund
Agency Relocation	<u>450,600</u>		DHS rent savings and ADOA Capital Outlay Stabilization Fund
Total – Additional Costs	\$1,060,000	One-time	
Lease-to-Own Payments	\$2,429,200	On-going	DHS existing rent appropriations (increases 2.8% each year)

Ground breaking for the building is planned for March 2002. Completion of the building is planned for July 2003. The building will be approximately 73 feet 6 inches high. The height of the capitol dome, excluding Winged Victory, is 74 feet. The new building will obstruct the view of the capitol dome (but not Winged Victory) from a north-western vantage point looking south-east.

Parking Garage

Plans also include construction of a new 6-story 932 space parking garage which will be located in the parking lot of the current DHS administrative office building. The height of the garage will be approximately 57 feet. This structure will be slightly higher than the existing DHS office building, which is 55 feet high.

The total estimated cost for the garage is \$6,000,000, which equates to \$6,438 per parking space. Compared to other parking projects, this appears to be a below average cost. The financing for the garage will be combined with the financing for the office building.

Construction of the parking structure will take place on the existing 282 space parking lot. To accommodate the loss of parking for these vehicles and as a part of the overall DHS “campus” plan, prior to the construction of the parking structure, the City of Phoenix will abandon Monroe Street from 17th Avenue to 18th Avenue. The developer will reconfigure the existing surface parking lots behind the JLBC building allowing space for approximately 64 additional vehicles. Once the surface parking lot is completed, and construction on the parking structure begins, approximately 164 vehicles will be displaced. ADOA will designate temporary parking areas for displaced vehicles, which will include state owned parking lots that are in close proximity and privately owned parking space west of 19th Avenue. The cost for parking on private land will be paid out of the bond funds as a project expense. ADOA estimates the cost to be \$150,000, which may vary depending on how much parking is actually needed. ADOA will prioritize the use of state owned space ahead of private space.

(Continued)

Given that some of the temporary parking for state employees may be located west of 19th Avenue and outside the 'informal' Capitol Mall boundaries, JLBC Staff recommends the Committee stipulate that security be provided in these temporary parking areas to ensure the safety of state employees. ADOA is planning on contracting for security services in these areas.

In order to accommodate the new parking garage, a portion of Monroe Street will be abandoned and lost as a primary thoroughfare for the area. Combined with the addition of over 770 new employees to this area of the Capitol Mall, JLBC Staff anticipates the vehicle traffic in established alleys will increase significantly. *Given these considerations, JLBC Staff recommends that ADOA work with DHS, JLBC, and the House of Representatives to ensure pedestrian safety in identified alleys and parking areas that could potentially realize increased vehicle traffic.* ADOA is aware of this issue and plans to work with the project architects to address these concerns.

Ground breaking for the parking garage is planned for June 2002. Completion of the garage is planned for January 2003. Overall, the lease-to-own project will provide approximately 627 net new parking spaces for state employees (the parking garage will also include 111 public spaces). The new office building is expected to house 770 employees that are currently housed off the Capitol Mall [JLBC Staff is confirming this figure with DHS given that this number of FTE Positions combined with ASH, Health Lab, and other DHS positions appears to exceed the appropriated level of FTE Positions for DHS]. This equates to a parking space to employee ratio of .81. With the eventual addition of 109 more FTE Positions for the new Health Lab are considered, the parking to employee becomes .71. The average Capitol Mall parking to employee ratio reported by ADOA is .81.

Land Exchange with Arizona Power Authority

Laws 2001, Chapter 317 also provides that the ADOA Director "...may acquire land needed for a lease-to-own transaction by an exchange of state property with the Arizona Power Authority...Any land acquisition or exchange...shall be reviewed by the JCCR." The APA owns a parcel of the land (presently a parking lot) on which the new DHS office building will be constructed. ADOA has met with APA and both parties have agreed to a land exchange in which APA will give ADOA the title to its land in exchange for the title to the adjacent ADOA-owned parking lot. ADOA has also agreed to assist APA with restructuring the layout of their parking lot and is considering allowing APA to install a microwave antenna on the new DHS office building. The JLBC Staff recommends the Committee give a favorable review of the land exchange with APA.

Vacated Lease-Purchase Buildings

Once DHS vacates the Centre Pointe and Black Canyon buildings and relocates to the new office building, ADOA plans to sell the vacated buildings. These lease-purchase buildings will be paid off at the end of FY 2002 and ADOA projects that they could be sold for \$3,500,000 to \$4,500,000. The Executive has stated its plan to deposit any sale proceeds into the General Fund. Given that lease-purchase payments for these buildings may have come from a variety of fund sources, there may be a question as to whether all proceeds can be deposited in the General Fund.

New State Health Laboratory

Laws 2001, Chapter 237 (Capital Outlay Bill) appropriated \$2,342,900 from the General Fund in FY 2003 for the lease-purchase of the design and construction of a new health laboratory. This new health laboratory will be located on the northwest corner of Monroe and 17th Avenue and will be an integral part of the construction of the new DHS "campus" which will include the health laboratory, the current and new DHS office buildings and the parking structure. Construction of the health laboratory will begin during the last phase of the DHS office building construction. Plans have been made to coordinate the projects and to accommodate state employees whose parking spaces will be displaced by the construction of the health laboratory and parking structure. Ground breaking for the health lab is planned for May 2003. Completion of the health lab is planned for August 2004.

Jane Dee Hull
Governor



J. Elliott Hibbs
Director

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

July 12, 2001

JUL 12 2001

The Honorable Ruth Solomon, Chairman
Joint Committee on Capital Review
1700 West Washington
Phoenix, Arizona 85007

Reference: Request for placement on the JCCR Agenda – July 26, 2001
for ADOA's Lease-to-Own Office Building Proposal

Dear Senator Solomon:

The Department of Administration respectfully requests placement on the July 26, 2001, agenda of the Joint Committee on Capital Review (JCCR) to discuss the following issue:

Request a favorable review by JCCR to negotiate and enter into a "Privatized Lease-To-Own" contract for the development of a Department of Health Services Office Building on the Capitol Mall.

Background information for this project is attached as a report. We will be meeting with members of the Joint Legislative Budget Committee staff to brief them on the project.

Thank you for your attention to this matter. Should you have any questions, please feel free to contact me at 542-1701.

Sincerely,


Robert Teel, Assistant Director
General Services Division

Attachments as Noted

cc: Representative Laura Knaperek, AZ House of Representatives
J. Elliott Hibbs, ADOA Director
Tom Betlach, OSPB Director
Richard Stavneak, JLBC Staff Director
Lorenzo Martinez, JLBC Senior Fiscal Analyst
Bruce Ringwald, ADOA, Construction Services General Manager
Alex Turner, ADOA Chief Operational Advisor
Robert Smook, ADOA Legislative Liaison

**DEPARTMENT OF HEALTH SERVICES
PRIVATIZED LEASE-TO-OWN (PLTO) DEVELOPMENT
ON THE CAPITOL MALL**

BACKGROUND

During the FY 2001, Legislative Session, Laws 2000, chapter 164, section 1 was amended to permit a third "Privatized Lease-To-Own" (PLTO) State office building to be constructed on the Capitol Mall. A stipulation of the legislation requires "any lease-to-own transaction to be reviewed by the Joint Committee on Capital Review", before the transaction takes effect. The third PLTO building will be a Department of Health Services (DHS) Office building located between 18th and 19th Avenues and south of Monroe.

ADOA will provide a new 176,000 gross square foot office building for the consolidation of five (5) DHS operations, not presently located on the Capitol Mall. The proposed facility will be located adjacent to the existing DHS administrative office building located at 1740 West Adams and will be consistent with the present ADOA Master Plan for the Capitol Mall. The development of this facility will be coordinated with the development of the new Health Laboratory. A new six- (6) story-parking garage (850-950 spaces) will be developed in conjunction with the construction of the PLTO office building. Monroe Street will be abandoned between 17th and 18th Avenues, permitting the redevelopment of additional 110 parking spaces north of the DHS and JLBC office buildings.

The development of the new DHS office building utilizes the Privatized Lease-To-Own delivery system. This is the same approach used in the development of the Department of Environmental Quality and Department of Administration office buildings presently under construction on the Capitol Mall. ADOA has selected the Trammell Crow Company, from five proposers, as the developer for the proposed DHS building. They were selected for contract negotiations through a competitive "Request for Proposal" (RFP) process. The RFP requires the planning, design, construction, financing, operation and maintenance of the office building over a specified term. DHS will make annual lease payments for the term of the lease to the developer/manager. Existing annual appropriations to DHS for space rental will be utilized to pay the developer/manager of the DHS office building. At the conclusion of the lease term (25 years), the State will own the office building. The annual PLTO lease costs are (\$300,000/year) less than the current and projected DHS rent appropriations. Total projected savings over the 25 year term is \$7.4 million over continued leasing and the State of Arizona will own a \$43,000,000 asset.

DRAFT DHS PLTO II TERM SHEET

GENERAL

Summary: The State will select, through a competitive RFP process, a development team to design, finance, construct and operate an office building, located on State owned land in the capitol mall area, for use and ultimate ownership by the State. Legislation granting the State authority to enter into a lease-to-own transaction with a private entity has been approved in FY 2001 legislative session and signed by the Governor.

Project: The project consists of the development of a State office building, of approximately 176,000 square feet, on the Capitol Mall, to be used by the Department of Health Services (DHS). Additionally a parking structure will be constructed as part of this project.

Background: The State currently occupies numerous office locations throughout the Phoenix metropolitan area that provides space for DHS. The State will engage, through a request for proposals process, a development team to form a public/private partnership for the development and management of the office building, previously described, which the State considers a key component in the development of the Capitol Mall. The goals of this project delivery process, as identified by the State, are (1) improve the quality of State government to the public, (2) maintain occupancy costs at or below current and projected lease rates, and (3) provide revitalization in the Capitol Mall area.

Security: The State's obligation to pay lease payments and any other obligations under the Lease are subject to and dependent upon annual appropriations being made by the State Legislature and annual allocations of such appropriations being made by DOA to make lease payments. If the State Legislature does not make an appropriation or DOA does not make an allocation of moneys sufficient to pay lease payments in any year, the Lease will terminate.

**State Budget and
Appropriation
Process:**

The State budgets on a bi-annual basis in odd-numbered years for the ensuing two fiscal years and makes appropriations on an annual basis.

LEASE

Summary: Lessor/Developer will enter into a lease-to-own agreement (the "Lease") with the State, as Lessee, for the operation and

maintenance of the Project. The State will enter into a ground lease with the Lessor/Developer.

Term: Approximately 25 years, subject to prepayment by the Lessee.

Lease Payments: Lease payments due under the Lease-To-Own are as follows: (1) Base Rent in an amount equal to the principal and interest due on the financing and (2) Additional Rent in an amount equal to estimated Operating Costs for the office buildings plus a Maintenance Fund Deposit (in accordance with a predefined schedule.)

Prepayment Option: The Lessee may prepay the Base Rent payments due under the Lease on or after (date to be determined) by prepaying the outstanding principal component of the Base Rent payments plus any related accrued interest and any premium, if applicable. Prior to (date to be determined), the Lessee may prepay the Base Rent payment by preparing an amount that as invested is sufficient, as certified by an independent certified public accounting firm, to be of such maturity and interest payment dates as will be sufficient together with any moneys on deposit to pay principal and interest due on the Bonds to the first call date. The Lessee may also provide for, in advance, the Base Rent payments in their entirety at any time.

Operating Costs: *Budgeting and Annual Reporting.* The Lessor and Lessee will agree to the estimated operating cost for the buildings for the first year of operation and budget every two years thereafter, or such other time which shall coincide with the State's budget and appropriation process. An independent consultant will certify that the amount budgeted for the first year is sufficient, given the firm's expertise and experience with similar facilities. The Lessor and Lessee will determine operating budgets for the next succeeding two fiscal periods and every two years thereafter. Additionally, the Lessor will provide actual operating Statements at the end of each year, no later than 60 days after fiscal year end, for the State's review and approval.

Budget Overage. If estimated operating costs are greater than actual operating costs, the excess will be used to fund reserves held under the Trust.

Budget Shortfall. If estimated operating costs are insufficient in any given month, the Lessor will provide the Lessee with an itemized list of operating costs for the State's review and approval. The Lessee may elect to pay for such insufficiency from legally

available funds, or, upon approval of the State, the Lessor may requisition the amount of funds necessary to pay operating costs from the operations and maintenance reserve fund held under the Trust. Within any give Fiscal year, in order to reduce operating costs, the State may elect to reduce the level of services provided by the Managers, provide certain services itself or purchase certain services elsewhere.

State Covenant: In the event that funds set-aside as estimated operating costs along with monies held under the Trust for such purposes are insufficient, the State will covenant to use its best efforts to budget, obtain, allocate and maintain sufficient appropriated monies to provide for such costs, as permitted by law.

Insurance: After delivery of the Project to the State and throughout the Lease term, the State will maintain adequate insurance relating to the Project. The Project will be insured in the amount equal to the greater of 1) the replacement value of the Project, or 2) the outstanding principal amount of Bonds, plus accrued interest.

**GUARANTEED
PRICE
DESIGN/BUILD
CONTRACT:**

Summary: The Lessor/Developer will enter into a Guaranteed Price Design/Build Contract for the complete design and construction of the office building, together with the related parking structure. These improvements will be leased to the State by the Lessor/Developer, as described above.

Construction: The Lessor/Developer will furnish all of the materials and will perform all of the work necessary for the construction of the improvements in accordance with the plans and specifications provided in the design documents, which will be approved by the State.

Project Completion: The Lessor/Developer will diligently perform the work and will provide a completion guarantee that includes liquidated damages for late delivery equal to daily interest on the Bonds. Project completion will be scheduled for 7/1/03.

Insurance: Prior to completion of the construction and delivery of the Project to the State, the Lessor/Developer will maintain adequate

insurance relating to the Project. The Project will be insured in the amount equal to the greater of 1) the replacement value of the Project, or 2) the outstanding principal amount of the financing, plus accrued interest.

Statutory

Requirements:

Lessor/Developer shall comply with all statutory requirements including, but not limited to, the following:

Audit of Records: Pursuant to A.R.S. §§ 35-214 and 35-215, the Contractor shall retain and shall contractually require each subcontractor to retain all data, books and other records ("records") relating to this Contract for a period of five years after completion of the Contract. All records shall be subject to inspection and audit by the State at reasonable times. Upon request, the Contractor shall produce the original of any or all such records.

Cancellation for

Conflict of Interest: Pursuant to A.R.S. § 38-511, the State, its political subdivisions or any department or agency of either may, within three years after its execution, cancel any contract, without penalty or further obligation, made by the State, its political subdivisions, or any of the departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any of the departments or agencies of either is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. A cancellation made pursuant to this provision shall be effective when the Contractor receives written notice of the cancellation unless the notice specifies a later time.

Non-Discrimination: The Contractor shall comply with Executive Order 99-4, which mandates that all persons, regardless of race, color, religion, sex, age, national origin or political affiliation, shall have equal access to employment opportunities, and all other applicable State and Federal employment laws, rules, and regulations, including the Americans with Disabilities Act. The Contractor shall take affirmative action to ensure that applicants for employment and employees are not discriminated against due to race, creed, color, religion, sex, national origin or disability.

Arbitration: The parties to this Contract agree to resolve all disputes arising out of or relating to this Contract through arbitration, after exhausting applicable administrative review, to the extent required by A.R.S. § 12-1518 except as may be required by other applicable statutes.

Specific Questions by JLBC Staff

1. Tenant agency list: See Attachment 1 for the list of leases to be relocated and projected leases costs. DHS has expressed a desire to relocate several existing operations units from the 1740 West Adams office building to the new location for operations and consolidation purposes. Planned space allocations will mirror existing space allocations within a plus or minus 5% range due to a new floor plate for the proposed building.
2. Plan for Telecommunications equipment

P.L.T.O. VOICE AND DATA ISSUES

SB 1051 Department of Health Services

ISSUE: The Privatized Lease-To-Own (PLTO) Project SB 1051 currently calls for construction of a new Department of Health Services (DHS) building (on the Capitol Mall) consisting of 176,000 sq. ft. of floor space housing 800-850 personnel.

Separate from the construction of the building is the issue of voice and data services to support the addition of 800-850 Health Services staff.

APPROACH: The new building will be provided both voice and data services by the ADOA Arizona Telecommunications System (ATS) consistent with existing tenant arrangements for the Capitol Mall. Those DHS offices moving from off the mall will obtain voice services from the ATS MSL100 PBX located at 1510 W. Adams; those moving from locations on the mall would retain their current phones and phone numbers.

It is anticipated that all or most of the existing infrastructure and desktop equipment for the following offices would be reused, thereby lowering the initial cost for deployment of voice services:

2927 N. 35th Ave – Phoenix
2700 N. 3rd St. – Phoenix
3815 N. Black Canyon – Phoenix (planned remote shelf deployment 2Q 2001)

These locations currently receive or will receive voice services from the Capitol Mall switch by means of remote shelves.

The new DHS building will require minimal trenching to support voice and data feeds into the building.

MAJOR COMPONENTS/ESTIMATED COSTS:

DHS Building

Voice Services (incl. 850 phones)	\$ 450,000	
Data Services (edge and LAN devices only, no servers)	\$ 160,000	
Horizontal Cabling (jacks, cable, and closet work)	\$ 275,000	PLTO project funded
Feeder cable conduit and trenching (as needed)	\$ 35,000	PLTO project funded
Security Considerations	\$ 10,000	PLTO project funded
Installation Activities (ATS voice and data staff)	\$ 15,000	PLTO project funded
Estimated Total	\$ 945,000	

NOTES:

- Funds for voice and data services (\$610,000) will be paid for from the ATS fund or they will be lease-purchased and paid back from the monthly DHS telecommunications charges.
- All major items are expected to be competitively bid, with potential price variations; estimated costs are based on current State contract pricing where applicable.
- Estimates do not include any costs associated with potential construction impact on existing conduits and copper and fiber cables.
- Estimates are for one-time construction and/or installation activities only. No recurring or usage charges are included.
- Assumes sufficient copper/fiber cable currently exists to support the DHS building.
- Horizontal cabling estimates are based on head count and do not include conference rooms, training facilities, hallway and wall (printer) locations, server rooms/locations, or special-purpose functions (call centers, help desks, etc.) required by the tenant.
- Horizontal cabling does not include any installation of electrical services, modular furniture or power poles.

- DHS offices, which currently have their own telephone switch (PBX or key systems), would either surplus or re-deploy the current equipment. The same for non-ADOA-compliant LAN or WAN edge equipment. ADOA ATS would provide all voice and LAN switching equipment for the new buildings. Data services pricing is based on no reuse of existing networking equipment (agencies provide their own printers and personal computers).

1. Plan for relocation costs:

Relocation costs include the following:	Units	Unit Cost	Total
Agency relocation, conventional furniture/equipment	146,500	\$2.25/sf	\$329,625
Existing modular furniture relocation	50	\$1,200	\$60,000
New modular furniture parts for reconfiguration	4	\$4,000	\$20,000
Relocation contingency and clean up of prior space	LS	10%	<u>\$40,963</u>

Total (rounded) \$450,600

ADOA in conjunction with the DHS will request an appropriation of \$450,600 for FY 2004 to relocate DHS from 5 locations to the new DHS PLTO office building. An amendment to the "lease-to-own office buildings" legislation prohibits conventional furniture or relocation costs to be financed as part of the PLTO transaction. This relocation funding may be partially provided from rent savings derived from the reduced rental cost of the PLTO project for the first year (\$296,765 est.) and supplemented with COSF funds (\$153,835).

DHS will be relocated between 7/1/03 and 9/1/03. The first PLTO lease payment is projected for 10/1/03.

2. List of lease documents:

PLTO AGREEMENTS

A. OVERVIEW

- The agreements covering the DHS PLTO project will follow the same format used for the ADOA and ADEQ buildings on the Capitol Mall. They will involve 4 major players-the State, Trammell Crow, a Limited Liability Corporation (L.L.C.) as owner, and an Industrial Development Authority for the issuance of tax free bonds. In addition, there are several financial entities involved in the issuance and insurance of the bonds, as well as a trustee.
- The project has been structured so as to be tax free to the bondholders. This requires the creation of a "shell" L.L.C. as owner of the new buildings and as the borrower of the funds to be raised by the Industrial Development Authority's bond issue.
- The State will sign a Lease-to-Own agreement with the L.L.C. and the L.L.C. in turn will sign a ground lease with the State. These are the only 2 agreements that the State will be a direct party to. The L.L.C. will then "hire" several Trammell Crow

controlled entities to construct and manage the buildings. They will also sign the Loan Agreement. The State will have a third party interest in these other agreements and has had input to and given its approval to their wording.

B. AGREEMENT HIGHLIGHTS

LEASE-TO-OWN AGREEMENT

- Parties are the L.L.C. and the State of Arizona
- Rent starts when the State takes possession, but not before a predetermined (10/1/03). Building completion date is currently projected at July 1, 2003. Term of lease is 25 years, after which the State takes ownership. The State has the option to purchase the properties at any time. If purchased after September 1, 2010, the State needs to pay off the principal balance and any interest due. If purchased prior to September 1, 2012, a penalty amount is added based on a defeasance formula. These dates would be finalized in the contract documents.
- Rent consists of Base Rent, which covers the L.L.C.'s debt service, and Additional Rent, which includes Estimated Operating Costs (utilities, maintenance, janitorial, property management). Operating costs are estimated, not guaranteed, and subject to adjustment after the first fiscal year and every 2 years thereafter, as actual figures become available. There is also an Operation and Maintenance Fund of \$500,000, funded from bond proceeds, which can be drawn against in case actual costs exceed estimates.
- If the Estimated Operating Costs provided by the Property Manager are unacceptable, the State may purchase its own services including property management services.
- If the LLC and Property Manager fail to properly maintain the property, the State may contract for repairs or obtain services and offset such costs against Additional Rent.
- There will be a separate Major Maintenance Fund (Building Renewal), funded by a portion of the tenant agencies' lease payments to the landlord.
- The State's obligation to make Lease Payments is subject to appropriations by the Legislature and allocation by the ADOA Director.
- The State will self-insure/insure all risk of physical loss to the properties and its own general liability. Trammell Crow will carry liability insurance for itself and the L.L.C., the cost of which will be passed on to the State in the Operating Costs. The State will indemnify the Issuer, L.L.C., and Trustee against liability, except for their negligence.

GROUND LEASE:

- Parties are the State of Arizona and the L.L.C.
- Term of the lease is concurrent with the term of the Lease-to-Own Agreement. If the State pays off the building early, the Ground Lease terminates.
- Rent is \$1.00/ year.
- Lessee will not place any signs without prior written consent of the State.
- Lessee will not sublease any portion of the land without prior written consent of State.

PROPERTY MANAGEMENT AGREEMENT:

- Parties are the L.L.C. and Trammell Crow Company.
- Initial term will run until June 30, 2006, unless terminated earlier. Additional terms will be four years each, tied to the State fiscal cycle.
- Owner may terminate Manager at any time after the third year of each 4-year renewal period.
- Owner will provide Property Manager with 1,000 square feet for office space.
- Owner will advance the sum of \$100,000 to Manager as working capital.
- Owner will pay Manager a 3% fee, based on Base and Additional Rent. (Passed through to State)
- Property Manager will be responsible for all repair, maintenance, operation and care of the buildings. Some of these functions may be contracted out.
- Property Manager will provide management and support staff sufficient to contract for needed materials, supplies and services, maintain adequate books and records, and make all necessary disbursements.
- The State has the right to contract for its own services if a satisfactory agreement on price and/ or service levels cannot be reached with the Property Manager.

DEVELOPMENT MANAGEMENT AGREEMENT:

- Parties are the L.L.C. and Trammell Crow Company.
- Term extends until expiration of DHS building warranty period.
- Developer is to assist in design of project and coordinate all plans and specifications for the Project.
- Development Budget and Schematic Design Documents are included as exhibits.
- Developer to oversee all construction, including tenant improvements and change orders.
- Developer to review all draw requests and payment applications.
- Owner indemnifies Developer, except for gross negligence.

GUARANTEED PRICE DESIGN/BUILD AGREEMENTS-CORE AND SHELL, TENANT IMPROVEMENTS:

- Parties are the L.L.C. and *the Joe E. Woods Inc.* The State, while not a direct party, has provided much of the input.
- Describes sequence of Design and Construction phases for the basic building (core and shell) and for the tenant improvements.
- The State as well as Owner, signs off at each design milestone.
- Substantial completion set for July 1, 2003.
- Liquidated damages kick in if buildings are not ready for occupancy by November 1, 2003. However, if delays are caused by events outside the reasonable control of the Contractor, no penalties or liquidated damages are applicable.
- Change Orders that result in increased costs will be added to the Contract Sum and charged at the Contractor's reasonable cost, including 10% profit.
- Contractor will provide a one-year warranty on workmanship and materials. Any subcontractor's warranties will be assigned to Owner.
- Contractor will purchase Builder's Risk Insurance. (State has no liability prior to completion of construction)
- Owner may terminate contract for a material violation of the contract.

- Both Owner and State have right to inspect the Work at any reasonable time.

LOAN AGREEMENT:

- Parties are an Industrial Development Authority and a L.L.C. There is a separate Indenture document between the IDA and Wells Fargo, the trustee.
- Bond issue not to exceed \$100,000,000.
- No more than 5% of proceeds can be used for Unrelated Trade or Business.
- Borrower will take no action that would adversely affect tax exempt status.
- Borrower may prepay all indebtedness, per terms of Indenture.
- Payment obligations of Borrower are non-recourse and limited to monies received under the Privatized Lease-to-Own Agreement, Indenture, Construction Contracts or insurance policies.

3. Construction timelines

Consolidated Construction Schedule

DHS Office Building and Garage

Milestone	Date
Execute Land Exchange With Arizona Power Authority	9/01/01
Lease Agreement	9/15/01
Schematic Design Complete	11/1/01
Bonds Fund	11/15/01
Rezone Property	1/01/02
Core and Shell Design Complete	1/15/02
Construction Permit	2/15/02
Temporary Parking Facilities in Place	3/01/02
Ground Breaking	3/01/02
<i>Parking garage construction begins</i>	<i>6/1/02</i>
<i>Garage Complete</i>	<i>1/01/03</i>
Office Building Complete	7/01/03
Move In Complete	9/01/03

DHS Health Lab

Milestone	Date
Contract Project Management Firm	10/01/01
Complete Program and Performance Specification	2/01/02
Fund Certificates of Participation	3/15/02
Complete RFP for Design Build Contractor	6/01/02
Award Design Build Contract	8/01/02
Design Complete	3/01/03
Construction Permit	4/15/03
Ground Breaking	5/01/03

Construction Complete	8/01/04
Move In Complete	9/01/04

4. Plan for land exchange with the Arizona Power Authority:

- The Arizona Power Authority (APA) owns three lots (presently a parking lot) that will be required for the construction of the new DHS PLTO office building. ADOA is prepared to exchange the ADOA owned parking lot (four lots) adjacent to the APA office building for these parcels. See Attachment 3. ADOA and APA have met several times to discuss the exchange. Both parties are in agreement with the essential issues of the exchange.
- The exchange will be run through a Title Company and both parties will be provided with clear, insured title to their respective parcels.
- ADOA will offset the cost of displacement of current APA facilities. This includes removal and replacement of the current parking canopy presently located in the alley between the APA office building and the new DHS PLTO office building.
- ADOA will study the exchanged existing parking lot layout with a view toward optimizing the number of parking spaces.
- ADOA will make recommendations for visitor access to the APA building, including any special requirements for handicapped individuals.
- The area will be fenced during construction and the developer will carry insurance. ADOA will look into having APA named as an additional insured.
- ADOA will consider APA's request to provide them with the right to install a microwave antenna on the new DHS PLTO office building.

5. Coordination efforts with the Health Laboratory Project:

ADOA, General Services Division will provide construction services for both DHS projects. Scheduling coordination has already been completed and is listed under Question Number 5, Construction Timelines. A representative from the Health Lab along with two other members of DHS served on the selection committee for the PLTO DHS office building.

6. Plan for what to do with vacated lease-purchase buildings that DHS presently occupies:

ADOA plans to sell the Centre Pointe and Black Canyon lease purchase buildings once DHS has relocated to the new PLTO office building. DHS presently occupies 100% of the Black Canyon Building and 71 % of the Centre Pointe Building, which also contains the Nursing Board (18%), Department of Insurance (7%) and vacant space (4%). ADOA projects a sales price of between \$3.5 and 4.5 million for the properties. After the sale, the Nursing Board and Department of Insurance should be

able to maintain their projected lease rates of \$15.50/sf. The two properties are presently cross co-lateralized in a State lease purchase issue. These properties may be removed from the lease purchase issue with the consent of the trustee. Proceeds from the sale of the properties may be utilized to pay down the remaining debt on the lease purchase issue or the monies may be returned to the State.

7. Parking implications:

The DHS office building and parking structure will be constructed on existing surface parking lots. The structures will displace approximately 345 cars. Prior to construction, the City of Phoenix will abandon Monroe Street from 17th Ave. to 18th Ave. This will allow the Developer to incorporate this area into the existing parking. These lots will be reconfigured, allowing space for approximately 110 additional cars. See Attachment 2 and 2A. The net loss will then be only 235 parking spaces. Prior to the scheduled ground breaking for the structures on March 1, 2002, ADOA will secure temporary facilities both on campus and off site to accommodate up to 235 parking spaces. We are currently working with adjacent landowners that surround the project site to develop temporary parking. Available parking spaces on campus include availability at the Revenue parking garage and the 'C-1' lot west of the Executive Tower. The cost for this parking will be paid out of the bond funds as a project expense. We estimate this expense to be approximately \$150,000. Additionally, the ADOA parking garage will be complete in May of 2003, which will bring back on line an additional 800 parking spaces that will reduce parking pressure on the facilities in Bolin Plaza. ADOA will work with all concerned parties toward encouraging alternative modes of transportation.

Existing Legislative parking will not be impacted until the construction of the State Health Lab begins. Projected start date for construction of this facility is May 1, 2003. Legislative parking displaced will be accommodated in the new parking structure, scheduled for completion by May 1, 2003.

The advantages of PLTO are as follows:

1. The PLTO lease with the Developer will essentially be the same lease the State uses in the private sector and will contain the "opt-out" clause if the Legislature chooses not to provide funds to pay the annual lease.
2. The PLTO approach utilizes existing annual agency lease appropriations as the revenue stream.
3. The State will own the buildings at the end of the lease term.
4. The PLTO buildings are on the Capitol Mall, which benefits the public by having services consolidated at the seat of State Government. This also provides more

efficient government operations than having services scattered across the Phoenix Metropolitan area.

5. No funding is required in FY 2003.
6. The PLTO approach offers the lowest short-term cost when compared to outright purchase.
7. The PLTO office buildings will utilize an 80% open space floor plan, versus 20% hard wall office floor plan allowing for efficient utilization of the space.

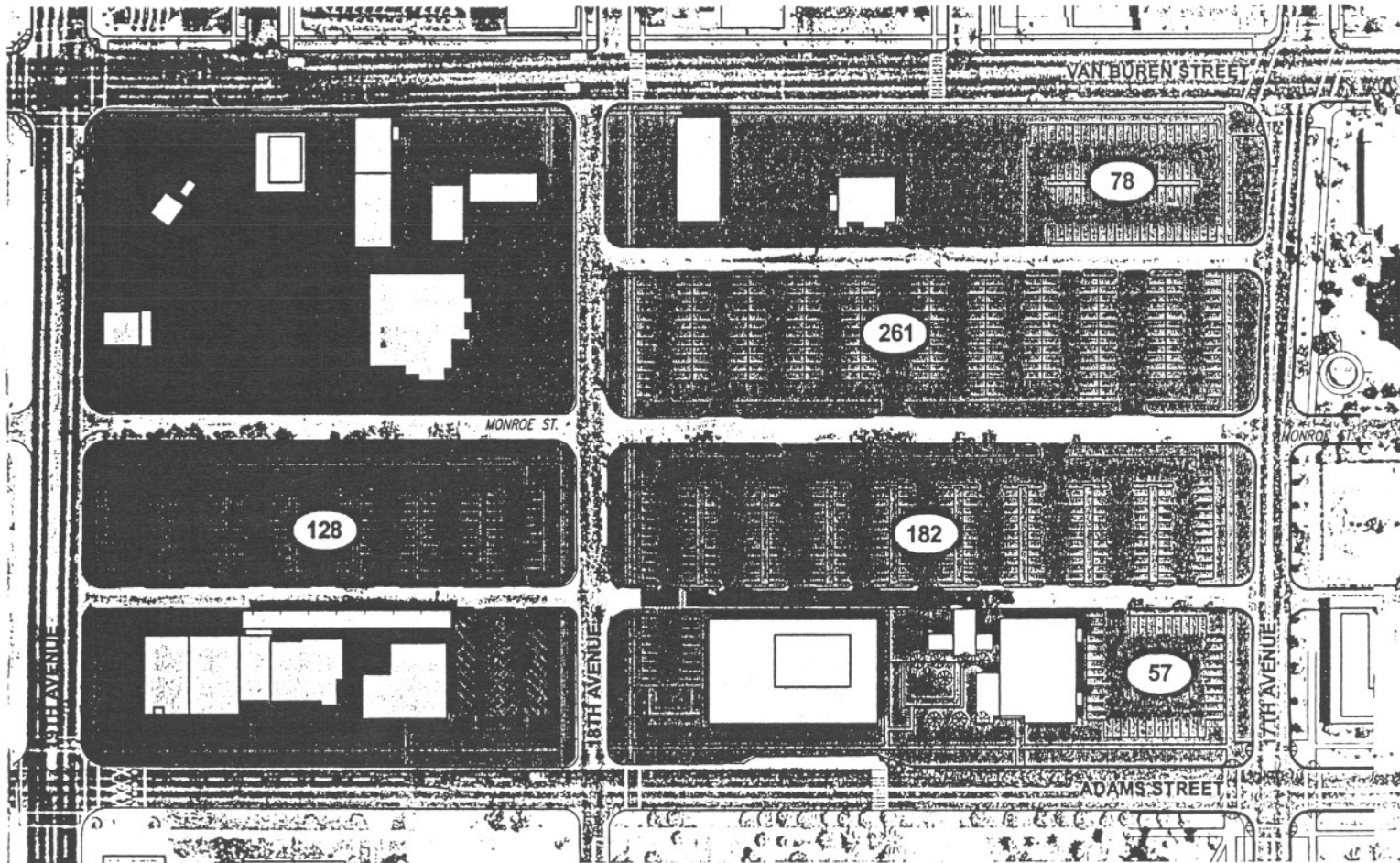
Considering the demands on State resources and the limitation on available funds, ADOA recommends Privatized Lease-to-Own approach for the development of a DHS office building and seeks a favorable review to negotiate a contract with the selected proposer, the Trammell Crow Company.

Attachment 1

ADHS Office Building 170,000 RSF	Lease Expiration	Space	Space	Space	FY 01	FY 02-7/1/01	FY 03-7/1/02	FY 04-7/1/03	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
Projected Occupant		Usable SF	Rentable SF	Gross SF	PLTO Starts													
ADHS, 1647/1651 E. Morten, lease purchase		48,800	53,680		\$ 349,200	\$ 732,000	\$ 756,400	\$ 775,310	\$ 794,693	\$ 814,560	\$ 834,924	\$ 855,797	\$ 877,192	\$ 899,122	\$ 921,600	\$ 944,640	\$ 968,256	\$ 992,462
ADHS, 1647/1651 E. Morten, O&M costs					\$ 231,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADHS, 3815 N.Black Canyon, lease purchase		23,300	25,630		\$ 183,700	\$ 349,500	\$ 361,150	\$ 370,179	\$ 379,433	\$ 388,919	\$ 398,642	\$ 408,608	\$ 418,823	\$ 429,294	\$ 440,026	\$ 451,027	\$ 462,303	\$ 473,860
ADHS, 3815 N.Black Canyon,O&M costs					\$ 149,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADHS, 2927 N. 35th Avenue	10/14/03	31,426	34,763		\$ 491,243	\$ 535,000	\$ 535,000	\$ 548,375	\$ 562,084	\$ 576,136	\$ 590,540	\$ 605,303	\$ 620,436	\$ 635,947	\$ 651,846	\$ 668,142	\$ 684,845	\$ 701,966
ADHS 2700 N. 3rd Street, private lease	1/31/04	16,010	17,710		\$ 338,539	\$ 380,606	\$ 380,606	\$ 380,606	\$ 390,121	\$ 399,874	\$ 409,871	\$ 420,118	\$ 430,621	\$ 441,386	\$ 452,421	\$ 463,731	\$ 475,325	\$ 487,208
ADHS 2122 E Highland, private lease	8/31/01	26,923	29,782		\$ 416,396	\$ 550,967	\$ 580,749	\$ 610,531	\$ 625,794	\$ 641,439	\$ 657,475	\$ 673,912	\$ 690,760	\$ 708,029	\$ 725,730	\$ 743,873	\$ 762,470	\$ 781,531
ADHS 2122 E Highland, private lease, expansion		1,808	2,000		\$ -	\$ 37,000	\$ 39,000	\$ 41,000	\$ 42,025	\$ 43,076	\$ 44,153	\$ 45,256	\$ 46,388	\$ 47,547	\$ 48,736	\$ 49,955	\$ 51,203	\$ 52,483
DHS relocation and consolidation candidates		9,222																
State Cash Flow Total for ADEQ/ADHS Building		157,489			\$ 2,160,078	\$ 2,548,073	\$ 2,652,905	\$ 2,726,001	\$ 2,794,151	\$ 2,864,005	\$ 2,935,605	\$ 3,008,995	\$ 3,084,220	\$ 3,161,325	\$ 3,240,358	\$ 3,321,367	\$ 3,404,401	\$ 3,489,511
Base Rent Proposal from Trammel Crow								\$ 1,574,236	\$ 1,621,789	\$ 1,672,064	\$ 1,719,784	\$ 1,769,894	\$ 1,822,106	\$ 1,876,126	\$ 1,931,651	\$ 1,988,129	\$ 2,045,161	\$ 2,102,596
Yearly Cost for operations/maintenance								\$ 765,000	\$ 784,125	\$ 803,728	\$ 823,821	\$ 844,417	\$ 865,527	\$ 887,165	\$ 909,345	\$ 932,078	\$ 955,380	\$ 979,265
Major maintenance amount								\$ 90,000	\$ 91,800	\$ 93,636	\$ 95,509	\$ 97,419	\$ 99,367	\$ 101,355	\$ 103,382	\$ 105,449	\$ 107,558	\$ 109,709
Trammel Crow Proposal		157,489	170,000	176,242				\$ 2,429,236	\$ 2,497,714	\$ 2,569,428	\$ 2,639,114	\$ 2,711,730	\$ 2,787,000	\$ 2,864,646	\$ 2,944,378	\$ 3,025,656	\$ 3,108,099	\$ 3,191,570
PLTO Savings								\$ 296,765	\$ 296,437	\$ 294,577	\$ 296,491	\$ 297,265	\$ 297,220	\$ 296,679	\$ 295,980	\$ 295,711	\$ 296,302	\$ 297,941
Rental Rate per rentable square foot								\$ 14.29	\$ 14.69	\$ 15.11	\$ 15.52	\$ 15.95	\$ 16.39	\$ 16.85	\$ 17.32	\$ 17.80	\$ 18.28	\$ 18.77

Projected Occupant	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28
ADHS, 1647/1651 E. Morten, lease purchase	\$ 1,017,274	\$ 1,042,706	\$ 1,068,773	\$ 1,095,493	\$ 1,122,880	\$ 1,150,952	\$ 1,179,726	\$ 1,209,219	\$ 1,239,449	\$ 1,270,436	\$ 1,302,197	\$ 1,334,752	\$ 1,368,120	\$ 1,402,323
ADHS, 1647/1651 E. Morten, O&M costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADHS, 3815 N.Black Canyon, lease purchase	\$ 485,707	\$ 497,849	\$ 510,295	\$ 523,053	\$ 536,129	\$ 549,532	\$ 563,271	\$ 577,353	\$ 591,786	\$ 606,581	\$ 621,746	\$ 637,289	\$ 653,221	\$ 669,552
ADHS, 3815 N.Black Canyon,O&M costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADHS, 2927 N. 35th Avenue	\$ 719,516	\$ 737,503	\$ 755,941	\$ 774,840	\$ 794,211	\$ 814,066	\$ 834,417	\$ 855,278	\$ 876,660	\$ 898,576	\$ 921,041	\$ 944,067	\$ 967,668	\$ 991,860
ADHS 2700 N. 3rd Street, private lease	\$ 499,388	\$ 511,873	\$ 524,670	\$ 537,786	\$ 551,231	\$ 565,012	\$ 579,137	\$ 593,615	\$ 608,456	\$ 623,667	\$ 639,259	\$ 655,240	\$ 671,621	\$ 688,412
ADHS 2122 E Highland, private lease	\$ 801,070	\$ 821,096	\$ 841,624	\$ 862,664	\$ 884,231	\$ 906,337	\$ 928,995	\$ 952,220	\$ 976,025	\$ 1,000,426	\$ 1,025,437	\$ 1,051,073	\$ 1,077,350	\$ 1,104,283
ADHS 2122 E Highland, private lease, expansion	\$ 53,796	\$ 55,140	\$ 56,519	\$ 57,932	\$ 59,380	\$ 60,865	\$ 62,386	\$ 63,946	\$ 65,545	\$ 67,183	\$ 68,863	\$ 70,584	\$ 72,349	\$ 74,158
State Cash Flow Total for ADEQ/ADHS Building	\$ 3,576,750	\$ 3,666,168	\$ 3,757,821	\$ 3,851,768	\$ 3,948,062	\$ 4,046,763	\$ 4,147,933	\$ 4,251,631	\$ 4,357,921	\$ 4,466,870	\$ 4,578,542	\$ 4,693,005	\$ 4,810,329	\$ 4,930,588
Base Rent Proposal from Trammel Crow	\$ 2,165,078	\$ 2,227,070	\$ 2,288,214	\$ 2,356,560	\$ 2,423,194	\$ 2,492,847	\$ 2,559,982	\$ 2,634,331	\$ 2,710,087	\$ 2,785,752	\$ 2,861,661	\$ 2,942,272	\$ 3,021,772	\$ 3,104,619
Yearly Cost for operations/maintenance	\$ 1,003,746	\$ 1,028,840	\$ 1,054,561	\$ 1,080,925	\$ 1,107,948	\$ 1,135,647	\$ 1,164,038	\$ 1,193,139	\$ 1,222,967	\$ 1,253,542	\$ 1,284,880	\$ 1,317,002	\$ 1,349,927	\$ 1,383,675
Major maintenance amount	\$ 111,904	\$ 114,142	\$ 116,425	\$ 118,753	\$ 121,128	\$ 123,551	\$ 126,022	\$ 128,542	\$ 131,113	\$ 133,735	\$ 136,410	\$ 139,138	\$ 141,921	\$ 144,759
Trammel Crow proposal	\$ 3,280,728	\$ 3,370,052	\$ 3,459,200	\$ 3,556,238	\$ 3,652,270	\$ 3,752,045	\$ 3,850,042	\$ 3,956,012	\$ 4,064,167	\$ 4,173,029	\$ 4,282,951	\$ 4,398,412	\$ 4,513,620	\$ 4,633,053
PLTO Savings	\$ 296,022	\$ 296,116	\$ 298,621	\$ 295,530	\$ 295,792	\$ 294,718	\$ 297,891	\$ 295,619	\$ 293,754	\$ 293,841	\$ 295,591	\$ 294,593	\$ 296,709	\$ 297,535
Rental Rate per rentable square foot	\$ 19.30	\$ 19.82	\$ 20.35	\$ 20.92	\$ 21.48	\$ 22.07	\$ 22.65	\$ 23.27	\$ 23.91	\$ 24.55	\$ 25.19	\$ 25.87	\$ 26.55	\$ 27.25

ATTACHMENT 2



TRAMMELL CROW

EXISTING PARKING PLAN
DEPARTMENT OF HEALTH SERVICES OFFICE BUILDING

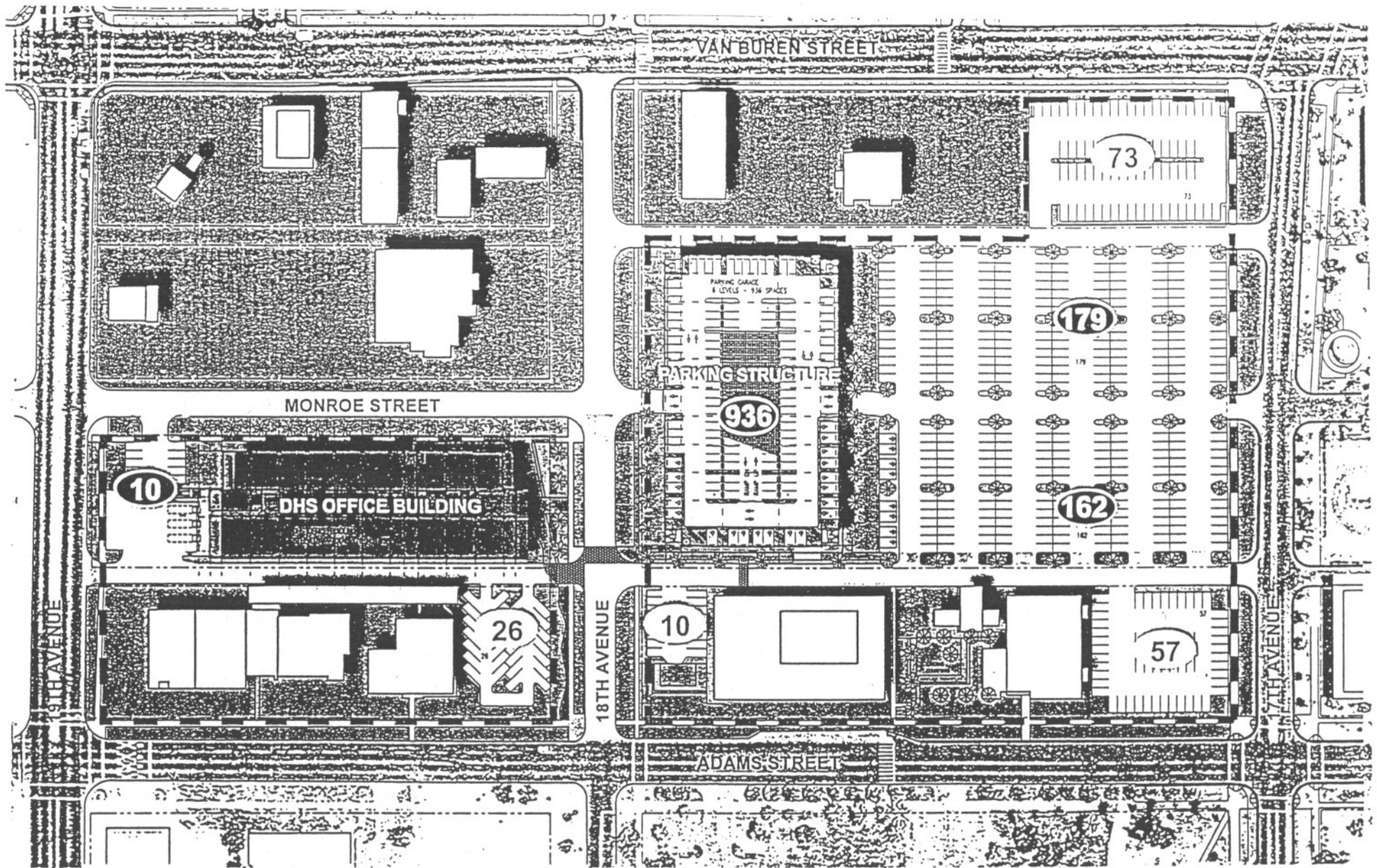
LEO A DALY

12.18.00

ARIZONA STATE DEPARTMENT OF ADMINISTRATION

DRAWING NOT TO SCALE



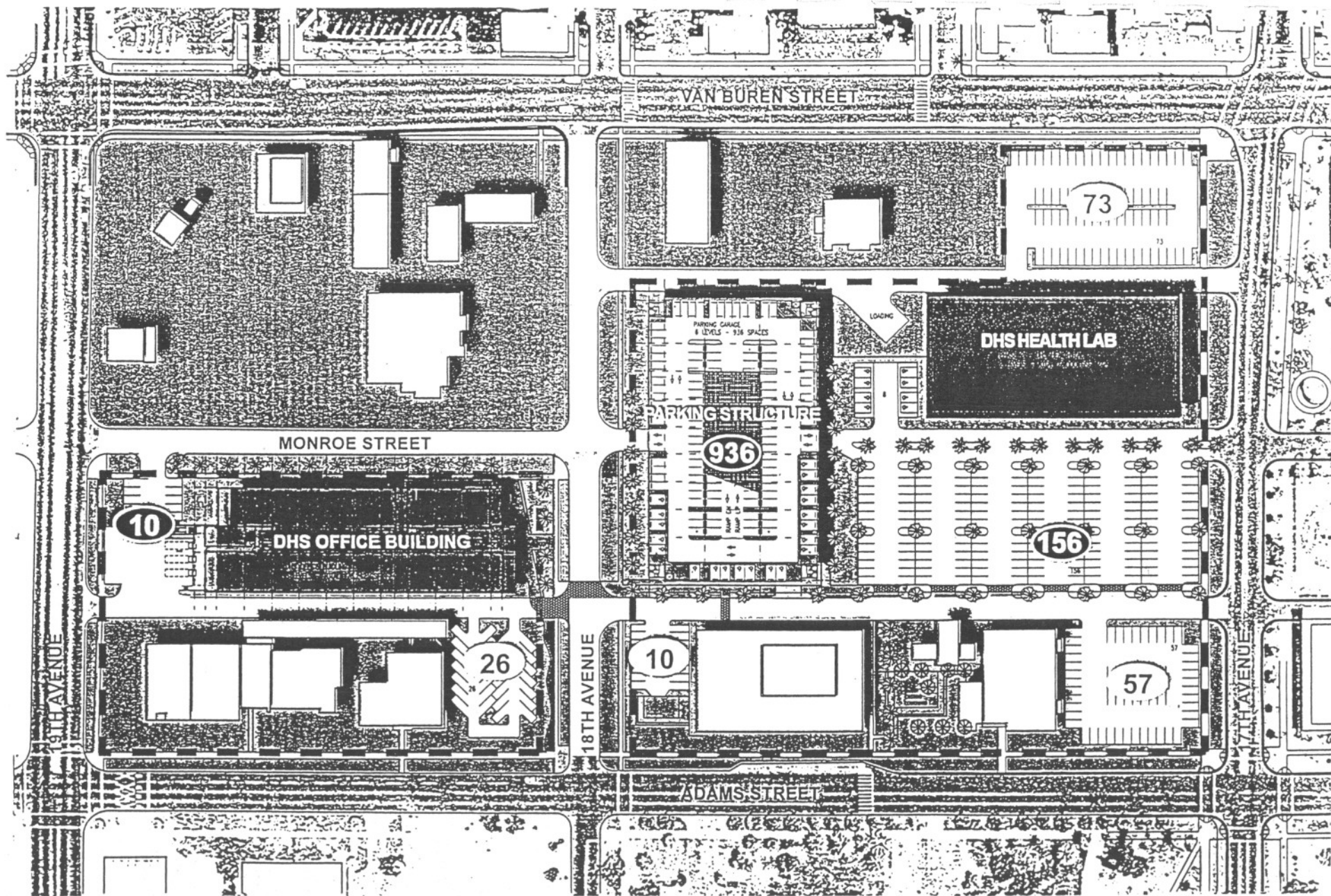


MASTERPLAN - DHS OFFICE BUILDING
WITH PARKING STRUCTURE

TRAMMELL CROW

ATTACHMENT 2A

ARIZONA STATE DEPARTMENT OF ADMINISTRATION



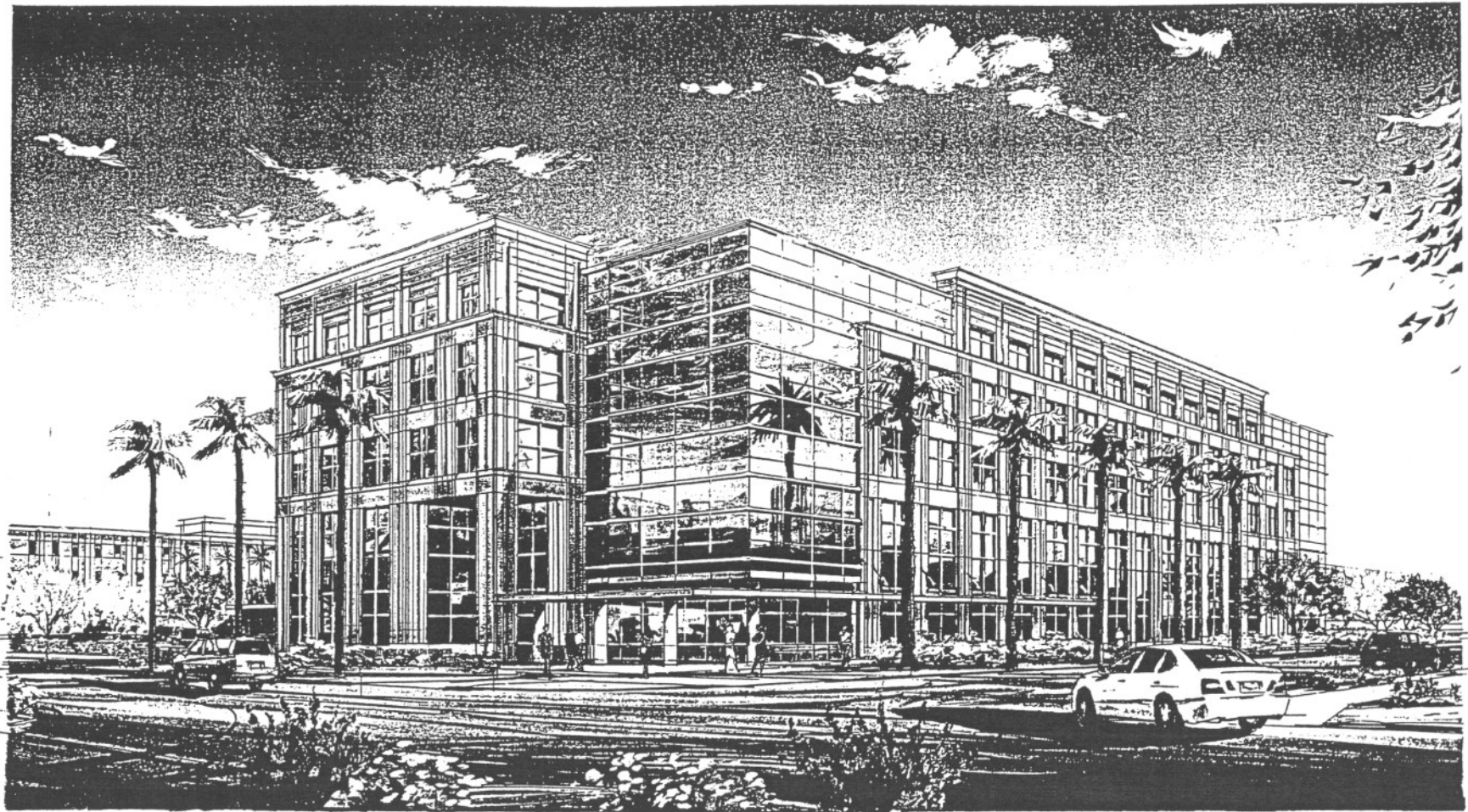
MASTERPLAN - DHS OFFICE BLDG / DHS HEALTH LAB
WITH PARKING STRUCTURE

TRAMMELL CROW

ATTACHMENT 2B

ARIZONA STATE DEPARTMENT OF ADMINISTRATION

20



VIEW FROM NORTH EAST

PERSPECTIVE RENDERING
DEPARTMENT OF HEALTH SERVICES OFFICE BUILDING

TRAMMELL CROW

LEO A DAILY

02.11.01

ATTACHMENT 2C

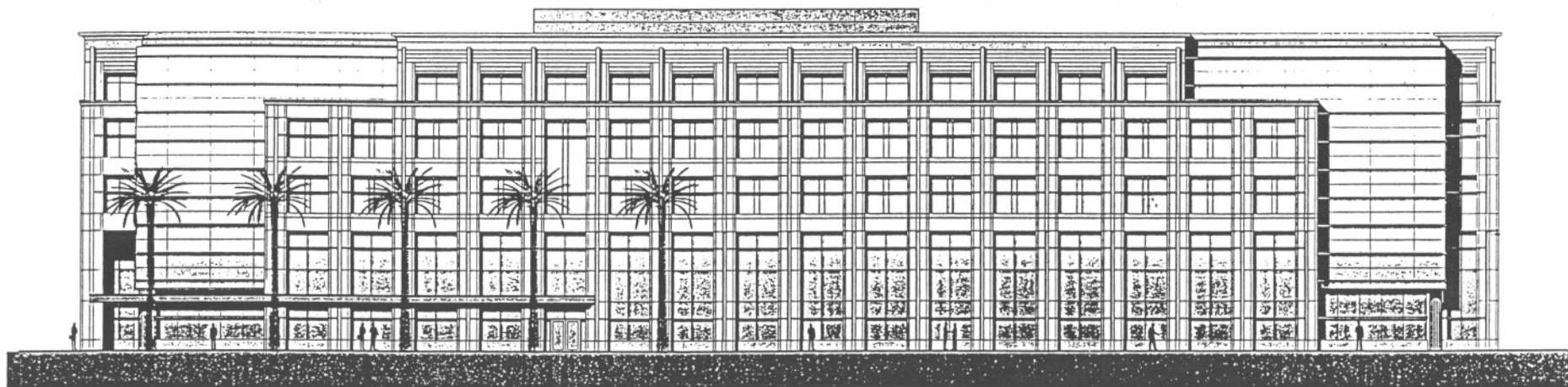
ARIZONA STATE DEPARTMENT OF ADMINISTRATION

DRAWING NOT TO SCALE

73'-6"



EAST ELEVATION - 18th AVENUE



NORTH ELEVATION

ELEVATIONS
DEPARTMENT OF HEALTH SERVICES OFFICE BUILDING

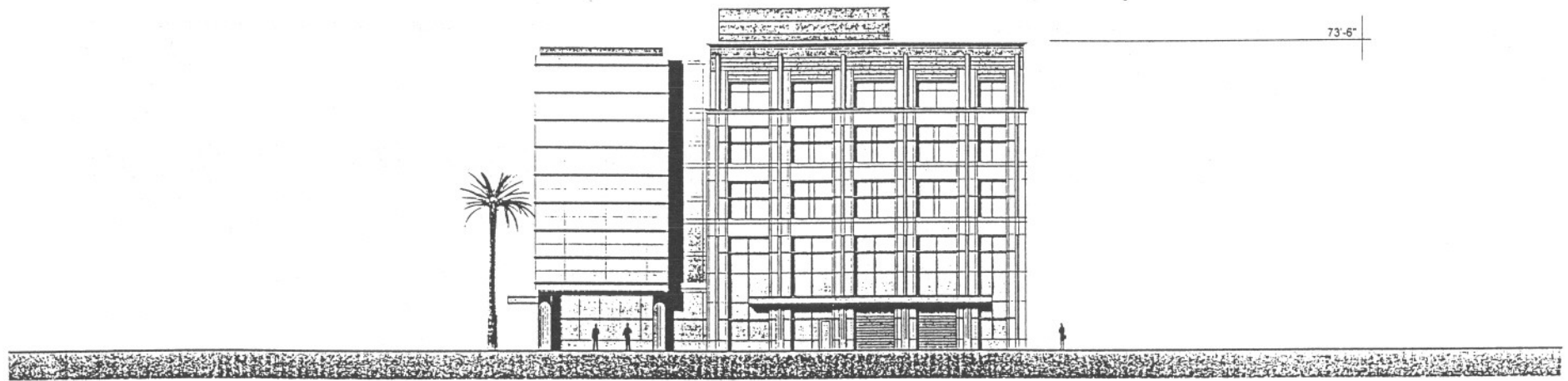
LEO A DALY

TRAMMELL CROW

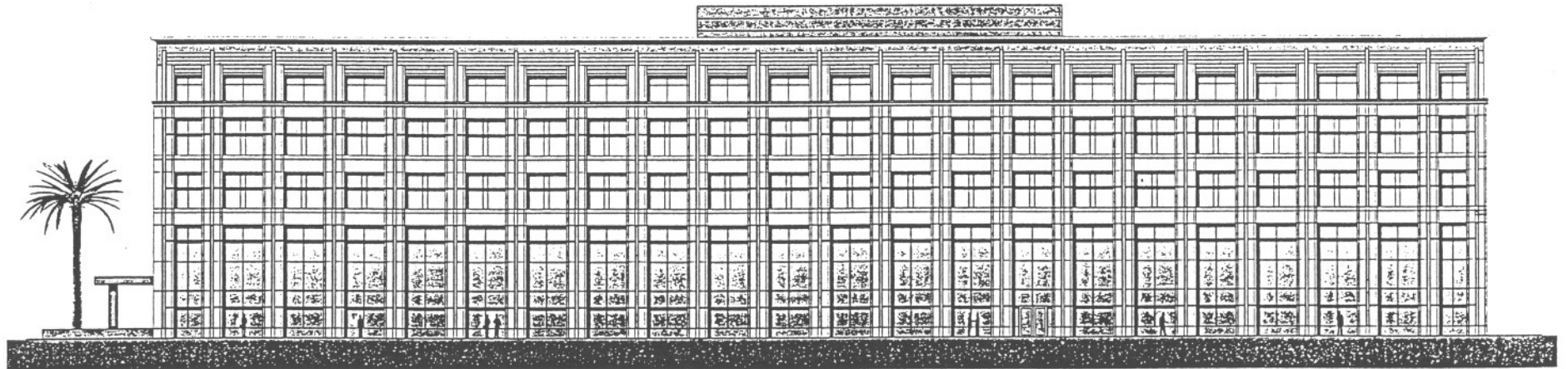
06.25.01

ATTACHMENT 2D

ARIZONA STATE DEPARTMENT OF ADMINISTRATION



WEST ELEVATION



SOUTH ELEVATION

ELEVATIONS
DEPARTMENT OF HEALTH SERVICES OFFICE BUILDING

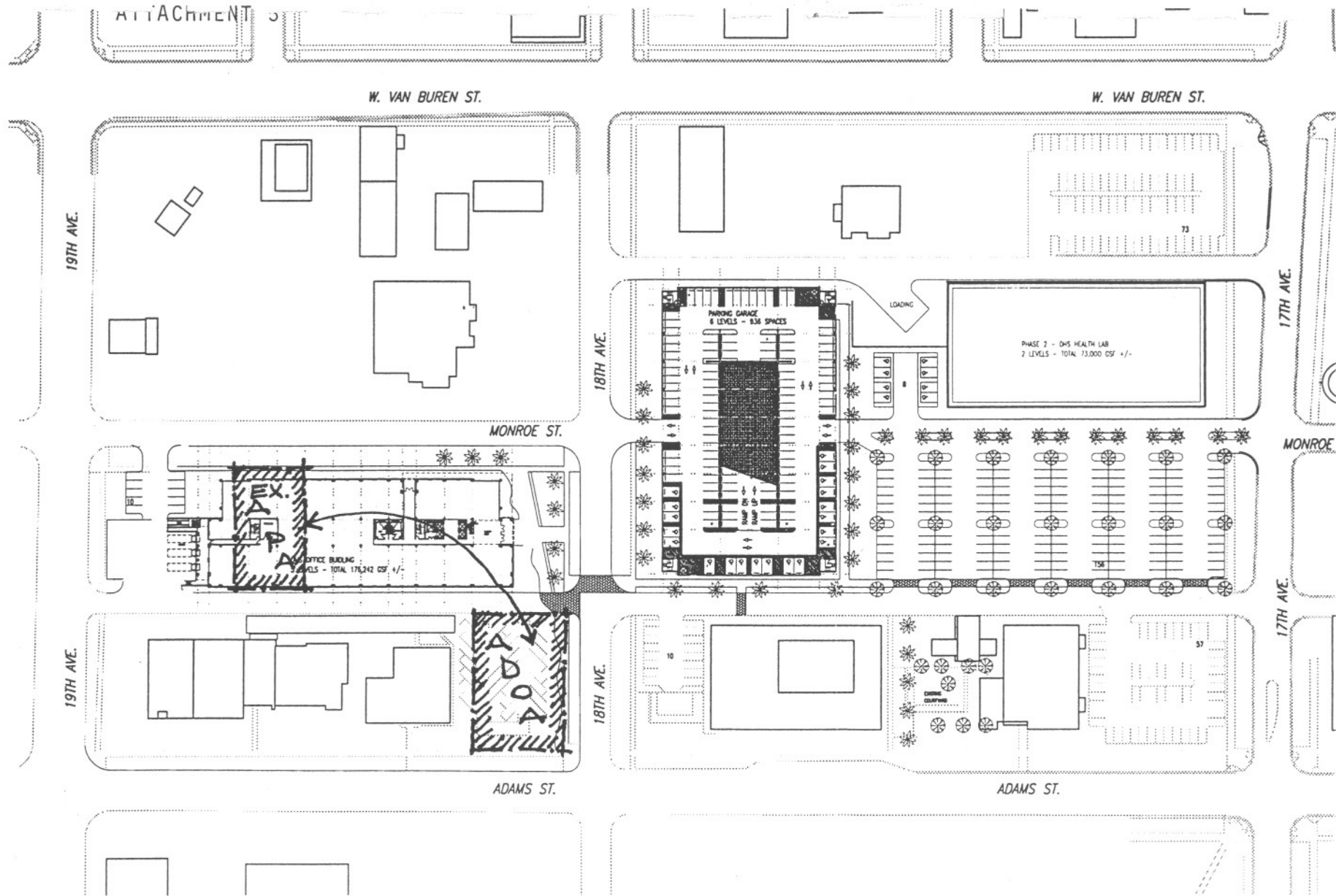
LEO A DALY

TRAMMELL CROW

ARIZONA STATE DEPARTMENT OF ADMINISTRATION

ATTACHMENT 2E

06.25.01



TRAMMELL CROW

MASTERPLAN - DHS OFFICE BLDG / DHS HEALTH LAB WITH PARKING STRUCTURE

ARIZONA STATE DEPARTMENT OF ADMINISTRATION

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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CHAIRMAN 2001
RUSSELL W. "RUSTY" BOWERS
JACK A. BROWN
EDWARD J. CIRILLO
HERB GUENTHER
DARDEN C. HAMILTON
HARRY E. MITCHELL

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 542-5491

FAX (602) 542-1616

<http://www.azleg.state.az.us/jlbc.htm>

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CHRISTINE WEASON

DATE: August 24, 2001

TO: Senator Ruth Solomon, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Lorenzo Martinez, Senior Fiscal Analyst

SUBJECT: ARIZONA DEPARTMENT OF ADMINISTRATION - CONSIDER APPROVAL OF
REFINANCING OF 1991 AND 1992 CERTIFICATES OF PARTICIPATION

Request

The Arizona Department of Administration (ADOA) requests that the Committee approve the refinancing of 4 series Certificates of Participation (COP) that were issued in 1991 and 1992.

Recommendation

The JLBC Staff has requested additional information from ADOA. Provided the requested information is received in time, JLBC Staff anticipates having a recommendation and more thorough analysis for the Committee at the time of the meeting.

Analysis

A.R.S. § 41-791.02(E) requires ADOA COP issuances, also known as lease-purchase agreements, to be reviewed and approved by the Committee before the agreement takes affect.

In order to take advantage of the lower interest rates that currently exist, ADOA is requesting Committee approval to refinance the COP issuances shown in Table 1. ADOA anticipates savings of approximately \$3,020,000 from the refinancing of these COPs.

Table 1

<u>Certificate Issue</u>	<u>Maturities (FY)</u>	<u>Outstanding Par Amount</u>
Series 1991	2002-2011	\$ 36,025,000
Series 1992	2002-2008	15,640,000
Series 1992B	2002-2010	88,645,000
Series 1992C	2002-2007	<u>10,945,000</u>
Total		\$151,255,000

(Continued)

Before making a recommendation to the Committee, JLBC Staff has requested additional information on the projects financed by each issuance, the existing and anticipated interest rate and payment schedule for each issuance, and costs of the new issuances. Provided the requested information is received in time, JLBC Staff anticipates having a recommendation and more thorough analysis for the Committee at the time of the meeting.

RS:TV:jb



JANE DEE HULL
GOVERNOR

J. ELLIOTT HIBBS
DIRECTOR

ARIZONA DEPARTMENT OF ADMINISTRATION

FINANCIAL SERVICES DIVISION • GENERAL ACCOUNTING OFFICE

STATE CAPITOL • 1700 WEST WASHINGTON, ROOM 290

PHOENIX, ARIZONA 85007

Phone: (602) 542-5601 • Fax: (602) 542-5749



August 16, 2001

Senator Ruth Solomon, Chairman 2001
Joint Committee on Capital Review
1716 West Adams
Phoenix, AZ 85007

Representative Laura Knaperek, Chairman 2002
Joint Committee on Capital Review
1716 West Adams
Phoenix, AZ 85007

Dear Senator Solomon and Representative Knaperek:

We request placement on the upcoming Joint Committee on Capital Review (JCCR) agenda to review the refinancing of the 1991 and 1992 Certificates of Participation (COP) issues. Given the decline in interest rates, the State has the opportunity to refinance much of its outstanding COPs, thereby achieving significant debt service savings. Depending upon interest rates at the time of refinancing, the potential COP issues, maturities and dollar amounts to be refinanced include:

<u>Certificate Issue</u>	<u>Maturities (FY)</u>	<u>Outstanding Par Amount</u>
Series 1991	2002-2011	\$36,025,000
Series 1992	2002-2008	\$15,640,000
Series 1992B	2002-2010	\$88,645,000
Series 1992C	2002-2007	\$10,945,000

Based on current interest rates, the State would be able to realize debt service savings of approximately \$3,020,000 on a present value basis, net of all costs of the refinancing, by refinancing a portion of the outstanding COPs. Should interest rates continue to decline, the State may be able to increase this level of savings by refinancing additional portions of the outstanding COPs at lower rates. In all cases in refinancing the COPs, the final maturity for repaying the debt will remain the same.

If you have any questions or need any additional information, please call Clark Partridge at 542-2122.

Sincerely,


for Robert Rocha
State Comptroller

RR:dcp

cc: J. Elliott Hibbs
Lee Baron

Tom Betlach
Kristine Ward

Richard Stavneak
Rebecca Hecksel

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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FAX (602) 542-1616

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CHRISTINE WEASON

DATE: August 22, 2001

TO: Senator Ruth Solomon, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Gina Guarascio, Senior Fiscal Analyst

SUBJECT: DEPARTMENT OF HEALTH SERVICES/ARIZONA DEPARTMENT OF
ADMINISTRATION - REPORT ON THE ARIZONA STATE HOSPITAL
CONSTRUCTION PROJECT

Request

Pursuant to Laws 2000, Chapter 1, the Arizona Department of Administration (ADOA) and the Department of Health Services (DHS) are providing a quarterly status report on the Arizona State Hospital (ASH) demolition and construction project.

Recommendation

This item is for information only and no Committee action is required. Pre-construction activity has begun for the new civil hospital and adolescent facility, sitework and infrastructure activities are ongoing, renovation of Birch Hall and demolition of the Alamo building have been completed, the Least Restrictive Alternative population is now housed in Birch Hall, and completion of two 60-bed dormitories for the Sexually Violent persons program has been delayed from August 2001 to October 2001.

Analysis

Background

Laws 2000, Chapter 1 appropriated \$80 million over 4 years for the demolition, construction and renovation of ASH. ADOA is to use the appropriations to provide at least 176 new civil beds at ASH, and to renovate and expand existing facilities to address physical plant needs for civil and forensic populations, an adolescent unit, and sexually violent offenders. The legislation also created

(Continued)

the Arizona State Hospital Capital Construction Commission and charged them with reviewing capital construction and renovation plans at ASH for the purpose of making recommendations to ADOA and JCCR. ADOA and DHS are required to report at the end of each quarter to the Committee on the status of the ASH project. This report represents the fifth of these quarterly reports.

Quarterly Update and Status Report

The table below presents the amounts ADOA and DHS have budgeted for each portion of the ASH demolition and construction project.

	<u>Proposed Budget By Project</u>
SVP Program	\$ 8,369,200
Civil Hospital and Adolescent Facility	45,037,700
Sitework/Tunnels/Telephone/Data	12,364,900
Forensic Hospital	11,803,700
Contingency	<u>2,424,500</u>
TOTAL	\$80,000,000

At its June 2000 meeting, the Committee approved an expenditure plan for construction of 2 new 60-bed dormitories for the Sexually Violent Persons (SVP) program using the Inmate Construction program. Construction is now underway on both of the dormitories. Progress on the 2 dormitories has been delayed due to the reassignment of some of the work force to other ASH projects, and the need for increased security around the SVP construction project. Originally scheduled to be completed in August of 2001, ADOA now expects completion of the two dormitories in October of 2001.

The Committee has also approved an expenditure plan to address infrastructure issues at ASH, including telecommunications expansion, repair of sewer lines, repairs to address water temperature control issues, as well as Central Plant repairs. Infrastructure rerouting is now about 50% complete. ADOA expects completion of Central Plant upgrades by January of 2002.

At the September 2000 meeting, the Committee approved the renovation of Birch Hall for use by the Least Restrictive Alternative (LRA) population. The LRA program had been housed in the Alamo building in the northwest quadrant of the ASH complex. The new civil hospital will occupy this quadrant, so the LRA needed to be relocated. Renovation of Birch Hall has been completed and is currently occupied by the LRA program. Demolition of Alamo has also been completed.

At its December meeting, the Committee favorably reviewed the selection of McCarthy, Cannon and Gould Evans Associates as the design-build team for construction of the Arizona State Hospital. Groundbreaking for the new hospital took place in June, and earthwork has been on-going this summer. The foundation for the Adolescent facility is expected to be placed within the next few weeks.

RS/GG:jb

Jane Dee Hull
Governor

J. Elliott Hibbs
Director

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

July 13, 2001

The Honorable Ruth Solomon, Chairman
Joint Committee on Capital Review
1700 West Washington
Phoenix, Arizona 85007

RE: Arizona State Hospital Quarterly Report

Dear Senator Solomon:

In accordance with Laws 2000, Chapter 1, First Regular Session, the Arizona Department of Administration (ADOA) and the Arizona Department of Health Services (ADHS) are required to report to the Joint Committee on Capital Review (JCCR) regarding procurement procedures for design and construction of the Arizona State Hospital. Information on the progress of abatement and demolition is provided along with other related activities, all work is proceeding according to schedule and budget:

- 1 Occupancy has been granted for Birch Hall for the relocation of the Lesser Restrictive Alternative Program to vacate the Alamo Complex. Residents of the LRA program have been relocated and demolition of the Alamo complex is in progress.
- 2 ADHS and ADOA received a favorable review for Civil & Adolescent design and the Master Plan from JCCR in April 2001. Earthwork is schedule to begin mid July 2001 and complete mid September. The first foundation is to be placed in mid August 2001.
- 3 Infrastructure rerouting is under way at 50% complete with the placement of main trunk lines to the north and west of the Central Plant. Connections to the buildings will occur after the main trunk line is finished. The Central Plant Upgrades are 35% complete and expected to be complete by January of 2002.
- 4 The Telecommunications main duct bank is 70% complete and connections into the buildings will start next month. Cabling to follow in September.
- 5 Arizona Community Protection Treatment Center Phase 3 work continues with the Inmate Construction Program. There have been minor delays resulting from the reassignment of the work force to items such as utilities, site work, telecommunications duct bank, and increasing security improvements around the ACTPC. Phase 3 remains within budget and completion of beds is on schedule to meet requirements of the program population. Completion of the next two dormitories is expected by the end of October 2001.

Thank you for your attention to this matter. Do not hesitate to contact me at (602) 542-1701 if you wish to discuss this matter further.

Sincerely,


Robert Teel, Assistant Director ADOA GSD

cc: The Honorable Randall Grant, Arizona State Senate
Tom Betlach, Director, OSPB
Richard Stavneak, Staff Director, JLBC
Lorenzo Martinez, JLBC
Elliott Hibbs Director, ADOA
Bruce Ringwald, General Manager ADOA Construction Services
Catherine R Eden, Director, ADHS
Leslie Schwalbe, Deputy Director, ADHS
Danny Valenzuela, Deputy Director, ADHS
Jack Silver, Superintendent, ASH
Walter Scott, Chief Operating Officer, ASH
Gene Messer, Director, Arizona Community Protection Treatment Center
Peter Valenzuela, Acting Administrator, DHS

STATE OF ARIZONA

Joint Committee on Capital Review

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CHRISTINE WEASON

DATE: August 23, 2001

TO: Senator Ruth Solomon, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Gina Guarascio, Senior Fiscal Analyst

SUBJECT: DEPARTMENT OF HEALTH SERVICES/ARIZONA DEPARTMENT OF
ADMINISTRATION – REVIEW OF EXPENDITURE PLAN FOR CHOLLA
HALL RENOVATION AND PRELIMINARY EXPENDITURES FOR THE
FORENSIC FACILITY COMPONENTS OF THE ARIZONA STATE HOSPITAL
CONSTRUCTION PROJECT

Request

The Arizona Department of Administration (ADOA) and the Department of Health Services (DHS) request that the Committee review the expenditure plan for the renovation of Cholla Hall for use as a support building by the Sexually Violent Persons (SVP) program.

ADOA and DHS also request that the Committee review the expenditure of up to \$100,000 to begin preliminary programming and design requirements for the renovation of the forensic facility. ADOA plans to use the construction-manager-at-risk (CMAR) procurement method for the design and renovation of the forensic facility.

Recommendation

The JLBC Staff recommends a favorable review of the release of \$947,900 to convert Cholla Hall from an SVP dormitory to SVP program support space and \$100,000 to begin preliminary programming and design requirements for the forensic facility renovations. The JLBC Staff recommends that the scope, purpose, and estimated cost of the forensic facility renovations be submitted for Committee review when the preliminary programming and design activities are completed.

(Continued)

Analysis

Cholla Hall Renovation

Laws 2000, Chapter 1 appropriated \$80 million over 4 years for the demolition, construction and renovation of ASH. ADOA is to use the appropriations to provide at least 176 new civil beds at ASH, and to renovate and expand existing facilities to address physical plant needs for civil and forensic populations, an adolescent unit, and sexually violent offenders. The legislation also created the Arizona State Hospital Capital Construction Commission and charged them with reviewing capital construction and renovation plans at ASH for the purpose of making recommendations to ADOA and JCCR.

Cholla Hall is a 60-bed facility that currently houses a portion of the SVP population. DHS plans to move the SVP population out of Cholla Hall when the third-bed SVP dormitory is completed in October 2001. Cholla Hall will then be converted into space suitable for conference rooms, training, and treatment. Currently, training and treatment is conducted in a small modular unit within the SVP area. In addition, reconfiguration of the security observation area to limit vantage points for viewing security monitors installation of a sprinkler system, and other life safety improvements are also planned. To enhance security during meal times, the dining hall will be split into 2 areas that can accommodate 25-30 people each.

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

Professional Design Services	\$ 87,700
Construction Services	707,300
Furniture, Security Lights and Materials Testing	87,000
Contingency	<u>65,900</u>
	\$947,900

The Arizona State Hospital Capital Construction Commission favorably reviewed the expenditure plan for the renovation of Cholla Hall at its last meeting. Given the scope of the proposed work, these costs appear reasonable, and JLBC Staff recommends the Committee give a favorable review of the expenditure plan.

Forensic Facility Renovation

Consistent with other components of the ASH construction project, ADOA plans to conduct a series of meetings with the architect and interested parties to develop programming and design requirements for the renovation of the forensic facility. The JLBC Staff recommends the Committee give a favorable review to the expenditure of up to \$100,000 to fund these preliminary activities, and that ADOA submit the scope, purpose, and estimated cost of the forensic facility renovations for Committee review when these preliminary activities are completed.

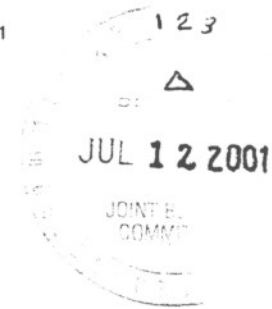
ADOA intends to use the CMAR procurement method for the renovation of the forensic hospital, another component of the ASH construction project. The CMAR delivery method requires separate contracts for design and construction services, and allows the contracting and delivery of design and construction services to occur in sequential or concurrent phases. The traditional design-bid-build method requires both the contracting and delivery of the design and construction services to occur separately and in sequential phases. ADOA is requesting the release of \$100,000 for programming costs associated with the use of the CMAR method.

Jane Dee Hull
Governor



J. Elliott Hibbs
Director

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



July 12, 2001

The Honorable Ruth Solomon, Chairwoman
Joint Committee on Capital Review
1700 West Washington
Phoenix, Arizona 85007

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

Dear Senator Solomon:

The Department of Administration requests placement in the July 2000 agenda of the Joint Committee on Capital Review to review the following item. The Arizona State Hospital Capital Construction Commission will review this item on July 16, 2001.

1. Expenditure plan for allocation of funds from Laws 2000, Chapter 1, for Cholla Hall Design and Renovation.

The information for this project is attached.

Sincerely,

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

Attachment

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

ARIZONA STATE HOSPITAL

BACKGROUND

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

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

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

STATUS

	Start	Finish
1. Alamo Complex Demolition	7/10/01	7/15/01
2. Civil Hospital Earth work	7/15/01	9/15/01
3. Utility Tunnel Abandonment	5/15/01	5/01/02
4. Telecommunications	5/26/00	10/20/01
5. ACTPC Phase 3	9/27/00	10/3/01

Request

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

1. Expenditure plan for allocation of funds from Laws 2000, Chapter 1, for Cholla Hall Design and Renovation.

Informational:

ADHS and ADOA will use Construction Manager at Risk as the procurement method for the Design and Renovation of the Forensic Facility. This form of procurement is made available in Laws 2000 Chapter 135.

The Arizona State Hospital Capital Construction Commission will review for the above items on July 16, 2000.

Total Funds Requested for Release \$1,050,000.00

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

ARIZONA DEPARTMENT of ADMINISTRATION CONSTRUCTION SERVICES		
PROJECT: PROJECT NUMBER: PROJECT MANAGER: SENIOR PROJECT MANAGER:		Cholla Hall Renovation 8300.07 John Sempert Bruce Ringwald
DATE PREPARED: April 15, 2000		
REVISED:REVISED: 4/15/00		
DESCRIPTION		AMOUNT
<u>FUND SOURCES:</u> Laws 2000 ch 278		<u>INDEX NO:</u> 21811
		947,857
TOTAL FUNDING		\$947,857
PROJECT COST:		ESTIMATE Rev. 12/2/98
<u>Professional Services:</u>		
1 A/E Fees (DWL)		87,696
2 DWL Reimb.		
Subtotal		\$87,696
<u>Construction Services (GC)</u>		
1 Base Contract		707,304
2 CO No. 1		0
Subtotal		\$707,304
<u>Separate Contracts</u>		
1. Fence		
2. Rental Equipment		Included
4. FF&E		42,000
7. Finish Microwave		
10. Security Lights		
11. Flooring		35,000
12. Soils Testing		
13. Materials Testing		10,000
14.		
Subtotal		\$87,000
<u>Inmate Construction</u>		
1		
Subtotal		
<u>Project Support</u>		
1 ICP Supervision		
2 WIPP		
3 ADOA Expenses		
4 ADOA Salaries		
5 Risk MGT		
Subtotal		0
<u>Estimated Contingency</u>		
		65,857
Subtotal		65,857
TOTAL PROJECT COST		947,857
<u>Other ACTPC Projects</u>		
1 Dorms 3 & 4		\$3,535,259
2 Birch LRA		\$1,542,068
3 Dorm 5		\$2,238,491
4 Training & Ed		\$323,775
Total ACTPC		8,587,450
Contingency		406,603

NOTES:

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

ARIZONA DEPARTMENT of ADMINISTRATION CONSTRUCTION SERVICES	
PROJECT:	Forencis
PROJECT NUMBER:	8300.13
PROJECT MANAGER:	John Sempert
SENIOR PROJECT MANAGER:	Bruce Ringwald
DATE PREPARED:	April 19, 2000
REVISED:REVISED:	4/19/00

DESCRIPTION	AMOUNT
<u>FUND SOURCES:</u> Laws 2000 ch 278	<u>INDEX NO:</u> 21811
	12,685,091
TOTAL FUNDING	\$12,685,091

PROJECT COST:	ESTIMATE Rev. 12/2/98
<u>Professional Services:</u>	
1 A/E Fees (DWL)	874,136
2 DWL Reimb.	
Subtotal	\$874,136
<u>Construction Services (GC)</u>	
1 Renovation CM @ Risk	9,770,027
Subtotal	\$9,770,027
<u>Separate Contracts</u>	
1. Abatement	375,146
2. Demolition	234,000
4. FF&E	491,449
7. Finish Microwave	
10. Security Lights	
11. Flooring	
12. Soils Testing	
13. Materials Testing	
14.	
Subtotal	\$1,100,595
<u>Inmate Construction</u>	
1	
Subtotal	
<u>Project Support</u>	
1 ICP Supervision	
2 WIPP	
3 ADOA Expenses	
4 ADOA Salaries	
5 Risk MGT	58,974
Subtotal	58,974
<u>Estimated Contingency</u>	
	881,359
Subtotal	881,359
TOTAL PROJECT COST	12,685,091
<u>Funds Remaining</u>	\$0

NOTES:

STATE OF ARIZONA

Joint Committee on Capital Review

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CHRISTINE WEASON

DATE: August 22, 2001

TO: Senator Ruth Solomon, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Beth Kohler, Fiscal Analyst

SUBJECT: ARIZONA DEPARTMENT OF ADMINISTRATION – ADVICE ON PLAN TO
FINANCE PRELIMINARY ACTIVITIES FOR NEW STATE HEALTH
LABORATORY BUILDING

Request

The Arizona Department of Administration (ADOA) and the Arizona Department of Health Services (DHS) request the Committee review the use of DHS operating funds to fund preliminary activities for the new state health laboratory. The operating funds will be reimbursed from Certificates of Participation (COP) proceeds. Although Committee review is not required by statute, ADOA and DHS are seeking guidance that the proposed method of financing the preconstruction costs is acceptable.

Recommendation

While no Committee action is required, the two Departments are seeking the Committee's advice. The JLBC Staff recommends that the Committee concur with the proposal. At its June 2001 meeting, the Committee concurred with a similar proposal to finance preliminary activities for the new state archives building using Arizona State Library, Archives, and Public Records operating funds.

Analysis

Laws 2001, Chapter 237 appropriated \$2,342,900 from the General Fund in FY 2003 to ADOA for COP costs for the lease-purchase of the design and construction of a new state health laboratory. The legislation also allows up to \$165,000 and 3 FTE Positions to manage the project and authorizes ADOA to issue up to \$30,000,000 in COPs to fund the project. The COP issuance will be repaid over a 20 year period.

(Continued)

The bill as originally passed also contained a FY 2002 General Fund appropriation of \$2,342,900. This appropriation, however, was vetoed by the Governor.

In order to begin construction in late FY 2003, ADOA and DHS propose to begin the project development in FY 2002. The agencies have developed a preliminary schedule and expenditure plan that will use \$100,000 from the DHS FY 2002 operating budget to fund preconstruction administrative and project management costs. DHS will enter into an intergovernmental agreement with ADOA to hire a project manager to oversee and manage the project and for general administrative functions for the development of the lease-purchase agreement. The DHS operating budget will be reimbursed from the proceeds of the COP issuance. A timeline for the project and preliminary cost estimates are included in the submitted materials.

JLBC Staff consulted with Legislative Council on a similar proposal for the new state archives building and concluded that statute does not preclude the use of operating funds for these purposes nor prohibit the reimbursement of operating funds from COP proceeds.

ADOA plans to seek future JCCR review of the Request for Proposal for the preliminary designs, estimates, specifications, and design approach. In addition, A.R.S. § 41-791.02 requires Committee review and approval of a lease-purchase agreement before the agreement takes effect. Based on the ADOA timeline, we estimate the COPs will be issued in March 2002, contingent upon Committee approval.

RS/BK:jb

Jane Dee Hull
Governor



J. Elliott Hibbs
Director

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



August 7, 2001

The Honorable Ruth Solomon, Chairman
Joint Committee on Capital Review
1700 West Washington
Phoenix, Arizona 85007

RE: Request for Placement on the Joint Committee on Capital Review Agenda August 30, 2001

Dear Senator Solomon:

The Arizona Department of Administration (ADOA) and the Arizona Department of Health Services request placement in the August 2001 agenda of the Joint Committee on Capital Review to review the following:

Request a favorable review to design build and issue Certificates of Participation for the New State Health Laboratory Building per attached request.

Thank you for your attention to this matter. Do not hesitate to contact me at (602) 542-1701 if you wish to discuss this matter further.

Sincerely,


Robert Teel, Assistant Director
General Services Division

RCT/brr

Attachment

cc: Representative Laura Knapernek, Arizona State House of Representatives
Tom Betlach, Director, OSPB
Richard Stavneak, Staff Director, JLBC
Lorenzo Martinez, JLBC
Catherine Eden, Directory ADHS
Craig Dunlap, Assistant Director ADHS
Wesley Press, Bureau Chief ADHS State Laboratory
Bruce Ringwald, General Manager ADOA Construction Services
Alex Turner, ADOA
Dan Smook, ADOA

Background:

Laws 2001, Chapter 237, signed by Governor Hull April 24, 2001 appropriated \$2,342,900 from the State General Fund in fiscal year 2002-2003 to the Department of Administration for the certificates of participation costs for the lease purchase of the design and construction of a new State Health Laboratory Building and related infrastructure. Of the amounts appropriated, up to \$165,000 and 3 full-time employees may be allocated each fiscal year to oversee and manage the project until its completion.

Discussion:

Arizona Department of Administration and the Arizona State Department of Health Services have developed the attached preliminary schedule and expenditure plan to design and construct the new State Health Laboratory Building.

Project Approach:

ADOA and ADHS propose to begin the project as follows:

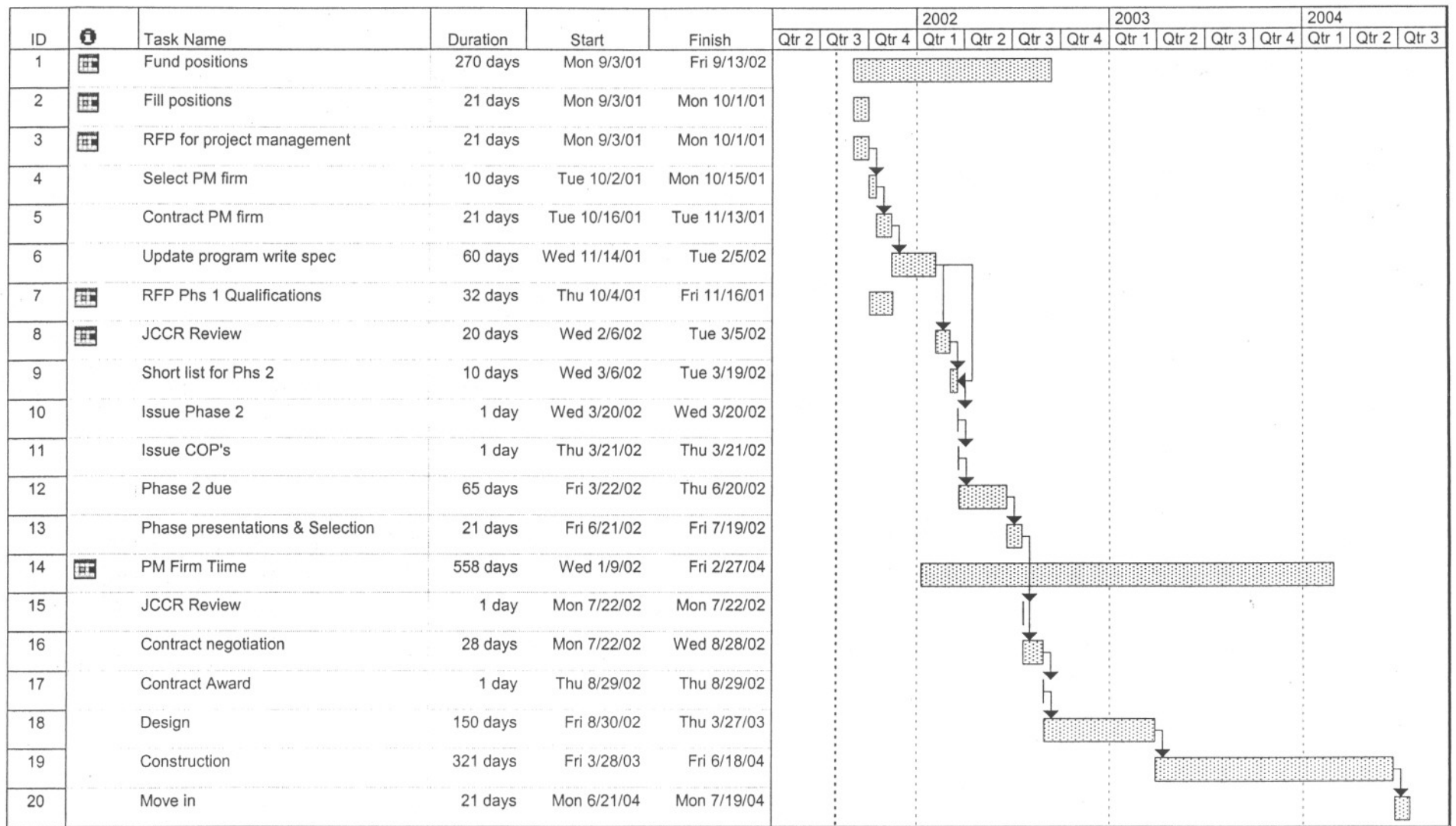
1. ADOA hiring of a project manager to oversee and manage the project.
2. The new Health Laboratory will be constructed as a Design Build project.
3. The first phase will be to solicit and hire a project management firm to assist in the preparation of the Design Build Request for Proposals, update the program and write the performance specification. The payment for this service will be delayed until the fourth quarter FY 2002.
4. The Design Build Request for Proposals will be issued in two phases, the first phase will be for qualifications, the qualifying teams must demonstrate a minimum of five years design experience in biological and chemical lab construction.
5. Design Build Request for Proposals (RFP phase 2), program and performance specification will be reviewed by the JCCR in executive session, prior to issuance of the Phase 2 RFP and the COPs.
6. A minimum of three teams will be selected by a committee of 5 members including ADOA and ADHS staff.
7. Only the teams selected will be issued phase two.
8. Phase two proposals will include preliminary designs, estimates, specifications and design approach.
9. The team will be selected based on the best value for the State.
10. The final selection will be presented to the JCCR in executive session prior to contract negotiation and signing.

Request:

That a maximum of \$100,000 be expended from ADHS operating funds to be reimbursed in the fourth quarter from the sale of COPs in the third quarter to fund FTE positions established in the law. The COPs will be sold in March to reimburse the operating fund and pay for programming, performance specification and RFP preparation.

That the COPs be issued in the third quarter of FY 2002 (March).

ADOA proceed with the project as described above.



ARIZONA DEPARTMENT of ADMINISTRATION
CONSTRUCTION SERVICES

PROJECT: NEW LAB for DEPARTMENT of HEALTH SERVICES
FILE NUMBER: 8628TI.1
PROJECT MANAGER: Bruce Ringwald
DATE: 6/8/98
Revised: 7/31/01

DESCRIPTION

PROJECT COST:

Professional Services

1. Outside Project Management	\$275,000
2. Inspections	100,000
Sub Total	<u>\$375,000</u>

Construction Services (Design Build) 73,000SF

1. A/E Fees	\$1,846,000
2. Base Contract	20,275,000
3. Site	862,000
Sub Total	<u>\$21,137,000</u>

Separate Contracts

1. Communications	\$115,000
2. Paging	87,000
3. Testing	90,000
4. Security	194,000
5. Utilities	147,000
Sub Total	<u>\$633,000</u>

SUBTOTAL CONTRACTS

\$23,716,000

Contingency

\$2,356,000

SUBTOTAL

\$26,072,000

Project Support

1. Salaries (Est)	3 FTEs	\$436,000
2. Expenses		10,000
4. Sales Tax (Inc)		INCL

Sub Total \$446,000

TOTAL ESTIMATED PROJECT COST

\$26,518,000

FF & E

2,900,000

Other (Telecommunications equipment)

409,000

TOTAL

\$29,827,000

FUNDED

\$30,000,000

ARIZONA DEPARTMENT of ADMINISTRATION
CONSTRUCTION SERVICES

PROJECT: NEW LAB for DEPARTMENT of HEALTH SERVICES
FILE NUMBER: 8628TI.1
PROJECT MANAGER: Bruce Ringwald
DATE: 6/8/98
Revised: 7/31/01

NOTES: NOT IN PROJECT:

1. Thermal Storage
2. Assessments or finance charges
3. Legal
4. Land Cost
5. Hazardous material handling (Existing unknown)
6. Work beyond project boundary (OFFSITE)
7. Mechanical scrubbers (Will accommodate future installation).
8. Centralized Lab vacuum system (localized included).
Specialty gases (part of furnishings).
9. Steam and hot water boiler (heat exchanger included).
10. Unknown underground conditions.
11. Parking Garage

STATE OF ARIZONA

Joint Committee on Capital Review

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PHOENIX, ARIZONA 85007

PHONE (602) 542-5491

FAX (602) 542-1616

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CHRISTINE WEASON

DATE: August 22, 2001

TO: Senator Ruth Solomon, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Bob Hull, Principal Research/Fiscal Analyst

SUBJECT: DEPARTMENT OF TRANSPORTATION - REVIEW OF FY 2002 BUILDING RENEWAL
ALLOCATION PLAN

Request

The Arizona Department of Transportation (ADOT) requests that the Committee review its FY 2002 Building Renewal allocation plan.

Recommendation

The JLBC Staff recommends a favorable review of the plan. ADOT has allocated \$2,388,100 among 142 projects leaving a contingency amount of \$352,800. The JLBC Staff further recommends that funding for any new projects not listed in the allocation plan, reallocations between projects, and allocations from the contingency amount be reported to JLBC Staff prior to expenditure. JLBC Staff would report to the Committee on significant changes, typically above \$50,000.

Analysis

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

The Capital Outlay Bill (Laws 2001, Chapter 237) appropriated a total of \$2,740,900 from the State Highway Fund in FY 2002 to ADOT for building renewal. The FY 2002 Building Renewal appropriation represents 100% of the amount generated by the Building Renewal Formula. ADOT expects to allocate the Building Renewal monies in the following categories for 142 projects:

<u>Category</u>	<u>Projects</u>	<u>State Highway Fund</u>	<u>% of Total</u>
Fire/Life Safety	11	\$136,500	5.0%
Roofing	35	430,300	15.7
Building System (HVAC, Utility)	33	942,800	34.4
Exterior Building Finishes	23	237,700	8.7
Interior Building Finishes	19	250,800	9.1
Remodeling	6	158,500	5.8
ADA	4	46,000	1.7
Infrastructure	11	185,500	6.7
Contingencies		352,800	12.9
Total	142	\$2,740,900	100.0%

(Continued)

For the Committee's information, the following 10 projects require \$50,000 or more:

<u>Project</u>	<u>Allocation</u>
Electrical upgrades for housing- Little Antelope	\$55,000
New roof - Arizona Highways Magazine	105,400
Electrical upgrade - Holbrook District Office & Lab	100,000
Electrical upgrade - Tucson Equipment Shop	60,000
Reconfigure heating & cooling vents - Phoenix Engineering Building	60,000
Enhance chilled water cooling system - Phoenix Engineering Building	200,000
Elevator upgrade - MVD 1801 W. Jefferson	100,000
Repair walls & install downspouts - Scottsdale MVD	80,000
Repaint interior - Phoenix Engineering Building	75,000
Renovate unused space into conference room - Safford District Office	<u>103,000</u>
Subtotal	\$938,400

The JLBC Staff recommends a favorable review of the FY 2002 expenditure plan. The attached material submitted by ADOT lists each project and its estimated cost. The projects are consistent with Building Renewal guidelines and appropriations.

RS:BH:jb



Arizona Department of Transportation

Transportation Services Group
206 S. 17th Ave. Phoenix, Arizona 85007-3213
Phone 602.712.7228 FAX 602.712.6941

Jane Dee Hull
Governor

Mary E. Peters
Director

August 8, 2001

John A. Bogert
Chief of Staff

The Honorable Ruth Solomon, Chairman
Joint Committee on Capital Review
1700 West Washington
Phoenix, Arizona 85007



Dear Senator Solomon:

We respectfully submit the following request for review and approval of planned Building Renewal projects. The Building Renewal funds were appropriated for fiscal year 2002, from the Highway Fund. Please schedule the review for the August 2001 JCCR meeting.

The outline of this scope of work is as follows:

PROJECT: HIGHWAYS FUNDED BUILDING RENEWAL FORECAST

Category 1 - Fire/Life/Safety	\$ 136,500
Category 2 - Roof repairs/replacements	\$ 430,300
Category 3 - Major Building Systems	\$ 942,800
Category 4 - Exterior Building Finishes	\$ 240,200
Category 5 - Interior Building Finishes	\$ 248,300
Category 6 - Major Renovations	\$ 158,500
Category 7 - ADA Accessibility	\$ 46,000
Category 8 - Infrastructure	\$ 185,500
Contingencies	\$ 352,800
Total	\$ 2,740,900

Your review and approval of this request is greatly appreciated.

Sincerely,

Mary Peters

cc: Representative Laura Knaperek, JCCR
Bret Cloninger, OSPB
✓ Bob Hull, JLBC
Charles Haverstick, ADOT

Tom Betlach, OSPB
Richard Stavneak, JLBC
David Jankofsky, ADOT
Bob Harris, ADOT

MEP/cdh

STATE OF ARIZONA
FY 2002 CAPITAL IMPROVEMENT PLAN
SUMMARY - BUILDING RENEWAL PROJECTS

Agency: Arizona Department of Transportation

Project Description	Allocated
FIRE/SAFETY	
Flagstaff Maintenance Office - Install snow deflection canopy over front door.	\$ 2,500
Flagstaff S&S Office - Install snow deflection canopy over front door.	\$ 2,500
Little Antelope Resident housing - Consultant Design upgrade electrical to meet Code in all housing	\$ 5,000
Little Antelope Resident housing - Upgrade electrical to meet Code in all housing	\$ 55,000
Little Antelope Ramada - Replace rotten support posts	\$ 1,000
Little Antelope old office - Replace front landing and support posts	\$ 1,000
Tucson Equipment Shop - Resurface floor with 3" lift of concrete to cover rail road rail in existing floor	\$ 5,000
Show Low Equipment Shop - Replace 2 failed overhead door	\$ 6,500
TOC Fire Alarm System upgrade Consultant Design	\$ 3,000
TOC Fire Alarm System upgrade	\$ 15,000
Replace exterior window shading screens where missing. Tint where shades missing.	\$ 40,000
TOTAL	\$ 136,500

ROOFS	
Little Antelope Ramada - Re-roof and replace fascia	\$ 1,500
Page TIR office - Re-roof building	\$ 2,000
St. Johns Maintenance Yard - Truck Barn - Foam roof	\$ 31,300
St. Johns Maintenance Yard - Portable Building/Sign storage - New shingle roof	\$ 4,400
Springerville Maintenance Yard - Sign Storage - New shingle roof	\$ 7,200
Show Low Maintenance Yard - Natural Resource Mobile Office - Foam roof	\$ 7,300
Show Low Maintenance Yard - Construction Complex - Mobile Office - Foam roof	\$ 8,800
Indian Pine Maintenance Yard - Truck Barn/Office/Repair Shop - Repaint roof	\$ 4,000
Holbrook Nat Rec shed - Replace roof and siding	\$ 3,000
Kingman Maintenance office - Re-roof canopy - 700 SF	\$ 3,000
Fort Rock - Re-roof well house	\$ 4,000
Fort Rock - Mobile office foam roof	\$ 3,000
Colcord Resident Housing - Re-Shingle roof	\$ 6,000
Colcord Resident Housing Double wide - Repair celing and re-roof	\$ 7,000
Payson Maintenance office - Re-roof office and conopy	\$ 6,000
St. David Maintenance Office/Truck Shop - Recoat foam overlay roof	\$ 5,400
Benson Construction Complex - Recoat 4 foam roofs for UV protection to foam	\$ 2,500
Tucson Construction Mobile Office - Polyurethane foam / elastomeric overlay roof system	\$ 8,200
Tucson Construction Survey Mobile Office - Polyurethane foam / elastomeric overlay roof system	\$ 7,700
Tucson District Office Mobile Office (Old Permits) - Recoat foam overlay roof	\$ 4,000
Tucson District Office Mobile Office (Statewide) - Recoat foam overlay roof	\$ 4,000
Tucson District Storage Building (Morgue) - Recoat foam overlay roof	\$ 8,300
Coolidge Maintenance Yard Truck Shed - Recoat foam overlay roof	\$ 12,000
Oracle Maintenance Yard Truck Shed / Office - Recoat foam overlay roof	\$ 10,000
Yema Maintenance Crew Ready Room - Replace siding and weather damaged insulation	\$ 5,000
Arizona Highways Magazine - install new Dura-Last Roof	\$ 105,400
Springerville Equipment Shop - new roof	\$ 26,800
Flagstaff Building maintenance office - Foam coat roof	\$ 31,900
Tucson North MVD - Replace roof on old section	\$ 35,500
Nogales DPS Modular - Foam Roof 24' x 47'	\$ 8,900
Coolidge DPS Modular - Foam Roof 12' x 57'	\$ 6,000

STATE OF ARIZONA
FY 2002 CAPITAL IMPROVEMENT PLAN
SUMMARY - BUILDING RENEWAL PROJECTS

Agency: Arizona Department of Transportation

Project Description	Allocated
Ehrenburg Port of Entry - Reroof EB Agriculture dock area	\$ 3,700
Ehrenburg Port of Entry - Reroof WB Scale Building	\$ 7,700
Kingman MVD - Foam roof	\$ 33,800
Yuma B-8 POE - Recoat roof	\$ 5,000
TOTAL	\$ 430,300

MAJOR BUILDING SYSTEMS (HVAC, WATER LINES, ELECTRICAL)	
Fredonia Maintenance office - Re-Insulate building	\$ 25,000
Fredonia Shop- Replace 6 heaters with cracks in exchangers	\$ 8,000
Page Resident Housing 142120 - replace HVAC	\$ 5,000
Superior Maintenance Yard - Office - HVAC	\$ 20,000
Holbrook District Office and Lab - Electrical up grade - Consultant Design.	\$ 20,000
Holbrook District Office and Lab - Electrical up grade	\$ 100,000
Winslow truck barn - Heating replacement	\$ 7,000
Replace ceiling tiles, lighting upgrades - Procurement Building	\$ 20,000
Replace outdated, inefficient lighting fixtures with energy efficient devices (Audit & HR)	\$ 10,000
Wikieup - Replace heaters	\$ 3,500
Kingman District office- Replace HVAC units	\$ 15,000
Needle Mountain Truck barn - Replace lighting with brighter, energy efficient fixtures	\$ 2,500
Needle Mountain Truck barn - Replace heaters	\$ 5,000
St. David Maintenance Office/Truck Shop - Replace failing Shop Heaters w/energy efficient types	\$ 5,900
St. David Maintenance Office/Truck Shop - Replace failing HVAC in Office/crew room, include ductwork	\$ 12,300
Tucson District office - Replace HVAC	\$ 28,000
Tucson Traffic Ops - Replace HVAC on lower level	\$ 5,600
Douglas Equipment Shop - Upgrade electrical service -design consultant	\$ 7,000
Douglas Equipment Shop - Upgrade electrical service from 200 amp to 400 amp 240 volt 3 Ph including upgrading interior systems	\$ 20,000
Tucson Equipment Shop - design consultant for electrical upgrade	\$ 15,000
Tucson Equipment Shop - Upgrade electrical service from 600 amp to 1000 amp 208 volt 3 Phase including distribution panels	\$ 60,000
Yuma Equipment Shop - Install 4 natural gas heaters to replace used oil burning heating equipment	\$ 9,000
Durango Yard - Rebuild vibration isolators for all eight air washers	\$ 45,000
Admin. Bldg. - Roadrunner Café Kitchen - replace 2 - 12,000 CFM Evap Coolers	\$ 8,000
Consultant Study - Replacement and reconfigure vents and duct system to maximize energy efficiency of heating and air-conditioning control in Engineering Bldg.	\$ 15,000
Replacement and reconfigure vents and duct system to maximize efficiency of heating and air-conditioning control in Engineering Bldg.	\$ 60,000
Consultant Design chilled water system enhancements Engineering Bldg.	\$ 25,000
Enhancement of Chilled Water System to Primary/Secondary energy efficient system	\$ 200,000
Tucson CDL - Replace HVAC	\$ 17,000
San Simon POE - Replace HVAC (Gas Packs - 3 1/2 Ton and 2 Ton Units)	\$ 9,000
Forms Warehouse - replace 2 - 30,000 CFM Evap Coolers	\$ 20,000
1801 Elevator upgrade	\$ 100,000
1801 HVAC Upgrades	\$ 40,000
TOTAL	\$ 942,800

STATE OF ARIZONA
FY 2002 CAPITAL IMPROVEMENT PLAN
SUMMARY - BUILDING RENEWAL PROJECTS

Agency: Arizona Department of Transportation

Project Description	Allocated
EXTERIOR BUILDING FINISH (SIDING, WINDOWS, DOORS, PAINT)	
Flagstaff Truck Wash - Replace doors	\$ 16,000
Little Antelope Resident # 141526 and 141524 - Replace back windows with duel pane windows	\$ 2,500
Fredonia Yard - Repaint sign Shop and Fuel house	\$ 4,500
Globe District Office - Paint exterior	\$ 32,000
Parker Creek Maintenance Yard - Paint exterior of all structures	\$ 4,100
Young Maintenance Yard - Paint exterior of all structures	\$ 1,600
Snowflake Maintenance Yard - Paint exterior of all stuctures	\$ 1,600
Wikieup - Repaint truck barn	\$ 3,500
Colcord Resident Housing - Replace steps and porch	\$ 1,200
Sunset Point rest area - Paint interior and exterior of rest rooms	\$ 5,000
Camp Verde Truck barn - Replace 3 old roll up doors	\$ 18,000
Matazel rest area - Re apply graffiti sealant on block walls	\$ 7,000
Payson Maintenance office - Re-paint exterior	\$ 4,500
Payson sign shed - Repaint exterior	\$ 5,000
Sonoita Truck Barn/Office - Paint exterior	\$ 1,700
Holbrook Facilities Maintenance office - Replace siding and repaint	\$ 7,000
Yuma POE - Replace front door and window system in drivers entrance	\$ 5,000
Ajo MVD - Paint interior and exterior	\$ 3,500
Nogales MVD - Paint interior and exterior	\$ 4,000
Scottsdale MVD - repair & seal porous wall system and install downspouts.	\$ 80,000
Quality Assurance trailer, 99th Ave. - paint exterior	\$ 2,500
Tempe MVD 1703 E. Larkspur - paint lobby, interior	\$ 2,500
Tempe MVD Inspection Bay - concrete repairs	\$ 7,500
Chandler MVD, 50 S. Beck - Paint exterior	\$ 20,000
TOTAL	\$ 240,200

INTERIOR BUILDING FINISH (PAINT, FLOOR COVERING, CEILING TILE)	
Flagstaff District office - Replace carpet in reception area	\$ 4,000
Holbrook S&S office - Replace old carpet with vct	\$ 3,000
Kingman District office - Replace carpet	\$ 5,000
Kingman District office - Repaint interior	\$ 3,000
State Engineers Office - Carpet, Paint & replace ceiling tiles.	\$ 20,000
Phx. Maint. District Bldgs. - Paint interiors	\$ 37,800
Colcord resident housing - Replace carpet both houses	\$ 8,000
Payson Maintenance office - Replace carpet	\$ 5,500
Safford District Office - Fire alarm system - design consultant	\$ 6,000
Safford District Office - Fire alarm system	\$ 16,000
Tucson District Office Mobile Office (Statewide) - Replace carpet	\$ 5,000
Arizona Highways Magazine - replace raised floor coverings in computer room	\$ 1,500
Repaint interior of Engineering Building.	\$ 75,000
Replacement of Carpet for remaining departments (Bridge Group, Statewide and Valleywide Project Management Groups) and hallways on second floor in Engineering Bldg.	\$ 40,000
Ehrenburg Port of Entry - Paint interior	\$ 5,000
Topock POE - Replace ceiling tiles	\$ 3,000
Winslow MVD - Replace carpet	\$ 4,500

STATE OF ARIZONA
FY 2002 CAPITAL IMPROVEMENT PLAN
SUMMARY - BUILDING RENEWAL PROJECTS

Agency: Arizona Department of Transportation

Project Description	Allocated
Bullhead MVD - Repaint interior	\$ 6,000
TOTAL	\$ 248,300

MAJOR RENOVATION	
Jacob Lake Maintenance Camp - Remodel ready room	\$ 4,500
Safford District Office - Design Consultant for Renovation	\$ 15,000
Safford District Office - Renovate existing unused office space into new conference room	\$ 103,000
Evaluate parking lot lighting for Engineering Bldg and Facilities/C&S. Consultant study.	\$ 5,000
Bullhead City MVD - Install divider wall for meeting room	\$ 6,000
Remodel entrances at 1801 W. Jefferson to increase security	\$ 25,000
TOTAL	\$ 158,500

ADA ACCESSIBILITY	
Tucson North MVD - 2 new ADA workstations	\$ 10,000
Install ADA compliant ramp at 1801 W. Jefferson	\$ 25,000
Quality Assurance , 99th Ave. - handicap signs and striping	\$ 1,000
Install automatic door openers to accommodate Americans with Disabilities at various locations	\$ 10,000
TOTAL	\$ 46,000

INFRASTRUCTURE	
Page well house - upgrade/relocate electrical panel	\$ 4,000
Page yard - Replace leaking valves in water system	\$ 6,000
Chambers - Replace water storage tank & related plumbing - 35,000 gallon	\$ 45,000
Wikieup - Replace water storage tank & related plumbing - 35,000 gallon	\$ 45,000
Kingman Yard - Replace 10 isolation valves in water system and relocate 2 lines	\$ 9,000
Seligman - Replace waterline for oil house	\$ 1,500
Replace fencing in Headquarters area - E. side Procurement parking lot	\$ 2,000
Claypool MVD - replace failed septic tank and leach lines	\$ 14,000
Show Low MVD - Pave Motorcycle test track / concrete 3-Point parking slab	\$ 15,000
East Mesa - Parking lot restriping and curbs.	\$ 4,000
Mesa Dr. North Bldg. - parking lot resurface and striping	\$ 40,000
TOTAL	\$ 185,500

Fire/Safety	\$ 136,500
Roofs	\$ 430,300
Major Building Systems (HVAC, water lines, electrical)	\$ 942,800
Exterior Building Finish (siding, windows, doors, paint)	\$ 240,200
Interior Building Finish (paint, floor covering, ceiling tile)	\$ 248,300
Major Renovation	\$ 158,500
ADA Accessibility	\$ 46,000
Infrastructure	\$ 185,500
Contingencies	\$ 352,800
TOTAL	\$ 2,740,900

TOTAL APPROPRIATION - \$2,740,900

STATE OF ARIZONA

Joint Committee on Capital Review

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1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 542-5491

FAX (602) 542-1616

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CHRISTINE WEASON

DATE: August 23, 2001

TO: Senator Ruth Solomon, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Bob Hull, Principal Research/Fiscal Analyst

SUBJECT: ARIZONA DEPARTMENT OF TRANSPORTATION - CONSIDER ADOPTION OF
ADDITIONAL PERFORMANCE MEASURES FOR THE FY 2002 CONSTRUCTION
BUDGET OPERATING EXPENDITURE PLAN AND REPORT ON ARIZONA 5-
YEAR TRANSPORTATION FACILITIES CONSTRUCTION PROGRAM

Request

In compliance with a Committee request, the Arizona Department of Transportation (ADOT) requests that the Committee review its additional quality-related performance measures for the FY 2002 highway construction operating budget.

Recommendation

The JLBC Staff recommends that the Committee adopt the additional performance measures shown in *Table 2*, and require that ADOT report on these additional performance measures as part of next year's Committee review of ADOT's highway construction budget operating expenditure plan for FY 2003. The Committee adopted the performance measures in *Table 1* along with the future reporting requirement at its meeting on June 28, 2001.

ADOT will also make a presentation on the 5-year highway construction program. While ADOT reports that it was unable to develop a summary of the 5-year program, the JLBC Staff believes the development of a summary document would be beneficial for any presentations to the Committee that may occur in the future.

Analysis

At the June 22, 2000 meeting, JLBC Staff noted the need to improve performance measures for evaluating the level of expenditures for consulting services in the ADOT construction operating budget. Since then, JLBC Staff has spoken with the National Conference of State Legislatures, researched other states performance measures, and worked with ADOT to develop performance measures. Some states have highway construction performance measures related to their accomplishments, such as the number of projects contracted or completed, the number of miles begun or completed, the dollar volume of construction contracts, the percent of projects completed, and the design costs as a percent of project

(Continued)

values. These performance measures are best for reporting results. They are not very useful for predicting or evaluating future needs for consultant services, due to the multi-year nature of highway construction projects from their design stage to their completion. However, if the level of highway construction is projected to remain relatively constant, one might expect the use of consultant services to also remain at a relatively constant level.

At its meeting on June 28, 2001, the Committee adopted the ADOT construction operating budget performance measures shown in *Table 1*, and required that ADOT report on these performance measures as part of next year's Committee review of the highway construction budget operating expenditure plan for FY 2003.

Table 1

PERFORMANCE MEASURES	FY 2000 Est./Actual	FY 2001 Estimate	FY 2002 Estimate
• Design Expenditures as % of Total Construction Operating Budget *	NA/56	59	54
• Professional and Outside Services \$ for Design Work by Consultants (\$ in millions)	NA/81.7	85.4	79
• Projects Designed by Consultants	NA/1,507	1,817	1,561
• Personal Services \$ for Design Work by ADOT Staff (\$ in millions)	NA/1.1	2.2	1.8
• Projects Designed by ADOT Staff	NA/557	653	537
• Field Administration of Projects as % of Total Construction Operating Budget *	NA/24	24	26
• Professional and Outside Services \$ for Field Administration of Projects by Consultants (\$ in millions)	NA/18.6	19.8	20.5
• Projects Administered by Consultants	NA/313	404	355
• Personal Services \$ for Field Administration of Projects by ADOT Staff (\$ in millions)	NA/17.4	16.1	17.8
• Projects Administered by ADOT Staff	NA/541	565	495

In addition, to adopting the measures in *Table 1*, the Committee requested that the department submit quality-related performance measures for further review. ADOT is proposing measures that will provide an indication of traffic congestion on the state highway system during peak driving periods in Maricopa County, Pima County, and the remaining counties combined. The ADOT proposal would provide measures for these 3 county categories for 6 different ranges of traffic volume versus road capacity. The JLBC Staff recommends simplifying this concept by reporting the percent of traffic volume from 0% to 80% of road capacity for each county category during peak driving periods as shown in *Table 2*.

As of publication, ADOT had not provided figures for these performance measures. JLBC Staff anticipates having figures available for the Committee at the meeting.

Table 2

ADDITIONAL PERFORMANCE MEASURES	FY 2000 Est./Actual	FY 2001 Estimate	FY 2002 Estimate
• Percent of state highway system with traffic volume from 0% to 80% of capacity during peak driving periods in Maricopa County ^{1/}			
• Percent of state highway system with traffic volume from 0% to 80% of capacity during peak driving periods in Pima County ^{1/}			
• Percent of state highway system with traffic volume from 0% to 80% of capacity in all counties other than Maricopa and Pima			

^{1/} Peak driving periods means from 6AM to 9AM and from 3PM to 7PM, Monday through Friday.

(Continued)

The JLBC Staff recommends that the Committee adopt the additional performance measures in *Table 2*, and require that ADOT report on these additional performance measures as part of next year's Committee review of ADOT's highway construction budget operating expenditure plan for FY 2003. The Committee adopted the performance measures in *Table 1* along with the future reporting requirement at its meeting on June 28, 2001.

Arizona Five-Year Transportation Facilities Construction Program

At the request of the Committee Chairman, ADOT will make a presentation to the Committee on its five-year highway construction program. JLBC Staff had anticipated that ADOT would be able to develop a summary of projects in the 5-year program. ADOT has reported that it was unable to develop a summary. JLBC Staff believes the development of a summary document would be beneficial for any presentations to the Committee that may occur in the future.

RS/BH:jb



Arizona Department of Transportation

Office of the Director

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

Jane Dee Hull
Governor

Mary E. Peters
Director

August 20, 2001

Victor M. Mendez
Deputy Director

Mr. Bob Hull, Principal Research/Fiscal Analyst
Joint Committee on Capital Review Staff
1716 West Adams
Phoenix, Arizona 85007



Dear Bob;

Pursuant to our conversations, we are submitting the following documents for the Staff's and Committee's review.

1. Key Performance Measurements (and accompanying Objectives) for the Arizona Department of Transportation. As discussed, these are not by any means all of the agency Performance Measurements (a more comprehensive listing can be found in the *Master List of State Government Programs*), only those that are reviewed monthly by the Director's Office.
2. Copies of *Arizona's Five-Year Transportation Facilities Construction Program* for the Fiscal Years 2002-2006. This document also contains a brief explanation of the Priority Programming Process, outlining the method used to identify and prioritize roadway and aviation projects.
3. Recommended Performance Measurements for Congestion:
 - The percentage of the state highway system at each Level of Service (A-F) during peak driving periods in Maricopa County;
 - The percentage of the state highway system at each Level of Service (A-F) during peak driving periods in Pima County;
 - The percentage of the state highway system at each Level of Service (A-F) in all counties other than Maricopa and Pima. (The peak/non-peak distinction is not generally used in the more rural areas.)

Congestion Level-of-Service is a measurement that is calculated by dividing traffic volume by roadway capacity at a certain point in time. The actual ratios as well as a description of the conditions prevailing in each LOS are described on the attached pages.

Among the other congestion measurements that exist in the literature are: the Travel Time Index (a comparison between travel conditions in the peak period to those in the off-peak, i.e., a Travel Time Index of 1.15 would mean that it takes 15% longer to make the same trip during a peak period); Percent of

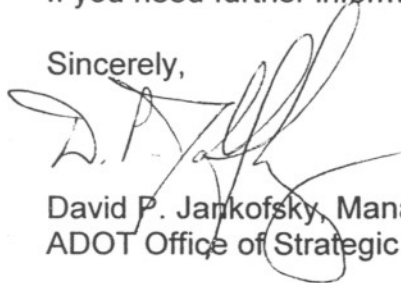
Congested Travel (the percent of time that travel is less than free-flow speed). Others are being developed by researchers across the country. Nevertheless, we feel the Level of Service approach is superior for the time being since it is applicable to both urban and rural areas, widely used in the transportation industry, and it is data that ADOT has readily available.

As you may know, ADOT is in the process of developing a 20-year transportation plan. As that Plan develops, congestion management, mitigation, and measures will play a pivotal role. Hence, the Performance Measurement that best reflects congestion may change. However, for the time being, we believe that Level of Service is the best available for the reasons stated.

We will follow up with maps (and accompanying tables showing the state of the system on the above-noted recommended measurements.

If you need further information, please do not hesitate to contact me.

Sincerely,



David P. Jankofsky, Manager
ADOT Office of Strategic Planning and Budgeting

C: Mr. Victor Mendez
Mr. Dick Wright
Dr. Mary Lynn Tischer
Mr. Ron Boehmer

CONGESTION LEVEL OF SERVICE DEFINITIONS

Level of Service A – Free-flow operations. Free-flow speeds prevail. Vehicles are almost completely unimpeded in their ability to maneuver within the traffic stream. The effects of incidents or point breakdowns are easily absorbed at this level. $V/C = 0 - .60$

Level of Service B – Reasonably free traffic flow, and free-flow speeds are maintained. The ability to maneuver within the traffic stream is only slightly restricted, and the general level of physical and psychological comfort provided to drivers is still high. The effects of minor incidents and point breakdowns are still easily absorbed. $V/C = .61 - .70$

Level of Service C – Provides for flow with speeds at or near the free-flow speed of the freeway. Freedom to maneuver within the traffic stream is noticeably restricted, and lane changes require more care and vigilance on the part of the driver. Minor incidents may still be absorbed, but the local deterioration in service will be substantial. Queues may be expected to form behind any significant blockage. $V/C = .71 - .80$

Level of Service D – The level at which speeds begin to decline slightly with increasing flows and density begins to increase somewhat more quickly. Freedom to maneuver within the traffic stream is more noticeably limited, and the driver experiences reduced physical and psychological comfort levels. Even minor incidents can be expected to create queuing, because the traffic stream has little space to absorb disruptions. $V/C = .81 - .90$

Level of Service E – At its highest density value LOS E describes operation at capacity. Operations at this level are volatile, because there are virtually no usable gaps in the traffic stream. Vehicles are closely spaced, leaving little room to maneuver within the traffic stream at speeds that still exceed 49 mph. Any disruption of the traffic stream, such as vehicles entering from a ramp or vehicles changing lanes, can establish a disruption wave that propagates throughout the upstream traffic flow. At capacity, the traffic stream has no ability to dissipate even the most minor disruption, and any incident can be expected to produce a serious breakdown with extensive queuing. Maneuverability within the traffic stream is extremely limited, and the level of physical and psychological discomfort afforded the driver is poor. $V/C = .91 - 1.00$

Level of Service F – Describes breakdowns in vehicular flow. Such conditions generally exist within queues forming behind breakdown points. Breakdowns occur for a number of reasons ($V/C = 1.01 +$):

- Traffic incidents can cause a temporary reduction in the capacity of a short segment, so that the number of vehicles arriving at the point is greater than the number of vehicles that can move through it.
- Points of recurring congestion, such as merge or weaving segments and lane drops, experience very high demand in which the number of vehicles arriving is greater than the number of vehicles discharged.
- The peak-hour (or other) flow rate can exceed the capacity of the location.

Source: *Highway Capacity Manual 2000*

STATE OF ARIZONA

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1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 542-5491

FAX (602) 542-1616

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DATE: August 23, 2001

TO: Senator Ruth Solomon, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Bruce J. Groll, Senior Research/Fiscal Analyst

SUBJECT: ARIZONA GAME AND FISH DEPARTMENT - REVIEW OF SCOPE, PURPOSE,
AND ESTIMATED COST OF EXPANSION AND RENOVATION OF GAME
AND FISH HEADQUARTERS.

Request

The Arizona Game and Fish Department (AGFD) requests Committee review of its construction and expenditure plans for an addition to and remodel of the Pinetop Regional Office. The proposed total project budget is \$1,226,300. Funds for the project are from previously appropriated capital outlay and building renewal monies and non-appropriated federal aid funds.

Recommendation

The JLBC Staff recommends a favorable review of the construction and expenditure plans. Of the \$1,226,300 project total, \$165,000 of federal aid monies has already been committed for design, construction administration, and related site development expenses. The remaining \$1,061,300 construction amount is distributed among the 3 fund sources as follows: \$800,000 is for new construction from the Game and Fish Capital Improvement Fund and for remodeling the existing building, \$103,000 is Building Renewal monies appropriated from the Game and Fish Fund and \$158,300 is from non-appropriated federal aid funds. A more detailed project budget is shown in Table 1.

Analysis

Laws 1986, Chapter 85 established the Joint Committee on Capital Review and charged it with reviewing the state capital improvement plan and expenditures of all monies appropriated for capital projects and building renewal. A.R.S. § 41-1252 (C) also requires JCCR review of new capital projects estimated to cost more than \$250,000 before release of the monies for construction.

(Continued)

Laws 2000, Chapter 2 1st Special Session appropriated \$500,000 from the Capital Improvement Fund for the Pinetop Regional Office Expansion. Laws 2001, Chapter 237 appropriated an additional \$300,000 from Capital Improvement Fund for FY 2002.

The new construction will add approximately 3,600 square feet for a new customer service area, a small conference room, staff offices, and public restrooms at a bid cost of \$783,000. The base bid amount also includes new hard surface (gravel) safety access to and from Hwy. 260, handicap access parking, and expanded public parking. The remodel component of the project includes converting approximately 2,760 square feet into 14 offices, a break room, a staff bathroom, and storage space at a bid cost of \$103,000.

Two additional bids (Additive Alternatives 1 and 2) are included in the total proposed project budget of \$1,226,300 that would:

1. Add an 825 square foot extension to the existing building for 3 offices and a lab for the fisheries and habitat program, and enable the entire regional staff to be housed under one roof at a cost of \$78,000.
2. Add a 736 square foot extension to the new conference room capable of accommodating the regional staff and regional public meetings at a cost of \$58,000. When completed, the new conference room is also designated to be the official Pinetop polling facility.

Given the geographic location and market conditions in the area, the costs for the project components appear reasonable. The \$1,226,300 proposed project budget allocation and percent of total cost distribution for the addition and remodel of the Pinetop Regional Office are shown in Table 1 below:

Table 1

Category	Planned \$ Allocation	Percent of Total
Design and Development		
• Architectural Design and Planning	\$ 75,000	6.1%
• Site Development	90,000	7.3%
Sub-total	165,000	13.4%
New Construction		
• Base Bid for 3,612 sq.ft. Conference Room Extension of 736 sq. ft. (Add. Alternate Bid #2)	783,000 58,000	63.9% 4.7%
Sub-total	841,000	68.6%
Remodel/Renovation Interior		
• Base Bid for 2,758 sq. ft. Additional Offices and Lab, 825 sq. ft. (Add. Alternate Bid #1)	103,000 78,000	8.4% 6.4%
Sub-total	181,000	14.8%
Contingency Reserve	39,300	3.2%
TOTAL	\$1,226,300	100.0%

AGFD estimates a 6 month timeline for completion of construction. The agency submission contains more detail on these projects including the site plan drawings.

RS:BJG;jb



THE STATE OF ARIZONA

GAME AND FISH DEPARTMENT

2221 WEST GREENWAY ROAD, PHOENIX, AZ 85023-4399
(602) 942-3000 • WWW.AZGFD.COM

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DUANE L. SHROUFE
DEPUTY DIRECTOR
STEVE K. FERRELL



July 3, 2001

The Honorable Ruth Solomon, Chairman
Joint Committee on Capital Review
1700 West Washington
Phoenix, Arizona 85007

Dear Senator Solomon:

We respectfully request to be placed on the agenda for the next JCCR meeting so that the committee can provide a favorable review for the Department to enter into a contract to construct our Pinetop Regional Office addition and remodel. The funding for this project will come from a capital outlay appropriation of \$800,000 in fiscal year 2001-02 from the Game and Fish capital improvement fund. We are also utilizing other funds for this project, including Federal Aid funding and Building Renewal for the renovation portion of the existing building, for a project total of \$1,226,280. To date we have committed \$165,000 for design, construction administration, and all remaining contracts such as alarms, fire suppression water service, asbestos abatement and removal, and communications systems. This leaves the Department with \$1,061,280 remaining for construction.

Low Mountain Construction, Inc. provided the low bid for the base amount of \$886,000. The Department would also like to award additive alternate #1 for \$78,000 and additive alternate #2 for \$58,000, for a total contract price of \$1,022,000. The remaining \$39,280 will be used for change order contingencies, if needed. This will provide the Department with a complete and functional office, as shown on the attached plans.

We respectfully request approval to proceed with the award of this contract. Your review and approval of this request is greatly appreciated. If you wish to discuss this matter further please call me at 602/789-3475.

Sincerely,

Fred J. Bloom
Development Branch Chief

FJB:GWW:gww

cc: Marcel Benberou, OSPB
Tom Betlach, Director OSPB
Bret Cloninger, OSPB
Rep. Laura Knaperek, AZ State House of Representatives
Lorenzo Martinez, Senior Fiscal Analyst, JLBC
Richard Rico, AGFD
Richard Stavneak, Staff Director JLBC

Enc.

PINETOP REGION I HEADQUARTERS ADDITION AND REMODELING

FOR
ARIZONA GAME AND FISH DEPARTMENT
"CREATING THE FUTURE THROUGH DESIGN EXCELLENCE"
PAA JOB NO. 00008A001/001



ARIZONA GAME AND FISH DEPARTMENT
PINETOP REGION I
HEADQUARTERS
ADDITION AND REMODELING
2878 E. WHITE MOUNTAIN BLVD.
PINETOP, ARIZONA 85935

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GENERAL INFORMATION
& SCOPE OF WORK

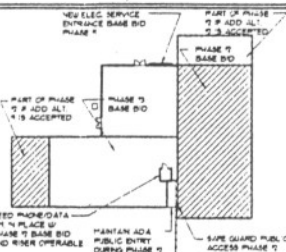
X1

CONSTRUCTION PHASING

- PHASE ONE**
1. VARIATION AGREEMENT TO BE DONE UNDER SEPARATE CONTRACT
 2. TEMPORARY CONSTRUCTION BARRIER FOR THE PROTECTION OF THE PUBLIC IS REQUIRED PRIOR TO THE START OF WORK. IT OR NEARLY ACCESSIBLE TO THE PUBLIC. ALL PUBLIC ACCESS AREAS SHALL BE NO ACCESSIBLE AT ALL TIMES
 3. BUILD A PORTION OF THE RATIO WALL TO HOLD NEW ELECTRICAL SERVICE ENTRANCE. INSTALL NEW TRANSFORMER, REMOVE EXISTING POWER POLE AND TRANSFER SERVICE TO THE NEW TRANSFORMER SERVICE ENTRANCE. THIS SERVICE ENTRANCE SHOULD BE TEMPORARILY CONNECTED TO EXISTING PIPING IN THE OFFICE BUILDING AND MODULAR. MAIN NEW PANELS ARE IN PLACE. PHASE TWO PROVIDE PERMANENT CONNECTION. ALL INTERRUPTIONS IN SERVICE SHALL BE IN ACCORDANCE WITH SECTION 050600-7-A.
- PHASE TWO**
1. THE NEW ADDITION IS TO BE COMPLETED TO SUBSTANTIAL COMPLETION LEVEL PRIOR TO ANY DEMOLITION OR NEW WORK WITHIN THE EXISTING BUILDING EXCEPT AS REQUIRED TO COMPLETE THE NEW AREAS INCLUDING THE NEW AND TELE DATA ROOM. COORDINATE ANY WORK IN THE EXISTING BUILDING WITH OWNER'S ACTIVITIES
 2. THE NEW WAREHOUSE IS TO BE COMPLETED CONCURRENTLY WITH THE NEW OFFICE ADDITION TO PROVIDE TEMPORARY STORAGE FOR PERSONNEL RELOCATION TO THE NEW ADDITION. ALTERNATE N IS ACCEPTED ALTERNATE N. PARKING EXTENSION. THE WAREHOUSE SHALL ALSO BE DONE AT THIS TIME
- PHASE THREE**
1. COMPLETE ALL REMODELING WORK IN THE EXISTING BUILDING
- SITE WORK PHASING**
- NATURAL NEW UTILITY LINES INCLUDING, BUT NOT LIMITED TO STORM DRAIN, CATCH BASINS, ELECTRICAL, AND CABLE CONDUIT AND CABLE PHONE SERVICE EQUIPMENT PADS ETC DURING THE CONSTRUCTION OF THE NEW ADDITION
1. A WAREHOUSE ADD ALTERNATE N. IS SELECTED RELATED SITE WORK MUST BE DONE DURING PHASE TWO WITH THE WAREHOUSE CONSTRUCTION SO IT CAN BE OCCUPIED DURING PHASE THREE
 2. PARKING LOT WORK CAN BE DONE AT ANY TIME DURING CONSTRUCTION BUT MUST BE COORDINATED WITH THE OWNER'S ACTIVITIES. NO SITE PARKING IS AVAILABLE DURING EACH PHASE. PROVIDE CUSTOMER PARKING AT ALL TIMES
- GENERAL REQUIREMENTS**
1. ANY WORK THAT EFFECTS THE OWNER'S OPERATIONS WITHIN OCCUPIED AREAS INCLUDING SITE WORK IS TO BE SCHEDULED IN ADVANCE WITH THE OWNER'S STAFF

SCOPE OF WORK

- BASE BID**
- CONSTRUCTION OF A 430 SF ADDITION TO EXISTING 2778 SF OFFICE BUILDING. WORK INCLUDES BUT IS NOT LIMITED TO SELECTED DEMOLITION OF EXISTING SLUMP BLOCK FRAME BUILDING SELECTED DEMOLITION OF EXISTING CURB AND SIDE WALKS CONSTRUCTION OF SLUMP BLOCK FRAME ADDITION WITH WOOD TUBS BEAMS AND STANDING METAL ROOF WITH ALL UNLOCATED UTILITY RELOCATIONS INTERIOR FINISHES AND CUSTOMER COMPLETE REFINISHING OF EXISTING BUILDING AND NEW SITE UTILITIES INCLUDING BUT NOT LIMITED TO: IMPROVED PARKING FACILITIES RAMP, SIDEWALK, AND PAVO WALLS
1. ADD ALTERNATE K. CONSTRUCTION OF 80 SF OF NEW SLUMP BLOCK WOOD FRAME OFFICE AREA AT THE WEST END OF THE EXISTING BUILDING INCLUDING BUT NOT LIMITED TO LABORATORY SYSTEMS AND CARBONIC STANDING METAL ROOF. ALL REQUIRED MECHANICAL, PLUMBING, AND ELECTRICAL EXTENSIONS AND THE DEMOLITION OF PORTIONS OF THE EXISTING WALL
 2. ADD ALTERNATE L. CONSTRUCTION OF 75 SF OF NEW SLUMP BLOCK WOOD TUBS BEAMS AND STANDING METAL ROOF. ALL REQUIRED MECHANICAL, PLUMBING, AND ELECTRICAL EXTENSIONS AND THE DEMOLITION OF PORTIONS OF THE EXISTING WALL
 3. ADD ALTERNATE M. INCLUDES BUT IS NOT LIMITED TO THE FABRICATION AND CONSTRUCTION OF COVERED PARKING EXTENSION AT THE ENGINEERED STEEL WAREHOUSE BUILDING METAL SIDE SHEETING AT THE NORTH AND SOUTH SIDES AND ALL ELECTRICAL AND PLUMBING EXTENSIONS REQUIRED. REFER TO WAREHOUSE ON SITE 2878 E. ADD ALTERNATE N. ALL ONLY BE ACCEPTED IF ADD ALT. N IS SELECTED
 4. ADD ALTERNATE N. INCLUDES BUT IS NOT LIMITED TO SUPPLYING AND ERECTING PRE-FABRICATED STEEL WAREHOUSE. REFER TO SITE PLAN FOR LOCATIONS
 5. ADD ALTERNATE O. ADD PARKING. INCLUDES BUT IS NOT LIMITED TO THE PAVING STRIPING AND CURBS
 6. ADD ALTERNATE P. ADD PARKING. INCLUDES BUT IS NOT LIMITED TO THE PAVING STRIPING AND CURBS IN THE WEST SIDE OFFICE PARKING AREA
 7. ADD ALTERNATE Q. NEW WAREHOUSE AND OPERATOR'S WAREHOUSE AREA CONSTRUCTION OF A NEW 3000 SF PRE-ENGINEERED STEEL WAREHOUSE BUILDING INCLUDING BUT NOT LIMITED TO METAL WALLS CONCRETE FOUNDATIONS CONCRETE SLAB METAL JOISTS AND METAL ROOFING. INCLUDES ACCESS DOORS JOIST IN STEEL TRUSS CHAIN, THE COMPARTMENT'S ELECTRICAL, MECHANICAL, AND PLUMBING AND RELATED SITE UTILITIES
- NOTE: THE OWNER SHALL SELECT BASE BID AND ANY COMBINATION OF ALTERNATES TO DETERMINE THE LOWEST BID TO THE BEST INTEREST OF THE STATE

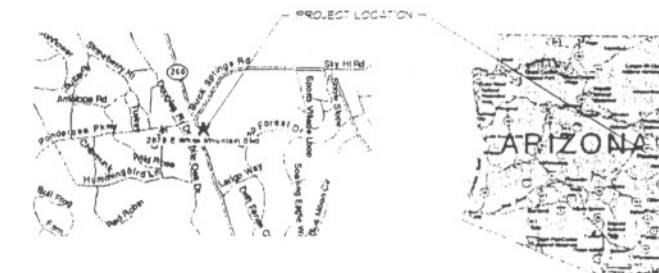


KEY PLAN - PHASING OF OFFICE

OWNER

ARIZONA GAME AND FISH DEPARTMENT
2221 WEST GREENWAY ROAD
PHOENIX, ARIZONA 85023

CONTACT:
JERRY URGENT
602/785-3478
FAX: 602/785-3317



LOCATION MAP



STATE MAP

SCALE



2878 E. WHITE MOUNTAIN BLVD.
Pinetop, Arizona 85935

CONSULTANTS

ARCHITECTURAL
PAA ARCHITECTS AND PLANNERS
340 WEST SPRING ROAD SUITE 112
TUCSON, ARIZONA 85709
(520) 887-8321
FAX: (520) 887-8357

CIVIL
MURPHY ENGINEERING
601 W. DULCE OF CLUES 730
SHOW LOW, ARIZONA 85901-6754
(520) 531-7218
FAX: (520) 531-6422

STRUCTURAL
CARUSO TURLEY SCOTT
3525 E. GRANT SUITE 101
TUCSON, ARIZONA 85716
(520) 318-1177
FAX: (520) 318-0004

MECHANICAL/PLUMBING
ROGER D. WORLEY ENGINEERING
591 N. ALABASTER PLACE
TUCSON, ARIZONA 85742
(520) 578-0955
FAX: (520) 578-7636

ELECTRICAL
BRIAN MCGEE
CONSULTING ELECTRICAL ENGINEERS
554 NORTH ALVERNON
TUCSON, ARIZONA 85711
(520) 881-8806
FAX: (520) 881-5847

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5. ARCHITECTURAL SITE PLAN
6. SITE DETAILS
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26. WINDOW DETAILS
27. NOT USED
28. NOT USED
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GRADING AND DRAINAGE
OF
ARIZONA GAME AND FISH DEPARTMENT
PINETOP REGION HEADQUARTERS
ADDITION AND REMODELING

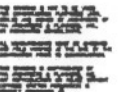


PROJECT

DATE

SCALE

ARIZONA GAME AND FISH DEPARTMENT
PINETOP REGION HEADQUARTERS
ADDITION AND REMODELING
2878 E. WHITE MOUNTAIN BLVD
PINETOP, ARIZONA 85935



FILE
GRO_DPN
PLT DATE / TIME
11/00
DRAWN BY
J.R.M.
PROJECT NO
0187
DATE
11/00
REVISIONS

REVISIONS
1. GRADING
&
DRAINAGE

SECTION
C1

DETAIL 'A'
N.T.S.

DETAIL 'B'
N.T.S.

LEGEND

- 1. Existing Post or Stake
- 2. Existing Weather Vane
- 3. Existing Rain Gauge
- 4. Existing Light Pole
- 5. Existing Meter Valve
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ADD ALT NOTES:

1. Base Map includes all Drives & Parking Areas not indicated in ADD ALT PT. These shall be marked w/ 4" AB. All Underground Drains shall be provided for. Light Pole Bases & Underground Drains required shall be marked. All Drains, Slopes & Parking Bumpers shall be provided.
2. ADD ALT PT includes Drives & Parking Areas as indicated by hatch pattern. These areas shall receive Asphalt Concrete Paving over 4" AB. Light Poles shall be provided as indicated. Refer to Electrical Drawings.
3. ADD ALT PT includes Drains & Parking Areas. This area shall receive Asphalt Concrete Paving over 4" AB. Light Poles shall be provided as indicated. Refer to Electrical Drawings.
4. ADD ALT PT includes Drains leading to Warehouse and all Warehouse area Parking and Drives. These shall be marked w/ 4" AB.

GRAPHIC SCALE

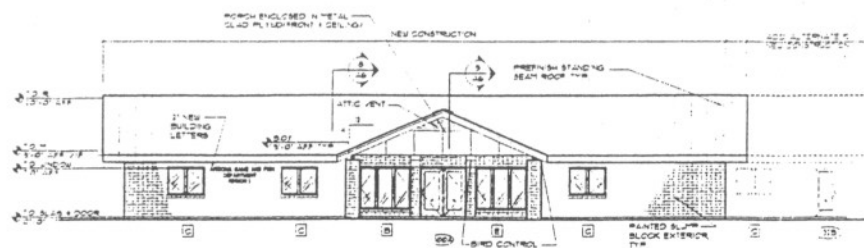
(1 IN FEET)
1 inch = 40 ft

▲ BENCHMARK

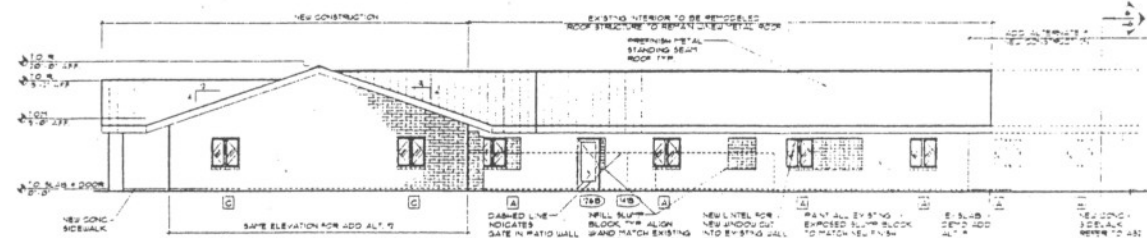
PX Nail in Pavement @ the
East Entrance to Site
Elevation=7098.68



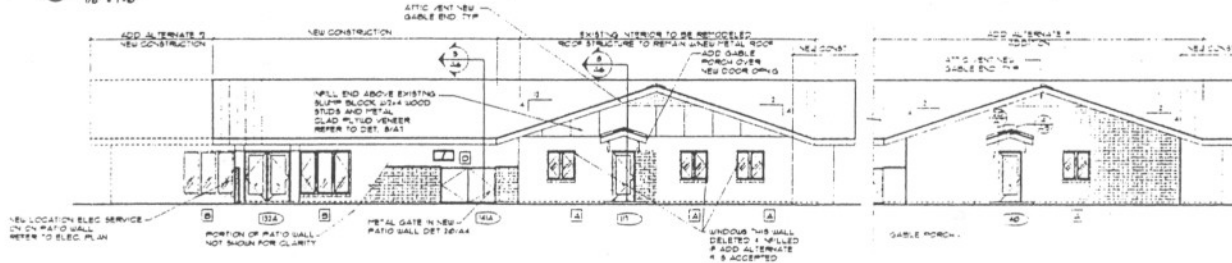




EAST ELEVATION

$$1/8^{\circ} = 1^{\circ} - 0^{\circ}$$


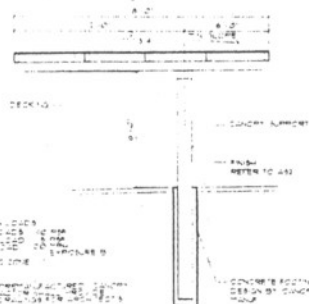
NORTH ELEVATION

$$1/\theta^2 = 1 - \theta^2$$


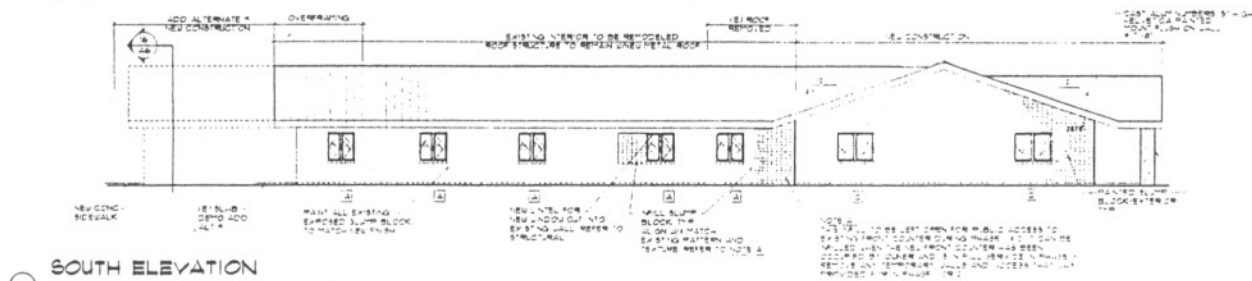
WEST ELEVATION

$$1/\theta^* = 1 - \theta^*$$

WEST ELEVATION ADD ALT. #1



PARKING SHADE STRUCTURE



SOUTH ELEVATION

$$1/\mathcal{O}^* = \mathcal{P} \circ \mathcal{O}^*$$

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

RUTH SOLOMON
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1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 542-5491

FAX (602) 542-1616

<http://www.azleg.state.az.us/jlbc.htm>

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CHRISTINE WEASON

DATE: August 24, 2001

TO: Senator Ruth Solomon, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Timothy Sweeney, Fiscal Analyst

SUBJECT: ARIZONA STATE PARKS – CONSIDER APPROVAL OF FY 2001
ENHANCEMENT FUND MONIES FOR CONTINUED DEVELOPMENT OF DEAD
HORSE RANCH STATE PARK

Request

The Arizona State Parks Board requests that a sum of \$2,800,000 be released from the State Parks Enhancement Fund (SPEF) for the continued development of Dead Horse Ranch State Park.

Recommendation

The JLBC Staff believes that the Dead Horse Ranch project is consistent with the purposes of the State Park Enhancement Fund and appears a worthwhile use of these monies. The improvements to Dead Horse Ranch State Park include the addition of restroom/shower buildings, fish cleaning stations, lagoon enhancements, campground development, connection to the City of Cottonwood waste water plant, and land acquisition.

The Parks Board has identified over \$140,000,000 in capital development and improvement needs throughout the state parks system. These projects are not currently formally prioritized, and there is not a systematic means for JLBC Staff to evaluate the Parks Board decision that the needs of Dead Horse Ranch exceed the needs of other parks. As a result, we cannot advise the Committee that this project represents the best use of SPEF. JLBC Staff recommends that future State Parks SPEF requests include a prioritization of the capital needs throughout the state parks system.

If the Committee decides to approve the Parks Board request, the JLBC Staff does recommend that approval be conditioned on incorporating the land purchased with SPEF revenues into the Dead Horse Ranch State Park boundary.

Finally, pursuant to Laws 2000, Chapter 127 JLBC Staff recommends that State Parks deposit the growth in the Acquisitions & Development portion of SPEF into a Tonto natural bridge payoff subaccount. JLBC Staff estimates this amount at \$92,100 for FY 2001.

(Continued)

Analysis

Pursuant to A.R.S. § 41-511.11 (B), one-half of SPEF revenues may be spent on the acquisition and development of state parks with prior JCCR approval. In recent years, this money has been expended on the continued development of Kartchner Caverns State Park and to meet lease-purchase requirements at Tonto Natural Bridge State Park.

In FY 2001, SPEF revenues totaled \$7,119,000. Of this amount, \$3,559,500 is available for acquisition and development projects. State Parks does not currently anticipate needing any of this amount for the continued development of Kartchner Caverns. The current budget for Kartchner Caverns has a \$2,223,200 balance available for ongoing cave construction. State Parks is requesting that the available SPEF monies be used to meet the Tonto lease purchase payment and for development and improvements at Dead Horse Ranch State Park.

Tonto Natural Bridge State Park was acquired through a lease-purchase agreement in 1993. Statue requires the annual lease-purchase payment to be made from the SPEF. In 2001, the required payment is \$363,100.

Laws 2000, Chapter 127 requires that the annual acquisition and development portion of SPEF revenues above the FY 2000 revenue amount be deposited into a Tonto Natural Bridge State Park payoff subaccount. The amounts are to remain in the subaccount until there is a sufficient amount to payoff the lease-purchase agreement. The JLBC Staff calculates that the FY 2001 revenue above FY 2000 to be approximately \$92,100. In accordance with the legislation, the JLBC Staff recommends that Parks Staff deposit the appropriate amount into the payoff subaccount.

After the Tonto lease-purchase payment and the payoff subaccount deposit, \$3,275,700 remains available for acquisition and development projects. Parks Staff is requesting committee approval to use \$2,800,000 for improvements at Dead Horse Ranch State Park. A total of \$475,700 would remain in the SPEF balance and be available for future year expenditures. The following table outlines the requested use of FY 2001 SPEF revenues:

FY 2000 Carryforward	\$ 171,400
FY 2001 Revenue	<u>3,559,500</u>
Total Available	\$3,730,900
Expenditures	
Tonto Lease-Purchase Payment	363,100
Tonto Payoff Deposit	92,100
Dead Horse Ranch Improvements	<u>2,800,000</u>
Total Expenditures	3,255,200
Balance Forward	\$ 475,700

The \$2,800,000 requested for Dead Horse Ranch State Park will be expended on the following items:

	<u>Amount Requested</u>
Restrooms>Showers/Fish Cleaning Stations	\$1,000,000
Lift Station and Connection to City Sewer	450,000
Land Acquisition	650,000
Campground Utilities and Enhancements	<u>700,000</u>
TOTAL	\$2,800,000

(Continued)

Restrooms/Shower/Fish Cleaning Stations:

This request includes funding for 2 restroom/shower facilities in the new upper campground, and 2 restrooms with fish-cleaning stations at the two new lagoons. Parks staff estimates the cost of the restroom/shower facilities at \$222,000 each (including sewer connections) and the cost of the restroom/fish-cleaning stations at \$145,000 each. Utility connections for the 4 new facilities are estimated at \$155,000. Finally, design fees of \$35,000 and a contingency of \$76,000 bring the total to \$1,000,000.

Lift Station and Connection to City Sewer:

Arizona State Parks is also requesting \$450,000 for equipment and work necessary to connect the park to the City of Cottonwood's sewage system.

Land Acquisition:

State Parks is requesting \$650,000 for part of the costs to acquire roughly 69 acres of land along the Verde River. This acquisition is part of an ongoing State Parks project called the Verde River Greenway project, to acquire land along the Verde River east and west of Dead Horse Ranch State Park for hiking trails, riparian habitat, and other day use and recreation activities. The total cost of this acquisition is \$1,230,000. State Parks is using \$580,000 from the Heritage Fund—Natural Areas Acquisition to assist in the cost of purchasing the land. SPEF money is needed due to restrictions on the use of land acquired using the Heritage Fund money. The general practice of the agency is to develop no more than 10% of land purchased with Natural Areas Acquisition money. The parcel in question could be developed as a day-use area with restrooms and ramadas, making up more than 10% of the area.

SPEF statutes require that land purchased with SPEF monies be used as a state park. JLBC Staff therefore recommends that the Committee's approval of this request be contingent on incorporating the portion of the property purchased from SPEF into the park boundary and making it accessible in a manner consistent with the rest of the park. Of the total cost of this parcel, 53% will be funded with SPEF revenue, thus 53% (roughly 36.5 acres) should be accessible as a state park. Parks Staff has indicated that while all of the land purchased will be incorporated into the park boundary, approximately one-half of it will be developed for day use recreation. The developed area will include trails, canoe launches, and picnic facilities. The remaining half of the parcel includes ancient Native American ruins and will be preserved as a natural area. There will, however, be trails and rangers present for those who wish to view the ruins.

Campground Utilities and Enhancements:

The funding request also includes \$700,000 for other Dead Horse Ranch projects. The new campground must be electrified and equipped with running water, which accounts for the bulk of this section of the request. Additionally, the electric capability of the existing campground will be upgraded to better manage increasing electrical requirements of recreational-vehicles. Lastly, this amount includes other small projects such as new trails (handicapped accessible), fishing docks, and increased signage.

The improvements requested by State Parks will add 87 new campsites. This will increase the total number of campsites from 67 to 154. Additionally, two new fishing lagoons will be added, which will increase the size of the day-use area by over 100%. State Parks believes that these additions (along with the improvements and modifications of the current campsites) will double annual visitation from about 103,000 to over 200,000, and also increase revenues generated by the park from \$250,000 to \$400,000.

Capital Needs At Other Parks

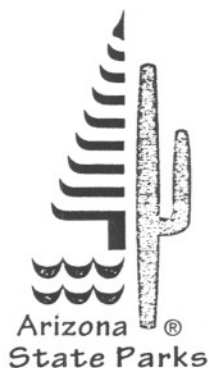
Dead Horse Ranch State Park is one of several state parks identified by Parks staff with capital improvement needs. State Parks has developed a long-term Capital Improvement Plan, which details the needed capital improvements at each state park. *Table 3* displays the estimated cost of the improvements at each park. Parks Staff selected Dead Horse Ranch first because of its revenue generating potential,

(Continued)

which Parks Staff feels will help the agency fund other projects in the future. JLBC staff recommends the agency prioritize these projects based on issues such as revenue generating capabilities, development and improvement needs of the parks, and equity concerns regarding location. We anticipate that a priority evaluation will accompany further SPEF capital requests

Arizona State Parks Projected Improvements	
Park	Est. Cost
Alamo	\$5,676,000
Boyce Thompson Arboretum	4,962,500
Buckskin Mountain - River Island	2,515,000
Buckskin Mountain	4,590,000
Catalina	2,295,000
Cattail Cove	360,000
Dead Horse Ranch	5,745,000
Fool Hollow Lake	885,000
Fort Verde	3,960,000
Homolovi	13,411,000
Jerome	2,921,000
Kartchner Caverns	10,915,000
Lake Havasu - Windsor Beach	2,960,000
Lost Dutchman	4,500,000
Lyman Lake	3,225,000
McFarland	1,408,375
Oracle	4,915,000
Patagonia	18,710,000
Picacho Peak	11,735,000
Red Rock	3,290,000
Riordan Mansion	2,185,000
Roper Lake & Dankworth Pond	4,671,000
San Rafael	4,800,000
Slide Rock	4,782,800
Tombstone Courthouse	3,411,425
Tonto Natural Bridge	5,347,400
Tubac Presidio	2,782,275
Yuma Crossing	1,695,000
Yuma Territorial Prison	<u>2,745,300</u>
Total	\$141,399,075

RS:TS:jb



August 16, 2001

Senator Ruth Solomon
Joint Committee on Capital Review
1700 West Washington
Phoenix, AZ 85007



RE: JCCR Request - Dead Horse Ranch State Park

Jane Dee Hull
Governor

State Parks
Board Members

Chair
Walter D. Armer, Jr.
Benson

Vice-Chair
Suzanne Pfister
Phoenix

Joseph H. Holmwood
Mesa

John U. Hays
Yarnell

Elizabeth J. Stewart
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Vernon Roudebush
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Michael E. Anable
State Land
Commissioner

Kenneth E. Travous
Executive Director

Arizona State Parks
1300 W. Washington
Phoenix, AZ 85007

Tel & TTY: 602.542.4174
www.pr.state.az.us

800.285.3703
from (520) area code

General Fax:
602.542.4180

Director's Office Fax:
602.542.4188

Dear Senator Solomon:

Arizona State Parks requests to be placed on the next agenda of the Joint Committee on Capital Review (JCCR) to release \$2,800,000 of available FY 2000 and FY 2001 Enhancement Fund revenues for the development of Dead Horse Ranch State Park (DHRSP).

The requested funds will be used for connection to the City Of Cottonwood's wastewater treatment plant, 4 restroom/shower buildings, 2 fish cleaning stations, completion of the Upper Campground, lagoon/campground enhancements and land acquisition. Based on our 2000/2001 visitor survey results for DHRSP, these are the most desired improvements to the park.

Improvements, such as these, are a critical component of meeting our program budget performance measurement goals. ASP Staff estimate visitation will increase by 100,000, revenues will increase by over \$150,000 and customer satisfaction will improve as a result of the project.

Finally, investments such as these create jobs and income in our rural areas. ASP Staff estimate over 100 jobs will be created as a result of this project.

Your continued support of Arizona State Parks and our staff is greatly appreciated. Please give me a call should you have any questions or if I may be of assistance to you or your staff.

Sincerely,

Kenneth E. Travous
Executive Director

Senator Ruth Solomon
August 16, 2001
Page 2

Attachment

Copy: Representative Laura Knaperek, Vice Chair
Richard Stavneak, Director, JLBC
Thomas Betlach, Director, OSPB
Maria Baier, Office of the Governor
Timothy Sweeney, JLBC
Lorenzo Martinez, JLBC
Marcel Benberou, OSPB

Attachment

FY 2001 Enhancement Fund Calculation

FY 2000 Development Carryforward	\$ 171,362
FY 2001 Total Revenue	\$7,152,917
Less Yuma Crossing Revenue	<u>(33,901)</u>
	\$7,119,016
One-half to Development	\$3,559,508
Less Tonto payment	<u>(363,100)</u>
Available Revenue for Development	\$3,367,770

Funds to be allocated as follows:

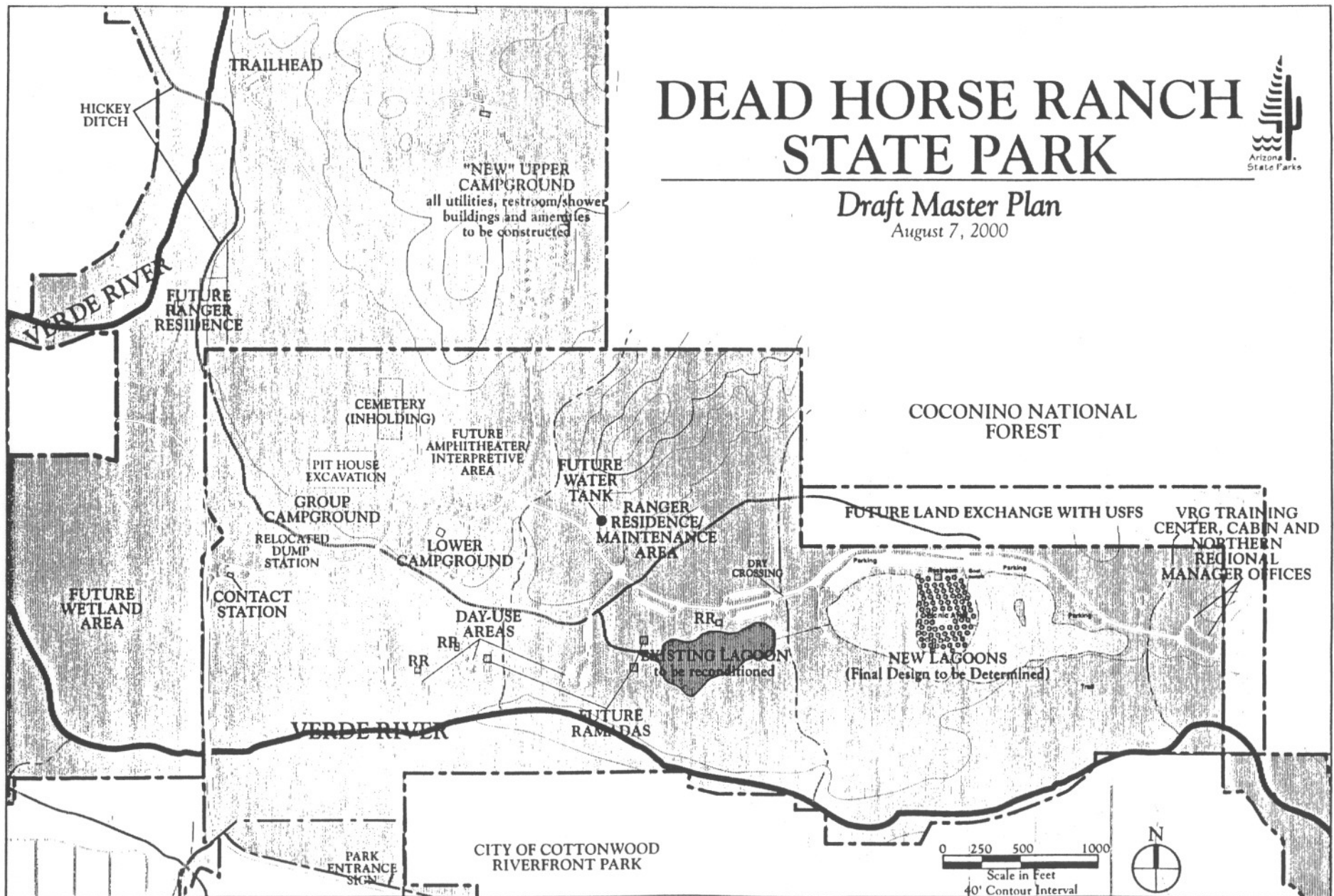
Restrooms/Shower/Fish Cleaning Stations	\$1,000,000
Lift station and connection to city sewer	450,000
Land Acquisition	650,000
<u>Campground Utilities and Enhancements</u>	<u>700,000</u>
Total	\$2,800,000

DEAD HORSE RANCH STATE PARK



Draft Master Plan

August 7, 2000



STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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1716 WEST ADAMS
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CHRISTINE WEASON

DATE: August 23, 2001

TO: Senator Ruth Solomon, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Timothy Sweeney, Fiscal Analyst

SUBJECT: ARIZONA STATE PARKS - REPORT ON KARTCHNER CAVERNS STATE
PARK

Request

Pursuant to Laws 1998, Chapter 297 the Arizona State Parks Board is providing the quarterly project status and financial report on Kartchner Caverns State Park for the quarter ending June 30, 2001.

Recommendation

This report is for information only and no Committee action is required. Cave construction remains on target for the planned November 2003 opening of the lower caverns.

Park attendance remains strong. Since the park's opening in November 1999, there have been over 300,000 visitors. Reservations are steady, with the fall holidays already full. As of August 1, 2001 total park revenues are \$4,700,000. Revenues are deposited in the State Parks Enhancement Fund for park operating and development costs.

Analysis

The Arizona State Parks Board is required to report at the end of each calendar quarter to the Committee on the status of the development of Kartchner Caverns State Park. The report must include details of the actual and projected costs, quarterly expenditures and source of monies, and a project development timetable.

Financial Summary

As of the quarter ending June 30, 2001, a total of \$31,465,800 has been allocated to the park's development from 5 fund sources. Of this amount, \$2,781,600, or 9%, remains unobligated. The following table summarizes these amounts by fund source and percentage allocations:

(Continued)

**Kartchner Caverns Construction Development Funding
(As of June 30, 2001)**

Fund Source	Approved Amount	Percent	Unobligated Balance
General Fund	\$ 3,500,000	11.1%	\$ 0
Enhancement Fund	20,144,900	64.0%	2,223,200
Heritage Fund	5,174,500	16.4%	558,400
State Highway Fund	2,445,700	7.8%	0
National Recreational Trails Fund	<u>200,700</u>	<u>0.6%</u>	<u>0</u>
TOTAL	\$31,465,800	0.0%	\$2,781,600

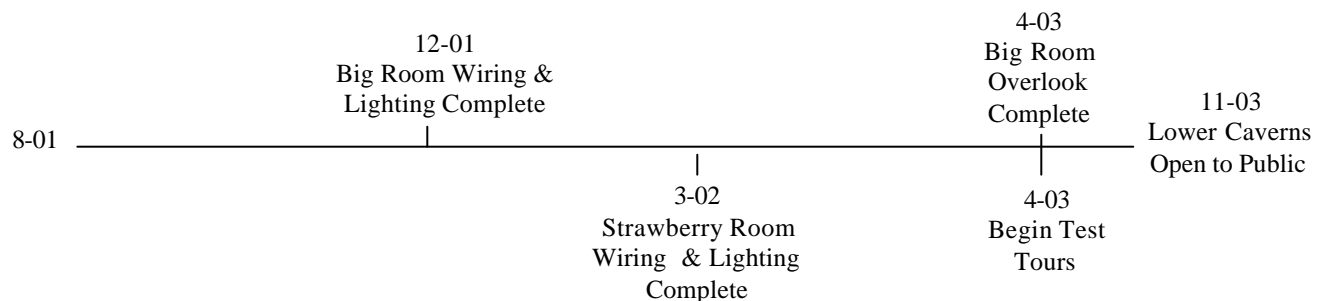
Environmental Conditions

In an effort to protect the caves during the recent fire season, the Cave Resource Manager asked the U.S. Forest Service and the Arizona State Land Department to use only water, instead of fire suppressing chemicals, to douse fires near and above the caves. Additionally, a potential resort development near the caves is being researched and examined for possible harmful effects on the caves.

Project Timetable

A project timeline is required as a part of the quarterly updates on Kartchner development. While construction of the lower cave has ceased during the summer due to the return of the bats, crews are expected to return to work after Labor Day when the bats migrate south for the winter months. If the bats do leave by the first week of September, as expected, the project will maintain a two month lead and remain on pace for a scheduled November 2003 opening of the lower cave.

Crews have also been working on several other above-ground projects over the summer. Additional traffic control gates at the park entrance are being added to keep cars from entering the park prior to its opening. Larger day-use picnic shelters are also being added to accommodate the large number of tour groups visiting the park. The following timeline delineates target completion dates for projects leading to a November 2003 opening.



RS:TS:jb



August 13, 2001

Senator Ruth Solomon
Joint Committee on Capital Review
1700 West Washington
Phoenix, AZ 85007



RE: KARTCHNER CAVERNS PROJECT STATUS

Jane Dee Hull
Governor

State Parks
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Kenneth E. Travous
Executive Director

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from (520) area code

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602.542.4188

Dear Senator Solomon:

Pursuant to staff's request, Arizona State Parks (ASP) is forwarding the project status and financial information for Kartchner Caverns State Park.

Project Status -- Kartchner Caverns State Park has been open 22 months. Over 300,000 visitors have taken cave tours and revenues are averaging \$50,000 per week. Reservations at the time of this report are steady, as the fall holidays are already full and the weekends are filling fast. Total park revenues as of 8/1/01 are \$4.7 million.

Construction in Progress -- Construction in the lower cave ceased on May 5 due to the colony of cave bats returning to bear their young. Studies of this bat at Kartchner Caverns indicate they are sensitive to light and noise, both of which are in abundance during trail construction. Trail construction will resume after Labor Day when the bats migrate south for the winter months.

Cavern Trail Construction -- The "Big Room" trail construction plan is divided in two units. These units or headings have crews working at each end of the trail, planning to meet in the middle.

Cul-de-Sac Heading -- Closed during summer months due to maternity bat habitat.

Tarantula Heading -- Closed during summer months due to maternity bat habitat.

Timeline -- Preliminary timelines have been developed for the lower cave trail construction. Crews lost time last season due to the early return of the bats, but our experience has allowed us to work faster, putting construction two months in advance of our predicted timeline at this point. Should the bats leave as expected by the first week of September, we will retain that lead.

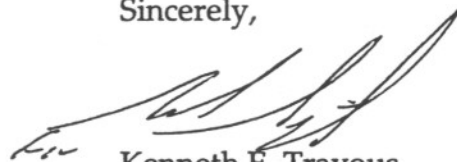
Environment -- The hiring of a Cave Expert, Dr. Rick Toomey, has already greatly enhanced our cave science. During the recent fire season he has asked the U.S. Forest Service and the Arizona State Land Department to use water only, instead of chemical retardant, to douse fires near or above the cave. The chemicals used for fire suppression and dropped from aircraft could migrate into the cave through natural processes. Recently a rezoning request has been forwarded to the City of Benson by developers interested in building a resort/spa on a parcel north of the park. The parcel includes a portion of the Kartchner Block (the limestone formation in which the cave is located). Dr. Toomey is researching the connection of this block to the cave. Should a connection exist, a development of this scope could prove devastating to the cave environment. Arizona State Parks has taken every precaution to ensure that all park development was off the Kartchner block. Park staff is currently working with the developers to determine if a connection exists.

Park Facilities -- Cave trail crews are working on a number of above-ground projects this summer. Crews are working on the decorative stonework at the cave entrance portals. Group-use picnic shelters are being added to accommodate the large number of tour groups coming to the park. These shelters will be in the day-use area and available for all visitors. Work has begun on additional traffic control gates at the park entrance. These new gates will keep traffic from entering the park prior to opening. During the fall, winter and spring, cars begin lining up at midnight for the 120 walk-up tickets available each day. These gates will also curtail the transportation of undocumented aliens who frequently use the park as a transportation depot.

Financial Status -- The budget for the development and construction is \$31,465,750 (this figure does not include start-up funds of approximately \$1.2 million). Attached you will find summary information and detailed allocations, expenditures and obligations by activity and fund for the quarter ending June 30, 2001. As of June 30, 2001, 90.9 % of the budget was expended.

Your continued support of this project and our staff is greatly appreciated. Please give me a call should you have any questions or if I may be of assistance to you or your staff.

Sincerely,



Kenneth E. Travous
Executive Director

Copy: Representative Laura Knaperek, Vice Chair
Richard Stavneak, Director, JLBC
Thomas Betlach, Director, OSPB
Maria Baier, Office of the Governor
Timothy Sweeney, JLBC
✓ Lorenzo Martinez, JLBC
Marcel Benberou, OSPB

**KARTCHNER CAVERNS STATE PARK
BUDGET AND EXPENDITURE STATUS
AS OF 6/30/01**

- 1) Summary of Development Funds
- 2) By Fund Source
- 3) By Activity/Project

**Arizona State Parks
Kartchner Caverns State Park
Development Funds Available
As of June 30, 2001 (EOY FY01)**

<u>Fund</u>		<u>\$ Amount</u>	<u>Percentage</u>
Arizona Heritage Fund	\$	5,174,514	16.44%
Enhancement Fund		20,144,918	64.02%
General Fund		3,500,000	11.12%
ADOT		2,445,654	7.77%
Federal Recreational Trails		200,664	0.64%
Total	\$	31,465,750	100.00%

Note: Enhancement Fund does not include FY2001 revenue.

ARIZONA STATE PARKS - KARTCHNER CAVERNS DEVELOPMENT
BUDGET AND EXPENDITURE STATUS THROUGH 06/99/01 EOY FY01
BY FUND SOURCE

PROJECT NAME	YR	FUND	ALLOCATED	EXPENDED	ENCUMBERED	UNOBLIGATED
BUILDINGS / TUNNELS 95 - KE&G	*	EF	3,300,144.88	3,300,144.88	0.00	0.00
BUILDINGS / TUNNELS 95 - OTHER	*	EF	205,793.09	205,793.09	0.00	0.00
CAMPGROUND UTILITIES REPAIR	*	EF	15,000.00	10,064.54	0.00	4,935.46
CAVE ENVIRONMENT	*	EF	30,000.00	4,461.34	649.16	24,889.50
CAVE LIGHTING	*	EF	44,800.00	39,097.41	0.00	5,702.59
CAVE STUDIES	*	EF	608,020.87	608,020.87	0.00	0.00
CAVE TRAIL CONSTRUCTION (current PAF)	*	EF	7,343,361.64	5,631,634.26	12,843.72	1,698,883.66
CAVE TRAIL CONSTRUCTION (Texas Parks/Operating)	*	EF	124,764.03	124,764.03	0.00	0.00
COMMUNICATIONS CABLING / RADIOS	*	EF	13,500.00	12,192.94	0.00	1,307.06
CONTRACT CAVE DESIGN & ENGINEERING	*	EF	80,000.00	48,638.50	0.00	31,361.50
DESIGN & ENGINEERING - OTHER	*	EF	21,749.33	21,749.33	0.00	0.00
DESIGN & ENGINEERING - VSA	*	EF	2,379,875.46	2,350,909.72	28,965.74	(0.00)
DIRECTORS CONTINGENCY	*	EF	38,864.56	0.00	0.00	38,864.56
DISCOVERY CENTER - ROOF & ELECTRIC	*	EF	24,767.34	0.00	15,000.00	9,767.34
FINAL SITE IMPROVEMENTS / HAND RAILS	*	EF	70,279.00	70,279.00	0.00	0.00
GROUP RAMADA	*	EF	70,000.00	35,018.04	4,962.90	30,019.06
LAND ACQUISITION	*	EF	1,854,800.00	1,854,781.65	0.00	18.35
MAINTENANCE ENTRANCE GATE	*	EF	10,000.00	6,926.41	0.00	3,073.59
MISC. - ADS/SURVEYS/FEES/TRAVEL /OPER/EQUIP	*	EF	57,191.59	57,191.59	0.00	(0.00)
MISC. - CAVE SOUND SYSTEM	*	EF	27,858.15	27,858.15	0.00	0.00
MISC. - CORNERSTONE PLAQUE	*	EF	5,314.00	5,314.00	0.00	0.00
NEW WELL AND LINE	*	EF	29,000.00	4,345.36	0.00	24,654.64
PROPOSED CONSTRUCTION (Undesignated funds)	*	EF	318,268.45	0.00	0.00	318,268.45
SEWAGE LIFT STATION REPAIR	*	EF	8,364.21	8,364.21	0.00	0.00
SITE IMPROVEMENTS - Bridge Design	*	EF	103.50	103.50	0.00	0.00
SITE IMPROVEMENTS - DOC Landscaping	*	EF	15,000.00	9,573.00	0.00	5,427.00
SITE IMPROVEMENTS - FENCING	*	EF	32,905.65	32,905.65	0.00	0.00
SITE IMPROVEMENTS - OTHER	*	EF	8,175.75	8,175.75	0.00	0.00
SITE IMPROVEMENTS - ROADS	*	EF	444,885.69	444,885.69	0.00	0.00
TRAIL SYSTEM DESIGN - CAVE FAUNAL RECOVERY	*	EF	2,767.80	2,767.80	0.00	0.00
TRAIL SYSTEM DESIGN - CAVE PALEONTOLOGY	*	EF	4,000.00	3,499.00	0.00	501.00
TRAIL SYSTEM DESIGN - CONSULTANTS	*	EF	287,409.34	267,107.82	995.00	19,306.52
TRAM STORAGE / MAINT. / UTILITIES	*	EF	227,500.97	227,500.97	0.00	0.00
TUNNELS 96 - BAT MONITORING	*	EF	18,568.06	18,568.06	0.00	0.00
TUNNELS 96 - CAVE MONITORING SYSTEM	*	EF	9,970.00	9,970.00	0.00	0.00
TUNNELS 96 - JORGENSEN - GURNEE ENTRY	*	EF	262,755.00	262,755.00	0.00	0.00
TUNNELS 96 - MCO MINING	*	EF	569,399.95	569,399.95	0.00	0.00
TUNNELS 96 - OTHER	*	EF	49,240.55	49,240.55	0.00	0.00
UTILITIES - EXTENSION TO CAVE (Incl. backfill)	*	EF	5,073.05	5,073.05	0.00	0.00
UTILITIES - MISCELLANEOUS	*	EF	374.00	374.00	0.00	0.00
UTILITIES - ON & OFF SITE	*	EF	1,038,835.90	1,038,835.90	0.00	0.00
UTILITIES - TELEPHONES	*	EF	399,160.06	399,160.06	0.00	0.00
WATER / WASTEWATER - CONSTRUCTION	*	EF	471.34	471.34	0.00	0.00
WATER / WASTEWATER - IMPROVEMENTS	*	EF	30,000.00	23,577.70	0.00	6,422.30
WATER / WASTEWATER - OTHER	*	EF	56,804.82	56,804.82	0.00	0.00
SUBTOTAL ENHANCEMENT FUND			20,144,918.03	17,858,298.93	63,416.52	2,223,202.58

**ARIZONA STATE PARKS - KARTCHNER CAVERNS DEVELOPMENT
BUDGET AND EXPENDITURE STATUS THROUGH 06/99/01 EOY FY01
BY FUND SOURCE**

PROJECT NAME	YR	FUND	ALLOCATED	EXPENDED	ENCUMBERED	UNOBLIGATED
CAVE LIGHTING	94	AHF/A&D	172,000.00	172,000.00	0.00	0.00
DISCOVERY CENTER - ROOF & ELECTRIC	94	AHF/A&D	21,919.25	13.49	21,905.76	0.00
PROPOSED CONSTRUCTION (Undesignated funds)	94	AHF/A&D	0.00	0.00	0.00	0.00
SITE IMPROVEMENTS - DOC Landscaping	94	AHF/A&D	10,000.00	10,000.00	0.00	0.00
TUNNEL LINER / SPALLING	94	AHF/A&D	101,849.07	101,849.07	0.00	0.00
VISITOR CENTER - BUILDINGS	94	AHF/A&D	4,189.68	4,189.68	0.00	0.00
VISITOR CENTER - EXHIBITS	94	AHF/A&D	7,642.00	7,642.00	0.00	0.00
WATER / WASTEWATER - CONSTRUCTION	94	AHF/A&D	582,400.00	582,400.00	0.00	0.00
SUBTOTAL AY94 AHF/A&D			900,000.00	878,094.24	21,905.76	0.00
MISC. - VISITOR CENTER MURAL	95	AHF/A&D	10,000.00	10,000.00	0.00	0.00
PROPOSED CONSTRUCTION (Undesignated funds)	95	AHF/A&D	0.00	0.00	0.00	0.00
TUNNEL LINER / SPALLING	95	AHF/A&D	5,000.00	5,000.00	0.00	0.00
TUNNELS 96 - MCO MINING	95	AHF/A&D	1,140,000.00	1,140,000.00	0.00	0.00
WATER / WASTEWATER - CONSTRUCTION	95	AHF/A&D	50,000.00	50,000.00	0.00	0.00
SUBTOTAL AY95 AHF/A&D			1,205,000.00	1,205,000.00	0.00	0.00
DESIGN & ENGINEERING - VSA	96	AHF/A&D	93,486.00	93,486.00	0.00	0.00
PROPOSED CONSTRUCTION (Undesignated funds)	96	AHF/A&D	0.00	0.00	0.00	0.00
SITE IMPROVEMENTS - DOC Landscaping	96	AHF/A&D	10,000.00	10,000.00	0.00	0.00
TUNNEL LINER / SPALLING	96	AHF/A&D	794.40	794.40	0.00	0.00
UTILITIES - EXTENSION TO CAVE (Incl. backfill)	96	AHF/A&D	487,367.00	487,367.00	0.00	0.00
VISITOR CENTER - BUILDINGS	96	AHF/A&D	50,000.00	50,000.00	0.00	0.00
VISITOR CENTER - EXHIBITS	96	AHF/A&D	854,867.00	854,867.00	0.00	0.00
SUBTOTAL AY96 AHF/A&D			1,496,514.40	1,496,514.40	0.00	0.00
CAVE ENTRY PORTALS	97	AHF/A&D	63,173.00	18,825.85	0.00	44,347.15
CAVE LIGHTING	97	AHF/A&D	110,600.00	25,492.08	0.00	85,107.92
CONCRETE TUNNEL FLOORS	97	AHF/A&D	140,000.00	14,207.15	0.00	125,792.85
DIRECTOR'S CONTINGENCY	97	AHF/A&D	33,404.47	0.00	0.00	33,404.47
DISCOVERY CENTER - ROOF & ELECTRIC	97	AHF/A&D	13,313.41	0.00	1,480.75	11,832.66
FINAL SITE IMPROVEMENTS / HAND RAILS	97	AHF/A&D	13,809.59	13,809.59	0.00	0.00
PERMANENT AIRLOCKS	97	AHF/A&D	51,300.00	32,136.09	0.00	19,163.91
PROPOSED CONSTRUCTION (Undesignated funds)	97	AHF/A&D	0.00	0.00	0.00	0.00
SITE IMPROVEMENTS - DOC Landscaping	97	AHF/A&D	10,000.00	7,502.00	0.00	2,498.00
TUNNEL LIGHTS / MISTERS / BLOWERS	97	AHF/A&D	85,000.00	2,667.92	0.00	82,332.08
TUNNEL LINER / SPALLING	97	AHF/A&D	101,300.00	0.00	0.00	101,300.00
VISITOR CENTER - EXHIBITS	97	AHF/A&D	770,099.53	770,099.53	0.00	0.00
SUBTOTAL AY97 AHF/A&D			1,392,000.00	884,740.21	1,480.75	505,779.04

**ARIZONA STATE PARKS - KARTCHNER CAVERNS DEVELOPMENT
BUDGET AND EXPENDITURE STATUS THROUGH 06/99/01 EOY FY01
BY FUND SOURCE**

PROJECT NAME	YR	FUND	ALLOCATED	EXPENDED	ENCUMBERED	UNOBLIGATED
BUILDINGS / TUNNELS 95 - KE&G	93	AHF/LRSP	71,000.00	71,000.00	0.00	0.00
SUBTOTAL AY93 AHF/LRSP			71,000.00	71,000.00	0.00	0.00
TRAIL SYSTEM DESIGN - BAT MONITORING	96	AHF/NAO&M	60,000.00	57,358.30	0.00	2,641.70
SUBTOTAL AY96 AHF/NAO&M			60,000.00	57,358.30	0.00	2,641.70
CAVE TRAIL CONSTRUCTION (current PAF)	95	AHF/TRAILS	25,000.00	0.00	0.00	25,000.00
CAVE TRAIL CONSTRUCTION (current PAF)	96	AHF/TRAILS	25,000.00	0.00	0.00	25,000.00
CAVE TRAIL CONSTRUCTION (current PAF)	97	AHF/TRAILS	0.00	0.00	0.00	0.00
SUBTOTAL MULTI AHF/TRAILS			50,000.00	0.00	0.00	50,000.00
VISITOR CENTER - BUILDINGS	96	GF	3,500,000.00	3,500,000.00	0.00	0.00
SUBTOTAL AY96 GENERAL FUND			3,500,000.00	3,500,000.00	0.00	0.00
CAVE TRAIL CONSTRUCTION	96	NRTFA	71,342.00	71,342.00	0.00	0.00
CAVE TRAIL CONSTRUCTION	97	NRTFA	70,496.00	70,496.00	0.00	0.00
CAVE TRAIL CONSTRUCTION	98	NRTFA	58,826.00	58,826.00	0.00	0.00
SUBTOTAL MULTI-YEAR NRTFA			200,664.00	200,664.00	0.00	0.00
SITE IMPROVEMENTS - Bridge Design		ADOT	245,654.07	245,654.07	0.00	0.00
SITE IMPROVEMENTS - Cave Bridge		ADOT	1,000,000.00	1,000,000.00	0.00	0.00
SITE IMPROVEMENTS - Turn Lanes on SR90		ADOT	1,200,000.00	1,200,000.00	0.00	0.00
SUBTOTAL ADOT			2,445,654.07	2,445,654.07	0.00	0.00
TOTAL KARTCHNER ACQUIS. & DEVELOP.			31,465,750.50	28,597,324.15	86,803.03	2,781,623.32

**ARIZONA STATE PARKS - KARTCHNER CAVERNS DEVELOPMENT
BUDGET AND EXPENDITURE STATUS THROUGH 06/99/01 EOY FY01
BY ACTIVITY / PROJECT**

PROJECT NAME	YR	FUND	ALLOCATED	EXPENDED	ENCUMBERED	UNOBLIGATED
LAND ACQUISITION	•	EF	1,854,800.00	1,854,781.65	0.00	18.35
CAVE STUDIES	•	EF	608,020.87	608,020.87	0.00	0.00
DESIGN & ENGINEERING - VSA	•	EF	2,379,875.46	2,350,909.72	28,965.74	(0.00)
DESIGN & ENGINEERING - VSA	96	AHF/A&D	93,486.00	93,486.00	0.00	0.00
DESIGN & ENGINEERING - OTHER	•	EF	21,749.33	21,749.33	0.00	0.00
SUBTOTAL DESIGN & ENGINEERING			2,495,110.79	2,466,145.05	28,965.74	(0.00)
BUILDINGS / TUNNELS 95 - KE&G	•	EF	3,300,144.88	3,300,144.88	0.00	0.00
BUILDINGS / TUNNELS 95 - KE&G	93	AHF/LRSP	71,000.00	71,000.00	0.00	0.00
BUILDINGS / TUNNELS 95 - OTHER	•	EF	205,793.09	205,793.09	0.00	0.00
SUBTOTAL BUILDINGS / TUNNELS 95			3,576,937.97	3,576,937.97	0.00	0.00
TRAIL SYSTEM DESIGN - CONSULTANTS	•	EF	287,409.34	267,107.82	995.00	19,306.52
TRAIL SYSTEM DESIGN - CAVE PALEONTOLOGY	•	EF	4,000.00	3,499.00	0.00	501.00
TRAIL SYSTEM DESIGN - CAVE FAUNAL RECOVERY	•	EF	2,767.80	2,767.80	0.00	0.00
TRAIL SYSTEM DESIGN - BAT MONITORING	96	AHF/NAO&M	60,000.00	57,358.30	0.00	2,641.70
SUBTOTAL TRAIL SYSTEM DESIGN			354,177.14	330,732.92	995.00	22,449.22
CAVE TRAIL CONSTRUCTION (Texas Parks/Operating)	•	EF	124,764.03	124,764.03	0.00	0.00
CONTRACT CAVE DESIGN & ENGINEERING	•	EF	80,000.00	48,638.50	0.00	31,361.50
CAVE ENVIRONMENT	•	EF	30,000.00	4,461.34	649.16	24,889.50
CAVE LIGHTING	94	AHF/A&D	172,000.00	172,000.00	0.00	0.00
CAVE LIGHTING	97	AHF/A&D	110,600.00	25,492.08	0.00	85,107.92
CAVE LIGHTING	•	EF	44,800.00	39,097.41	0.00	5,702.59
CAVE TRAIL CONSTRUCTION (current PAF)	•	EF	7,343,361.64	5,631,634.26	12,843.72	1,698,883.66
CAVE TRAIL CONSTRUCTION (current PAF)	96	NRTFA	71,342.00	71,342.00	0.00	0.00
CAVE TRAIL CONSTRUCTION (current PAF)	97	NRTFA	70,496.00	70,496.00	0.00	0.00
CAVE TRAIL CONSTRUCTION (current PAF)	98	NRTFA	58,826.00	58,826.00	0.00	0.00
CAVE TRAIL CONSTRUCTION (current PAF)	95	AHF/TRAILS	25,000.00	0.00	0.00	25,000.00
CAVE TRAIL CONSTRUCTION (current PAF)	96	AHF/TRAILS	25,000.00	0.00	0.00	25,000.00
CAVE TRAIL CONSTRUCTION (current PAF)	97	AHF/TRAILS	0.00	0.00	0.00	0.00
SUBTOTAL CAVE TRAIL CONSTRUCTION			8,156,189.67	6,246,751.62	13,492.88	1,895,945.17
TUNNELS 96 - MCO MINING	•	EF	569,399.95	569,399.95	0.00	0.00
TUNNELS 96 - MCO MINING	95	AHF/A&D	1,140,000.00	1,140,000.00	0.00	0.00
TUNNELS 96 - JORGENSEN - GURNEE ENTRY	•	EF	262,755.00	262,755.00	0.00	0.00
TUNNELS 96 - BAT MONITORING	•	EF	18,568.06	18,568.06	0.00	0.00
TUNNELS 96 - OTHER	•	EF	49,240.55	49,240.55	0.00	0.00
TUNNELS 96 - CAVE MONITORING SYSTEM	•	EF	9,970.00	9,970.00	0.00	0.00
SUBTOTAL TUNNELS 96 REBID			2,049,933.56	2,049,933.56	0.00	0.00

**ARIZONA STATE PARKS - KARTCHNER CAVERNS DEVELOPMENT
BUDGET AND EXPENDITURE STATUS THROUGH 06/99/01 EOY FY01
BY ACTIVITY / PROJECT**

PROJECT NAME	YR	FUND	ALLOCATED	EXPENDED	ENCUMBERED	UNOBLIGATED
SITE IMPROVEMENTS - ROADS	*	EF	444,885.69	444,885.69	0.00	0.00
SITE IMPROVEMENTS - Bridge Design	*	EF	103.50	103.50	0.00	0.00
SITE IMPROVEMENTS - Bridge Design		ADOT	245,654.07	245,654.07	0.00	0.00
SITE IMPROVEMENTS - Turn Lanes on SR90		ADOT	1,200,000.00	1,200,000.00	0.00	0.00
SITE IMPROVEMENTS - Cave Bridge		ADOT	1,000,000.00	1,000,000.00	0.00	0.00
SITE IMPROVEMENTS - Fencing	*	EF	32,905.65	32,905.65	0.00	0.00
SITE IMPROVEMENTS - Other	*	EF	8,175.75	8,175.75	0.00	(0.00)
SITE IMPROVEMENTS - DOC Landscaping	94	AHF/A&D	10,000.00	10,000.00	0.00	0.00
SITE IMPROVEMENTS - DOC Landscaping	96	AHF/A&D	10,000.00	10,000.00	0.00	0.00
SITE IMPROVEMENTS - DOC Landscaping	97	AHF/A&D	10,000.00	7,502.00	0.00	2,498.00
SITE IMPROVEMENTS - DOC Landscaping	*	EF	15,000.00	9,573.00	0.00	5,427.00
CAMPGROUND UTILITIES REPAIR	*	EF	15,000.00	10,064.54	0.00	4,935.46
COMMUNICATIONS CABLING / RADIOS	*	EF	13,500.00	12,192.94	0.00	1,307.06
DISCOVERY CENTER - ROOF & ELECTRIC	94	AHF/A&D	21,919.25	13.49	21,905.78	0.00
DISCOVERY CENTER - ROOF & ELECTRIC	97	AHF/A&D	13,313.41	0.00	1,480.75	11,832.66
DISCOVERY CENTER - ROOF & ELECTRIC	*	EF	24,767.34	0.00	15,000.00	9,767.34
FINAL SITE IMPROVEMENTS / HAND RAILS	97	AHF/A&D	13,809.59	13,809.59	0.00	0.00
FINAL SITE IMPROVEMENTS / HAND RAILS	*	EF	70,279.00	70,279.00	0.00	0.00
GROUP RAMADAS	*	EF	70,000.00	35,018.04	4,962.90	30,019.06
MAINTENANCE ENTRANCE GATE	*	EF	10,000.00	6,926.41	0.00	3,073.59
NEW WELL AND LINE	*	EF	29,000.00	4,345.36	0.00	24,654.64
SEWAGE LIFT STATION REPAIR	*	EF	8,364.21	8,364.21	0.00	0.00
TRAM STORAGE / MAINT. / UTILITIES	*	EF	227,500.97	227,500.97	0.00	0.00
SUBTOTAL SITE IMPROVEMENTS			3,494,178.43	3,357,314.21	43,349.41	93,514.81
UTILITIES - ON & OFF SITE	*	EF	1,038,835.90	1,038,835.90	0.00	0.00
UTILITIES - TELEPHONES	*	EF	399,160.06	399,160.06	0.00	0.00
UTILITIES - EXTENSION TO CAVE (Incl. backfill)	96	AHF/A&D	487,367.00	487,367.00	0.00	0.00
UTILITIES - EXTENSION TO CAVE (Incl. backfill)	*	EF	5,073.05	5,073.05	0.00	0.00
UTILITIES - MISCELLANEOUS	*	EF	374.00	374.00	0.00	0.00
SUBTOTAL UTILITIES			1,930,810.01	1,930,810.01	0.00	0.00
VISITOR CENTER - BUILDINGS	96	GF	3,500,000.00	3,500,000.00	0.00	0.00
VISITOR CENTER - BUILDINGS	94	AHF/A&D	4,189.68	4,189.68	0.00	(0.00)
VISITOR CENTER - BUILDINGS	96	AHF/A&D	50,000.00	50,000.00	0.00	0.00
VISITOR CENTER - EXHIBITS	94	AHF/A&D	7,642.00	7,642.00	0.00	(0.00)
VISITOR CENTER - EXHIBITS	96	AHF/A&D	854,867.00	854,867.00	0.00	0.00
VISITOR CENTER - EXHIBITS	97	AHF/A&D	770,099.53	770,099.53	0.00	0.00
SUBTOTAL VISITOR CENTER			5,186,798.21	5,186,798.21	0.00	(0.00)

**ARIZONA STATE PARKS - KARTCHNER CAVERNS DEVELOPMENT
BUDGET AND EXPENDITURE STATUS THROUGH 06/99/01 EOY FY01
BY ACTIVITY / PROJECT**

PROJECT NAME	YR	FUND	ALLOCATED	EXPENDED	ENCUMBERED	UNOBLIGATED
WATER / WASTEWATER - CONSTRUCTION	94	AHF/A&D	582,400.00	582,400.00	0.00	0.00
WATER / WASTEWATER - CONSTRUCTION	95	AHF/A&D	50,000.00	50,000.00	0.00	0.00
WATER / WASTEWATER - CONSTRUCTION	*	EF	471.34	471.34	0.00	0.00
WATER / WASTEWATER - OTHER	*	EF	56,804.82	56,804.82	0.00	0.00
WATER / WASTEWATER - IMPROVEMENTS	*	EF	30,000.00	23,577.70	0.00	6,422.30
SUBTOTAL WATER / WASTEWATER			719,676.16	713,253.86	0.00	6,422.30
MISC. - ADS/SURVEYS/FEES/TRAVEL /OPER/EQUIP	*	EF	57,191.59	57,191.59	0.00	0.00
MISC. - VISITOR CENTER MURAL	95	AHF/A&D	10,000.00	10,000.00	0.00	0.00
MISC. - CAVE SOUND SYSTEM	*	EF	27,858.15	27,858.15	0.00	0.00
MISC. - CORNERSTONE PLAQUE	*	EF	5,314.00	5,314.00	0.00	0.00
SUBTOTAL MISCELLANEOUS			100,363.74	100,363.74	0.00	0.00
TUNNEL LINER / SPALLING	94	AHF/A&D	101,849.07	101,849.07	0.00	0.00
TUNNEL LINER / SPALLING	95	AHF/A&D	5,000.00	5,000.00	0.00	0.00
TUNNEL LINER / SPALLING	96	AHF/A&D	794.40	794.40	0.00	0.00
TUNNEL LINER / SPALLING	97	AHF/A&D	101,300.00	0.00	0.00	101,300.00
CAVE ENTRY PORTALS	97	AHF/A&D	63,173.00	18,825.85	0.00	44,347.15
PERMANENT AIRLOCKS	97	AHF/A&D	51,300.00	32,136.09	0.00	19,163.91
TUNNEL LIGHTS / MISTERS / BLOWERS	97	AHF/A&D	85,000.00	2,667.92	0.00	82,332.08
CONCRETE TUNNEL FLOORS	97	AHF/A&D	140,000.00	14,207.15	0.00	125,792.85
SUBTOTAL TUNNEL FINISHING			548,416.47	175,480.48	0.00	372,935.99
DIRECTOR'S CONTINGENCY	*	EF	38,664.56	0.00	0.00	38,664.56
DIRECTOR'S CONTINGENCY	97	AHF/A&D	33,404.47	0.00	0.00	33,404.47
SUBTOTAL DIRECTOR'S CONTINGENCY			72,069.03	0.00	0.00	72,069.03
PROPOSED CONSTRUCTION (Undesignated funds)	94	AHF/A&D	0.00	0.00	0.00	0.00
PROPOSED CONSTRUCTION (Undesignated funds)	95	AHF/A&D	0.00	0.00	0.00	0.00
PROPOSED CONSTRUCTION (Undesignated funds)	96	AHF/A&D	0.00	0.00	0.00	0.00
PROPOSED CONSTRUCTION (Undesignated funds)	97	AHF/A&D	0.00	0.00	0.00	0.00
PROPOSED CONSTRUCTION (Undesignated funds)	*	EF	318,268.45	0.00	0.00	318,268.45
SUBTOTAL PROPOSED CONSTRUCTION			318,268.45	0.00	0.00	318,268.45
TOTAL KARTCHNER ACQUIS. & DEVELOP.			31,465,750.50	28,597,324.15	86,803.03	2,781,623.32

STATE OF ARIZONA

Joint Committee on Capital Review

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1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 542-5491

FAX (602) 542-1616

<http://www.azleg.state.az.us/jlbc.htm>

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CHRISTINE WEASON

DATE: August 24, 2001

TO: Senator Ruth Solomon, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Lorenzo Martinez, Senior Fiscal Analyst

SUBJECT: ARIZONA BOARD OF REGENTS/ARIZONA STATE UNIVERSITY – REPORT ON
ANALYSIS OF COSTS EFFECTIVENESS OF CERTIFICATES OF PARTICIPATION
VERSUS BOND FINANCING

Request

In compliance with a Committee request, Arizona State University is submitting its report on the cost effectiveness of Certificates of Participation (COPs) versus bond financing.

Recommendation

This item is for information only and no Committee action is required. While issuance costs and interest rates for COP financing are typically higher than bond financing, the submitted report indicates that the option to use COPs allows for the leveraging of a broader asset base to secure financing.

Current statutes require legislative authorization, review and approval before universities secure bond financing, however, statutes do not require any legislative oversight before universities secure COP financing. The JLBC Staff recommends that the Arizona Board of Regents submit additional information to the Committee on any established guidelines used for determining whether COP financing or bond financing should be used.

Analysis

At the June 2000 meeting while reviewing several COP financed university projects, Committee members raised questions about the differences between COP financing and bond financing. The Committee requested a report on the cost effectiveness of COPs versus bond financing.

The submitted report states that costs and interest rates for COP financing are usually higher than bond financing. Interest rates for COPs are typically higher by 10 to 25 basis points, or 0.1% to 0.25%. On a \$10,000,000 issuance with a 20-year term, the added cost of 10 additional basis points equates to approximately \$140,000 over the 20-year term. For 25 additional basis points, the added cost is approximately \$340,000 over the 20-year term.

(Continued)

The report also notes that the ability to choose between COP and bond financing allows for the leveraging of a broader asset base. Under bond financing, a revenue stream such as tuition revenues or auxiliary revenues are dedicated to paying off the bonds issued. Under COP financing, also known as lease-purchase financing, the repayment of the COPs is based on the commitment of the “borrower” to make the scheduled payments on the COPs (the revenue source may or may not be identified). In addition, the COPs are secured by the asset being financed with the proceeds from the COP issuance. If default on the COP payments occurs, holders of the COPs take possession of the asset and any unspent proceeds from the COP issuance.

While the security, or collateral, for securing COP or bond financing may differ, in many cases, the revenue sources that make the COP or bond payments are the same. From a legislative perspective, it would be helpful to understand how the determination to use either bond or COP financing is made given that issuance costs and interest rates for COP financing are higher than bond financing, and bond financing requires legislative oversight, while COP financing does not.

RS/LM:jb



August 22, 2001



The Honorable Ruth Solomon, Chair
Joint Committee on Capital Review
1700 W. Washington
Phoenix, AZ 85007

Dear Senator Solomon:

We provide the following information on behalf of Arizona State University (ASU) regarding the cost effectiveness of certificates of participation (COPs) versus revenue bond financing. Members of the Joint Committee on Capital Review (JCCR) requested the information from ASU at the June 28, 2001 JCCR meeting.

Cost Related Factors

- Interest Rates. Bonds have slightly lower effective interest rates, which vary from approximately 10 basis points (BP); e.g., 5.60 percent for a COPs issue versus 5.50 percent for a bond issue, to as much as 25 BP (one-quarter of 1%). The interest rates vary depending upon market conditions at the time of the financing. Based on present market conditions, the effective interest rate differential is minimal at approximately 10 BP.
- Costs of Issuance. The COPs issuance costs are slightly higher due to the more complex legal documents required. For a \$50 million financing, for example, COPs issuance costs now are approximately \$110,000, or \$10,000 more than bond issuance costs of \$100,000.

Other Factors

- Diversification. The ability to issue both bonds and COPs allows for the leveraging of a broader asset base (multiple assets) and makes more secure the collective collateral for the financing issues requested by ASU. This financing approach for borrowing is more conservative and prudent than is the leveraging of a single asset. There also is less strain on the ASU credit ratings with a combination of COPs and bond issues. Additionally, it is likely that developing campuses, like ASU East and ASU West, do not have sufficient student tuition revenues to obtain the pledged revenue coverage needed for a bond issue.

The Honorable Ruth Solomon, Chair

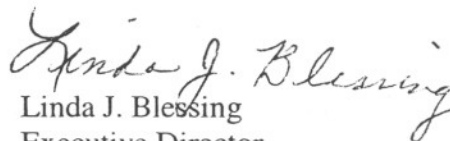
Page 2

August 21, 2001

- Complexity. Bond issues are less complex transactions than COPs issues. The security for bond issues is pledged revenues. The security for COPs issues involves the actual and perceived value of the financed assets, which serve as collateral for the issues. A financed property is leased to the financing trustee, who leases it back to the university. The lease payments made by the university to the financing trustee to acquire the asset equal the debt service payments made by the trustee to the investors. With the final COPs lease payment, the lease is cancelled and the university owns the property. While buildings can be either bond or COPs financed, a bond issue to finance infrastructure and renovation projects is easier to accomplish than a COPs issue, because of the additional legal complexities of the latter.

This information has been prepared by ASU staff in consultation with their Financial Advisor, Dain Rauscher. If you have any questions, please do not hesitate to contact either Mernoy Harrison at (480) 965-3201, e-mail: mernoy.harrison@asu.edu or Steve Miller at (480) 965-4980, e-mail: idcsm@asu.edu.

Sincerely,


Linda J. Blessing
Executive Director

xc: Representative Laura Knaperek, Vice Chair, JCCR
Lorenzo Martinez, Senior Fiscal Analyst, JCCR
Mernoy Harrison, Vice Provost for Administrative Services, ASU
Steve Miller, Associate Vice President for Institutional Advancement, ASU

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Joint Committee on Capital Review

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CHRISTINE WEASON

DATE: August 22, 2001

TO: Senator Ruth Solomon, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Lorenzo Martinez, Senior Fiscal Analyst

SUBJECT: ARIZONA BOARD OF REGENTS/ARIZONA STATE UNIVERSITY – REPORT ON
LEASE-PURCHASE PROJECTS

Request

Arizona State University (ASU) is submitting reports on a revised cost estimate for a residence hall bond project and the issuance of Certificates of Participation (COPs) to finance the Expansion of the Memorial Union, Expansion and Renovation of the Intercollegiate Athletics Building, Wells Fargo Arena Field House Addition and Renovation, and Packard Stadium Clubhouse and Playing Field Renovations.

Recommendation

This item is for information only and no Committee action is required. The residence hall bond project cost has increased by \$750,000 and will be covered with Residential Life Plant Fund Reserves. The COP issuances are estimated to total \$68,937,000. The debt service on the issuances will be funded from a variety of sources.

Analysis

Residence Hall Bond Project

At its March 2000 meeting, the Committee approved the issuance of \$15,000,000 in auxiliary revenue bonds to construct a new 252-bed residential facility in the northern part of the ASU Main Campus and residential additions that will provide 250 beds in the central part of the main campus. While the bond issuance will remain the same, the cost associated with the 252-bed facility has increased by \$750,000 as a result of having to reroute irrigation, electrical, and telecommunications lines that were not known to exist on the construction site.

Residential Life Plant Fund Reserves (non-appropriated funds) will be used to cover the increased cost. The total cost of \$9,750,000 for the 252-bed facility will consist of \$7,500,000 in auxiliary bond financing and \$2,250,000 from Residential Life Plant Fund Reserves. The debt service on the bond issuance and operating costs of the new beds will be funded from the Residential Life Plant Fund. The Residential Life Program is a self-supporting program.

(Continued)

Lease-Purchase Projects

Current statutes do not require legislative approval or review of university projects financed with COPs, also known as lease-purchase agreements. In May 2000, the Arizona Board of Regents (ABOR) and the universities agreed to a request that university lease-purchase projects approved by ABOR be submitted to the Committee as informational items. This request was made given that COP financed projects could have direct General Fund operating impacts or indirect General Fund operating impacts as a result of tuition revenue repaying the COPs rather than being available for operating budgets.

At its May 2001 meeting, ABOR approved the issuance of 25-year COPs for 4 projects. Table 1 lists the capital project costs and annual debt service for each project.

Table 1						
ASU MAIN CAMPUS LEASE-PURCHASE PROJECTS						
	<u>Capital Project Costs</u>			<u>Annual Debt Service</u>		
	Tuition Collections	Auxiliary/ Other	Total	Tuition Collections	Auxiliary/ Other	Total
Memorial Union Expansion and Renovation	\$ 9,327,700	\$29,502,300	\$38,830,000	\$ 695,375	\$ 2,199,375	\$ 2,894,750
Intercollegiate Athletics Building Expansion and Renovation	--	19,107,000	19,107,000	--	1,423,900	1,423,900
Wells Fargo Arena Field House Addition and Renovation	--	9,000,000	9,000,000	--	670,900	670,900
Packard Stadium Clubhouse and Playing Field Renovations	--	2,000,000	2,000,000	--	149,100	149,100
TOTAL	\$ 9,327,700	\$59,609,300	\$68,937,000	\$ 695,375	\$ 4,443,275	\$ 5,138,650

Table 2 shows the estimated operating costs for the facilities when they become available for occupancy.

Table 2			
ASU MAIN CAMPUS LEASE-PURCHASE PROJECTS			
	<u>Operating Costs (Presently Estimated)</u>		
	General Fund	Auxiliary/ Other	Total
Memorial Union Expansion and Renovation	\$ 750,100	\$423,400	\$1,173,500
Intercollegiate Athletics Building Expansion and Renovation	335,600	--	335,600
Wells Fargo Arena Field House Addition and Renovation	261,100	--	261,100
Packard Stadium Clubhouse and Playing Field Renovations	--	--	--
TOTAL	\$1,346,800	\$423,400	\$1,770,200

Memorial Union Expansion and Renovation

ASU plans to construct a new 4-level 154,400 gross square foot (GSF) building adjoining the existing Memorial Union. The expansion will address current space deficiencies and future space needs. The expansion will house retail, meeting, and office space, as well as a new bookstore. The estimated COP issuance is \$38,830,000. The information provided states that repayment of the COPs will be funded from Auxiliary and Other University Sources. It is unclear if the Other Sources component will have a General Fund impact. In addition, annual operating and maintenance costs are estimated to be \$476,000 which will be funded from the General Fund and Auxiliary Funds. Estimates from each fund source are not provided. Occupancy of the expansion is scheduled for FY 2004. The submitted materials provide more detail on the project.

(Continued)

Intercollegiate Athletics (ICA) Building Expansion and Renovation

ASU plans to construct a 50,000 GSF addition to the ICA Building. The addition will include space for a weight room, football locker room, ticket purchase area, hall of fame space, athletic student theatre, academic services area, stadium club/dining area, and other ancillary space. Approximately 72,000 square feet of existing space will also be renovated. The estimated COP issuance is \$19,107,000. The debt service on the COPs will be funded from ICA (non-General Fund) revenues. ASU requested General Fund support for the FY 2002 and FY 2003 operation and maintenance costs of the facility. Laws 2001, Chapter 235 contains triggered appropriations from the General Fund totaling \$201,500 in FY 2002 and \$532,300 in FY 2003 for operating and maintenance costs for this facility and the Wells Fargo Arena project that follows. The submitted materials provide more detail on the project.

Wells Fargo Arena Field House Addition and Renovation

ASU plans to construct a 39,000 GSF Field House to provide gymnastic, volleyball and wrestling training space. In addition, the existing Wells Fargo Arena, which was originally built in 1974, will be renovated to comply with Americans with Disabilities Act and code standards, upgrade concourse lighting, improve circulation and wayfinding, enhance the aesthetic appearance, and expand concession and novelty space. The estimated COP issuance is \$9,000,000. The debt service on the COPs will be funded from Athletic Capital Fund Raising Campaign proceeds and Wells Fargo Bank Donor agreement (for naming rights). ASU requested General Fund support for the FY 2003 operation and maintenance costs of the facility. Laws 2001, Chapter 235 contains triggered appropriations from the General Fund totaling \$532,300 in FY 2003 for operation and maintenance costs for this facility and the ICA Building Expansion project described above. The submitted materials provide more detail on the project.

Packard Stadium Clubhouse and Playing Field Renovations

ASU plans to renovate 8,160 GSF at Packard Stadium. The renovations include remodeling the clubhouse, locker room, entrance and concourse areas, as well as extensive field improvements. The stadium was originally built in 1974. The estimated COP issuance is \$2,000,000. The debt service on the COPs will be funded from ICA Capital Fund Raising Campaign proceeds. No additional operating and maintenance costs are anticipated.

RS/LM:jb

ASU
ARIZONA STATE UNIVERSITY

July 16, 2001

JUL 17 2001

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

Dear Mr. Martinez:

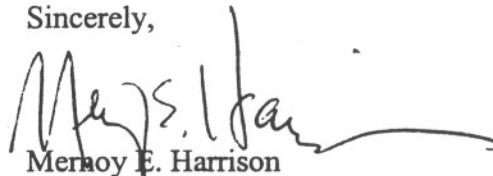
I have attached an Arizona Board of Regents' agenda item describing a \$750,000 budget increase for Arizona State University Main Campus Residential Life New Building Additions. This project was reviewed and approved by the Joint Committee on Capital Review at its March 22, 2000 meeting. Because this project had been previously approved, it is our understanding that there is no need for a formal review. However, we have been advised to inform the committee of any changes in the project budget exceeding \$100,000.

The reason for the \$750,000 increase is the discovery of an unforeseen major Salt River Project irrigation line traversing the site, along with several other factors as described in the attached copy of the Arizona Board of Regents' agenda item requesting the \$750,000 budget increase.

The amount of auxiliary revenue bonds approved for this project will not change. The additional cost of \$750,000 will be covered from Residential Life Plant Fund Reserves and/or other University sources.

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

Sincerely,



Merray E. Harrison
Vice Provost for Administrative Services

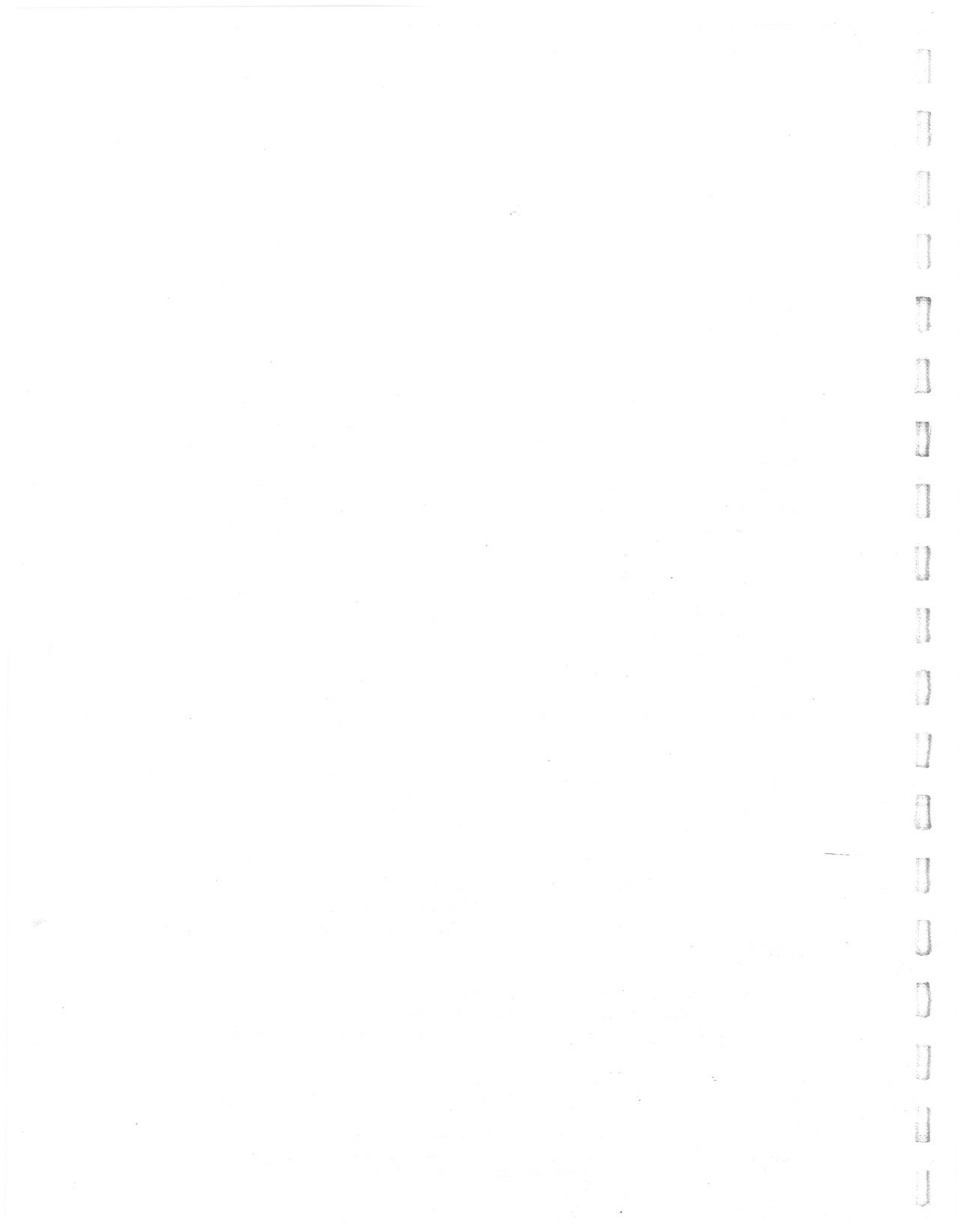
Attachment

xc: Dave Harris, Arizona Board of Regents
Ben Forsyth, Senior Executive Assistant to the President
Steve Miller, Associate Vice President for Institutional Advancement

VICE PROVOST FOR ADMINISTRATIVE SERVICES

dl.42w-164

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



EXECUTIVE SUMMARY

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

ISSUE: ASU requests project budget increase for the new Residential Life Building located at north campus. The current approved project budget is \$9 M. ASU requests that the budget be increased by \$750,000 for a total project budget of \$9,750,000.

BACKGROUND:

- **PREVIOUS BOARD ACTIONS:**

Project Initiation	February 26, 1999
Conceptual Approval	November 19, 1999
Project Approval & Budget Increase	May 18, 2000
- ASU is constructing a new residence hall located between Manzanita Hall and Palo Verde East Hall. This will result in a 252-bed increase. The new building will add 67,800 GSF (43,000 NASF). The project will be funded through bond sales and Residential Life reserves.
- Residential Life commissioned Hanbury Evans Newill Vlattas and Company to develop a campus wide overall Residence Hall Development Plan. The final development plan is dated May 29, 1998. This plan identifies and confirms a need for 500 additional beds and was presented to ABOR with the project initiation submittal in February 1999.
- This project will significantly increase the number of beds at north campus. First year students will benefit from an enhanced freshman experience.

Major Project Goals and Objectives

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

CONTACT: Mernoy Harrison (480) 965-3201
Vice Provost, Administrative Services
E-mail address: mernoy.harrison@asu.edu

Christine Wilkinson (480) 965-7293
Vice President, Student Affairs
E-mail address: christine.wilkinson@asu.edu



EXECUTIVE SUMMARY

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

Residential Life at ASU Main currently houses nearly 5,000 students, of whom 75% are freshmen. The Freshmen Year Experience (FYE) has helped increase student retention from 69% in 1993 to 79% in 1999 for freshmen who live in the halls and use the services and programs. Incorporating academic support (i.e. tutoring, computer labs, faculty programs and offices, classrooms) into the freshman halls and expand housing space.

Additional housing space will also accommodate students' growing interest in and demand for on-campus living. First-week occupancy has grown from 96% in fall 1995 to 100% since fall 1997. In fall 1997 Residential Life was unable to provide assignments for 470 applicants. For fall 1998 and fall 1999, Residential Life stopped accepting applications in mid-June to avoid another over-capacity situation. For fall 2000, Residential Life stopped accepting applications June 1.

- Project Schedule

ABOR Approval of Project Initiation	02/06/1999
ABOR Conceptual Approval	11/19/1999
Construction Documents and Cost Estimates Complete	04/27/2000
ABOR Project Approval	05/19/2000
Construction Start	07/05/2000
Construction Complete	11/11/2001
Occupancy	01/01/2002

- Project Budget Increases

- The project schedule was delayed and the budget affected by the discovery of a buried 36" diameter Salt River Project irrigation pipe traversing the site from north to south. The irrigation line was not identified by Salt River Project or bluestake operations and was not located on any previously known engineering drawings. The delay has affected completion of new construction critical path activities associated with the project. Resolving this issue has required rerouting the irrigation pipe around new building construction in a new utility easement. Location of the rerouted pipe will affect existing site improvements including site electrical lines, irrigation lines, and require the removal and replacement of concrete paving. This construction delay required additional architectural/engineering, and CM services and resulted in additional project costs.

EXECUTIVE SUMMARY

- The discovery of undocumented electrical, voice/video and control lines after construction started resulted in additional project costs associated with their removal and relocation.
- Additional costs were incurred because of the discovery of Indian burials despite an extensive pre-construction archeological investigative dig.
- Unforeseen costs to maintain steam to athletic facilities during required piping relocations also added to the costs for this project.
- Funding
 - The total of the additional cuts identified is \$750,000.
 - Funds for the increased cost will come from Residential Life reserves and/or other University sources.

RECOMMENDATION:

RESOLVED: That Arizona State University recommends that a budget increase to \$9,750,000 be granted for the new Residential Life Building located at north campus.



EXECUTIVE SUMMARY

Capital Project Information Summary

University: Arizona State University Main

Project Name: Residence Life New Building at north
campus ASU Project No. 99043

Project Description/Location: New building between Manzanita Hall and Palo Verde East Hall
at north campus

New Building

Dates of Board Action:

Project Scope:

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

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

Planning	02/1999
Design	03/1999
Construction	07/2000
Occupancy	01/2002

Project Budget:

Total Project Cost	\$ 9,750,000
Direct Construction Cost	\$ 7,995,302
Total Project Cost per GSF	\$ 144
Construction Cost per GSF	\$ 118
Change in Annual Oper./Main. Cost	\$
Utilities	\$ 85,000
Personnel	\$ 75,000
Other - Supplies	\$ 60,000

Funding Sources:

Capital

A. Auxiliary Revenue Bonds	\$ 7,500,000
B. Res. Life Plant Fund Reserves and/or other University sources	\$ 2,250,000

Operation/Maintenance

A. Auxiliary Enterprises Fund	\$ 220,000
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EXECUTIVE SUMMARY

CAPITAL PROJECT BUDGET SUMMARY

University: Arizona State University Project Name: Residential Life New Building at north campus

	<u>Conceptual Approval Estimate</u>	<u>Project Approval Estimate</u>	<u>Budget Increase Estimate</u>
<u>Dates of Budget Estimate:</u>			
Capital Costs			
1. Land Acquisition	\$ 0	\$ 0	\$
2. Construction Cost			
A. New Construction	\$5,410,764	\$6,084,885	\$7,841,500
B. Renovation	\$ 0	\$ 0	\$ 0
C. Special Fixed Equipment	\$ 0	\$ 0	\$ 0
D. Site Development (excl. 2.E.)	\$ 91,805	\$ 716,234	\$ Included above
E. Parking and Landscaping	\$ 161,040	\$ 88,560	\$ Included above
F. Utilities Extensions	\$ 45,120	\$ 48,077	\$ Included above
G. Other spaces to pts	\$ 285,000	\$ 160,750	\$ 153,802
H. Inflation Adjustment () mos.	\$ 233,500	\$ 0	\$ 0
Subtotal Construction Cost	\$6,227,229	\$7,098,506	\$7,995,302
3. Fees (% of Construction Cost)			
A. Construction Manager (3.3%)	\$ 233,933	\$ 233,933	\$ 262,883
B. Architect/Engineer (8.0%)	\$ 493,000	\$ 564,824	\$ 589,824
C. Other *	\$ 0	\$ 0	\$ 0
Subtotal Consultant Fees	\$ 726,933	\$ 798,757	\$ 852,707
4. FF&E Movable	\$ 328,000	\$ 409,140	\$ 370,000
5. Contingency, Design Phase	\$ 202,330	\$ 7,456	\$ 0
6. Contingency, Const. Phase (5.0%)	\$ 226,545	\$ 346,888	\$ 84,864
7. Parking Reserve	\$ 0	\$ 0	\$ 0
8. Telecommunications Equipment	\$ 150,000	\$ 193,000	\$ 193,000
Subtotal Sections 4-8	\$ 906,875	\$ 956,484	\$ 647,864
9. Additional University Costs			
A. Surveys and Tests	\$ 11,000	\$ 30,000	\$ 56,625
B. Move-in Costs	\$ 10,000	\$ 10,000	\$ 10,000
C. Public Art	\$ 28,318	\$ 34,689	\$ 39,208
D. Printing Advertisement	\$ 5,000	\$ 5,000	\$ 22,609
E. Other *	\$ 45,000	\$ 18,000	\$ 76,369
F. State Risk Mgt Ins.(.006) **	\$ 34,645	\$ 48,564	\$ 49,316
Subtotal Addl. Univ. Costs	\$ 138,963	\$ 146,253	\$ 254,127
TOTAL CAPITAL COST	\$ 8,000,000	\$9,000,000	\$9,750,000

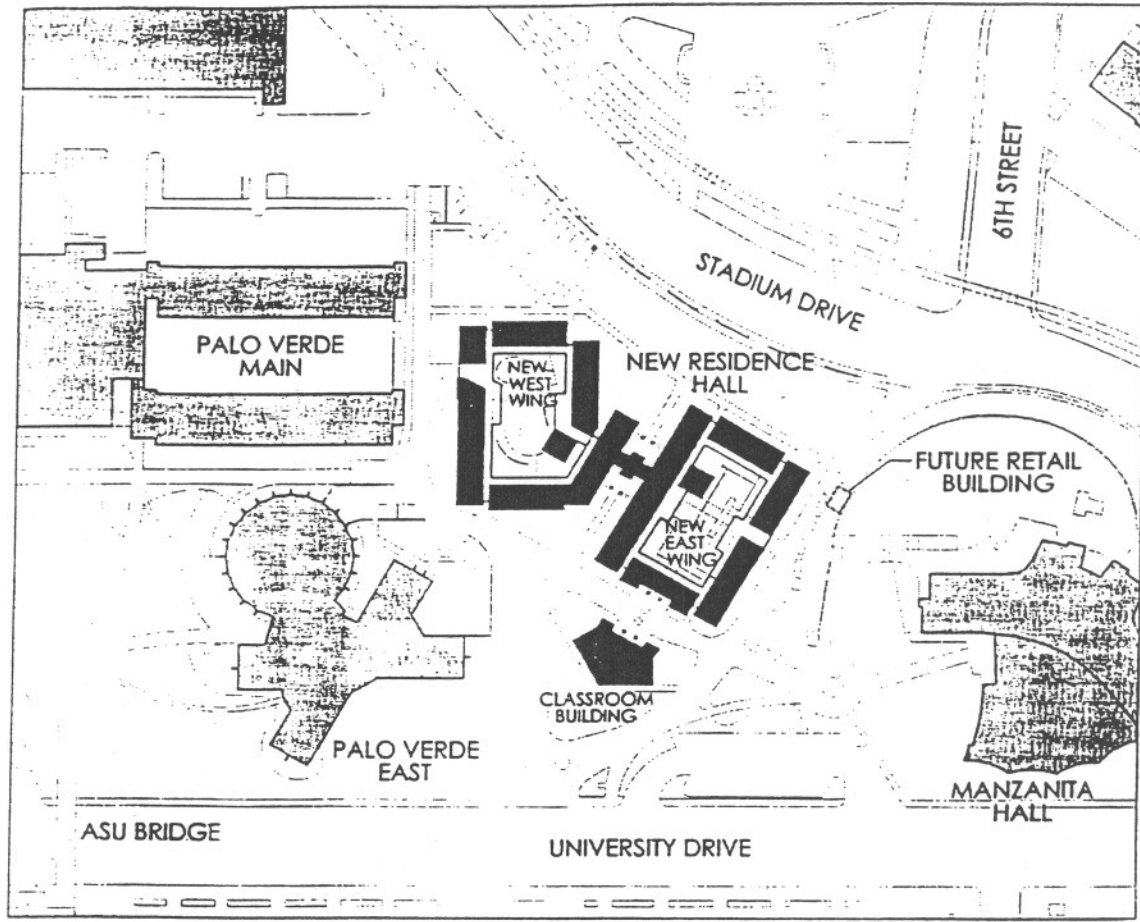
New construction cost estimated using Regent's Construction Cost Control and Professional Fees Guidelines (if applicable)*** \$ N/A

	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>
Projected Cash Flow Needs for Total Project Cost: (in millions; updated at each submission)	550,000	7,450,000	1,750,000

* Universities shall identify items included in this category

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

EXECUTIVE SUMMARY



ASU - NORTH CAMPUS

Synopsis

ASU Main Campus Certificates of Participation

In accordance with request of the JCCR staff, university projects financed by Certificates of Participation (COPs) are to be submitted to the JCCR as informational items. ASU is in the process of financing by COPs the following ASU Main Campus projects:

	Total Cost (In Millions)
Memorial Union Expansion (including new ASU Bookstore)	\$38.8
Intercollegiate Athletics Projects:	
Intercollegiate Athletics Building	19.1
Wells Fargo Arena Field	
House Addition and Renovation	9.0
 Softball Stadium and Soccer Stadium	3.6
Packard Stadium Clubhouse and Playing Field Renovations	<u>2.0</u>
	<u>\$72.5</u> 68.9

The Memorial Union Expansion project will address the current space deficiencies and future needs for both Memorial Union programs and the ASU Bookstore. The Intercollegiate Athletic projects will increase ASU's competitive advantage in recruiting the best student athletes. Due to program growth, the existing athletic facilities have been outgrown.

Annual funding of the debt service on the COPs will be from auxiliary revenues, gifts, and other university sources. All of the above listed projects have received Arizona Board of Regents' (ABOR) conceptual approval and in some cases project approval. Pertinent ABOR agenda items are enclosed.

EXECUTIVE SUMMARY

ACTION ITEM: Memorial Union Expansion: Conceptual Approval
Arizona State University - Main

ISSUE: Arizona State University - Main requests conceptual approval for the construction of a new building and major renovation of existing space to provide additional Memorial Union program space and a new Arizona State University Bookstore. This project will address the current space deficiencies and future needs for Memorial Union programs and the Bookstore on the Arizona State University Main campus. The total estimated project cost is \$38.83M. The project will be funded by Certificates of Participation supported by auxiliary funds and other University sources.

PROJECT DESCRIPTION:

Previous Board Actions:	Project Initiation	April 15, 1999
	Revised Project Initiation	April 11, 2001

The project will include:

- Construction of a new four level (basement and three floors) 154,400 GSF building adjoining the existing Memorial Union to provide retail and office space for additional Memorial Union student activity, meeting room and the Bookstore. This will include common areas linking the new building to the existing Memorial Union. The fourth level functions as office space for University academic and student programs to alleviate space deficiencies.
- Construction of a 3,000 GSF addition on the north side of the Memorial Union improves the existing facility's accessibility for students with disabilities and visibility of services. Note: this is included in the overall project GSF/NASF.

CONTACT: Mernoy Harrison, (480) 965-3201
Vice Provost, Administrative Services
e-mail address: mernov.harrison@asu.edu

Christine Wilkinson, (480) 965-7293
Vice President for Student Affairs
e-mail address: christine.wilkinson@asu.edu

EXECUTIVE SUMMARY

Proposed Schedule

ABOR Project Initiation	April 1999
ABOR Revised Project Initiation	April 2001
ABOR Conceptual Approval	May 2001
ABOR Project Approval	January 2002
Construction (Lockers/Demo)	May 2001
Construction (Addition)	February 2002
Occupancy	February 2004

PROJECT JUSTIFICATION:

- The Arizona State University Main Campus strategic plan calls for increased student success/retention. As a result of meeting our strategic goal regarding new freshmen, we also want to provide an appropriate setting for their overall living/learning environment. With the increased number of freshmen and those who are residential, we have a much higher need for places where students can become connected to the University, to become involved in co-curricular activities etc. These opportunities are an important part of the overall retention strategies. We are considering extending services and programs in the later evening hours to accommodate this changing profile.
- The Memorial Union is a campus hub, more accessible to the entire campus community and members of the public than most other university facilities. The doors of the Memorial Union are open to everyone. As such, they need to be showcases for Arizona State University. The proposed project, in addition to relieving the current Memorial Union space shortages and eliminating existing security/safety deficiencies, will provide the opportunity to implement new programs that will increase the level of service the Memorial Union provides to the University.
- The Memorial Union is the place for students to work, think, engage, dine and commune. It provides an important setting for the formal and informal exchange of ideas. Further, while serving over nine million patrons annually, the Memorial Union has become the site to gather for conferences, to study, to work and to engage in leisure activities. It is the place to bridge the academic disciplines and provide an environment for lifelong learning which enhances the quality of a student's experience at the university.
- The Arizona State University Bookstore does more than provide course materials that university faculty need to teach, and sell them to students at the lowest possible cost. From freshmen orientation/text reservation programs to the custom printing of dissertations and graduation announcements, Bookstore services span the student's academic experience.
- Graduation is not the end of the Bookstore's role. In addition to being a source for general and academic books for lifelong learning and extended education, insignia products allow alumni and others to display their ongoing support of Arizona State University.

EXECUTIVE SUMMARY

- The Bookstore is a revenue source for other important University programs. Over the past ten years, the Bookstore has provided nearly \$8 million for other Arizona State University programs. The Bookstore has provided this revenue support and built the financial foundation that makes this project possible while maintaining its position as the low price leader for textbooks, academic materials, and collegiate products.
- The addition of the underground loading dock reduces the risks of pedestrian and service traffic conflicts within the most heavily traveled part of the campus.
- This project will be completed utilizing the Construction Manager at Risk Alternative Delivery Method recently legislated into law and subsequently approved within the Arizona Board of Regents procurement policy. The University will release Request for Qualifications to facilitate the hiring process for the Construction Manager at Risk.

ADDITIONAL CONSIDERATIONS:

A Bookstore Site and Feasibility Study was performed by Smith, Hinchman & Grylls (SHG) during 1996. This study evaluated four potential sites for the Arizona State University Bookstore. These sites included the Physical Education West building site, the tennis courts south of Physical Education West, the existing Bookstore building site, and Parking Lot 42. The Physical Education West site and the adjacent tennis court site received the highest evaluation due to their central location and greater access to pedestrian traffic, public transportation, and parking. During 1998, the Memorial Union engaged the services of Seder and Associates to explore the feasibility of expansion and remodeling of the current facility. This study endorsed the concept of joining the Bookstore program to the Memorial Union using the proposed site. A study performed by SmithGroup (formerly SHG) in September of 1999 evaluated and endorsed the feasibility of incorporating an underground loading dock adjacent to the Memorial Union addition to improve student pedestrian safety and improve the Memorial Union's image from the campus' main entry point.

RECOMMENDATION:

RESOLVED: That the Board grant Conceptual Approval to Arizona State University for the Memorial Union Expansion.



EXECUTIVE SUMMARY

Capital Project Information Summary

University: Arizona State University Main

Project Name: Memorial Union Expansion
Arizona State University
Project No. 98194

Project Description/Location:

Construction of a new building and renovation for the ASU Memorial Union and Bookstore program space.

	Rev PI MU Addition	CA MU Addition	Rev PI Bookstore Addition	CA Bookstore Addition	Rev PI MU /PEW, E Renovation	CA MU /PEW, E Renovation	Rev PI Loading Dock	CA Loading Dock
<u>Dates of Board Action:</u>	April 01	May 01	April 01	May 01	April 01	May 01	April 01	May 01
<u>Project Scope:</u>								
Gross Square Feet	99,000	99,000	55,400	55,400	71,400	71,400	26,500	26,500
Net Assignable Square Feet	69,300	69,300	38,800	38,800				
Efficiency Ratio	70	70	70	70				
NASF/GSF]								
NASF by Space Type								
MU Addition	69,300	69,300						
Bookstore Addition			38,800	38,800				

Project Schedule (Beginning Month/Year):

Planning	04/1999
Design	09/1999
Construction (Lockers/Demo Annex)	05/2001
Construction (Addition)	02/2002
Occupancy	02/2004

Project Budget:

Total Project Cost	\$17,775,000	\$17,775,000	\$9,269,000	\$9,269,000	\$5,116,000	\$4,756,793	\$6,670,000	\$6,670,000
Direct Construction Cost	\$14,863,000	\$14,863,000	\$7,750,000	\$7,750,000	\$4,278,000	\$4,030,693	\$5,196,000	\$5,196,000
Total Project Cost per GSF	\$179.55	\$179.55	\$167.31	\$167.31	\$71.65	\$66.62	\$251.70	\$251.70
Construction Cost per GSF	\$150.13	\$150.13	\$139.89	\$139.89	\$59.92	\$56.45	\$196.08	\$196.08
Change in Annual Oper./Main.								
Utilities	\$ 32,000	\$ 32,000	\$ 55	\$ 55				
Personnel	\$ 112,000	\$ 112,000	\$ 200	\$ 200				
Other	\$ 12,000	\$ 12,000	\$ 65	\$ 65				

Funding Sources:

Capital:

- A. Certificates of Participation (COPS) \$ 38,830,000
(Auxiliary and Other University Sources)

Operation/Maintenance:

- A. General Fund/Auxiliary Funds \$ 476,000

Note: It is expected that the data and figures presented in this summary change as the project evolves.

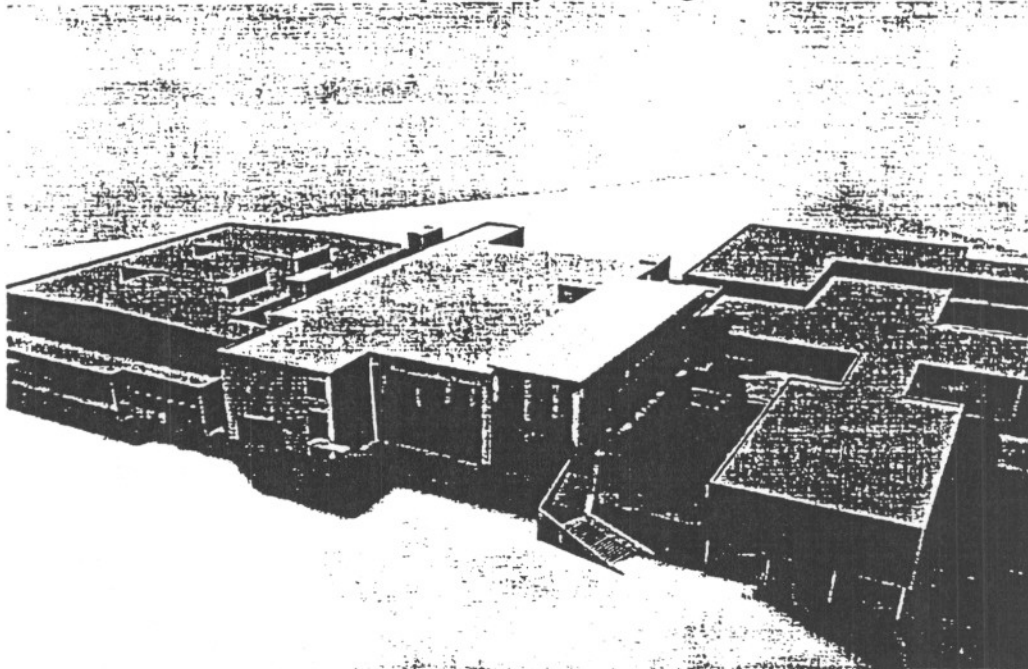
Capital Project Budget Summary

Project Name: Memorial Union Expansion ASU Project No. 98194

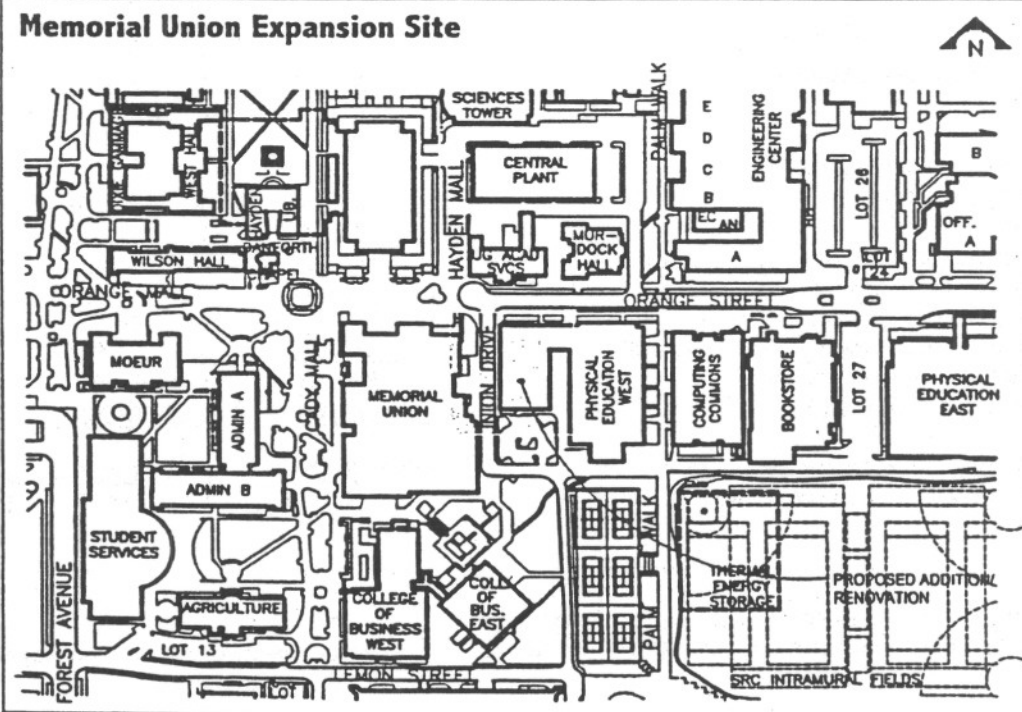
****State Risk Management Insurance factor (.006) is calculated on construction contract and architect/engineer fees**

EXECUTIVE SUMMARY

Memorial Union Expansion Conceptual Approval Conceptual Project Massing



Physical Education West Memorial Union Expansion Existing Memorial Union



EXECUTIVE SUMMARY

ACTION ITEM: Conceptual Approval with a Scope of Work and budget increase (ASU Main Campus) for an Addition to and Substantial Renovation of the Existing Intercollegiate Athletic Building (ICA)
ASU Project #98022

ISSUE: ASU requests Conceptual Approval with a scope of work and budget increase for an athletic outreach and program development addition and renovation of its existing ICA facility at the ASU Main Campus.

PROJECT DESCRIPTION:

- Previous Board Action: Project Initiation June 1998
- As a significant part of its capital campaign fund raising efforts, ICA currently proposes to build a new 50,000 GSF building addition, which will house all sports and administrative support under one roof. Areas included are an expanded 15,000 SF weight room; an expanded 6,000 SF football locker room; a 3,000 SF climate-controlled ticket purchase area; a multi-level 5,000 SF hall-of-fame; a 2,500 SF athletic student theatre; an expanded 5,700 SF academic services area; a 4,600 SF stadium club/dining and several ancillary functions.
- To support and compliment this expansion, the scope of work also includes renovating approximately 72,000 SF of existing space. Six floors of the existing seven story building; including the below grade level, will be substantially renovated.
- ICA has enjoyed significant success in the athletic arena by striving to keep pace with providing facilities, which meet student athlete needs and PAC-10 conference expectations. However, due to program growth, ICA has outgrown its existing facility.
- To enhance its competitive edge, ICA desires to provide a student athlete facility, which rivals any comparable collegiate sports facility in the country. The recruitment of quality student athletes is predicated upon several factors, one of which is providing facilities that accommodate the needs and opportunities to develop the skills and potential to succeed. ICA's vision is to develop their current facility into an outstanding collegiate athletic complex housing all essential student athlete needs in one all inclusive facility.

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

EXECUTIVE SUMMARY

- **Funding:** The anticipated project cost for the new addition and renovation has increased from \$6 million to the current \$19.1 million. Financing will be a Certificate of Participation Lease-Purchase arrangement. Funding of the annual lease payments will be primarily provided by ICA's capital fund raising campaign, which has generated in excess of \$30 million in multi-year pledges.
- **Schedule:** To satisfy schedule requirements and accommodate ongoing operations at ICA, the project will be constructed in two phases. The project approval notification, construction start and occupancy dates are proposed as follows:
 1. Renovation: (5th & 6th Floors-Phase I)

Approval Notification	August, 2000
Construction Start	October, 2000
Occupancy	January, 2001
 2. New Addition and Renovation (Lower Level, 1st, 2nd & 3rd Floors-Phase II)

Approval Notification	August, 2000
Construction Start	January, 2001
Partial Occupancy	August, 2001
100% Occupancy	January, 2002

PROJECT JUSTIFICATION:

In an increasingly competitive world of collegiate sports, the proposed ICA addition and comprehensive renovation will increase ASU's competitive advantage in recruiting the best student athletes. The proposed addition and renovation is essential to keep pace with other collegiate athletic programs.

This project supports the overall mission of the University by adding almost 6,000 SF of new study hall space; a significant increase in computer lab spaces; a new theatre/auditorium; a much needed training table; and expanded weight and football locker rooms to name a few. All of these areas are necessary for the current and future success of the student athlete.

The proposed expansion compliments the recently approved ICA master plan, by extending the current building toward Stadium Drive.

The new addition will consist of a three-story above grade structure and lower level expansion. There will be a new ticket plaza embracing spectators and students from Stadium Drive and the main campus beyond. The new multi-story hall-of-fame space will be the unifying element, which ties the new addition to the existing building. Furthermore, it will act as the nucleus for all the new student activity areas, which embrace it at the first three levels.

EXECUTIVE SUMMARY

ADDITIONAL CONSIDERATIONS:

Upon receiving Project Initiation approval in June 1998, the University hired an architectural consultant (A/E) to provide a feasibility study and confirm its programming and cost estimates. As a result of this effort, the program requirements increased substantially, adding 42,000 SF of renovation work to the project. This renovation in turn resulted in a need for temporary off-site office space, thereby increasing the project budget further.

Additional cost increases can be attributed to two (2) years of inflation in a very strong building market and an unanticipated \$4.0 million infrastructure upgrade cost (included in the \$36.2 million Infrastructure Improvements requested in latter part of the agenda) was added to the project due to inadequate infrastructure to support this facility.

In developing the schematic design, the program requirements were expanded further, increasing academic services, reflecting the importance of academics to the ICA program. Sports medicine and treatment was also expanded to provide a more comprehensive range of rehabilitation services for injured ASU athletes, as well as the football locker room to provide for an adequate team meeting space. Furthermore, existing space previously noted as non-renovated space was revised to include cosmetic renovation to provide continuity between existing spaces and the new work. The program was also expanded by 15,000 SF to house a variety of administrative functions, including stadium management, thereby freeing up much needed concourse space at the Wells Fargo Arena.

The culmination of these program revisions resulted in a revised project cost estimate of \$19.1 million.

RECOMMENDATION:

That the Board grant Conceptual Approval to ASU for an ICA Addition and Renovation Project with a program and associated budget increase to \$19.1 million.

EXECUTIVE SUMMARY

Capital Project Information Summary

University: Arizona State University Main **Project Name:** ICA Addition/Renovation

Project Description/Location:

Intercollegiate Athletic Building (ICA) addition and renovation at Sun Devil Stadium and Stadium Drive, Tempe, AZ.

	<u>Project Initiation</u>	<u>Conceptual Approval</u>	<u>Project Approval</u>
<u>Date of Board Action:</u>	June 1998		
<u>Project Scope:</u>			
Gross Square Feet		130,904	
Net Assignable Square Feet		91,776	
Efficiency Ratio (NASF/GSF)		69.8%	
NASF by Space Type			
Academic		6,587	
Theatre		2,955	
Hall of Fame		5,604	
Office		37,862	
Sport Conditioning		27,010	
Other		11,758	
<u>Project Schedule (Beginning Month/Year):</u>			
Planning		9/99	
Design		10/99	
Construction Phase I		10/2000	
Construction Phase II		01/2001	
Occupancy		01/2002	
<u>Project Budget:</u>			
Total Project Cost		\$19,107,000	
Direct Construction Cost		\$13,834,930	
Total Project Cost per GSF		\$146	
Construction Cost per GSF		\$106	
Change in Annual Operation/Maintenance Cost			
Utilities (based on 50,000 SF new construction)		\$100,000/yr	
Personnel (based on 50,000 SF new construction)		\$175,000/yr	
Other (based on 50,000 SF new construction)		\$60,600/yr	
<u>Funding Sources:</u>			
<u>Capital</u>			
A. Certificates of Participation Lease-Purchase (with annual lease payments funded from ICA Capital Campaign and other ICA revenues)		\$ 19,107,000	
<u>Operation/Maintenance</u>			
A. General Fund		\$335,600/yr	

EXECUTIVE SUMMARY

Capital Project Budget Summary

University: Arizona State University Main

Project Name: ICA Addition/Renovation

	<u>Conceptual Approval Estimate</u>	<u>Project Approval Estimate</u>	<u>Final Budget at Substantial Completion</u>
Date of Budget Estimate			
1. Land Acquisition			
2. Construction Cost			
A. New Construction/Renovation—Phase II	\$ 7,670,512		
B. Renovation—Phase I	\$ 731,140		
C. Fixed Equipment	\$ -		
D. Site Development (excl. 2.E.)	\$ 590,369		
E. Parking and Landscaping	\$ 66,819		
F. Utilities Extensions	\$ 4,000,000		
G. Other*	\$ -		
H. Inflation Adj. (construction midpoint)	\$ 776,090		
Subtotal Construction Cost	\$ 13,834,930	\$ -	\$ -
3. Consultant Fees (% of Construction Cost)			
A. Construction Manager (3.1%)	\$ 479,200		
B. Architect/Engineer (5.6%)	\$ 881,267		
C. Other* (Interior Design)	\$ 250,000		
Subtotal Consultant Fees	\$ 1,610,467	\$ -	\$ -
4. FF&E Movable	\$ 280,095		
5. Contingency, Design Phase (7%)	\$ 1,174,529		
6. Contingency, Construction Phase (5%)	\$ 776,090		
7. Parking Reserve	\$ -		
8. Telecommunications Equipment	\$ 67,945		
Subtotal Items 4-8	\$ 2,298,659	\$ -	\$ -
9. Additional University Costs			
A. Surveys and Tests	\$ 42,000		
B. Move-In/Relocation Costs	\$ 1,057,000		
C. Public Art ($\leq 0.005 \times$ subtotal construction)	\$ 86,480		
D. Printing/Advertisement	\$ 22,688		
E. Other* (University Work Orders)	\$ 51,000		
F. State Risk Management Insurance (.006)**	\$ 103,776		
Subtotal Additional University Costs	\$ 1,362,944	\$ -	\$ -
TOTAL CAPITAL COST	\$ 19,107,000	\$ -	\$ -
Projected Cash Flow Needs for Total Project Cost: in millions; updated at each submission)	<u>FY 00</u> \$1.0	<u>FY01</u> \$15.8	<u>FY02</u> \$2.307

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

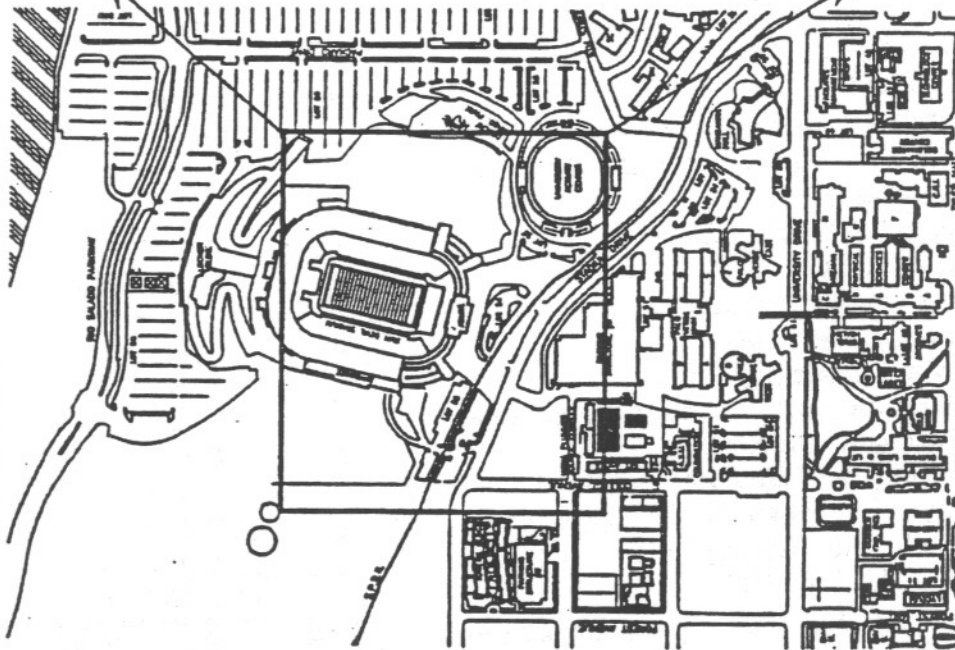
* Universities shall identify items included in this category (Project Management Services)

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

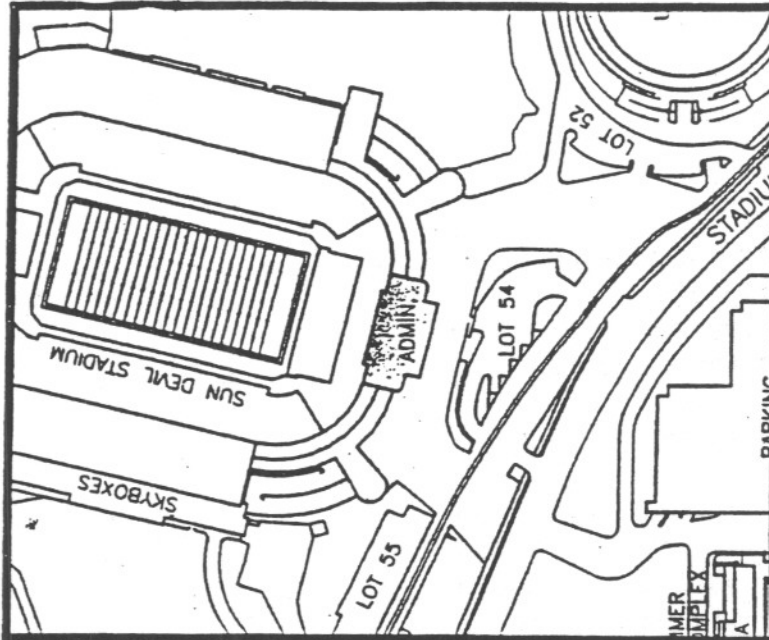
***If the "New Construction Cost" on line 2.A exceeds the Guidelines cost by five percent, explain the difference

EXECUTIVE SUMMARY

GENERAL LOCATION MAP
ICA ADDITION



ICA ADDITION AREA IN DETAIL



EXECUTIVE SUMMARY

ACTION ITEM: Wells Fargo Arena Field House Addition and Renovation
Conceptual Approval, ASU (Main Campus), Project No. 98021

ISSUE: ASU requests Conceptual Approval for the renovation of the existing ASU Wells Fargo Arena in conjunction with a multi-purpose high ceiling practice gymnasium addition.

PROJECT DESCRIPTION:

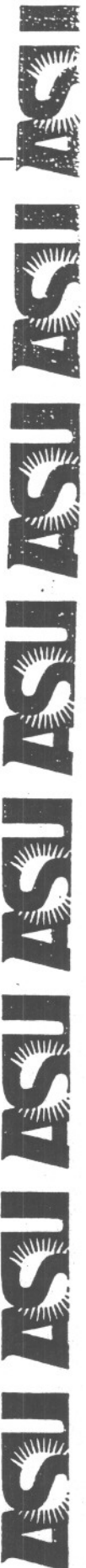
- Previous Board Action:
Project Initiation June 1998
Revised Project Initiation June 2000

ABOR authorized renaming of the ASU Activity Center to the Wells Fargo Arena at Arizona State University at the August 1998 board meeting.

- Predicated on its 1998/1999 and continuing fund raising efforts, the ASU Intercollegiate Athletic department went through an extensive master planning process for all athletic facilities. The study explored existing conditions, what is required in the short term and what goals are necessary for a successful vision for the future. The renovation and Arena addition are strategic steps in the initial phases of implementing this vision.
- Pursuant to ABOR's Revised Project Initiation approval in June 2000, ICA hired an A/E firm to provide programming verification and develop schematic design documents. As a result of these services, ICA is confident that the new addition and renovation of the existing arena will substantially increase the university's competitive edge in recruiting top student athletes and meeting their day to day physical training needs.
- ASU/Wells Fargo Arena was constructed in 1974 and is located on the southern edge of the ICA campus contiguous with the main campus. It was designed as a mixed-use building with non-event related functions. There are two main levels: court or lower level, approximately seven feet (7') below grade and the concourse level, approximately six feet (6') above grade. The lower level is a partial floor (some space was never excavated) and is used for student athlete support space: lockers, weight room and training.

Contact: Mernoy Harrison, (480) 965-3201
Vice Provost, Administrative Services
mernoy.harrison@asu.edu

Eugene Smith, (480) 965-6360
Director, Athletics
eugene.smith@asu.edu



EXECUTIVE SUMMARY

The concourse level is the main entrance consisting of an outer ring of support and office spaces, and an inner ring of event support spaces, such as: concession, first aid and storage.

- The Arena bowl currently seats 14,198 spectators and is the major venue for men's and women's basketball, volleyball, gymnastics and wrestling. The facility also hosts semi-annual graduation ceremonies, a variety of entertainment and other academic events. Additionally, the facility has been a host to a variety of dignitaries including the honorable George Bush and Henry Kissinger.
- Due to its 26 years of extensive use, the wear and tear has become apparent and it is time to renovate and update the Arena in conjunction with a field house addition.
- The intent of this project is to provide improvements and aesthetic enhancements to the ASU/WFA in addition to a field house addition. This would include but not necessarily be limited to:
 - Providing adequate and appropriate training space
 - Providing convenient connections and access to all training facilities
 - Providing a new home and strong visual identity for gymnastics, wrestling, volleyball
 - Upgrading the facility image to capture the event and all of its inherent excitement
 - Providing comprehensive wayfinding (finding your way around a building by means of new signage and graphics)
 - Providing new concourse lighting and graphics
 - Expanding the concourse to relieve congestion
 - Increasing and improving access to concessions
 - Providing pre and post game gathering areas
 - Upgrading all restroom facilities to comply with the latest ADA standards
- In an ongoing pursuit of refining and fine tuning ICA's program points and budget limitations from conceptual design to schematic design, the information summary sheet has been revised as follows:

EXECUTIVE SUMMARY

- NASF allocations have changed as a result of shifting priorities in the program and design refinements. As such, the new addition and concourse square foot allocations have increased, while upper and lower bowl renovation work was reduced.
- While priorities have shifted within the project, total cost and the construction cost estimate at this point in time has increased, the total project cost of \$9 million remains the same.
- The funding source for this project will be Certificates of Participation (COPS); and payments to retire the COPS will be made through ICA's capital fund raising campaign.
- Based on ABOR'S Conceptual Approval; ICA will direct the architect to further develop and refine the current plans and specifications to allow this project to move closer to realization.

PROJECT JUSTIFICATION:

Renovation of the existing arena and the addition of a new field house is essential in bringing the arena to current ICA program standards. This facility opened its doors in 1974 and has not had a face lift since. The current lighting system is dated and inadequate. New federal guidelines have increased ADA requirements and public areas have fallen behind current codes and industry standards. By addressing these shortcomings, the overall utilization and efficiency of the Arena would increase significantly.

Further, this project supports the overall mission of the university by providing student athletes with greater opportunities to reach their maximum potential and to develop the skills necessary for academic and athletic success. Through enhanced, up-to-date practice and exhibition facilities ICA envisions that the renovation of the Arena and new construction will enhance all current events as well as attract additional events.

Today's student athletes live a complicated and hectic life. They are frequently dealing with conflicting goals. In addition to the impact from coaches, trainers and advisors, the types of facilities play a major role in the student's lives. At a minimum, good facilities can help make their lives a bit less complicated.

Fans and spectators come to university events for many reasons. One is to be part of an event, to be part of the spectacle. They want to participate in the excitement and unpredictable nature that occurs at college events. Fans and spectators want to see and be seen. They want to feel connected to the game and, or event. A conducive facility can enhance these expectations.



EXECUTIVE SUMMARY

The overall objective of enhancing the student and spectator experience would include:

- Improving circulation and wayfinding
- Enhancing the aesthetic and functional experience
- Upgrading concourse lighting
- Conforming the facility to current ADA and code compliance standards
- Expanding concessions and novelty activities, and
- Providing compatible lower level support spaces in conjunction with a new field house addition.

Once completed the combination of the renovation enhancements in conjunction with a new 39,000 GSF field house addition would increase ICA's competitive edge to compete for the best student athletes.

- **RECOMMENDATION:**

Resolved that Conceptual Approval be granted to design and construct a new field house addition and renovate the existing arena.

EXECUTIVE SUMMARY

Capital Project Information Summary

University: Arizona State University Main **Project Name:** ASU Wells Fargo Arena Field House Addition & Renovation

Project Description/Location:

This project consists of adding approximately 39,000 GSF of gymnastic, volleyball and wrestling training space in conjunction with renovating the lower level, bowl and concourse of the existing Wells Fargo Arena.

	<u>Revised Project Initiation</u>	<u>Conceptual Approval</u>	<u>Project Approval</u>
<u>Date of Board Action:</u>	6/30/00		
<u>Project Scope:</u>			
Gross Square Feet	107,000	91,000	
Net Assignable Square Feet	89,000	82,300	
Efficiency Ratio (NASF/GSF)	83%	90%	
NASF by Space Type			
New Gymnasiums	26,000	31,000	
Arena Lower Bowl Renovation	19,000	13,700	
Arena Bowl Renovation	39,000	6,000	
Arena Concourse Renovation	5,000	31,600	
<u>Project Schedule (Beginning Month/Year):</u>			
Planning	8/99	8/99	
Design	8/00	8/00	
Construction	8/01	8/01	
Occupancy	9/02	9/02	
<u>Project Budget:</u>			
Total Project Cost	\$9,000,000	\$9,000,000	
Direct Construction Cost	\$5,900,000	\$6,600,000	
Total Project Cost per GSF	\$ 84	\$ 99	
Construction Cost per GSF	\$ 55	\$ 73	
<u>Change in Annual Operation/Maintenance Cost</u>			
Utilities (based on 39,000 s.f. new construction)	\$ 62,400	\$ 97,500	
Personnel (based on 39,000 s.f. new construction)	\$ 107,700	\$ 126,400	
Other (based on 39,000 s.f. new construction)	\$ 36,600	\$ 37,200	
<u>Funding Sources:</u>			
Capital:	\$9,000,000	\$9,000,000	
Certificates of Participation (COPS)			
Repaid by:			
A. Athletic Capital Fund Raising Campaign			
B. Wells Fargo Bank Donor			
Operation/Maintenance			
A. General Fund	\$206,700	\$ 261,100	

EXECUTIVE SUMMARY

Capital Project Budget Summary

University: Arizona State University Main

Project Name: Wells Fargo Arena Field House
Addition & Renovation

	<u>Conceptual Approval Estimate</u>	<u>Project Approval Estimate</u>	<u>Final Budget at Substantial Completion</u>
Date of Budget Estimate			
1. Land Acquisition			
2. Construction Cost			
A. New Construction	\$4,500,000		
B. Renovation	\$1,500,000		
C. Fixed Equipment	-		
D. Site Development (excl. 2.E.)	\$500,000		
E. Parking and Landscaping	\$100,000		
F. Utilities Extensions	-		
G. Other*	-		
H. Inflation Adj. (construction midpoint)	\$420,000		
Subtotal Construction Cost	\$7,020,000		
3. Consultant Fees (% of Construction Cost)			
A. Construction Manager (3%)	\$190,000		
B. Architect/Engineer (7%)	\$440,000		
C. Other* (Additional Services)	\$218,000		
Subtotal Consultant Fees	\$848,000		
4. FF&E Movable	\$166,800		
5. Contingency, Design Phase (5%)	\$330,000		
6. Contingency, Construction Phase (5%)	\$330,000		
7. Parking Reserve	-		
8. Telecommunications Equipment	\$45,000		
Subtotal Items 4-8	\$871,800		
9. Additional University Costs			
A. Surveys and Tests	\$30,000		
B. Move-In Costs	-		
C. Public Art ($\leq 0.005 \times$ subtotal construction)	\$33,000		
D. Printing/Advertisement	\$20,000		
E. Other* (Support the Contractor)	\$135,000		
F. State Risk Management Insurance (.006)**	\$42,200		
Subtotal Additional University Costs	\$260,200		
TOTAL CAPITAL COST	\$9,000,000		
Projected Cash Flow Needs for Total Project Cost:	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>
(in millions; updated at each submission)	.2	1.3	7.5

New Construction Cost estimated using Regent's Cost Guidelines (if applicable)***

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

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

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

GENERAL LOCATION MAP



WELLS FARGO ARENA ADDITION LOCATION

AREA IN DETAIL

EXECUTIVE SUMMARY

ACTION ITEM: Packard Stadium Clubhouse and Playing Field Renovations
Conceptual Approval (Arizona State University Main)
ASU Project No. 2001-013947

ISSUE: Arizona State University requests Conceptual Approval for the Renovation of Packard Stadium on the Main Campus. The renovation includes a clubhouse, shared entrance to Packard Stadium and Sun Angel track, and extensive playing field upgrades.

PROJECT DESCRIPTION:

- Previous Board Action: None required.
- The existing Packard Stadium, built in 1974 is deficient in many areas.
- In an attempt to remedy the deficient areas, ICA hired an architectural firm to provide a feasibility study.
- As a result of the feasibility study, ICA prioritized and short listed the architect's recommendations to include: a celebrated entry including a new ticket booth, novelty sales area and a "walk of champions" to celebrate ASU's baseball crowning achievements; in addition to a new locker room, team room, coaching facilities and extensive upgrading of the field.
- The estimated project cost is \$2 million. Funding will be provided through Certificates of Participation to be repaid from the multi-million dollar ICA capital fund raising campaign.
- Proposed Schedule
 - Conceptual Approval April 2001
 - Project Approval November 2001
 - Construction Start January 2002
 - Occupancy October 2002

RECOMMENDATION:

RESOLVED: That the Arizona Board of Regents grant Conceptual Approval to Arizona State University for the Renovation of Packard Stadium on the Main Campus.

Contact: Mernoy Harrison, (480) 965-3201
Vice Provost, Administrative Services
mernoy.harrison@asu.edu

Eugene Smith, (480) 965-6360
Director, Athletics
eugene.smith@asu.edu

EXECUTIVE SUMMARY

PROJECT JUSTIFICATION REPORT

PACKARD STADIUM ASU MAIN CAMPUS
CLUBHOUSE/ENTRANCE RENOVATION
ASU PROJECT NO. 2001-012947

PROJECT DESCRIPTION:

- Background

The Arizona State University (ASU) Department of Intercollegiate Athletics (ICA) has endeavored to provide the finest athletic facilities in the country for its student-athletes. Due to ICA's desire to create the best student-athlete experience possible, ASU-ICA proposes a renovation for the Packard Baseball Stadium.

This renovation will allow ASU-ICA to provide a higher quality service and improved experience for the student athletes and staff who utilize Packard Stadium for practice and competition.

- Nature and Purpose of Project

Packard Stadium was built in 1974 and a clubhouse and locker room area were added in the mid-1980s. Whereas the Stadium and interior spaces have been suitable for use over the past decades, it is now becoming apparent that improvements need to be made in order to continue to provide the highest level of service to our student athletes.

- Planning Perspectives

The Packard Stadium renovation will consist of: 1) construction of a new players' clubhouse, 2) locker room, 3) remodeling the entrance and concourse areas, and 4) extensive field improvements.

The intent, with the appropriate approvals from the Arizona Board of Regents (ABOR) and upon approval of all plans and specifications, is to begin construction as quickly as possible.

The total project cost of \$2.0 million is to be funded by Certificates of Participation and repaid by the Department of Intercollegiate Athletics Capital Fund Raising Campaign. The goal of this Campaign, initially set at \$20 million, has now been raised to \$35 million. To date, \$25 million of that goal has been reached.

EXECUTIVE SUMMARY

NARRATIVE

- Relationship of Project to Strategic Initiative

The project will support the overall mission of the University by providing a high quality environment to assist the student athletes in reaching their potential, both academically and athletically. To that end, these improvements will also enable the department to recruit and attract the best student-athletes.

- Project Justification

The project is needed to ensure success for our student-athletes, both on and off the field. At the core of this project's objective is the intent to ultimately benefit the welfare of the student-athletes.

- Specific Project Description

The project will consist of a facility expansion that remodels both the current player clubhouse and locker room. In addition, the entrance to Packard Stadium and the concourse areas will also be improved as well as the playing field to enhance the baseball experience and celebrate the tradition of Sun Devil Baseball.

The areas to be remodeled total approximately 8,000 square feet at a construction cost of \$1.52 million.



EXECUTIVE SUMMARY

Capital Project Information Summary

University: Arizona State University Main **Project Name:** Packard Stadium Clubhouse/Entrance Renovation

Project Description/Location: Renovate Packard Stadium on the Main Campus. The renovation includes a clubhouse and shared entrance to Packard Stadium and Sun Angel track.

	<u>Project Initiation</u>	<u>Conceptual Approval</u>	<u>Project Approval</u>
<u>Date of Board Action:</u>		April 2001	
<u>Project Scope:</u>			
Gross Square Feet		8,160	
Net Assignable Square Feet		6,800	
Efficiency Ratio (NASF/GSF)		80%	
NASF by Space Type			
Concession		1,400	
Clubhouse/Locker Room		5,000	
Entry		400	
<u>Project Schedule (Beginning Month/Year):</u>			
Planning		1/98	
Design		6/01	
Construction		1/02	
Occupancy		10/02	
<u>Project Budget:</u>			
Total Project Cost		\$2,000,000	
Direct Construction Cost		\$1,520,000	
Total Project Cost per GSF		245	
Construction Cost per GSF		186	
Change in Annual Operation/Maintenance Cost		N/A	
		Renovation only	
<u>Utilities</u>			
Personnel			
Other			
<u>Funding Sources:</u>			
Certificates of Participation		\$2,000,000	
To be repaid by Gift Revenue			
Operation/Maintenance			
A. Auxiliary Enterprises Fund		N/A	
		Renovation only	

EXECUTIVE SUMMARY

Capital Project Budget Summary

University: Arizona State University Main Name: Packard Stadium Clubhouse/Entrance Renovation

	<u>Conceptual Approval Estimate</u>	<u>Project Approval Estimate</u>	<u>Final Budget at Substantial Completion</u>
Date of Budget Estimate			
1. Land Acquisition			
2. Construction Cost			
A. New Construction	\$ -		
B. Renovation	\$ 600,000		
C. Fixed Equipment	\$ -		
D. Site Development (excl.2.E.)	\$ 660,000		
E. Parking and Landscaping	\$ -		
F. Utilities Extensions	\$ 40,000		
G. Other*	\$ -		
H. Inflation Adj. (construction midpoint)	\$ 220,000		
Subtotal Construction Cost	\$ 1,520,000		
3. Consultant Fees (% of Construction Cost)			
A. Construction Manager	\$ -		
B. Architect/Engineer (10%)	\$ 152,000		
C. Other* (Addl Services)	\$ -		
Subtotal Consultant Fees	\$ 152,000		
4. FF&E Movable	\$ -		
5. Contingency, Design Phase (10%)	\$ 152,000		
6. Contingency, Construction Phase (5%)	\$ 76,000		
7. Parking Reserve	\$ -		
8. Telecommunications Equipment	\$ -		
Subtotal Items 4-8	\$ 228,000		
9. Additional University Costs			
A. Surveys and Tests	\$ 30,000		
B. Move-In/Relocation Costs	\$ -		
C. Public Art ($\leq 0.005 \times$ subtotal construction)	\$ 7,600		
D. Printing/Advertisement	\$ 20,000		
E. Other* (University Work Orders)	\$ 42,400		
F. State Risk Management Insurance (.006)**	\$ -		
G. Asbestos Abatement	\$ -		
Subtotal Additional University Costs	\$ 100,000		
TOTAL CAPITAL COST	\$ 2,000,000		

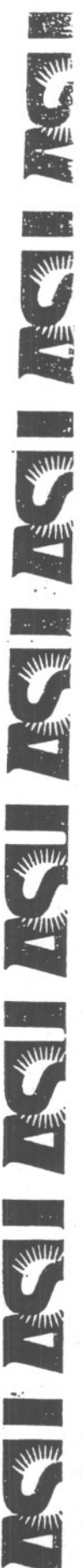
Projected Cash Flow Needs for Total Project Cost: FY 01 FY02 FY03
 in millions; updated at each submission) 0.05 1.5 0.45

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

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

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

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



EXECUTIVE SUMMARY

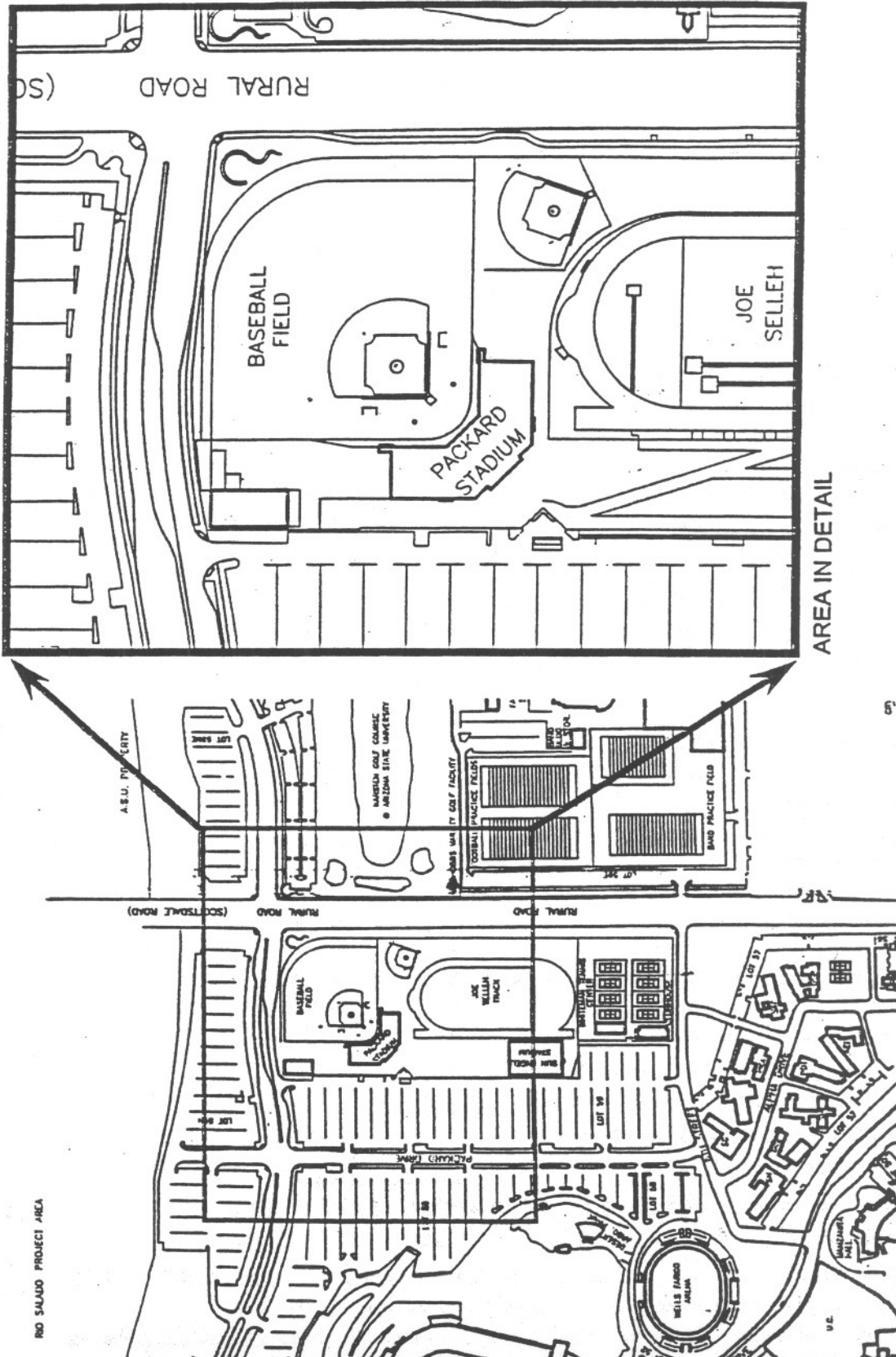
GENERAL LOCATION MAP



PACKARD BASEBALL STADIUM RENOVATION

AND SALADO PROJECT ARE

AND SALADO PROJECT AREA



AREA IN DETAIL