

JOINT COMMITTEE ON CAPITAL REVIEW

Thursday, September 20, 2018

10:00 a.m.

House Hearing Room 1

JLBC

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

JOHN KAVANAGH
VICE-CHAIRMAN
SYLVIA ALLEN
OLIVIA CAJERO BEDFORD
KAREN FANN
STEVE FARLEY
KATIE HOBBS
KIMBERLY YEE

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

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HOUSE OF
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DAVID LIVINGSTON
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VINCE LEACH
REBECCA RIOS

JOINT COMMITTEE ON CAPITAL REVIEW

Thursday, September 20, 2018

10:00 A.M.

House Hearing Room 1

MEETING NOTICE

- Call to Order
- [Approval of Minutes of July 24, 2018.](#)
- DIRECTOR'S REPORT (if necessary).
- 1. ARIZONA STATE UNIVERSITY
 - A. [Consider Approval of Interdisciplinary Science and Technology Building \(ISTB\) 7 Financing Project.](#)
 - B. [Review of Information Technology \(IT\) Improvements Financing Project.](#)
- 2. [PIMA COUNTY COMMUNITY COLLEGE DISTRICT - Review of Revenue Bond Project.](#)
- 3. [ARIZONA DEPARTMENT OF ADMINISTRATION/ARIZONA EXPOSITION AND STATE FAIR - Review of Funding for Cooling Units.](#)
- 4. [***ARIZONA DEPARTMENT OF VETERANS' SERVICES - Review of Veterans' Home Construction Projects.](#)
- 5. [***ARIZONA GAME AND FISH DEPARTMENT - Review of FY 2019 Building Renewal Allocation Plan and FY 2019 Capital Projects.](#)
- 6. [***ARIZONA PIONEERS' HOME - Review of FY 2019 Capital Improvement Projects.](#)
- 7. [***DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS - Review of Tucson Readiness Center.](#)

8. ***ARIZONA DEPARTMENT OF TRANSPORTATION - Review of FY 2019 Building Renewal Allocation Plan.

*** Consent Agenda - These items will be considered in one motion and no testimony will be taken.

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

9/12/18

kp

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



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Joint Committee on Capital Review

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MINUTES OF THE MEETING

JOINT COMMITTEE ON CAPITAL REVIEW

July 24, 2018

Chairman David Livingston called the meeting to order at 1:02 p.m., Tuesday, July 24, 2018 in House Hearing Room 1. The following were present:

Members:	Senator Kavanagh, Vice-Chairman	Representative Livingston, Chairman
	Senator Allen	Representative Allen
	Senator Cajero Bedford	Representative Alston
	Senator Fann	Representative Cardenas
	Senator Hobbs	Representative Carter
		Representative Leach
		Representative Rios

Absent: Senator Farley
Senator Yee

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of April 25, 2018, Representative Allen moved that the minutes be approved.

CONSENT AGENDA

The following items were considered without discussion:

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Consider Recommending FY 2018 Partial Rent Exemptions.

A.R.S. § 41-792.01D authorizes the Director of ADOA, on recommendation from the Joint Committee on Capital Review (JCCR), to grant a full or partial exemption from the payment of state-owned rental fees

(Continued)

if an agency has vacated its space or if an agency does not have the financial resources to make the payment. The Committee recommended a partial rent exemption of \$(800) for the Department of Emergency and Military Affairs and a corresponding increase of \$800 for the Arizona Department of Environmental Quality in FY 2018.

ARIZONA EXPOSITION AND STATE FAIR BOARD - Review of FY 2018 Capital Improvement Expenditures.

A.R.S. § 41-1252 requires JCCR to review expenditure plans for capital projects prior to expenditure. The FY 2018 Capital Outlay Bill (Laws 2017, Chapter 306) appropriated \$1,000,000 from the Arizona Exposition and State Fair Fund to the Arizona Exposition and State Fair (AESF) Board for capital improvements. AESF requested review of 10 capital projects with a total cost of \$810,000. The JLBC Staff provided options and potential provisions:

- A. *AESF shall report to the JLBC Staff if the actual cost of any project included in the expenditure plan exceeds the estimated cost by more than 20%.*
- B. *If an emergency arises that is not addressed by the existing expenditure plan:*
 - 1. *AESF shall notify the Chairman and the JLBC Staff that they plan to spend less than \$50,000 on an emergency project. AESF can proceed without Committee review.*
 - 2. *The Chairman can allow AESF to move forward with an emergency project of greater than \$50,000 without Committee review.*
 - 3. *The Chairman will notify AESF if he does not agree that the project is an emergency and that the project will require full Committee review.*

An "emergency" project is defined as unforeseen, critical in nature, and of immediate time sensitivity.

- C. *It is the intent of the Committee to not review the \$120,000 allocation from the FY 2017 ADOA building renewal appropriation for the repair of the 1938 Works Progress Administration Civic Building until the provisions pursuant to Laws 2016, Chapter 126 are met. Statute does not permit ADOA to spend the \$120,000 until matching funds from the City of Phoenix are received. When ADOA and the Arizona Exposition and State Fair Board subsequently request review of the 1938 WPA Civic Building Project, they shall include information on how total project funds will be spent and if the repairs will be sufficient to make the building operational.*
- D. *No monies from the FY 2018 (Laws 2017, Chapter 306) or FY 2019 (Laws 2018, Chapter 277) capital appropriation may be spent on projects related to the 1938 WPA Civic Building without prior Committee review.*

ARIZONA DEPARTMENT OF CORRECTIONS (ADC) - Review of FY 2019 Building Renewal Allocation Plan and Capital Projects.

A.R.S. § 41-1252 requires JCCR to review expenditure plans for building renewal monies prior to expenditure. The FY 2019 Capital Outlay Bill (Laws 2018, Chapter 277) appropriated \$5,464,300 from the Department of Corrections Building Renewal Fund to ADC for general building renewal. The JLBC Staff provided options and potential provisions:

(Continued)

- A. ADC shall report any reallocations between projects to the JLBC Staff as part of its existing semi-annual building renewal status report.
- B. If an emergency arises that is not addressed by the existing expenditure plan:
 1. ADC shall notify the Chairman and the JLBC Staff that they plan to spend less than \$50,000 on an emergency project. ADC can proceed without Committee review.
 2. The Chairman can allow ADC to move forward with an emergency project of greater than \$50,000 without Committee review.
 3. The Chairman will notify ADC if he does not agree that the project is an emergency and that the project will require full Committee review. An "emergency" project is defined as unforeseen, critical in nature, and of immediate time sensitivity.
- C. If ADC adds a new non-emergency project of more than \$200,000 not listed in this request, the department must submit the proposed project and expenditure plan for Committee review. Projects may not be subdivided as to fall below the \$200,000 threshold.

The expenditure plan included 11 projects at 6 state prisons detailed in *Table 1*.

Table 1	
FY 2019 Building Renewal Plan	
<u>Perimeter Security</u>	
Fence Upgrade - Eyman SMU I	\$ 825,000
Fence Electronics Upgrade - Lewis	<u>705,000</u>
Subtotal	\$ 1,530,000
<u>Locking & Control Systems</u>	
Locking Systems - Eyman SMU I	\$ 1,412,300
<u>Equipment Replacement and System Improvements</u>	
Water Tank Refurbishment - Yuma	\$ 400,000
Walk-in Cooler and Freezer Replacement - Florence Central	385,000
Walk-in Cooler and Freezer Replacement - Florence North	375,000
Emergency Generator Replacements - Perryville	<u>155,000</u>
Subtotal	\$1,315,000
<u>Air Conditioning and/or Ductwork - Select Units</u>	
Air Conditioning - Eyman Cook	\$ 487,000
Rooftop Ductwork - Tucson	<u>165,000</u>
Subtotal	\$ 652,000
<u>Infrastructure</u>	
Electrical Upgrades - Florence Central Unit	\$ 305,000
<u>Renovation</u>	
ADA Upgrades - Florence South Unit	<u>\$ 250,000</u>
TOTAL	\$5,464,300

(Continued)

ARIZONA GAME AND FISH DEPARTMENT (AGFD) - Review of Ben Avery Shooting Facility Operation Center and Store.

A.R.S. § 41-1252 requires JCCR to review the scope, purpose and estimated cost of any capital project over \$250,000. AGFD requested Committee review of \$1,250,000 to construct a new operation center/store at AGFD's Ben Avery Shooting Facility. The JLBC Staff provided options and potential provisions:

- A. *AGFD shall report to the Committee if the Ben Avery Shooting Facility operation center/store construction project's total cost exceeds 20% of the estimate. The JCCR Chairman shall determine whether the project requires further review.*
- B. *On or before January 31, 2019 and July 31, 2019, AGFD shall report to the JLBC Staff on the status and expenditures of the Ben Avery Shooting Facility operation center/store construction project.*

Senator Allen moved that the Committee give a favorable review with provisions as outlined in the JLBC Staff analysis, to the 4 consent agenda items listed above. The motion carried.

REGULAR AGENDA

ADOA - Review of FY 2019 Building Renewal Allocation Plan.

Ms. Rebecca Perrera, JLBC Staff, stated A.R.S. § 41-1252 requires ADOA to request Committee review of expenditure plans for building renewal monies. The FY 2019 Capital Outlay Bill (Laws 2018, Chapter 277) appropriated a total of \$11,000,000 from the Capital Outlay Stabilization Fund (COSF) for building renewal. In addition, the FY 2019 Capital Outlay Bill directly appropriated \$1,000,000 from COSF to ADOA for demolition of the 1275 West Washington Street building. ADOA requested a review of the full \$12,000,000 appropriation for building renewal and building demolition projects in FY 2019. The JLBC Staff provided options and potential provisions.

Mr. Derik Leavitt, Assistant Director, Budget and Resource Planning, ADOA, responded to member questions.

Senator Kavanagh moved that the Committee give a favorable review of ADOA's FY 2019 \$12,000,000 expenditure plan with the following provisions:

- A. *ADOA shall report any reallocations between projects as listed in Table 2 to the JLBC Staff. If there is significant change of scope in the reallocation reported by ADOA, the JLBC Staff shall recommend ADOA request Committee review of the reallocation.*
- B. *The distribution of the emergency contingency allocation of \$304,000 be addressed as follows:*
 - 1. *ADOA shall notify the Chairman and the JLBC Staff that they plan to spend less than \$50,000 on an emergency project. ADOA can proceed without Committee review.*
 - 2. *The Chairman can allow ADOA to move forward with an emergency project of greater than \$50,000 without Committee review.*
 - 3. *The Chairman will notify ADOA if he does not agree that the project is an emergency and that the project will require full Committee review.*

(Continued)

An "emergency" project is defined as unforeseen, critical in nature, and of immediate time sensitivity. Prior reviews also included this provision.

- C. If ADOA adds a new non-emergency project not listed in this request, the department must submit the proposed project and expenditure plan for Committee review.
- D. The demolition of the 1275 West Washington Street and 1510/1520 West Adams Street buildings shall be bid as a single contract. The demolitions shall occur as soon as possible after the buildings have been vacated.
- E. ADOA and the Department of Agriculture shall jointly report to the Committee by August 31, 2018 an update on the private lease agreement for the State Agricultural Laboratory, including location, square footage, cost per square foot, a proposed funding structure for any rent increase, and any improvements required to fit the needs of the lab.
- F. Committee review does not include a commitment to fund any increase in rent or operating costs as a result of relocating the State Agricultural Laboratory to privately leased space.

The motion carried.

Table 2	
FY 2019 Building Renewal Allocation Plan	
<u>Fire & Life Safety Projects</u>	
ADOA Statewide Replace Fire and Life Safety Systems	\$ 1,300,000
<u>Building Shell Projects</u>	
ADOA Statewide Roof Repair, Roof Replacement, and Exterior Caulking	\$ 1,600,000
<u>Major Building Services Projects</u>	
ADOA Statewide HVAC Systems Replacement Statewide	\$ 3,320,000
ADOA Capitol Mall Repair/Modernize Elevators	<u>\$ 2,500,000</u>
Subtotal	\$ 5,820,000
<u>Infrastructure Projects</u>	
ADOA Capitol Mall Replace/Repair Parking Lots	\$ 300,000
<u>Building Interior Projects</u>	
400 W Congress - Carpet and Floor Covering Replacement	\$ 200,000
<u>Building Demolition Projects</u>	
1275 W. Washington St.	\$ 1,000,000
1510/1520 W Adams St.	<u>\$ 700,000</u>
Subtotal	\$ 1,700,000
<u>Preventative Maintenance Projects</u>	
ADOA Capitol Mall Preventative Maintenance	\$ 400,000
<u>Other Projects</u>	
Personnel Services/ERE Costs	\$ 275,000
Building Renewal Project Scoping	100,000
Risk Management Insurance Premium	1,000
Emergency Contingency	<u>304,000</u>
Subtotal	\$ 680,000
TOTAL	\$12,000,000

(Continued)

ADOA - Review of FY 2019 Capitol Mall Consolidation Fund Expenditures.

Ms. Rebecca Perrera, JLBC Staff, stated A.R.S. § 41-792.02 requires ADOA to request Committee review of expenditure plans for monies appropriated from the Capitol Mall Consolidation Fund. The FY 2019 Capital Outlay Bill (Laws 2018, Chapter 277) appropriated \$10,000,000 from the Capitol Mall Consolidation Fund for the renovation of state-owned buildings. ADOA requested Committee review of its expenditure plan for \$1,000,000 from the Capitol Mall Consolidation Fund in FY 2019 to begin renovations of 1400 W. Washington. The JLBC Staff provided options and potential provisions.

Mr. Derik Leavitt, Assistant Director, Budget and Resource Planning, ADOA, responded to member questions.

Senator Kavanagh moved that the Committee give a favorable review of ADOA's expenditure plan for \$1,000,000 from the Capital Mall Consolidation Fund in FY 2019 to begin renovations of 1400 W. Washington. The favorable review included the following provisions:

- A. ADOA shall prioritize tenants moving from privately-leased space into 1400 W. Washington in its tenant relocation plan.
- B. ADOA shall submit its finalized tenant list to the JCCR when requesting review for the remaining \$9,000,000 FY 2019 appropriation.
- C. ADOA shall not use FY 2019 Building Renewal monies for the 1400 W. Washington building without first requesting Committee review.

The motion carried.

ARIZONA STATE PARKS (ASP) - Review of Buckskin Mountain State Park Project, Oracle State Park Project and FY 2019 Capital Improvements.

Mr. Ben Murphy, JLBC Staff, stated A.R.S. § 41-1252 requires the JCCR to review expenditure plans for monies appropriated for capital projects. ASP requested Committee review of the following items:

- \$2,500,000 for a redevelopment of Buckskin Mountain State Park.
- \$4,000,000 for a redevelopment of Oracle State Park.
- \$2,000,000 for capital improvements.

The JLBC Staff provided options and potential provisions.

Mr. Bret Parke, Interim Deputy Director, ASP, responded to member questions.

Senator Kavanagh moved that the Committee give a favorable review of \$2,000,000 for capital improvements with the following provisions:

- A. On or before May 31 and November 30 of each year, ASP shall report to the JCCR Chairman and the JLBC Staff on all projects reviewed by JCCR since June 2016 that have not yet been completed. The

(Continued)

report shall include the project expenditure to date, the expected completion date, any change in project scope and reasons for any delay in meeting the original project timeframe. Based on the ASP submission, the Chairman may decide whether to place any of the uncompleted projects on the agenda for further discussion at the next meeting.

- B. *A favorable review does not constitute endorsement of appropriations to pay for future development costs or operating costs.*

The motion carried.

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

Mr. Jordan Johnston, JLBC Staff, stated A.R.S. § 41-1252 requires JCCR to review expenditure plans for monies appropriated to capital projects. The FY 2019 Capital Outlay Bill (Laws 2018, Chapter 277) appropriated \$2,000,000 to DPS for the replacement of highway patrol officer remote housing units. Chapter 277 also required DPS to submit a report on the procurement process for the new housing units for review. The JLBC Staff provided options and potential provisions.

Captain Stephen Reutter, Facilities Manager, DPS, responded to member questions.

Senator Kavanagh moved that the Committee give a favorable review to DPS' expenditure plan of \$2,000,000 for the construction of at least 6 and up to 8 remote housing units and their procurement process. The favorable review included the following provisions:

- A. *The department shall report to the JLBC Staff on or before May 31 and November 30 of each year until the project is completed. The report shall include the status and the construction timeline of the units.*
- B. *Upon completion of the procurement process, the department shall report to the JLBC Staff the cost and selected location of each unit.*

The motion carried.

Without objection, the meeting adjourned at 1:52 p.m.

Respectfully submitted:



Kristy Paddack, Secretary



Jack Brown, Assistant Director



Representative David Livingston, Chairman



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DATE: September 13, 2018

TO: Members of the Joint Committee on Capital Review

FROM: Matt Beienburg, Senior Fiscal Analyst MB

SUBJECT: Arizona State University - Consider Approval of Interdisciplinary Science and Technology Building (ISTB) 7 Financing Project

Request

A.R.S. § 15-1671 requires Committee approval of any debt financed university capital project paid for with funds from the university's Capital Infrastructure Fund (CIF). Arizona State University (ASU) requests Committee approval of a \$175,000,000 bond issuance for the construction of the Interdisciplinary Science and Technology Building (ISTB) 7.

The project will constitute ASU's second use of the \$1 billion capital investment program.

Committee Options

The Committee has at least the following 2 options:

1. Approval of the request.
2. Disapproval of the request.

Under either option, the Committee may also consider the following standard university financing provision:

Standard University Financing Provision

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

(Continued)

Key Points

- 1) ASU plans to construct a new 258,000 sq. foot science building to house 600+ students in the sustainability and human origins programs.
- 2) The building will include lab space for biological sciences, computing and engineering.
- 3) ASU will issue \$175 M of system revenue bonds, paying 50% of the debt service with tuition and 50% with CIF appropriations (\$1 B bonding package monies).
- 4) Total projects costs per sq. foot are comparable to recently completed Biodesign C Building: direct construction costs are slightly lower, but other costs are 48% higher due to site conditions.
- 5) Including a prior project, ASU will have committed 56% of its annual appropriations from the bonding package.

Analysis

ASU intends to construct a new 258,000 square foot science building at the southwest corner of University Drive and Rural Road. The new ISTB 7 facility will be located near the Biodesign C building (ISTB 6) that was completed in spring 2018.

ISTB 7 will house ASU's Global Institute of Sustainability, including the School of Sustainability, which enrolls approximately 600 students. ASU states that the school's curriculum addresses "a broad spectrum of global challenges, including: energy, materials, and technology; water quality and scarcity; international development; ecosystems; social transformations; food and food systems; and policy and governance."

ASU states that the space currently occupied by the Global Institute of Sustainability in the Wrigley Hall building will be filled by the relocation of the recently established School for the Future of Innovation in Society, which itself encompasses several disciplines related to technology, engineering, and ethics.

ISTB 7 will also house the Institute of Human Origins, which focuses on paleoanthropological research—a cross-disciplinary anthropology program focused on human evolution. The institute currently has 36 affiliated graduate students, and ASU reports that it has "outgrown its existing space" in the Social Sciences Building.

The new building will include labs for biological science research and for computing and engineering activities (approximately 46% of the building). ISTB 7 will also include classrooms and "adaptable student workspaces," in addition to offices and public exhibit spaces including an auditorium and meeting rooms for events.

ASU has estimated that ISTB 7 could increase the university's annual research expenditures (via additional grants, etc.) by \$50 million per year, helping to move ASU's total from \$545 million as of FY 2017 toward its goal of \$815 million by 2025.

Financing

ASU intends to issue \$75.0 million in system revenue bonds in May 2019 and another \$100.0 million in March 2020, for a total of \$175.0 million. ASU anticipates a rating of Aa2 (Moody's)/AA (S&P) and interest rates of 3.68% and 3.76% over 20 and 24-year terms. ASU will make debt service payments of \$3.3 million in FY 2020, \$9.9 million in FY 2021, and \$11.7 million per year from FY 2022 – FY 2043.

(Continued)

Half of the debt service payments will be funded by tuition and the other half by General Fund appropriations from the \$1 billion bonding package. As a result, the General Fund will provide approximately \$5.85 million for the building's debt service payments per year by FY 2022.

Of the \$271.6 million cumulative debt service payments, \$135.8 million will be paid from tuition and \$135.8 million from the General Fund. *(See Table 2 for a summary of the bond financing terms).*

The debt service on this project increases ASU's current debt ratio by 0.38%, from 4.5% to 4.88%.

University Capital Infrastructure Funds (2017 Bonding Package)

Laws 2017, Chapter 328 established A.R.S. § 15-1671, which provides General Fund appropriations from FY 2019 - FY 2043 for new university research facilities, building renewal, or other capital construction projects. The law appropriates \$27.0 million to the universities in FY 2019 and increases the appropriation each year thereafter by 2.0% or the rate of inflation, whichever is less. The FY 2019 appropriations are allocated to each university as follows:

- ASU: \$11,927,400
- NAU: \$4,520,900
- UA: \$10,551,700
- **Total: \$27,000,000**

The universities may use these monies for debt service on infrastructure long-term-financing and for cash construction costs. New debt issued under this program may not exceed \$1.0 billion.

ASU has previously received Committee approval to allocate \$1.2 million of its annual \$11.9 million appropriation to the renovation of Hayden Library. Combined with the annual \$5.85 million for ISTB 7, ASU will have committed approximately 56% of its billion dollar bonding package monies as of FY 2022.

Under the law, each university's General Fund appropriation is deposited into a newly-created Capital Infrastructure Fund (CIF). Each university must match any General Fund contributions to its fund that are used for debt service payments at a 1:1 rate. The \$1.0 billion of new projects would thus be funded half by state appropriations and half from university resources.

Debt service payments made on CIF-funded projects are included in the universities' statutory debt limit. Any cash-based capital projects funded with CIF monies must be reviewed by the Joint Committee on Capital Review, and any debt-financed projects funded with CIF monies must be approved by the Committee.

Construction Costs

Of the \$175.0 million total project cost, direct construction costs (excluding items such as design and project management costs) are \$126.0 million. As shown in *Table 1*, total project costs per square foot are \$678, while direct construction costs per square foot are \$488.

As reference, ASU recently completed construction of the 188,500 square foot Biodesign C Building (ISTB 6), which the Committee reviewed in 2016. Total construction costs for that facility were \$637 per square foot, with direct construction costs making up \$509. Costs besides direct construction are \$190 per square foot for ISTB 7, however, compared to \$128 for Biodesign C, which marks a 48% increase. ASU has stated that the location and site conditions of the project are responsible for the increase, citing the required demolition of existing buildings, the relocation of utility lines, and remediation costs.

(Continued)

ASU states that project construction will begin by October 2018, and that the Construction Manager at Risk (CMAR) will complete the project under the guaranteed maximum price arrangement with ASU by November 2020. ASU estimates occupancy of the building by January 2021.

Operations and Maintenance Costs

ASU estimates that the facility will require annual operations and maintenance costs of \$3,188,410, which ASU intends to fund with tuition revenues.

Table 1

ISTB 7 Construction

Total Square Footage	258,000	
<u>Funding</u>		
System Revenue Bonds ^{1/}	\$175,000,000	
<u>Costs</u>		
Direct Construction Costs	\$126,015,700	(\$488 per sq. ft.)
Other Costs ^{2/}	48,984,300	(\$190 per sq. ft.)
Total	\$175,000,000	(\$678 per sq. ft.)
 Operations & Maintenance ^{3/}	 \$3,188,400	

- ^{1/} Annual debt service payments on \$175.0 million principal are estimated at \$3.3 million in FY 2020, \$9.9 million in FY 2021, and \$11.7 million from FY 2022 – FY 2043 based on a 3.76% / 3.68% interest rate for a total debt service cost of \$271.6 million. Debt service will be paid by CIF monies (50% General Fund, 50% tuition).
- ^{2/} Includes equipment, furniture, project design and management fees, and other costs.
- ^{3/} Annual operations and maintenance costs to be funded by tuition.

Table 2

ISTB 7 Building Financing Terms

Construction Timeframe	October 2018 - November 2020
Issuance Amount	\$175.0 million
Issuance Date	May 2019, March 2020
Issuance Transaction Fees	\$1,565,000
Rating	Aa2 (Moody's)/AA (S&P)
Interest Rate	3.76% / 3.68%
Term	24 years
Total Debt Costs	\$271.6 million
Debt Service Payments	\$3.3 million (FY 2020) \$9.9 million (FY 2021) \$11.7 million (FY 2022 – FY 2043)
Payment Source	\$135.8 million General Fund (CIF) \$135.8 million tuition (CIF)
Debt Ratio Increase	0.38%



August 30, 2018



The Honorable David Livingston, Chairman
Joint Committee on Capital Review
Arizona State Senate Capitol Complex
1700 West Washington, Room 200
Phoenix, AZ 85007-2890

Dear Representative Livingston:

In accordance with ARS 15-1683 and ARS 15-1671, the Arizona Board of Regents requests that the following Arizona State University bond-financed projects be placed on the next Joint Committee on Capital Review agenda for review and approval, respectively:

- Information Technology (IT) Improvements
- Interdisciplinary Science and Technology Building (ISTB) 7

Enclosed is pertinent information relating to these items.

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

Sincerely,

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

Morgan R. Olsen
Executive Vice President, Treasurer and CFO

Enclosures

c: Richard Stavneak, Director, JLBC

John Arnold, Executive Director, Arizona Board of Regents, ABOR

Lorenzo Martinez, Chief Financial Officer and Director of Finance, ABOR

Matt Salmon, Vice President, Government Affairs, ASU

Adam C. Deguire, Associate Vice President, Government Affairs, ASU

Courtney Coolidge, Senior Director, State Relations, ASU

Bruce Nevel, Associate Vice President, Facilities Development and Management, ASU

Joanne Wamsley, Vice President for Finance and Deputy Treasurer, ASU

Matt Beienburg, Fiscal Analyst, JLBC

OFFICE OF THE EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER
BUSINESS AND FINANCE

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**Joint Committee on Capital Review
Arizona State University
September 2018 JCCR Meeting**

On behalf of the Arizona Board of Regents, Arizona State University (ASU) requests Joint Committee on Capital Review (JCCR) review of the following items as required by ABOR policy, ARS 15-1683, and ARS 15-1671.

Issuance of Bonds

Arizona State University plans to undertake bond-financed projects including construction of the Interdisciplinary Science and Technology Building (ISTB) 7 on the Tempe campus, as well as improvements to the university's information technology (IT) infrastructure at multiple campuses. These projects respond to the need to provide students, faculty and staff with high-quality facilities and the associated infrastructure that will enable their success and support the key elements of ASU's Strategic Enterprise Framework. Additional information regarding these projects is included on the following pages.

Arizona Board of Regents executive summaries are attached, which outlines the terms and other details relevant to these projects.

**Joint Committee on Capital Review
Arizona State University
September 2018 JCCR Meeting**

PROJECT SUMMARY –Revenue Bonds

<u>Projects:</u>	<u>Funding Sources:</u>	<u>Amount:</u>
Interdisciplinary Science & Technology Bldg 7	CIF Funds/Tuition	\$175,000,000
Information Technology (IT) Infrastructure Improvements	Tuition	32,000,000
Total		<u>\$207,000,000</u>

FINANCING INFORMATION

System Revenue Bonds:

Project Costs	\$207,000,000
Estimated Costs of Issuance	\$1,805,000
Anticipated Bond Rating	Aa2 (Moody's) and AA (S&P)
Assumed Interest Rate	3.76%/3.68%
Term	20-24 years

Debt Service Information:

Estimated Annual Debt Service FY20	\$3,325,971
Estimated Annual Debt Service FY21	\$12,255,962
Estimated Annual Debt Service FY22-40	\$14,075,887
Estimated Annual Debt Service FY41-43	\$11,742,752
Estimated Total Debt Service	\$318,252,049

DEBT RATIO

Debt Ratio on Existing Debt	4.50
Incremental Debt Ratio	.46
Project Debt Ratio	4.96

**Joint Committee on Capital Review
Arizona State University
September 2018 JCCR Meeting**

1. INTERDISCIPLINARY SCIENCE AND TECHNOLOGY BUILDING (ISTB) 7

Project Description

The proposed construction of an approximately 258,000 gross-square-foot, high-performance research facility will represent a significant addition to the university's growing research district on the Tempe campus. This facility will be designed to foster an interdisciplinary approach to knowledge generation and leading-edge research, including innovative endeavors focusing on the sustainability of food, water and energy.

This leading-edge facility will serve as the new home for the Global Institute of Sustainability, as well as the Institute of Human Origins, which has outgrown its existing space. The School of Sustainability is part of the Julie Ann Wrigley Global Institute of Sustainability, which serves as the hub of ASU's sustainability initiatives. The institute advances research, education and business practices for an urbanizing world.

The Institute of Human Origins is one of the leading research organizations devoted to the science of human origins. Embedded within ASU's School of Human Evolution and Social Change, the Institute pursues a transdisciplinary strategy for field and analytical paleoanthropological research.

Open, robust dry research laboratory space for computing, engineering design and fabrication, as well as wet laboratory and specialized space for biological sciences, will be included in this project to advance the research goals of the university. The facility will include university classrooms and numerous adaptable student workspaces to stimulate and facilitate intellectual contributions to future global outcomes. Public outreach and exhibit spaces to put "science on display," including a large auditorium and smaller meeting rooms, will facilitate public and special events. The public spaces will convey and demonstrate the research and ideas generated within.

This debt-financed project will be funded with \$175.0 million in system revenue bonds under the state's new capital infrastructure financing program enacted by the legislature in 2017. Under the new program, half the debt service will be funded with state appropriations tied to the new Capital Infrastructure Fund and half will be funded with university tuition. The annual operations and maintenance costs for this project are estimated at \$3,188,410 and will be funded with tuition.

An Arizona Board of Regents executive summary for this project is attached, outlining the project description and other relevant information. Additionally, tables are included in this request that summarize the financial aspects of this project. This project received Capital Development Plan approval at the February 8-9, 2018, Arizona Board of Regents meeting.

**Joint Committee on Capital Review
Arizona State University
September 2018 JCCR Meeting**

Project Costs

Total Project Cost	\$ 175,000,000
Total Project Construction Cost	\$ 126,015,660
Total Project Cost per GSF	\$ 678
Construction Cost per GSF	\$ 488

**Joint Committee on Capital Review
Arizona State University
September 2018 JCCR Meeting**

Arizona State University
Interdisciplinary Science and Technology Building 7
System Revenue Bonds

Fiscal Year	Principal	Interest	Total
2021		\$4,943,221	\$4,943,221
2022	\$3,055,000	3,707,416	6,762,416
2023	3,165,000	3,594,992	6,759,992
2024	3,280,000	3,478,520	6,758,520
2025	3,400,000	3,357,816	6,757,816
2026	3,530,000	3,232,696	6,762,696
2027	3,655,000	3,102,792	6,757,792
2028	3,790,000	2,968,288	6,758,288
2029	3,930,000	2,828,816	6,758,816
2030	4,075,000	2,684,192	6,759,192
2031	4,225,000	2,534,232	6,759,232
2032	4,380,000	2,378,752	6,758,752
2033	4,545,000	2,217,568	6,762,568
2034	4,710,000	2,050,312	6,760,312
2035	4,885,000	1,876,984	6,761,984
2036	5,065,000	1,697,216	6,762,216
2037	5,250,000	1,510,824	6,760,824
2038	5,440,000	1,317,624	6,757,624
2039	5,640,000	1,117,432	6,757,432
2040	5,850,000	909,880	6,759,880
2041	6,065,000	694,600	6,759,600
2042	6,290,000	471,408	6,761,408
2043	6,520,000	239,936	6,759,936
	<u>\$100,745,000</u>	<u>\$52,915,517</u>	<u>\$153,660,517</u>

Estimated issue date March 1, 2020.

**Joint Committee on Capital Review
Arizona State University
September 2018 JCCR Meeting**

Arizona State University
Interdisciplinary Science and Technology Building 7
System Revenue Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020		\$3,325,971	\$3,325,971
2021	\$2,130,000	2,850,832	4,980,832
2022	2,210,000	2,770,744	4,980,744
2023	2,295,000	2,687,648	4,982,648
2024	2,380,000	2,601,356	4,981,356
2025	2,470,000	2,511,868	4,981,868
2026	2,565,000	2,418,996	4,983,996
2027	2,660,000	2,322,552	4,982,552
2028	2,760,000	2,222,536	4,982,536
2029	2,865,000	2,118,760	4,983,760
2030	2,970,000	2,011,036	4,981,036
2031	3,085,000	1,899,364	4,984,364
2032	3,200,000	1,783,368	4,983,368
2033	3,320,000	1,663,048	4,983,048
2034	3,445,000	1,538,216	4,983,216
2035	3,575,000	1,408,684	4,983,684
2036	3,710,000	1,274,264	4,984,264
2037	3,850,000	1,134,768	4,984,768
2038	3,995,000	990,008	4,985,008
2039	4,145,000	839,796	4,984,796
2040	4,300,000	683,944	4,983,944
2041	4,460,000	522,264	4,982,264
2042	4,630,000	354,568	4,984,568
2043	4,800,000	180,480	4,980,480
	<u>\$75,820,000</u>	<u>\$42,115,071</u>	<u>\$117,935,071</u>

Estimated issue date May 1, 2019.

EXECUTIVE SUMMARY

**Arizona Board of Regents
Arizona State University
Capital Development Plan Project Justification Report
Interdisciplinary Science and Technology Building (ISTB) 7**

Previous Board Action:

- FY 2019-21 Capital Improvement Plan September 2017

Statutory/Policy Requirements

- ABOR Policy 7-102 (B) requires committee review and board approval of all capital projects with an estimated total project cost of \$10,000,000 or more for new construction.

Project Justification/Description/Scope

- This project will construct a new, approximately 258,000 gross-square-foot, high-performance research facility that will be a significant addition to the university's growing research district on the Tempe campus. The facility will be designed to foster an interdisciplinary approach to knowledge generation and leading-edge research, including innovative endeavors focusing on the sustainability of food, water and energy.
- ISTB 7 will serve as a new gateway to the Tempe campus, located immediately adjacent to the light rail station and the larger research district, including the Biodesign Institute and the future Novus Innovation Corridor. The site location is depicted on the map attached hereto as Exhibit D. ISTB 7 is in an ideal location to transcend academic disciplines and to connect world-class research with commerce and business applications that will fuel economic growth.
- This leading-edge facility will serve as the new home for the Global Institute of Sustainability and the Institute of Human Origins, which has outgrown its existing space. The School of Sustainability is part of the Julie Ann Wrigley Global Institute of Sustainability, which serves as the hub of ASU's sustainability initiatives. The institute advances research, education and business practices for an urbanizing world. The School's course of study emphasizes experiential learning, research with faculty, corporate and K-12 work, community service and leadership development.
- The Institute of Human Origins is one of the leading research organizations devoted to the science of human origins. Embedded within ASU's School of Human Evolution

EXECUTIVE SUMMARY

and Social Change, the Institute pursues a transdisciplinary strategy for field and analytical paleoanthropological research. This research is central to its founding mission of integrating social, earth, and life science approaches to the most important questions concerning the course, timing and causes of human evolutionary change over deep time.

- Open dry, robust research laboratory space for computing, engineering design and fabrication, as well as wet laboratory or other specialized space for biological sciences, will be included in this project to advance the ambitious research goals of the university. The facility also will include university classrooms and numerous adaptable student workspaces to stimulate and facilitate intellectual contributions to global future outcomes.
- ISTB 7 will have public outreach and exhibit spaces to put “science on display,” including a large auditorium and smaller meeting rooms to facilitate public and special events. The spaces will be both public and porous to convey and demonstrate the research and ideas generated within.
- This project will support the primary institutional priority of establishing the university as a leading global center for interdisciplinary research, discovery and development by 2025:
 - Become the leading American center for discovery and scholarship in the integrated social sciences and comprehensive arts and sciences
 - Enhance research competitiveness to more than \$815 million in annual research expenditures
 - Transform regional economic competitiveness through research and discovery and value-added programs
 - Become a leading American center for innovation and entrepreneurship at all levels

Project Delivery Method and Process:

- This project will be delivered through the Construction Manager at Risk (CMAR) delivery method. This approach was selected to provide contractor design input and coordination throughout the project, alleviate potentially adversarial project environments and allow for the selection of the most qualified contractor team. With the use of two independent cost estimates at each phase and pre-qualified, low-bid subcontractor work for the actual construction, CMAR project delivery also provides a high level of cost and quality control.
- ASU has selected Architekton-Grimshaw as the Design Professional (DP) team for this project and McCarthy Building Companies, Inc. as the CMAR. The selection

EXECUTIVE SUMMARY

process for the DP included twenty-three responses and four firms were interviewed. During the CMAR selection process, there were nine submittal responses and four contractors were interviewed.

Project Status and Schedule

- Site demolition and utility work is scheduled to begin when the CMAR's Guaranteed Maximum Price is complete and after all approvals are in place. Construction will follow and is scheduled for completion in November 2020.

Project Cost

- The budget for this 258,000 gross-square-foot project is \$175.0 million. The budget represents an estimated construction cost of \$488 per gross square foot. The estimated total project cost is \$678 per gross square foot.
- The CMAR will be at risk to provide the completed project within the agreed-upon Guaranteed Maximum Price (GMP).

Fiscal Impact and Financing Plan:

- The \$175.0 million project budget will be funded with system revenue bonds. Debt service will be funded by the State of Arizona Capital Infrastructure Fund and matched with university funds.
- Operations and maintenance costs for this project are estimated at \$3,188,410 annually and will be funded by tuition.
- **Debt Ratio Impact:** The projected incremental debt ratio impact for this project is 0.32 percent.

Occupancy Plan

- When the Global Institute of Sustainability and School of Sustainability relocate to ISTB 7, the backfill plan will include the relocation of the School for the Future of Innovation in Society into their current Wrigley Hall location. Occupancy of ISTB 7 is scheduled for January 2021.

Exhibit

- Exhibit D - Site Location Map

EXECUTIVE SUMMARY

Capital Project Information Summary

University: Arizona State University **Project Name:** Interdisciplinary Science and Technology Building (ISTB) 7

Project Description and Location: This project, as depicted on the attached map as Exhibit D, will construct a new, approximately 258,000 gross-square-foot, high-performance research facility that will be a significant addition to the university's growing research district on the Tempe campus. The facility will be designed to foster an interdisciplinary approach to knowledge generation and leading-edge research.

Project Schedule:

Planning	January	2018
Design Start	May	2018
Construction Start	October	2018
Construction Completion	November	2020

Project Budget:

Total Project Cost	\$ 175,000,000
Total Project Construction Cost	\$ 126,015,660
Total Project Cost per GSF	\$ 678
Construction Cost per GSF	\$ 488

Change in Annual O & M Cost:

Utilities	\$ 1,563,438
Personnel	459,355
All Other Operating	1,165,617
Subtotal	\$ 3,188,410

Funding Sources:

Capital	
A. System Revenue Bonds	\$ 175,000,000
Debt Service Funding Sources:	Tuition
Capital Infrastructure Fund	
Operation/Maintenance	\$ 3,188,410
Funding Source: Tuition	

EXECUTIVE SUMMARY

Capital Project Budget Summary

University: Arizona State University
Interdisciplinary Science and Technology Building (ISTB) 7

Project:

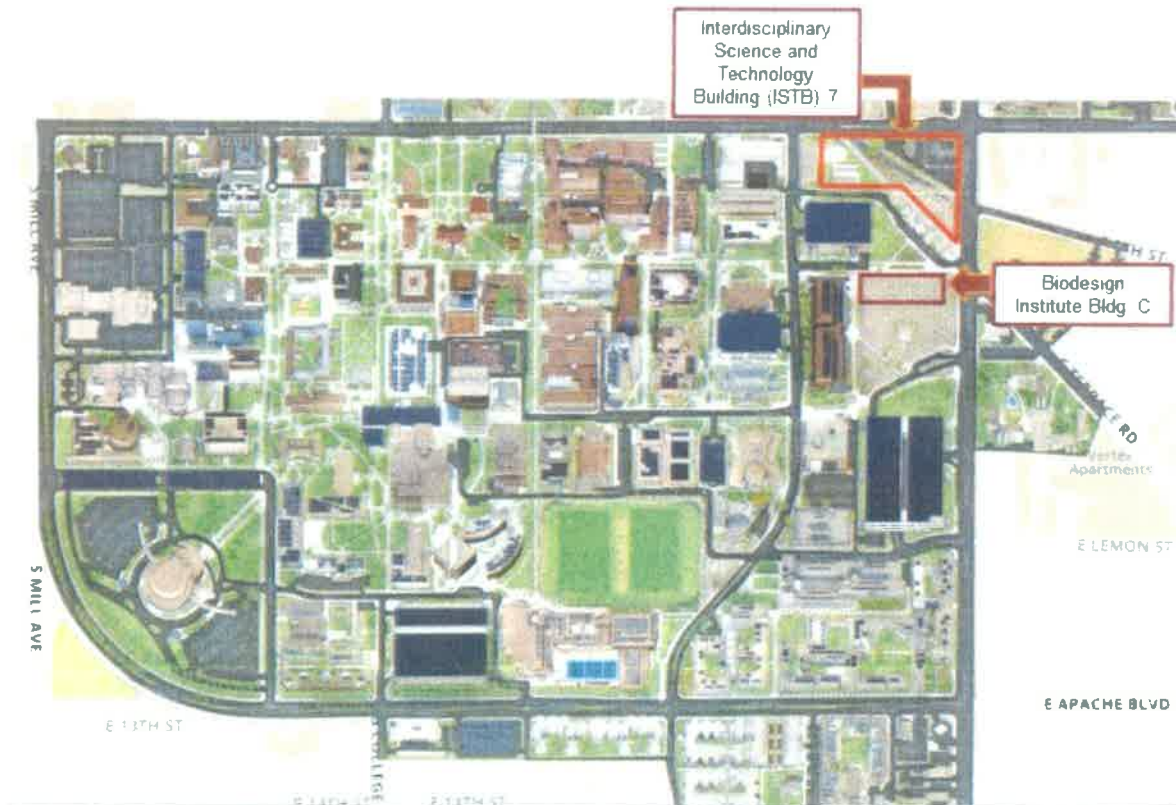
	<u>Capital Development Plan</u>
Capital Costs	
1. Land Acquisition	
2. Construction Cost	
A. New Construction	\$ 120,175,000
B. Tenant Improvements	
C. Special Fixed Equipment	2,032,860
D. Site Development (excl. 2.E.)	2,675,000
E. Parking and Landscaping	1,000,000
F. Utilities Extensions	
G. Other* (Demolition/abatement)	132,800
Subtotal Construction Cost	<u>\$ 126,015,660</u>
3. Fees	
A. CMAR Pre-Construction	\$ 1,892,860
B. Architect/Engineer	15,773,832
C. Other	2,550,390
Subtotal Consultant Fees	<u>\$ 20,217,082</u>
4. FF&E Movable	\$ 7,210,500
5. Contingency, Design Phase	6,008,750
6. Contingency, Constr. Phase	6,008,750
7. Parking Reserve	
8. Telecommunications Equipment	4,124,250
Subtotal Items 4-8	<u>\$ 23,352,250</u>
9. Additional University Costs	
A. Surveys, Tests, Haz. Mat. Abatement	\$ 175,000
B. Move-in Costs	50,000
C. Printing Advertisement	35,000
D. Keying, signage, facilities support	10,000
E. Project Management Cost	4,561,908
F. State Risk Mgt. Ins. (.0034 **)	583,100
Subtotal Addl. Univ. Costs	<u>\$ 5,415,008</u>
Total Capital Cost	<u><u>\$ 175,000,000</u></u>

* Universities shall identify items included in this category

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

EXECUTIVE SUMMARY

EXHIBIT D
Interdisciplinary Science and Technology Building (ISTB) 7
Site Location Map





STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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VICE-CHAIRMAN
SYLVIA ALLEN
OLIVIA CAJERO BEDFORD
KAREN FANN
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1716 WEST ADAMS
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REBECCA RIOS

DATE: September 13, 2018

TO: Members of the Joint Committee on Capital Review

FROM: Matt Beienburg, Senior Fiscal Analyst *MB*

SUBJECT: Arizona State University - Review of Information Technology (IT) Improvements Financing Project

Request

A.R.S. § 15-1683 requires Committee review of any university projects financed with system revenue bonds. Arizona State University (ASU) requests Committee review of \$32,000,000 in system revenue bond issuances to fund information technology (IT) infrastructure improvements. ASU will fund the debt service payments with tuition.

Committee Options

The Committee has at least the following 2 options:

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

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

Standard University Financing Provision

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

(Continued)

Key Points

- 1) ASU will issue \$32 M of system revenue bonds to upgrade IT infrastructure across all campuses.
- 2) Priorities will include strengthening network security and increasing data capacity.
- 3) Upgrades will be used to prepare ASU for the implementation of an "Array of Things" campus-wide system of sensors to monitor patterns of pedestrian activity and environmental conditions.

Analysis

ASU intends to undertake IT infrastructure upgrades across all campuses related to network security, network and data center capacity, and the development of "network-enabled smart and secure campuses."

The university plans to upgrade its firewalls and the security of its network and web services, upgrade and expand its fiber and wireless networks, increase the capacity of its primary data center at the Tempe Campus, and upgrade emergency call boxes that will serve as the platform for the ASU "Array of Things."

The Array of Things, under development through the University of Chicago and other partner organizations, will "consist of a network of interactive sensors that will collect real-time data on the campus environment, infrastructure, and activity" of the university. The array is intended to improve campus security and monitor a variety of subjects, including pedestrian traffic, noise levels, water and temperature conditions among others.

Deployment of the first array is currently underway in the city of Chicago, with its developers citing several potential benefits and applications such as the ability to identify areas "heavily populated by pedestrians at different times of day to suggest safe and efficient routes for walking late at night."

While the current project request will allow ASU to upgrade its existing emergency call boxes with "a smart version, in preparation for the ASU Array of Things," ASU has not indicated the potential costs of deploying the actual Array of Things sensor nodes onto those boxes.

The university system is not subject to the state's IT oversight body, the Information Technology Authorization Committee (ITAC). Rather, new IT initiatives that are identified by the Strategic Implementation Office within the University Technology Office (UTO) go before a UTO Architecture Review Board and the UTO Information Security Office before receiving approval from university leadership.

The total cost of the proposed IT upgrades is \$32.0 million. Of this amount, \$24.0 million will support the network and data center infrastructure, and \$8.0 million will fund the new call box stations that will ultimately support the Array of Things.

Financing

The project is currently in the planning phase and will begin construction in March 2019, being paid with current ASU funds. ASU then intends to issue the \$32.0 million of system revenue bonds in March 2020 to reimburse project costs with an anticipated rating of Aa2 (Moody's)/AA (S&P) and an estimated interest rate of 3.68% over a 20-year term. In addition to project costs, issuance costs are projected to be \$240,000. ASU will fund the annual \$2.3 million debt service with tuition. *(See Table 1 for a summary of the bond financing terms).*

(Continued)

The debt service on this project increases ASU's current debt ratio by 0.08% from 4.5% to 4.58%.

Construction Costs

Besides the issuance costs, ASU budgets total project costs for the IT improvements at \$32.0 million, based on current market prices. The university states that "a competitive procurement process, including at least three state-contract vendors, will be used" and that the various improvements will incorporate the Construction Manager at Risk (CMAR), Design-Build, and Job Order Contracting methods of project delivery.

ASU states that project installation will begin March 2019, with construction scheduled to be complete by March 2022.

Operations and Maintenance Costs

ASU expects no increase in operation and maintenance costs as a result of the IT improvements. ASU has not indicated the potential costs of operating the Array of Things once it is deployed.

Recent ASU Building Renewal Projects

At its September 2017 meeting, the Committee favorably reviewed \$35.0 million of bond issuances for building renewal projects such as laboratory and classroom upgrades and HVAC, fire, live and safety improvements across the ASU campuses. These bonds were also financed with university tuition revenues.

The state typically does not provide funding for building renewal. If funded, the building renewal formula would generate \$48.2 million annually for ASU as of FY 2018.

Table 1

IT Infrastructure Improvement Financing Terms

Construction Timeframe	March 2019 – March 2022
Issuance Amount	\$32.0 million
Issuance Date	March 2020
Issuance Transaction Fees	\$240,000
Rating	Aa2 (Moody's)/AA (S&P)
Interest Rate	3.68%
Term	20 years
Total Debt Costs	\$46.7 million
Debt Service Payments	\$2.3 million
Payment Source	Tuition
Debt Ratio Increase	0.08%

MB:kp

ASU
ARIZONA STATE UNIVERSITY

August 30, 2018



The Honorable David Livingston, Chairman
Joint Committee on Capital Review
Arizona State Senate Capitol Complex
1700 West Washington, Room 200
Phoenix, AZ 85007-2890

Dear Representative Livingston:

In accordance with ARS 15-1683 and ARS 15-1671, the Arizona Board of Regents requests that the following Arizona State University bond-financed projects be placed on the next Joint Committee on Capital Review agenda for review and approval, respectively:

- Information Technology (IT) Improvements
- Interdisciplinary Science and Technology Building (ISTB) 7

Enclosed is pertinent information relating to these items.

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

Sincerely,

Morgan R. Olsen
Executive Vice President, Treasurer and CFO

Enclosures

c: Richard Stavneak, Director, JLBC
John Arnold, Executive Director, Arizona Board of Regents, ABOR
Lorenzo Martinez, Chief Financial Officer and Director of Finance, ABOR
Matt Salmon, Vice President, Government Affairs, ASU
Adam C. Deguire, Associate Vice President, Government Affairs, ASU
Courtney Coolidge, Senior Director, State Relations, ASU
Bruce Nevel, Associate Vice President, Facilities Development and Management, ASU
Joanne Wamsley, Vice President for Finance and Deputy Treasurer, ASU
Matt Beienburg, Fiscal Analyst, JLBC

**Joint Committee on Capital Review
Arizona State University
September 2018 JCCR Meeting**

On behalf of the Arizona Board of Regents, Arizona State University (ASU) requests Joint Committee on Capital Review (JCCR) review of the following items as required by ABOR policy, ARS 15-1683, and ARS 15-1671.

Issuance of Bonds

Arizona State University plans to undertake bond-financed projects including construction of the Interdisciplinary Science and Technology Building (ISTB) 7 on the Tempe campus, as well as improvements to the university's information technology (IT) infrastructure at multiple campuses. These projects respond to the need to provide students, faculty and staff with high-quality facilities and the associated infrastructure that will enable their success and support the key elements of ASU's Strategic Enterprise Framework. Additional information regarding these projects is included on the following pages.

Arizona Board of Regents executive summaries are attached, which outlines the terms and other details relevant to these projects.

**Joint Committee on Capital Review
Arizona State University
September 2018 JCCR Meeting**

2. INFORMATION TECHNOLOGY (IT) INFRASTRUCTURE IMPROVEMENTS

Project Description

The proposed improvements to the university's information technology (IT) infrastructure are essential to advancing its mission of demonstrating leadership in academic excellence and accessibility. These improvements will accelerate the achievement of the university's vision of universal learning, an evolving model of higher education that provides academic, training and skill-building opportunities to learners from all socioeconomic backgrounds, wherever they may be located, through diverse learning experiences. ASU's existing IT infrastructure is aging and does not fully support the university's role as a comprehensive knowledge enterprise dedicated to access, excellence and impact.

The IT infrastructure improvements planned on all campuses will focus on four fundamental network and infrastructure elements: network infrastructure security; network infrastructure capacity; data center capacity; and network-enabled smart and secure campuses.

The Construction Manager at Risk, Design-Build and Job Order Contracting methods will be used to deliver these improvements, based upon the needs of the individual project components.

This debt-financed project will be funded with \$32.0 million in system revenue bonds. The debt service will be funded with tuition. There are no expected increases in operation and maintenance costs associated with these IT infrastructure improvements.

An Arizona Board of Regents executive summary is attached for this project, which outlines the project description and other relevant information. Additionally, tables are included in this request that summarize the financial aspects of this project. This project is scheduled to receive Capital Development Plan recommended approval at the September 13, 2018, Finance, Capital and Resources committee meeting and approval at the September 27-28, 2018, Arizona Board of Regents meeting. The project will not move forward without Arizona Board of Regents approval.

Project Costs

Total Project Cost	\$ 32,000,000
Total Project Construction Cost	N/A
Total Project Cost per GSF	N/A
Total Construction Cost per GSF	N/A

**Joint Committee on Capital Review
Arizona State University
September 2018 JCCR Meeting**

PROJECT SUMMARY –Revenue Bonds

<u>Projects:</u>	<u>Funding Sources:</u>	<u>Amount:</u>
Interdisciplinary Science & Technology Bldg 7	CIF Funds/Tuition	\$175,000,000
Information Technology (IT) Infrastructure Improvements	Tuition	32,000,000
Total		<u>\$207,000,000</u>

FINANCING INFORMATION

<u>System Revenue Bonds:</u>	
Project Costs	\$207,000,000
Estimated Costs of Issuance	\$1,805,000
Anticipated Bond Rating	Aa2 (Moody's) and AA (S&P)
Assumed Interest Rate	3.76%/3.68%
Term	20-24 years

<u>Debt Service Information:</u>	
Estimated Annual Debt Service FY20	\$3,325,971
Estimated Annual Debt Service FY21	\$12,255,962
Estimated Annual Debt Service FY22-40	\$14,075,887
Estimated Annual Debt Service FY41-43	\$11,742,752
Estimated Total Debt Service	\$318,252,049

DEBT RATIO

Debt Ratio on Existing Debt	4.50
Incremental Debt Ratio	.46
Project Debt Ratio	4.96

**Joint Committee on Capital Review
Arizona State University
September 2018 JCCR Meeting**

**Arizona State University
Information Technology Infrastructure Improvement
System Revenue Bonds**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$750,000	\$1,581,909	\$2,331,909
2022	1,175,000	1,158,832	2,333,832
2023	1,220,000	1,115,592	2,335,592
2024	1,260,000	1,070,696	2,330,696
2025	1,310,000	1,024,328	2,334,328
2026	1,355,000	976,120	2,331,120
2027	1,405,000	926,256	2,331,256
2028	1,460,000	874,552	2,334,552
2029	1,510,000	820,824	2,330,824
2030	1,570,000	765,256	2,335,256
2031	1,625,000	707,480	2,332,480
2032	1,685,000	647,680	2,332,680
2033	1,745,000	585,672	2,330,672
2034	1,810,000	521,456	2,331,456
2035	1,880,000	454,848	2,334,848
2036	1,945,000	385,664	2,330,664
2037	2,020,000	314,088	2,334,088
2038	2,095,000	239,752	2,334,752
2039	2,170,000	162,656	2,332,656
2040	2,250,000	82,800	2,332,800
	<u>\$32,240,000</u>	<u>\$14,416,461</u>	<u>\$46,656,461</u>

Estimated issue date March 1, 2020.

**Arizona Board of Regents
Arizona State University
Amended Capital Development Plan – Project Justification Report
IT Infrastructure Improvements**

Previous Board Action

- None

Project Justification/Description/Scope

- The Information Technology (IT) Infrastructure Improvements project is essential to advancing the university's mission of demonstrating leadership in academic excellence and accessibility. These improvements will accelerate the achievement of the university's vision of universal learning, an evolving model of higher education that provides academic, training and skill-building opportunities to learners from all socioeconomic backgrounds through diverse learning experiences. ASU's existing IT infrastructure is aging and does not fully support the university's role as a comprehensive knowledge enterprise dedicated to access, excellence and impact.
- The information technology infrastructure improvements planned on all campuses will focus on four fundamental network and infrastructure elements: network infrastructure security; network infrastructure and capacity; data center capacity; and network-enabled smart and secure campuses.
 - **Network Infrastructure Security:** To support the university's commitment to preserving the availability, confidentiality and integrity of its information resources, proactive security management is required. Upgrades to the university's firewalls are critical to meeting the demands of sharply increasing network traffic, as is securing web services, improving network segment security and providing endpoint protection.
 - **Network Infrastructure and Capacity:** To support the university's ambitious academic and research initiatives, the fiber backbone, as well as the wired and wireless networks, must be upgraded. To create more resilient and reliable networks, the fiber will be upgraded to the new standard in an estimated forty buildings, as well as in the associated network closets.

The university's high-density wireless capacity will also be expanded and obsolete technology that poses a security vulnerability or no longer supports current technologies will be replaced in over 1,000 university learning spaces. These upgrades will support the use of classroom and instructional technologies to enhance learning and support student success.

- **Data Center Capacity:** To meet the university's current and future high-performance computing requirements, upgrades to its primary data center on the Tempe campus are critical, as it is currently operating at capacity.
- **Network-Enabled Smart and Secure Campuses:** To ensure secure campus communities, the outdated emergency call boxes will be upgraded with a smart version, in preparation for the ASU Array of Things. The ASU Array of Things will consist of a network of interactive sensors that will collect real-time data on the campus environment, infrastructure and activity. These emergency stanchions will function as the physical platform on which the university will build the ASU Array of Things for the next generation of smart and secure campuses.

Project Delivery Method and Process

- The Construction Manager at Risk, Design-Build and Job Order Contracting methods will be used to deliver these improvements, based upon the needs of the individual project components.

Project Status and Schedule

- Installation of the infrastructure improvements is scheduled to start in March 2019 and project completion is estimated for March 2022.

Project Cost

- The total budget for the IT Infrastructure Improvements project is \$32.0 million.
- The project costs are based upon current market competitive pricing. A competitive procurement process, including at least three state-contracted vendors, will be used to complete these infrastructure improvements.

Fiscal Impact and Financing Plan

- The \$32.0 million IT Infrastructure Improvement project will be funded with system revenue bond proceeds and the annual debt service of approximately \$2.3 million will be funded by tuition.

EXECUTIVE SUMMARY

- There are no expected increases in operation and maintenance costs associated with the IT Infrastructure Improvements project.
- Debt Ratio Impact: The projected incremental debt ratio impact for this project is 0.08 percent.

Occupancy Plan

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

Statutory/Policy Requirements

- ABOR Policy Chapter 7-102(B) requires Amended Capital Development Plan approval for new projects added outside of the regular Capital Development Plan.

EXECUTIVE SUMMARY**Capital Project Information Summary**

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

Project Description and Location: This project will upgrade, increase and install IT infrastructure, wireless systems and associated network security infrastructure at all ASU campuses.

Project Schedule:

Planning	March	2018
Design Start	January	2019
Installation Start	March	2019
Installation Completion	March	2022

Project Budget:

Total Project Cost	\$	32,000,000
Total Project Construction Cost	\$	N/A
Total Project Cost per GSF	\$	N/A
Construction Cost per GSF	\$	N/A

Change in Annual O & M Cost:

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

Funding Sources:

Capital	\$	32,000,000
Funding Source:	System Revenue Bonds	
Operation/Maintenance	\$	0
Funding Source:	Not Applicable	



STATE OF ARIZONA

Joint Committee on Capital Review

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DATE: September 13, 2018

TO: Members of the Joint Committee on Capital Review

FROM: Micaela Larkin, Senior Fiscal Analyst **ML**

SUBJECT: Pima County Community College District - Review of Revenue Bond Projects

Request

A.R.S. § 15-1483 requires Committee review of any community college projects financed with revenue bonds that do not require voter approval. The Pima County Community College District (PCCCD) requests Committee review of their bond projects totaling \$65,000,000. The monies would finance new construction and renovation at the Downtown Campus and renovations at the East Campus and the West Campus.

Committee Options

The Committee has at least the following 2 options:

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

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

- A. PCCCD shall provide the final debt service schedule and interest rate for the projects as soon as they are available.
- B. On or before July 31 of each year until completion of the projects financed from the bond issuance, PCCCD shall report to the JLBC Staff on the status and expenditures of each project. The report shall include the project expenditures to date, the expected completion date, and any change in project scope.

(Continued)

Key Points

- 1) Pima County Community College District is seeking review of a \$65.0 M bond project. Under statute, non-voter approved community college bonds require JCCR review.
- 2) The \$4.5 M debt service will be paid from system revenues including tuition and fees.
- 3) PCCCD will allocate \$54.4 M in expenses for the Downtown Tucson, East Campus and West campuses, and has allocated \$10.6 M for project contingencies.
- 4) The monies will primarily be used for projects for the public safety, health professions, and applied technology program areas.
- 5) The new bond will not cause PCCCD to exceed the Statutory Debt Ratio or Expenditure Limit.

Analysis

The bond issuance of \$65.0 million includes \$54.4 million to enhance 3 of its 6 campuses: \$43.3 million for the Applied Technology and continuing education programs at the Downtown Campus, \$5.2 million for the Public Safety and Emergency Services Institute at the East Campus, and \$5.4 million for the Nursing & Allied Health and science programs at the West Campus. The expenditure plan also includes \$500,000 for districtwide improvements to bookstore and vendor service areas at all campuses.

The remaining \$10.6 million is allocated for materials/labor escalation and contingency.

PCCCD developed a master capital plan beginning in 2015 based on community input to align their capital expenditures with workforce needs. Working with the community and faculty, PCCCD identified projects for the public safety, health professions, and applied technology program areas to better meet the needs of students, the community, and private industry. The District plans to use the bond proceeds for construction and renovation projects to support these targeted program areas and other needs at the 3 campuses.

Downtown Campus

The Downtown campus opened in 1974 in a remodeled office building. The campus grew by purchasing 15 additional buildings. The Campus has a total of 206,105 square feet. During 2016-2017, the campus served a headcount enrollment of 11,140 students, an (8.3)% decrease since the previous year. The proposed projects at this campus expand the Applied Technology programs and continuing education programs related to manufacturing, machinery, and production of goods. The expenditure plan detailed below are the estimates provided by PCCCD, as the as the district has yet to finalize plans or seek bids.

The proposed expenditure plan includes \$43.3 million for the following improvements:

- \$20.0 million to construct a new space for the automotive/transportation program including new program initiatives for heavy diesel and autonomous technology.
- \$10.5 million for the renovation or construction of shared space for offices, classrooms and labs to be used by college and industry/business partners for the applied technology programs as well as continuing education.
- \$6.0 million for the renovation and/or construction of new space for welding, machine tools, engineering, and manufacturing for programs. For example, PCCCD is currently providing a training program for engineers of the Caterpillar company to learn hands on welding and machining skills so as to improve their design.

(Continued)

- \$3.8 million for renovation and/or construction of space for Computer Aided Design and expanded advanced manufacturing programs, provide integrated learning environments, and partner with the community.
- \$3.0 M to purchase land to allow for future development of the campus. Currently, the PCCCD is purchasing 227 W. Drachman (52,508 square foot property) and is negotiating for the purchase of 225 W Drachman (35,888 square foot property). The total expected cost for the 2 properties is \$2.7 million.

East Campus

Located near Davis-Monthan Air Force Base, the East Campus was established in 1976. The Campus currently houses supply chain management, pharmacy technician, emergency medical technician, and Veterinary Science programs. There are 15 buildings, with a total 155,857 square feet.

The expenditure plan includes \$5.2 million for the relocation of the Public Safety and Emergency Services Institute from a different site. This allows the Fire Sciences and Law Enforcement programs to be combined with the Emergency Medical Technology program that is already located on the East Campus. During 2016-2017, the campus served a headcount enrollment of 6,812 students, a (9.2)% decrease from the previous year.

West Campus

Established in the early 1970s, the West Campus was the first permanent campus for the district. The campus includes 19 buildings and a total of 529,601 square feet, and houses the Nursing and Allied Health programs, the Digital Arts program, and the Visual and Performing Arts programs. The expenditure plan includes \$5.4 million for the renovation of labs/classroom space utilized by the Nursing, Allied Health, and Science programs. During 2016-2017, the campus served a headcount enrollment of 13,021 students, a decrease of (8.5)% since the previous year.

Since these are estimates, PCCCD indicated that any additional bond proceeds may be used to fund other projects in PCCCD's master plan.

Financing

PCCCD plans on issuing the \$65.0 million in revenue bonds in January 2019 with a 20-year term and an estimated interest rate of 3.6%. The annual debt service payments would be approximately \$4.5 million. Over the term of the bonds, the total debt service approximately \$90.0 million. The debt service will be primarily funded from tuition and fees along with other miscellaneous operating revenues. (See Table 1 for a summary of the bond financing terms).

PCCCD expects a bond rating of Aa from Fitch ratings and AA from Moody's Investor Service which is a similar rating level to prior bond issuances.

A.R.S. § 15-1484 allows each community college district to incur a projected annual debt service of up to 8% of each institution's total projected annual expenditures less any expenditures for voter approved general obligations bonds. This calculation is known as the debt ratio. PCCCD reports no outstanding revenue or general obligation bonds. With the current proposal, the PCCCD's annual debt service obligation would be \$4.5 million. PCCCD's total budgeted expenditures for FY 2019 are \$165.2 million, resulting in an estimated debt ratio of 2.7%.

The Arizona Constitution generally limits community college spending to the 1980 level plus adjustments for changes in student population and inflation. The spending limit excludes payments for debt service and proceeds from bonds and would be unaffected by the PCCCD bond proposal.

(Continued)

Table 1 Pima Community College District Bond Estimates	
Issuance Amount	\$65,000,000
Issuance Date	January 2019
Issuance Transaction Fees	\$585,000
Rating	Aa/AA (Moody's)/(Fitch)
Interest Rate	3.6%
Term	20 years
Total Debt Costs	\$90.0 million
Debt Service Payments	\$4.5 million (FY 2019 – FY 2038)
Payment Source	\$4.5 million from tuition and fees, and other operating revenues
Debt Ratio Increase	2.7%

Construction Costs

The total proposed expenditure plan shown in *Table 2* includes \$54.4 million for the design, construction, and renovation projects, and \$10.6 million allocated for contingencies. PCCCD has yet to finalize the plans for the allocation of the space and design parameters. Information on project size and cost per square foot were based on preliminary estimates provided by PCCCD.

Table 2 Pima Community College District Bond Expenditure Plan			
<u>Campus/Project</u>	<u>Amount</u>	<u>Project Size (SF)</u>	<u>Cost/SF</u>
<u>Downtown Campus</u>	\$43.3 M		
Applied Technology - Automotive/Transportation	\$20.0 M	77,537	\$257
Applied Technology - Workforce Development Programs	\$10.5 M	67,941	\$155
Applied Technology - Welding/Machine Tools/Engineering	\$6.0 M	26,657	\$225
Applied Technology - Makerspace/Computer-Aided Design (CAD)	\$3.8 M	22,476	\$169
Downtown Campus - Purchase Adjacent Real Estate	\$3.0 M	N/A	N/A
<u>East Campus</u>	\$5.2 M		
Public Safety and Emergency Services Institute	\$5.2 M	16,600	\$310
<u>West Campus</u>	\$5.4 M		
Nursing & Allied Health	\$2.7 M	13,481	\$207
Science Labs	\$2.7 M	12,600	\$214
<u>Districtwide Renovation of Bookstore and Food Services</u>	\$0.5 M		
<u>Contingency</u>	\$10.6 M		
Expenditure Plan	\$65.0 M		



PimaCountyCommunityCollegeDistrict

Office of the Chancellor

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August 30, 2018

The Honorable David Livingston, Chair
Joint Committee on Capital Review
1700 W. Washington
Phoenix, Arizona 85007

RE: Request for Placement on Agenda for Joint Committee on Capital Review
Meeting Scheduled for September 20, 2018

Dear Chairman Livingston:

Pursuant to A.R.S § 15-1483, Community College Districts are required to submit information to the Joint Committee on Capital Review regarding projects that will be funded with revenue bond proceeds. We are pleased to provide this letter as a request from the Pima County Community College District to be placed on the September 20, 2018 agenda of the Joint Committee on Capital Review for such review.

BACKGROUND: Pima Community College is comprised of six different campuses, as well as multiple learning and education centers, delivering specialized training programs across approximately 1.7 million square feet of facilities and 539 acres of district grounds. The College serves more than 42,000 students annually, providing traditional and online instruction and awarding certificates and associate's degrees in a variety of fields, with 185 total transfer and occupational programs. Entering its 50th Anniversary, Pima Community College has ranked among the largest multi-campus community colleges in the nation.

For the past several years, Pima Community College has embarked on an extensive process to develop educational and capital funding priorities, resulting in the Educational and Facilities Master Plans. The guiding principles for the planning process were to: align like programs and services across the College; use space more efficiently; reduce facility operating costs; leverage capital to renovate facilities to create modern, flexible, learning environments; and establish Centers of Excellence. Most importantly, the plans identify the need to update and modernize workforce training equipment and facilities to support innovative program and career pathways, ensuring students are prepared to succeed.

The Governing Board of the College believes the master plan improvements are important for the continued success of the College and are a significant step toward essential facilities improvements and upgrades that will efficiently and effectively benefit the students of the College, the Pima County workforce, and the community at large.

PROJECT INFORMATION:

CAMPUS	PROJECT	AMOUNT	DESCRIPTION	NEED
<p>The Downtown Campus is located just north of the downtown Tucson business area and the University of Arizona. The 24-acre campus has more than 206,105 square feet, and the College recently expanded the footprint to include two vacant properties of approximately 3 acres adjacent to the Campus to allow for expansion. The Downtown Campus will be a Center of Excellence for our applied technology programs, which are delivered in collaboration with on-site industry partners embedded within multiple disciplines, as demand requires. The Center of Excellence – Applied Technology will be for transportation technology, manufacturing/advanced manufacturing, and infrastructure. Estimated projects total with soft costs: \$43.275 million</p>				
Downtown	Automotive / Transportation	\$19,950,000	New construction to allow for expansion of the program and provide space for new program initiatives such as heavy diesel and autonomous vehicle technologies.	Improve existing programs and expand program footprint.
Downtown	Makerspace / CAD	\$3,800,000	New construction or renovation.	Enhances student collaboration among various advanced manufacturing programs. Space will also facilitate partnerships with local business, industry, workforce development, local school districts, and community events.
Downtown	Welding / Machine	\$6,000,000	New construction or renovation.	Expand program footprints to properly align allotted square footage with actual program and industry standards. Additionally, affords industry partners continuing education and training opportunities.
Downtown	Center of Excellence – Applied Technology	\$10,525,000	New construction or renovation of shared use offices, conference centers, additional community rooms, and classrooms and labs.	Accommodate mixed used of College and industry/business partners.
Downtown	Real Estate Expansion Opportunities	\$3,000,000	Purchase real estate near Downtown Campus.	Allow for future development to accommodate programs.
<p>The East Campus is on Tucson's Southeast Side and offers a wide range of programs, including Emergency Medical Technician and Veterinary Technology. East Campus will be the Center of Excellence for the Public Safety and Emergency Services Institute (PSESI) and Computer Information Systems (CIS) programs, which are</p>				

CAMPUS	PROJECT	AMOUNT	DESCRIPTION	NEED
delivered in collaboration with industry partners and on-site at multiple locations, as demand requires. The East Campus also provides educational services at the Davis-Monthan Air Force Base (DMAFB). Estimated projects total with soft costs: \$5.15 million				
East	Public Safety and Emergency Services Institute (PSESI)	\$5,150,000	Relocation and renovation of PSESI program.	Align PSESI programs with Emergency Medical Technology programs already located on Campus and establish Center of Excellence.
The West Campus is home to top-flight Nursing and Health-Related Professions programs, along with Digital, Visual, and Performing Arts, and the College's International Student Services. The West Campus will be the Center of Excellence for Nursing & Allied Health. Estimated projects total with soft costs: \$5.5 million				
West	Allied Health	\$2,700,000	Expansion and renovation to establish Center of Excellence for Nursing & Allied Health.	For today's high-tech, high-touch healthcare fields, the Center of Excellence will provide the community with highly trained professionals and enhance regional workforce.
West	Science Labs	\$2,800,000	Science labs renovation. Modernizes more than 30 lab spaces, establishes integrated classroom and lab instructional model, and expands lab space to provide flexible learning spaces that accommodate new pedagogies.	Supports Center of Excellence for Nursing & Allied Health.
Multiple	Food Service / Bookstore Renovations	\$500,000	Renovations combine vendor service areas and provide a modern, convenient one-stop shop for students.	Supports efforts of College's contracted food service and bookstore vendor.
Material and labor escalation & contingency		\$10,575,000		
TOTAL BOND AMOUNT		\$65,000,000		

FINANCIAL INFORMATION:

- Not-to-Exceed Bond Amount: \$65 million
- Preliminary Estimated Fixed Interest Rate: 3.6%
- Projected Annual Debt Service Amount: \$4.5 million to be paid from tuition and fees, contracts, commissions and rents and other operating revenues of the College. The College currently has no outstanding bond debt.

- Bond Term: 20 years (average life 11.12 years)
- Total Estimated Debt Service: \$89.96 million
- Estimated costs of issuance: \$585,000
- Anticipated date of issuance: Early January 2019
- Credit Ratings: The College plans to pursue credit ratings from both Moody's Investor Service and Fitch Ratings. Ratings discussions are preliminarily scheduled for mid-October. Ratings are expected to be in the "Aa"/"AA" range from Fitch and Moody's.
- Bond Insurance: A cost/benefit analysis will be considered following the assignment of ratings. If advantageous for the College, bond insurance will be secured.
- Statutory Debt Ratio: Pursuant to A.R.S § 15-1484, Subsection B, the issuance of bonds (other than general obligation bonds) by a Community College District is not permitted if the issuance would cause the maximum annual debt service to exceed 8% of the institution's current expenditures (less amounts general obligation bond debt service). The College does not currently have any bond debt outstanding. With the issuance of the proposed revenue bonds, the maximum annual debt service is estimated to be less than 3% of current expenditures.

PRELIMINARY DEBT SERVICE SCHEDULE

Revenue Bonds, Series 2018 or 2019			
Fiscal Year	Principal	Estimated Interest (a)	Total Debt Service
2019	\$3,365,000	\$1,130,688	\$4,495,688
2020	1,885,000	2,612,700	4,497,700
2021	1,960,000	2,537,300	4,497,300
2022	2,040,000	2,458,900	4,498,900
2023	2,140,000	2,356,900	4,496,900
2024	2,250,000	2,249,900	4,499,900
2025	2,360,000	2,137,400	4,497,400
2026	2,480,000	2,019,400	4,499,400
2027	2,600,000	1,895,400	4,495,400
2028	2,730,000	1,765,400	4,495,400
2029	2,870,000	1,628,900	4,498,900
2030	3,010,000	1,485,400	4,495,400
2031	3,165,000	1,334,900	4,499,900
2032	3,290,000	1,208,300	4,498,300
2033	3,420,000	1,076,700	4,496,700
2034	3,560,000	939,900	4,499,900
2035	3,700,000	797,500	4,497,500
2036	3,885,000	612,500	4,497,500
2037	4,080,000	418,250	4,498,250
2038	4,285,000	214,250	4,499,250
	\$59,075,000	\$30,880,588	\$89,955,588

(a) Interest on the Revenue Bonds is estimated and is based on Current Market MMD from 8/13/2018 with an estimated All-in True Interest Cost of 3.60%.

On September 5, 2018, the College Governing Board is expected to adopt a resolution authorizing the issuance of the bonds. The resolution included the obligation to submit the required information to the Joint Committee on Capital Review. The pricing of the bonds is tentatively scheduled for early January 2019 with an expected bond closing in late January.

Thank you very much for your consideration of our request. If additional information is needed, please do not hesitate to contact me or Dr. David Bea, Executive Vice Chancellor for Finance and Administration.

Sincerely,



Lee D. Lambert, Chancellor
Pima County Community College District

Cc: Senator John Kavanagh, Vice-Chair JCCR
Mr. Richard Stavneak, JLBC
Ms. Micaela Larkin, JLBC
Dr. David Bea, Pima Community College



STATE OF ARIZONA

Joint Committee on Capital Review

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DATE: September 13, 2018

TO: Members of the Joint Committee on Capital Review

FROM: Morgan Dorcheus, Fiscal Analyst MD
Chris Gustafson, Senior Fiscal Analyst C&

SUBJECT: Arizona Department of Administration/Arizona Exposition and State Fair - Review of Funding for Cooling Units

Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for building renewal monies. At its June 2017 meeting, the Committee favorably reviewed the Arizona Department of Administration's (ADOA) FY 2018 building renewal allocation plan. Pursuant to a Committee provision, ADOA is requesting review of its plan to reallocate \$400,000 to replace cooling units at the Arizona Exposition and State Fair (AESF) grounds.

A.R.S. § 41-1252 also requires Committee review of expenditure plans for monies appropriated for capital projects. AESF proposes providing \$400,000 of matching funds to replace the cooling units, for a total project cost of \$800,000. Between the FY 2018 and FY 2019 Capital Outlay Bills, AESF has \$1.2 million in unallocated capital funds which have not been reviewed by JCCR.

Committee Options

The Committee has at least the following 3 options:

1. A favorable review of the request to have ADOA building renewal pay for \$400,000 of the project and AESF to pay for \$400,000 from its own funds. The latter would be funded from \$190,000 of AESF's FY 2018 capital appropriation and \$210,000 from their FY 2019 capital appropriation.
2. A favorable review of a proposal to require AESF to pay for the total \$800,000 cost of the project (\$190,000 from the FY 2018 capital appropriation and \$610,000 from the FY 2019 capital appropriation).
3. An unfavorable review of the request.

(Continued)

Key Points

- 1) In June 2017, the Committee favorably reviewed ADOA's '18 building renewal plan.
- 2) ADOA proposes reallocating \$400,000 to replace cooling units at the State Fair.
- 3) AESF would match the building renewal monies with \$400,000 from the State Fair Fund, for a total project cost of \$800,000.
- 4) The Committee may consider an option requiring the fair to pay 100% of the cost of the project.
- 5) Existing AESF capital appropriations would be sufficient to cover the full cost of the project.

Under any option, the Committee may also consider the following provision:

- A. If AESF does not spend the full \$400,000 (or \$800,000) from its own fund on the cooling unit replacement, the agency must submit a plan to JCCR for review before reallocating the monies to any other projects.

Analysis

ADOA and AESF report that the air conditioning cooling units for the Arizona Veterans' Memorial Coliseum located on AESF grounds are over 50 years old and are beyond their useful life. ADOA has reported that the cooling units require annual repairs to maintain operation, and failure of the units would limit the ability of AESF to perform critical functions. As part of the state's annual capital planning process, AESF has requested replacement of the cooling units in their FY 2020 Capital Improvement Plan.

ADOA's approved FY 2018 building renewal plan allocated monies to major building services (HVAC system replacements and elevator repairs), project scoping and professional services, and an emergency contingency. The ADOA proposal would reallocate \$400,000 from those project categories for replacement of the Coliseum cooling units.

In addition to a reallocation of ADOA FY 2018 building renewal monies, AESF would pay \$400,000 for the project from the Arizona Exposition and State Fair Fund, which receives revenues from AESF events and is the sole source of funding for the agency. The total estimated cost of the project is \$800,000. See *Table 1* for a summary of the project expenditure plan.

Table 1	
ADOA Project Cost Estimates	
Removal and Abatement	\$ 40,000
Design & Engineering	70,000
Construction	650,000
Contingency	<u>40,000</u>
TOTAL	\$800,000

Historically, AESF receives a \$1.0 million appropriation from the Arizona Exposition and State Fair Fund each fiscal year for capital projects. The Legislature has intended for the agency to be self-funded for capital costs based on event revenues. ADOA has identified replacement of the cooling units as urgent, and reallocated \$400,000 from FY 2018 building renewal monies as a result.

(Continued)

As of September 2018, AESF has not allocated \$190,000 of its FY 2018 capital project appropriation and has the full \$1.0 million remaining of its FY 2019 capital project appropriation.

Under Option 1 (the ADOA proposal), Committee review would include review of both the ADOA building renewal reallocation and the AESF \$400,000 allocation (\$190,000 from their FY 2018 capital appropriation and \$210,000 from their FY 2019 capital appropriation). AESF will have \$790,000 remaining for FY 2019 projects.

AESF has sufficient funding to pay the full \$800,000 cost of the project. Under Option 2, AESF would pay the entire cost from their own funds, \$190,000 from their FY 2018 capital appropriation and \$610,000 from their FY 2019 capital appropriation. AESF has an approximate balance of \$2.0 million should the Legislature need to appropriate additional funding to cover the totality of AESF's capital needs, including non-cooling unit issues.

The purpose of Option 2 would be to preserve ADOA building renewal funds for General Fund agencies or for non-General Fund agencies with insufficient fund balances to afford their own repairs.

AESF has expressed concerns that under Option 2, paying \$610,000 from the FY 2019 appropriation would leave only \$390,000 for FY 2019 projects. As a result, AESF may delay some of their other projects. It is difficult to evaluate this impact since AESF has not yet submitted any other FY 2019 projects for JCCR review.

MD:kp

Douglas A. Ducey
Governor



Gilbert Davidson
Interim Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR

100 NORTH FIFTEENTH AVENUE • SUITE 401
PHOENIX, ARIZONA 85007

(602) 542-1500

August 28, 2018

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



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

Dear Senator Kavanagh and Representative Livingston:

Section 41-1252, Arizona Revised Statutes, provides the Joint Committee on Capital Review (JCCR) shall review the expenditure of all monies appropriated for building renewal. Laws 2017, First Regular Session, Chapter 306 (SB1523) appropriated \$8,300,000 to the Arizona Department of Administration (ADOA) to allocate to the ADOA Building System for building renewal projects.

At it's June 2017 meeting, JCCR gave favorable review to the FY 2018 ADOA Building System, Building Renewal Allocation Plan. The review included a provision that ADOA shall report any reallocations between projects to JLBC Staff. If ADOA adds a new non-emergency project not listed in this request, the department must submit the proposed project and expenditure plan for committee review.

ADOA requests JCCR review for the re-allocation of \$400,000 from ADOA's FY 2018 ADOA Building System, Building Renewal Allocation Plan for replacement of the Arizona Veterans Memorial Coliseum cooling towers located at the Arizona State Fair Grounds. The existing cooling towers are over 50 years old and beyond their expected useful life. The Arizona Exposition and State Fair (AESF) will also be providing a match of \$400,000 to fund the project.

The Honorable John Kavanagh
The Honorable David Livingston
August 28, 2018
Page 2 of 2

If you have any questions regarding the proposed reallocation please contact Nola Barnes, Assistant Director, ADOA General Services Division (GSD), at 602-542-1954.

Sincerely,

A handwritten signature in dark ink, appearing to read 'G. Davidson', with a stylized, cursive script.

Gilbert Davidson
Interim Director

Attachments (2)

cc: Richard Stavneak, Director, JLBC Staff
Rebecca Perrera, Fiscal Analyst, JLBC Staff
Matt Gress, Director, OSPB
Jacob Wingate, Budget Analyst, OSPB
Kevin Donnellan, Deputy Director, ADOA
Nola Barnes, Assistant Director, ADOA/GSD
John Hauptman, General Manager, ADOA/GSD

\$800,000: Exposition & State Fair, Arizona (AESF) - Replace Coliseum Cooling Towers

The Arizona Veterans Memorial Coliseum is cooled by a physical plant located 200 feet north of the Coliseum. The plant consists of an existing Marley three cell 1500-ton cooling tower installed in 1964, and three 500-ton Carrier chillers installed in 1993. The existing cooling towers are over 50 years old and beyond their expected useful life. Numerous repairs to the rotting wooden structure are necessary each year to maintain operation of the Coliseum cooling systems. These repairs are costly as the exterior panel cladding is comprised of Asbestos Containing Materials (ACM) and must be abated properly.

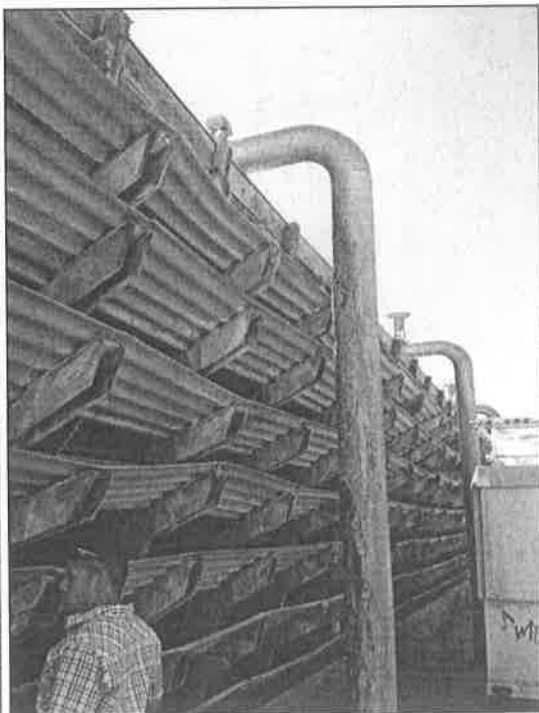
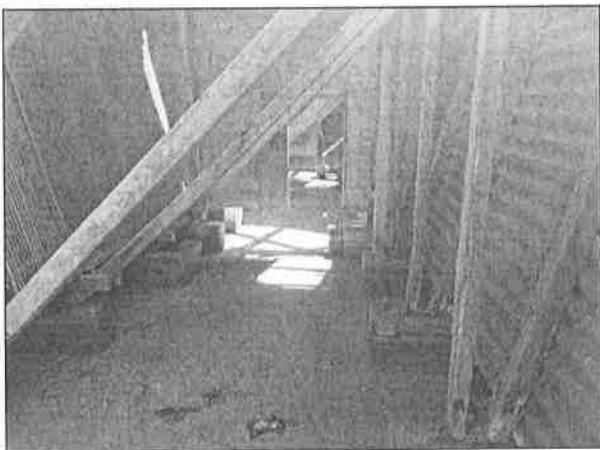
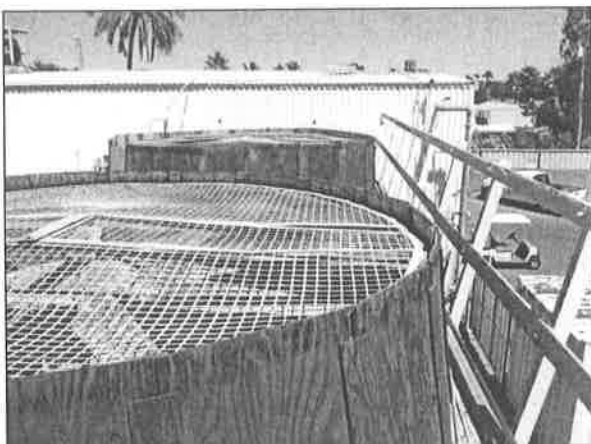
The Coliseum currently generates approximately \$2 million annually in revenue for the AESF and hosts numerous events including concerts, graduations, shows and trainings throughout the year. In addition, the administrative functions for the AESF are located within the Coliseum. Failure of the cooling towers would interrupt mission critical functions and cost the AESF much needed revenue generated from the Coliseum. Timing is critical as the replacement must take place immediately following the conclusion of this year's State Fair. ADOA and AESF will each be providing \$400,000 to fund the total project budget of \$800,000.

AESF Cooling Tower Replacement Estimate	
Abatement/Removal of Existing Cooling Towers	\$40,000
Design/Engineering Costs	\$70,000
Estimated Construction Costs	\$650,000
Contingency (5%)	\$40,000
Total	\$800,000

Project funds will be allocated from the following fund sources:

ADOA Building Renewal Funding	
FY 2018 Building Renewal Contingency Allocation	\$150,353
FY 2018 Building Renewal Project Scoping & Professional Services	\$139,602
FY 2018 Building Renewal Major Building Services Allocation	\$110,045
ADOA Sub-Total	\$400,000
AESF Funding	
FY 2019 CI4001 - Coliseum Fund	\$400,000
AESF Sub-Total	\$400,000
TOTAL ALLOCATION	\$800,000

\$800,000: Exposition & State Fair, Arizona (AESF) - Replace Coliseum Cooling Towers





STATE OF ARIZONA

Joint Committee on Capital Review

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DATE: September 13, 2018

TO: Members of the Joint Committee on Capital Review

FROM: Morgan Dorcheus, Fiscal Analyst MD

SUBJECT: Arizona Department of Veterans' Services - Review of Veterans' Home Construction Projects

Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated to capital projects. The Arizona Department of Veterans' Services (ADVS) is requesting review of \$27,200,000 (\$19,200,000 from the General Fund and \$8,000,000 from the State Home for Veterans' Trust Fund) for construction of new veterans' homes facilities in Yuma and Flagstaff. These monies were appropriated in the FY 2015, FY 2017, and FY 2019 Capital Outlay Bills.

Committee Options

The Committee has at least the following 2 options:

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

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

- A. Committee review does not constitute endorsement of General Fund appropriations for start-up costs at the Yuma and Flagstaff facilities.
- B. ADVS shall submit a report to the Committee by September 1, 2019 on the estimated start-up costs for both the Yuma and Flagstaff facilities and if the State Home for Veterans' Trust Fund has a sufficient balance to fund those costs.

(Continued)

Key Points

- 1) The Legislature has appropriated \$27.2 M for part of the cost to construct 2 veterans' homes. The federal government pays the remainder of the cost.
- 2) The 80-bed facilities will be in Yuma (\$31.7 M) and Flagstaff (\$34.2 M).
- 3) The state normally pays 35% of the cost of construction. The federal government, however, only approved 60-bed facilities (as requested by ADVS).
- 4) As a result, the state will pay a total of \$6.0 M between the 2 projects as a 100% state cost.
- 5) The building designs are consistent with VA guidelines.
- 6) Construction is estimated to begin in spring 2019 and take approximately 18 months to complete.
- 7) Ongoing operational costs will be funded through the State Home for Veterans' Trust Fund.
- 8) ADVS has not yet determined if an additional request will be made for initial start-up costs.

Analysis

Background

The FY 2015 Capital Outlay Bill (Laws 2014, Chapter 15) appropriated \$9.2 million from the General Fund for 35% of the cost of construction and establishment of a veterans' home facility in Yuma. The appropriation was made non-lapsing and conditional on receiving the other 65% share of the cost from the U.S. Department of Veterans Affairs (VA).

The FY 2017 Capital Outlay Bill (Laws 2016, Chapter 126) appropriated \$10.0 million from the General Fund for 35% of the cost for construction and establishment of a veterans' home facility in Flagstaff. This appropriation was also made non-lapsing and conditional on receiving the other 65% share of the cost from the VA.

In April 2018, the VA approved grants for 65% of the cost for construction of both the Yuma and Flagstaff veterans' home facilities. To account for changes in construction costs during the approval process, the VA allows states to request up to a 10% increase in total construction costs, with a requirement that the state cover 35% of the increase (with the other 65% share from the VA).

The FY 2019 Capital Outlay Bill (Laws 2018, Chapter 277) appropriated an additional \$8.0 million from the State Home for Veterans' Trust Fund (\$4.0 million for the Yuma Home and \$4.0 million for the Flagstaff Home). This additional funding was allocated to: 1) cover the state's share of the 10% cost increase; and 2) allow sufficient funds to cover the state-only cost of ADVS increasing the size of both facilities from 60-beds to 80-beds, as ADVS had applied for federal funding for 60-bed facilities.

Design

Under the current proposal, both the Yuma and Flagstaff facility will consist of 80 beds, including 5 units with 16 beds in each. Each unit will be skilled nursing care, with one of the 5 units being a secure memory care unit. Each bedroom will be private with a bathroom, and each unit will have a dining room and living room shared between the 16 beds. Additionally, the overall facilities will include a general store/gift shop, barber/beauty shop, meditation room, therapy rooms, lounge areas, kitchen and serving areas, and administrative offices. This design is consistent with current VA requirements.

(Continued)

Construction Costs

The Yuma Veterans' Home is estimated to cost a total of \$31,675,200 for 85,000-95,000 square feet, or \$333-373 per square foot. See *Table 1* for a detailed breakdown of estimated costs. The home will be located on donated land at the southeast corner of Avenue 6E and 34th Street in Yuma, Arizona.

The Flagstaff Veterans' Home is estimated to cost a total of \$34,157,500 for 85,000-95,000 square feet, or \$360-402 per square foot. See *Table 1* for a detailed breakdown of estimated costs. The home will be located on donated land between E Forest Avenue and N Pine Cliff Drive on E Gemini Road in Flagstaff, Arizona.

Among veterans' homes facilities in other states that were approved for VA funding in 2018, the average estimated cost per bed is \$395,900, compared to the Yuma Home cost of \$395,900 per bed and the Flagstaff Home cost of \$427,000 per bed.

As of July 2018, 35% of the design plans for the homes were completed. A construction vendor has been selected for construction of both the Yuma and Flagstaff Veterans' Home. Construction is estimated to begin in spring 2019 for both homes and will take approximately 18 months to complete.

Table 1		
Veterans' Home Construction Cost Estimates		
<i>Costs by Project Category</i>		
	<u>Yuma</u>	<u>Flagstaff</u>
Construction	\$25,330,700	\$27,611,400
Equipment	2,392,700	2,585,000
Site Work	1,596,100	1,238,600
Architectural & Engineering Fees	889,700	1,138,500
Project Inspection Fees	176,800	176,000
Administrative & Legal Expenses	61,100	66,000
Land, Structure, Appraisals, etc.	31,800	49,500
Contingencies	<u>1,196,300</u>	<u>1,292,500</u>
TOTAL	\$31,675,200	\$34,157,500
<i>Costs by Fund Source</i>		
	<u>Yuma</u>	<u>Flagstaff</u>
Federal Funds	\$18,638,900	\$20,252,400
General Fund	9,200,000	10,000,000
State Home for Veterans' Trust Fund	<u>3,836,300</u>	<u>3,905,100</u>
TOTAL	\$31,675,200	\$34,157,500

Ongoing Operational Costs

Operation of both homes will be funded by the appropriated State Home for Veterans' Trust Fund, which currently receives revenue from charges for services at the existing Phoenix and Tucson veterans' homes. Primarily, fund deposits include private insurance, Medicare, Medicaid, and VA payments. Any increase in the appropriation level for this fund has not yet been determined.

ADVS opened the Tucson Veterans' Home in January 2012. The FY 2012 budget increased the appropriation level for veterans' homes by a total of \$4.6 million for the first year of operating costs. Of that amount, \$2.8 million was appropriated on an ongoing basis from the State Home for Veterans'

(Continued)

Trust Fund and \$1.8 million was appropriated one-time from the General Fund, which provided funding for initial start-up costs for staffing and operating supplies. The need for a similar General Fund appropriation for start-up costs at the Yuma and Flagstaff facilities has not yet been determined. With a projected balance of \$27.3 million at the end of FY 2020, the State Home for Veterans' Trust Fund would appear to have a sufficient balance to cover these costs.

MD:kp



DOUGLAS A. DUCEY
GOVERNOR

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WANDA A. WRIGHT
DIRECTOR

July 20, 2018

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

Dear State Representative Livingston:

Laws 2016, 52nd Legislature, 2nd Regular Legislative Session, Chapter 126, Section 6 appropriated \$10,000,000 to the Arizona Department of Veterans' Services (ADVS) for the construction and establishment of an Arizona State Veterans Home in Flagstaff. In addition, Laws 2018, 53rd Legislature, 2nd Regular Legislative Session, Chapter 277, Section 20 appropriated another \$4,000,000 and Section 22 appropriated additional funds for the same purpose.

Laws 2014, 51st Legislature, 2nd Regular Legislative Session, Chapter 15, Section 5 appropriated \$9,200,000 to ADVS for the construction and establishment of an Arizona State Veterans Home in Yuma. In addition, Laws 2018, 53rd Legislature, 2nd Regular Legislative Session, Chapter 277, Section 21 appropriated another \$4,000,000 and Section 22 appropriated additional funds for the same purpose.

Pursuant to each appropriation, ADVS requests that JCCR place these projects on the September 2018, agenda for review in order to proceed with construction.

If you need further information or have questions regarding this project please contact Deputy Director, John F. Scott, at 602-234-8416.

Sincerely,



Wanda Wright
Director

Attachments: Projects Information

Cc: The Honorable John Kavanagh, Vice-Chairman, JCCR
Richard Stavneak, Director, JLBC
Matthew Gress, Director, OSPB
Morgan Dorcheus, Fiscal Analyst, JLBC
Jacob Wingate, Budget Analyst, OSPB

BUDGET INFORMATION - Construction Programs

NOTE: Certain Federal assistance programs require additional computations to arrive at the Federal share of project costs eligible for participation. If such is the case, you will be notified.

COST CLASSIFICATION	a. Total Cost	b. Costs Not Allowable for Participation	c. Total Allowable Costs (Columns a-b)
1. Administrative and legal expenses	\$ 66,000.00	\$	\$ 66,000.00
2. Land, structures, rights-of-way, appraisals, etc.	\$ 49,500.00	\$	\$ 49,500.00
3. Relocation expenses and payments	\$	\$	\$
4. Architectural and engineering fees	\$ 1,001,000.00	\$	\$ 1,001,000.00
5. Other architectural and engineering fees	\$ 137,500.00	\$	\$ 137,500.00
6. Project inspection fees	\$ 176,000.00	\$	\$ 176,000.00
7. Site work	\$ 1,238,600.00	\$	\$ 1,238,600.00
8. Demolition and removal	\$	\$	\$
9. Construction	\$ 27,611,400.00	\$ 3,000,000.00	\$ 24,611,400.00
10. Equipment	\$ 2,585,000.00	\$	\$ 2,585,000.00
11. Miscellaneous	\$	\$	\$
12. SUBTOTAL (sum of lines 1-11)	\$ 32,865,000.00	\$ 3,000,000.00	\$ 29,865,000.00
13. Contingencies	\$ 1,292,500.00	\$	\$ 1,292,500.00
14. SUBTOTAL	\$ 34,157,500.00	\$ 3,000,000.00	\$ 31,157,500.00
15. Project (program) income	\$	\$	\$
16. TOTAL PROJECT COSTS (subtract #15 from #14)	\$ 34,157,500.00	\$ 3,000,000.00	\$ 31,157,500.00
FEDERAL FUNDING			
17. Federal assistance requested, calculate as follows: (Consult Federal agency for Federal percentage share.) Enter eligible costs from line 16c Multiply X 65 % Enter the resulting Federal share.			\$ 20,252,375.00

BUDGET INFORMATION - Construction Programs

NOTE: Certain Federal assistance programs require additional computations to arrive at the Federal share of project costs eligible for participation. If such is the case, you will be notified.

COST CLASSIFICATION	a. Total Cost	b. Costs Not Allowable for Participation	c. Total Allowable Costs (Columns a-b)
1. Administrative and legal expenses	\$ 61,105.00	\$	\$ 61,105.00
2. Land, structures, rights-of-way, appraisals, etc.	\$ 31,762.50	\$	\$ 31,762.50
3. Relocation expenses and payments	\$	\$	\$
4. Architectural and engineering fees	\$ 841,252.50	\$	\$ 841,252.50
5. Other architectural and engineering fees	\$ 48,400.00	\$	\$ 48,400.00
6. Project inspection fees	\$ 176,792.00	\$	\$ 176,792.00
7. Site work	\$ 1,596,100.00	\$	\$ 1,596,100.00
8. Demolition and removal	\$	\$	\$
9. Construction	\$ 25,330,727.10	\$ 3,000,000.00	\$ 22,330,727.10
10. Equipment	\$ 2,392,682.70	\$	\$ 2,392,682.70
11. Miscellaneous	\$	\$	\$
12. SUBTOTAL (sum of lines 1-11)	\$ 30,478,821.80	\$ 3,000,000.00	\$ 27,478,821.80
13. Contingencies	\$ 1,196,341.35	\$	\$ 1,196,341.35
14. SUBTOTAL	\$ 31,675,163.15	\$ 3,000,000.00	\$ 28,675,163.15
15. Project (program) income	\$	\$	\$
16. TOTAL PROJECT COSTS (subtract #15 from #14)	\$ 31,675,163.15	\$ 3,000,000.00	\$ 28,675,163.15
FEDERAL FUNDING			
17. Federal assistance requested, calculate as follows: (Consult Federal agency for Federal percentage share.) Enter the resulting Federal share.	Enter eligible costs from line 16c Multiply X 65 %		\$ 18,638,856.05



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DATE: September 13, 2018

TO: Members of the Joint Committee on Capital Review

FROM: Ben Murphy, Fiscal Analyst *BM*

SUBJECT: Arizona Game and Fish Department - Review of FY 2019 Building Renewal Allocation Plan and FY 2019 Capital Projects

Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated for building renewal and capital projects and for any capital project with an estimated cost of more than \$250,000. The Arizona Game and Fish Department (AGFD) requests the Committee review of the following items:

- \$981,000 for building renewal.
- \$300,000 for property maintenance.
- \$150,000 for dam maintenance.
- \$3,990,000 for 6 non-appropriated capital projects.

Committee Options

The Committee has at least the following 2 options:

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

With *Provision B*, the proposed building renewal plan is consistent with building renewal guidelines and appropriations.

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

(Continued)

A. The distribution of the building renewal emergency allocation of \$75,000 shall be addressed as follows:

1. AGFD shall notify the Chairman and the JLBC Staff that they plan to spend monies on an emergency project. The Chairman can allow AGFD to move forward with an emergency project without Committee review.
2. If the Chairman does not agree that a project is an emergency and that the project will require full Committee review, the JLBC Staff will notify AGFD.

An "emergency" project is defined as unforeseen, critical in nature, and of immediate time sensitivity.

B. In accordance with A.R.S. § 41-790, AGFD's Headquarters Major Maintenance Fund may not use building renewal monies for movable equipment.

Key Points

AGFD is seeking review of:

- 1) \$981,000 for 23 items in its FY 2019 building renewal allocation plan.
- 2) \$300,000 for property maintenance at 3 fish hatcheries statewide.
- 3) \$150,000 for dam maintenance at 8 dams statewide.
- 4) \$4.0 M for 6 non-appropriated capital improvement projects statewide.

Analysis

FY 2019 Building Renewal Allocation Plan

The FY 2019 Capital Outlay Bill (Laws 2018, Chapter 277) appropriated a total of \$981,400 from the Game and Fish Fund for building renewal, which provides for the major maintenance and repair of state-owned buildings. Please see *Table 1* below for a summary of the 23 items in the expenditure plan, as well as the descriptions below for individual project details and cost estimates. As background, regional offices serve as a base of operations for AGFD personnel in their respective areas and typically employ around 30 employees, wildlife areas are habitats of particular recreational significance that employ a full-time manager on-site, and fish hatcheries produce the sportfish stocked throughout Arizona lakes.

Flagstaff Regional Office Projects

- An inspection from the department's staff revealed that the office's front entry stairs and hand railing is deteriorated and loose. AGFD proposes a \$12,000 project to remove failing concrete, repair the stairs, and re-anchor the handrail to a more stable position.
- To address aging and non-operational lighting surrounding the office, the department plans to spend \$50,000 on exterior light fixture replacements.

Tucson Regional Office Projects

- The office's current fire alarm system is 34 years old and has been noted in contracted annual inspections as being outdated and nearly inadequate. AGFD plans to replace the entire system for \$30,000 with standards consistent with newer systems in other department offices.

(Continued)

Table 1

FY 2019 Building Renewal Allocation Plan ^{1/}

Regional Office Projects

Flagstaff - Entry Stairs Renovation	\$12,000
Flagstaff - Exterior LED Light Fixture Replacement	50,000
Tucson - Fire Alarm System Replacement	30,000
Tucson - HVAC Replacements	45,000
Tucson - Drywall Repair	15,000
Pinetop - Door Hardware System Replacement	75,000
Kingman - Parking Lot Maintenance	37,000
Mesa - HVAC Replacements	<u>35,000</u>
Subtotal	299,000

Wildlife Area Projects

Sipe - Bunkhouse Foundation and Roof Repairs	25,000
Sipe - Well Re-Sleeve and Sterilization System	33,000
Horseshoe - Reroof and Structural Repairs	95,000
Horseshoe - Septic System Design	25,000
PS Ranch - Cabin Door Repair	<u>10,000</u>
Subtotal	188,000

Headquarters/Shooting Facility Projects

Headquarters - Exterior LED Light Fixture Replacement	25,000
Ben Avery - Conservation Education Building Reroof	5,000
Ben Avery - Hunter Education Building Reroof	<u>18,300</u>
Subtotal	48,300

Fish Hatchery Projects

Page Springs - Pavement Repair	75,000
Canyon Creek - Pavement Repair	75,000
Tonto Creek - Pavement Repair	75,000
Bubbling Ponds - Research Center HVAC Replacement	<u>15,000</u>
Subtotal	240,000

Maintenance and Emergency Allocations

Headquarters Major Maintenance Fund	52,200
Emergency Allocation	75,000
Preventative Maintenance	<u>78,500</u>
Subtotal	205,700

Total

\$981,000

^{1/} All estimates are from AGFD engineer estimates or licensed contractor bids.

(Continued)

- The department has determined that 3 HVAC units have outlived their useful life and require costly repairs. It plans to replace the units with new, energy efficient alternatives for \$45,000.
- Due to condensation from HVAC units, the drywall in mechanical rooms has deteriorated. For \$15,000, AGFD will remove and replace 400 square feet of damaged drywall.

Pinetop Regional Office Door Locking System Replacement

The door locking hardware system at the office is outdated, has experienced failures and is based on a standard no longer used by the state. The department has transitioned into a more secure key system with card access and auditing capabilities. At a cost of \$75,000, AGFD would fund a new door locking hardware system for the office, conforming with its other buildings.

Kingman Regional Office Parking Lot Maintenance

The department proposes a \$37,000 project to remove and replace damaged asphalt at its Kingman Regional Office, as well as seal cracks, apply a double seal coating, and paint new striping.

Mesa Regional Office HVAC Replacement

AGFD has determined that its Mesa Regional Office, like the Tucson Office, has 3 HVAC units that are too outdated and costly to repair. It plans to replace those units with newer models for a total of \$35,000.

Sipe Wildlife Area Projects

- The department has detected foundation settlement and roofing separation at its Sipe Wildlife Area bunkhouse. To fix these issues, AGFD would allocate \$25,000 to permanently stabilize the foundation and floor and to improve the building's drainage, which was identified as a contributing factor the structure's settlement.
- The wildlife area's well system, which provides water to the area manager, volunteers and bunkhouse, is vulnerable to surface water runoff contamination. AGFD plans to spend \$33,000 on re-sleeving the well and installing a new filtration/sterilization system.

Horseshoe Wildlife Area Projects

- A recent inspection revealed a deteriorating and unsafe roof at the main house at Horseshoe Wildlife Area. For a total of \$95,000, the department would install a new standing seam metal roof and replace and repair damaged wood beams and boards.
- The wildlife area is remote and independent of any outside sewer system. As such, the area has 5 individual septic systems, which do not adequately accommodate heavy use for instances of events and meetings. AGFD would spend \$25,000 to evaluate and design a comprehensive site septic system.

PS Ranch Wildlife Area Cabin Door Repair

The cabin at the PS Ranch Wildlife Area has nonfunctional double doors to its storage and utility room due to floor settlement. To address that issue, AGFD proposes a \$10,000 plan to remove the trim from the door jamb, remove wood space to provide more room for the door and re-adjust the door for normal operation. If necessary, the department may replace the door and frame.

Headquarters and Ben Avery Shooting Facility Projects

- AGFD would allocate \$25,000 to improve lighting at AGFD's Headquarters in North Phoenix. By switching existing fixtures to LED lighting, the department estimates annual savings of \$7,700.

(Continued)

- The Ben Avery Shooting Facility includes a Conservation Education Building. The building's flat, tar-and-gravel roof is 20 years old and risks failure. For \$5,000, AGFD plans to install a new membrane roof with a 10-year warranty.
- The Ben Avery Shooting Facility also features a Hunter Education Building with a roof in similar condition to that of the Conservation Education Building. The Hunter Education Building is considerably larger; therefore, the department would spend \$18,300 on a new membrane roof with a 10-year warranty.

Fish Hatchery Projects

- The Page Springs Hatchery's parking lot has been damaged by the root system of a large tree and requires other maintenance. AGFD plans to spend \$75,000 on removal and replacement of damaged asphalt, crack seals, double seal coats and new striping.
- The Canyon Creek Hatchery parking lot is experiencing similar deterioration, with particularly severe cracking. The department would allocate \$75,000 on repairs, maintenance and striping.
- AGFD would also spend \$75,000 on repairing, maintaining and striping the parking lot of Tonto Creek Hatchery.
- Located at Bubbling Ponds Hatchery, the Aquatics Research Conservation Center conducts conservation research on endangered Arizona fish populations. The building includes staff offices and research areas, where climate control is of particular importance. AGFD plans to replace 2 outdated HVAC units with newer models at a total cost of \$15,000.

Maintenance and Emergency Set-Asides

The department designated 3 allocations for maintenance and emergency purposes:

- An emergency allocation of \$75,000 for unscheduled and unanticipated building system or equipment repairs requiring immediate response, to be addressed as described by *Provision A*.
- The department proposes a deposit of \$52,200 into its Major Maintenance Fund. This non-state interest-bearing account is designed to cover future major maintenance capital expenses for the AGFD headquarters building, which has 14 years left on its lease-purchase agreement. AGFD lists "upgrades to telecommunications and information systems" as one use of this fund. *Provision B* clarifies that telecommunications and information systems excludes movable equipment, such as laptops.
- As permitted by A.R.S. § 41-793.01D, AGFD has set aside 8%, or \$78,500 of its FY 2019 building renewal appropriation for preventative maintenance, which may include maintenance contracts for HVAC, backup power generators, pavement maintenance, and sewage systems.

FY 2019 Property Maintenance

The FY 2019 Capital Outlay Bill (Laws 2018, Chapter 277) appropriated \$300,000 from the Capital Improvement Fund for Property Maintenance. AGFD proposes using the funds for hatchery maintenance, allocated to 2 main areas:

- \$200,000 for Phase 2 of a Silver Creek Hatchery repair. This amount would fund the repair and new lining of raceways (where fish are cultured) and add covering to the units.
- \$100,000 for mold abatement at the residences of Tonto Creek Hatchery, Silver Creek Hatchery and Canyon Creek Hatchery. The houses are situated near slopes that can cause water damage and mold after significant rain events.

(Continued)

FY 2019 Dam Maintenance

The FY 2019 Capital Outlay Bill (Laws 2018, Chapter 277) appropriated \$150,000 from the Capital Improvement Fund for Dam Maintenance. AGFD owns and operates 37 dams statewide. The department proposes allocating the funding in 2 areas:

- \$100,000 for enhancing the collection of dam safety information. The funding would allow the transition of data transmitters from analog (radio) to digital (cellular) at 3 dams: Roper, Cluff Ranch and Lee Valley. These transmitters are referred to as Automated Local Evaluation in Real Time (ALERT) systems, which transmit real-time data to AGFD to determine dam water level safety. The funding would also implement stationery cameras to dams at Parker Canyon, Pena Blanca, Roper, Fool Hollow, Lee Valley and Lynx Lake, add additional batteries and enhance solar panels at ALERT sites statewide, facilitate a software transition, and provide additional maintenance.
- \$50,000 for maintenance at Ellis Wiltbank Reservoir Dam. These measures include rebuilding slopes, new stones for erosion protection, fencing to prevent cattle trespassing, and extending the outlet pipe by 10 feet.

Non-Appropriated Capital Projects Exceeding \$250,000

The department has requested review of the following projects pursuant to statutory provisions requiring JCCR review of any capital project with an estimated cost over \$250,000:

Wildlife Center Animal Care Building

The department's Adobe Mountain Wildlife Center closed in May 2018 due to deteriorating infrastructure. The facility served to treat wildlife injuries, rehabilitate animals, and provide educational and volunteer opportunities for the public. AGFD is currently operating a modular office with nearby animal enclosures as a temporary wildlife center.

The department proposes constructing a 2,400 square foot building to operate as its new wildlife center. The building will be situated on a half-acre plot and will include a parking lot, roadway, utilities, sidewalks, landscaping, signage and fencing. The project is funded through \$1,650,000 in Federal Funds, with \$150,000 of that set aside as a contingency. In addition, the facility will include a deer enclosure funded \$17,000 from the Game and Fish Fund, favorably reviewed by the JCCR in April 2018.

The new facility will facilitate public outreach and education programs, provide daily care for wildlife used in those programs and rehabilitate sick, injured, orphaned or confiscated wildlife.

Bubbling Pond Hatchery Fish Culture Building

AGFD proposes a \$1,200,000 multi-phase project for a new fish culture building at Bubbling Pond Hatchery. The goal of the project is to provide additional capacity to propagate native aquatic species while also increasing production capacity for sportfish, such as rainbow trout. For example, AGFD plans to begin mass production of Sonoran suckers to provide a native bait fish for the state's anglers, which may reduce risks associated with non-native bait fish.

The first phase involves constructing a 60-foot by 100-foot metal building shell. Future phases will equip the building with raceways to accommodate a wide range of native fish and sport fish.

Phase 1 of the project would be funded through \$448,000 in private funding from Salt River Project,

(Continued)

\$200,000 from the Heritage Fund, and \$100,000 from the Wildlife Conservation Fund, for a total Phase 1 cost of \$748,000. Depending on future availability of funds, the remaining \$452,000 of project costs are planned to be funded from appropriations from the Game and Fish Fund. The project has an estimated completion date in 2023.

Whitewater Draw Wildlife Area Office/Bunkhouse Replacement

The department proposes spending \$290,000 in Federal Funds to replace an office/bunkhouse at its Whitewater Draw Wildlife Area, as the current structure has irreparable termite damage. Of this amount, \$40,000 would be for the historic survey and design of the structure. The remaining \$250,000 would fund the project's construction costs.

Mittry Lake North Shore Public Access Project

Located north of Yuma, the Mittry Lake Wildlife Area is federally-owned but managed by AGFD. The lake serves as a recreational area offering wildlife watching, fishing and paddle boating. The department proposes a \$450,000 project with Federal Funds to develop a public access point on the north shore of the lake. This amount consists of constructing a new road, fire precautions, a paddle boat launch ramp, toilets, and trash receptacles.

Lake Pleasant Multi-Agency Patrol Boat Storage

As part of its JLBC review of a transfer of \$1.0 million from its Watercraft Grants line item to its operating budget, AGFD proposed \$300,000 for the department's portion of funding for construction of a shared boat storage facility at Lake Pleasant. As a capital project, the item is also subject to review by JCCR. AGFD currently stores its boats at a privately-owned marina that is undergoing a redevelopment. As part of a public-private partnership, the owner has offered an improved location, secure access, utilities and a gangway, and AGFD, Maricopa County Sheriff's Office, and Maricopa County Parks will fund the construction of the new storage facility, which includes 2 covered and 2 uncovered patrol boat slips.

Lake Havasu Law Enforcement Aid Station Masterplan

Like the item above, the department submitted this project as both a JLBC and JCCR item. The department proposes \$100,000 for the development of an architectural master plan for a multi-agency boating safety center at Lake Havasu. Due to the lake's high volume of visitors, public safety is managed by several agencies, including the Lake Havasu Police Department, Mohave County Sheriff, Arizona State Parks, AGFD and other agencies. The agencies coordinate law enforcement efforts and have collectively identified the lack of a multi-agency boating safety facility as an issue. The new facility would provide work space for processing arrestees, an interview room, a medical care area, and a space for search and rescue response coordination efforts. There is not currently an estimate for the total cost of the facility.

BM:kp



August 30, 2018



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

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

Honorable Representative Livingston:

In accordance with A.R.S. § 41-1252 A(4), the Arizona Game and Fish Department respectfully requests to be on the next scheduled agenda of the Joint Committee on Capital Review to review the Arizona Game and Fish Department's FY19 Building Renewal Expenditure Plan, and FY19 Capital Project Expenditure Plan.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Finley".

Tom Finley
Deputy Director

cc: Senator John Kavanagh, Vice Chairman, JCCR
Richard Stavneak, Staff Director, JLBC
Matthew Gress, Director, OSPB

Arizona Game and Fish FY19 Building Renewal Expenditure Plan

FY 19 Building Renewal Appropriation Expenditure Summary by Category

AGFD FY19 Building Renewal Appropriation	\$981,000
<i>Fire, Life Safety, & Hazardous Abatement Projects</i>	\$100,000
<i>Building Shell Projects</i>	\$128,300
<i>Major Building Services Projects</i>	\$170,000
<i>Building Interior Projects</i>	\$ 15,000
<i>Infrastructure Projects</i>	\$362,000
<i>Building Demolition Projects</i>	\$0
<i>Preventive Maintenance Projects</i>	\$ 78,470
<i>Other Projects</i>	
<i>Personnel Services/ERE Costs</i>	0
<i>Building Renewal Project Scoping</i>	0
<i>Risk Management Insurance Premium</i>	<i>Paid from other funds</i>
<i>Arizona Game and Fish State Headquarters – Major Maintenance Fund</i>	\$ 52,230
<i>Emergency Allocation</i>	\$ 75,000
Total Planned Expenditures:	\$981,000
Balance:	\$0*

Reasonableness of Estimates: The allocation plan represents Game and Fish Department's (AGFD) estimated cost of the proposed projects. AZGFD estimates these costs based on past projects, contractor quotes and industry cost guides. AGFD uses its continuing services contractors, state contracts and issues request for quotes as necessary to procure vendors for each project or group of projects. As a result, the project cost may change as the procurement process evolves.

Unanticipated Costs: To the extent possible, AGFD completes major maintenance and replacements to building systems before failures occur. Given the years of deferred major maintenance of an aging building system, it is difficult, if not impossible to anticipate the timing and nature of building component failure. In the event of one or more unexpected critical breakdowns or imminent failures, AGFD may redirect all or some monies from an allocation to address critical priorities.

***Pursuant to ARS 41-1252 the AGFD will submit an expenditure plan for changes to this plan or for any surplus balance at a future JCCR meeting for review and approval.**

Arizona Game and Fish FY19 Building Renewal Expenditure Plan

FY 19 Building Renewal Expenditure Summary by Project

AGFD FY19 Building Renewal Appropriation	\$981,000
Flagstaff Regional Office Front Entry Stair and Railing Renovation	\$12,000
Sipe Wildlife Area Bunkhouse Foundation and Roof Repairs	\$25,000
Sipe Wildlife Area Domestic Well & UV Protection	\$33,000
Tucson Regional Office Fire Alarm System Replacement	\$30,000
Conservation Education Building Reroof	\$5,000
Hunter Education Building Reroof	\$18,300
Black River Lands Cabin (PS Ranch) Double Door Repair	\$10,000
Horseshoe Wildlife Area Main House Reroof and Structural Repairs	\$95,000
Mesa Regional Office HVAC Replacements	\$35,000
Pinetop Regional Office Door Hardware Replacement and Update to New Key System	\$75,000
Aquatics Research Conservation Center HVAC Replacement	\$15,000
Tucson Regional Office HVAC Replacements	\$45,000
Tucson Regional Drywall Repair	\$15,000
Kingman Regional Office Parking Lot Maintenance	\$37,000
Page Springs Fish Hatchery Visitor Parking Lot Repair and Maintenance	\$75,000
AGFD Headquarters Exterior Lighting Lamp LED Lamp Replacements	\$25,000
Flagstaff Regional Office Exterior LED Light Fixture Replacements	\$50,000
Canyon Creek Hatchery Pavement Repair	\$75,000
Tonto Creek Hatchery Pavement Repair	\$75,000
Horseshoe Wildlife Area Septic System Design	\$75,000
AGFD State Headquarters Major Maintenance Fund	\$52,230
Emergency Allocation	\$75,000
Preventive Maintenance Projects (8% of Appropriation total)	\$78,470
Total Planned Expenditures:	\$981,000

Arizona Game and Fish FY19 Building Renewal Expenditure Plan

Project: Flagstaff Regional Office Front Entry Stair and Railing Renovation

Category: Fire, Life Safety; Hazard Abatement

Need: As part of an inspection of the Flagstaff Regional Office by AGFD's Loss Prevention Coordinator and Engineering staff, it was noted that existing stair and handrail is deteriorating and the handrail is loose. This condition was determined to be a safety concern for the public.

Solution: Remove failing concrete as necessary; repair the concrete stairs and threshold; re-anchor the handrail to a more stable portion of the stair concrete system

Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Flagstaff Regional Office Front Entry Stairs and Railing Renovation	1	LS	\$12,000	\$12,000*
TOTAL ESTIMATE:				\$12,000

*Estimate based on Engineers estimate for work

Impact of Not Approving this Request: AGFD is committed to providing a safe environment to its employees and the public. To not correct the issues identified would place AZGFD in liability of future claims and would violate ADA accessibility for the entry.

Arizona Game and Fish FY19 Building Renewal Expenditure Plan

Project: Sipe Wildlife Area Bunkhouse Foundation and Roof Repairs

Category: Fire, Life Safety; Hazard Abatement

Need: AGFD staff has observed separation in the roofing system and floor settlement at its Sipe Bunkhouse. A forensic engineering analysis determined significant foundation settlement to the building, likely due to subgrade saturation of moisture resulting from poor drainage and years of storm runoff. This has caused the entire building to be compromised.

Solution: Permanently stabilize the perimeter foundation, and improve perimeter drainage. The forensic report indicated that the drainage around the structure and roof runoff needs to be addressed and regrade to flow away from the structure. Once the flow runoff has been established for 6 months and the soil has had time to stabilize, cosmetic repairs will be made to the building.

Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Permanently stabilize foundation; lift settled foundation, permanently stabilize floor; lift and level floors; lift and level exterior concrete	1	LS	\$25,000	\$25,000*
TOTAL ESTIMATE:				\$25,000
*Estimate base on a bid provided by Arizona Foundation Solutions				

Impact of Not Approving this Request: AGFD is committed to providing a safe environment to its employees and the public. Deferring this work would likely result in the need to condemn this valuable structure. Restoration will become more costly and impractical, if not impossible, the longer this issue persists.

Arizona Game and Fish FY19 Building Renewal Expenditure Plan

Project: Sipe Wildlife Area Domestic Well & UV Disinfection

Category: Fire, Life Safety; Hazard Abatement

Need: AGFD staff has observed significant water quality concerns with the current domestic well system that provides water to the permanent onsite manager, the onsite volunteer host sites, and the bunkhouse. Due to older well installation the well is susceptible to contamination from surface water runoff that enters the well system

Solution: Hire a registered well contractor to re sleeve the existing well and provide solid pipe sleeving from below static water level to 18' above the ground surface. Provide proper backfill material around the existing sump of the well to protect the new sleeve system and grade the surface away from the well location. Above ground install a new filtration system with UV sterilization to provide better quality water.

Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Re-sleeve domestic well and provide filtration and sterilization system to the domestic water system	1	LS	\$33,000	\$33,000*
TOTAL ESTIMATE:				\$33,000
*Estimate base on an engineer's estimate				

Impact of Not Approving this Request: AGFD is committed to providing a safe environment to its employees and the public. Deferring this work causes health and safety issues to the employees and visitors of the wildlife area.

Arizona Game and Fish FY19 Building Renewal Expenditure Plan

Project: Tucson Regional Office Fire Alarm System Replacement

Category: Fire, Life Safety; Hazard Abatement

Need: AGFD owns and operates six Regional Offices around the state (Pinetop, Flagstaff, Kingman, Yuma, Tucson and Mesa). These offices are typically occupied by 25 to 35 permanent staff and act as a base station for law enforcement officers and other field personnel. They are also AGFD's primary customer service locations throughout the state, providing hunting and fishing license sales, boating registration and a variety of information resources regarding Arizona's wildlife. During the last several annual inspections of the fire alarm system by a qualified state contracted firm, it was continually noted the system is outdated and replacement should be seriously considered. The fire alarm system is over 34 years old. Fire alarm systems should be replaced every 20 years. In addition replacement components for this system are hard if not impossible to find.

Solution: Replace the entire fire alarm system with a new non-proprietary standardized system consistent with other newer systems throughout AGFD's other Regional offices.

Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Replace the entire fire alarm system	1	LS	\$30,000	\$30,000*
TOTAL ESTIMATE:				\$30,000
*Estimate based on Engineers estimate for work and past projects				

Impact of Not Approving this Request: AGFD is committed to providing a safe environment to its employees and the public. Deferring this work causes health and safety issues to the employees and visitors of the Regional office.

Arizona Game and Fish FY19 Building Renewal Expenditure Plan

Project: Conservation Education Building Reroof

Category: Building Shell Project

Need: The flat, built-up roofing on the Conservation Education Building is greater than 20 years in age and has far exceeded its useful life. A recent inspection indicated imminent failure in several locations.

Solution: Install new coating restoration system

Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Install roof Membrane w/10 Year Warranty	1	LS	\$5,000	\$5,000*
TOTAL ESTIMATE:				\$5,000
*Estimate base on bids provided by AGFD Continuing Services, licensed contractors Total area of improvement: 1,825 sq.ft. (\$2.75/sq ft)				

Impact of Not Approving this Request: AGFD is committed to preserving its administrative assets. To defer this work could result in interior damage, costly repairs and restoration/remediation due to roof failure.

Arizona Game and Fish FY19 Building Renewal Expenditure Plan

Project: Hunter Education Building Reroof

Category: Building Shell Project

Need: The flat, built-up roofing on the Hunter Education building is greater than 20 years in age and has far exceeded its useful life. A recent inspection indicated imminent failure in several locations.

Solution: Install new coating restoration system

Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Install Membrane w/10 Year Warranty	1	LS	\$18,300	\$18,300*
TOTAL ESTIMATE:				\$18,300
*Estimate base on bids provided by AGFD Continuing Services, licensed contractors Total area of improvement: 6,650sq.ft. (\$2.75/sq ft)				

Impact of Not Approving this Request: AGFD is committed to preserving its administrative assets. To defer this work could result in interior damage, costly repairs and restoration/remediation due to roof failure.

Arizona Game and Fish FY19 Building Renewal Expenditure Plan

Project: Black River Lands Cabin (PS Ranch) Double Door Repair

Category: Building Shell Project

Need: The exterior double metal doors that access the storage, water system, and solar system controls of the cabin are not functional due to building settlement.

Solution: Remove the trim around the door jamb and evaluate the wood space between the door frame and the log header. Remove and replace the filler wood as necessary. Re-straighten the door frame for normal operation. Replace the door and frame only if required.

Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
PS Ranch Cabin Double Door Repair	1	LS	\$10,000	\$10,000*
TOTAL ESTIMATE:				\$10,000
*Estimate based on Engineers estimate for work				

Impact of Not Approving this Request: AGFD is committed to preserving its administrative assets. To defer this work could result in damage, costly repairs and restoration/remediation due to continued sagging and the doors not being operational.

Arizona Game and Fish FY19 Building Renewal Expenditure Plan

Project: Horseshoe Wildlife Area Main House Reroof and Structural Repairs

Category: Building Shell Project

Need: The sloped roofing on the Main House building is greater than 20 years in age and has far exceeded its useful life. A recent inspection indicated imminent failure in several locations and some wood beams and fascia have already deteriorated.

Solution: Install new standing seam metal roof with metal clad around the fascia for added protection and extended life. Replace/repair deteriorated wood that is observed now and may be exposed when the roof material is removed.

Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Horseshoe Ranch Main House Reroof (Standing Seam Metal) and Structural Repairs	1	LS	\$95,000	\$95,000*
TOTAL ESTIMATE:				\$95,000
*Estimate base on bids provided by AGFD Continuing Services, licensed contractors				

Impact of Not Approving this Request: AGFD is committed to preserving its administrative assets. To defer this work could result in interior damage, costly repairs and restoration/remediation due to roof failure.

Arizona Game and Fish FY19 Building Renewal Expenditure Plan

Project: Mesa Regional Office HVAC Replacements

Category: Major Building Services

Need: AGFD owns and operates six Regional Offices around the state (Pinetop, Flagstaff, Kingman, Yuma, Tucson and Mesa). These offices are typically occupied by 25 to 35 permanent staff and act as a base station for law enforcement officers and other field personnel. They are also AGFD's primary customer service locations throughout the state, providing hunting and fishing license sales, boating registration and a variety of information resources regarding Arizona's wildlife. Several of the HVAC units are well beyond their useful life and are in need of costly repairs or are showing signs of fatigue and may fail at any time.

Solution: Replace three HVAC units with new energy efficient units.

Cost Estimate:

Activity	Quantity	Unit	Unit Cost	Cost
Replace aging HVAC units with new more energy efficient units.	1	LS	\$35,000	\$35,000*
TOTAL ESTIMATE:				\$35,000
*Estimate based on Engineers estimate for work				

Impact of Not Approving this Request: AGFD is committed to providing a safe, quality work environment for its employees. The failure of existing HVAC units is a certainty, and will necessitate emergency replacement, if it is allowed to occur. Failure of HVAC equipment will also create an environment that is not comfortable or safe for Department employees and visitors. To defer this project will result in further failure of existing equipment and create poor working conditions for staff and unsuitable conditions for the public.

Arizona Game and Fish FY19 Building Renewal Expenditure Plan

Project: Pinetop Regional Office Door Hardware Replacement and Update to New Key System

Category: Major Building Services

Need: The door hardware at the Pinetop regional office has experienced several failures with the lock mechanisms. The locks are over 25 years old are using the outdated Keeso key system that the state no longer uses nor supports. AZGFD has transitioned to a new Sargent restricted large format interchangeable core (LFIC) key system with key control and card access systems. This allows for better auditing of door use, and necessitates fewer keys be physically issued, reducing the liability and cost if keys are misplaced or lost.

Solution: Provide new door hardware with the new Sargent restricted LFIC key system to all doors; provide card access to restricted doors that have higher volume use and need better audit capabilities.

Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Provide new door hardware with the new Sargent restricted LFIC key system to all doors Provide card access to restricted doors that have higher volume use and need better audit capabilities.	1	LS	\$75,000	\$75,000*
TOTAL ESTIMATE:				\$75,000

* Estimate based on Engineers estimate for work and previous projects

Impact of Not Approving this Request: AGFD is committed to providing a safe, quality work environment for its employees. Without this project employees cannot unlock certain doors requiring them to use other doors, creating an inefficient work environment and presenting potential hazards. The Pinetop Regional Office will also continue to lack the ability to selectively control and audit access to the building.

Arizona Game and Fish FY19 Building Renewal Expenditure Plan

Project: Aquatic Research Conservation Center HVAC Replacement

Category: Major Building Services

Need: The Aquatics Research Conservation Center (ARCC) conducts fish study and research on fish species for better introduction into the wild, genetic propagation, and fish production. This building houses offices for staff and research studies which need to be climate controlled. Both of the HVAC units are well beyond their useful life and are in need of costly repairs or are showing signs of fatigue and may fail at any time.

Solution: Replace two HVAC units with new, energy efficient units.

Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Aquatic Research Conservation Center HVAC Replacement	2	EA	\$7,500	\$15,000*
TOTAL ESTIMATE:				\$15,000
*Estimate based on Engineers estimate for work				

Impact of Not Approving this Request: AGFD is committed to providing a safe, quality work environment for its employees. Without replacing these units the units will fail and have to be replaced on an emergency basis while compromising staff working conditions and center operations.

Arizona Game and Fish FY19 Building Renewal Expenditure Plan

Project: Tucson Regional Office HVAC Replacement

Category: Major Building Services

Need: AGFD owns and operates six Regional Offices around the state (Pinetop, Flagstaff, Kingman, Yuma, Tucson and Mesa). These offices are typically occupied by 25 to 35 permanent staff and act as a base station for law enforcement officers and other field personnel. They are also AGFD's primary customer service locations throughout the state, providing hunting and fishing license sales, boating registration and a variety of information resources regarding Arizona's wildlife. Several of the HVAC units are well beyond their useful life and are in need of costly repairs or are showing signs of fatigue and may go out at any time.

Solution: Replace three HVAC units with new, energy efficient units.

Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Tucson Regional Office HVAC Replacement	1	LS	\$45,000	\$45,000*
TOTAL ESTIMATE:				\$45,000
*Estimate based on Engineers estimate for work				

Impact of Not Approving this Request: AGFD is committed to providing a safe, quality work environment for its employees. The failure of existing HVAC units is a certainty, and will necessitate emergency replacement, if it is allowed to occur. Failure of HVAC equipment will also create an environment that is not comfortable or safe for Department employees and visitors. To defer this project will result in further failure of existing equipment and create poor working conditions for staff and unsuitable conditions for the public.

Arizona Game and Fish FY19 Building Renewal Expenditure Plan

Project: Tucson Regional Office Drywall Repair

Category: Building interior

Need: AGFD owns and operates six Regional Offices around the state (Pinetop, Flagstaff, Kingman, Yuma, Tucson and Mesa). These offices are typically occupied by 25 to 35 permanent staff and act as a base station for law enforcement officers and other field personnel. They are also AGFD's primary customer service locations throughout the state, providing hunting and fishing license sales, boating registration and a variety of information resources regarding Arizona's wildlife. Over the years drywall in the mechanical rooms has deteriorated due to condensate from HVAC equipment. The condensate problem will be corrected by the installation of new HVAC equipment submitted separately under this expenditure plan.

Solution: Remove and replace damaged drywall.

Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Remove and replace damaged drywall.	400	SF	\$37.00	\$15,000*
TOTAL ESTIMATE:				\$15,000
*Estimate based on Engineers estimate for work				

Impact of Not Approving this Request: AGFD is committed to providing a safe, quality work environment for its employees and visitors. To defer this project will result in further failure of drywall and possible damage to wall framing.

Arizona Game and Fish FY19 Building Renewal Expenditure Plan

Project: Kingman Regional Office Parking Lot Maintenance

Category: Infrastructure

Need: The Arizona Game and Fish Department (AGFD) owns and operates six Regional Offices around the state (Pinetop, Flagstaff, Kingman, Yuma, Tucson and Mesa). These offices are typically occupied by 25 to 35 permanent staff and act as a base station for law enforcement officers and other field personnel. They are also AGFD's primary customer service locations throughout the state, providing hunting and fishing license sales, boating registration and a variety of information resources regarding Arizona's wildlife. AGFD implemented major renovations to the Kingman administrative building in FY 2016. Due to budget limitations parking lot maintenance was deferred. Both the public and employee parking lot are in strong need of repair and resurfacing.

Solution: Saw cut, remove and replace damaged asphalt; seal all cracks; apply double seal coat; apply new striping

Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Project: Kingman Regional Office Parking Lot Maintenance	1	LS	\$37,000	\$37,000*
TOTAL ESTIMATE:				\$37,000
*Estimate based on a bids provided by local licensed contractors Total area of improvement: 77,950 sqft (\$.47/sqft)				

Impact of Not Approving this Request: AGFD is committed to preserving its administrative assets. To defer this work will result in further pavement degradation and more costly repairs in the future. Poor parking lot conditions may cause damage to staff and visitor vehicles, poses a risk of walking injury, and detracts from the public's image of AGFD.

Arizona Game and Fish FY19 Building Renewal Expenditure Plan

Project: Page Springs Fish Hatchery Visitor Parking Lot Repair and Maintenance

Category: Infrastructure

Need: The Arizona Game and Fish Department (AGFD) owns and operates six hatcheries around the state (Page Spring, Tonto Creek, Canyon Creek, Silver Creek, Sterling Springs, and Bubbling Ponds). These facilities raise sport and native fish for the state stocking program of lakes and stream throughout the State. The facilities are staffed 24 hours/7 days a week with large transport trucks used to transport the fish for stocking on a regular basis. All hatcheries except Sterling Springs are open to the public for viewing of the hatchery operations, bird watching, to wildlife information.

The pavement around the visitor center is in need of major repair due to a large tree that the root system has grown and heaved the pavement up throughout the ADA parking stalls. In addition the remainder of the parking lot is in need of crack seal and overlay to preserve the pavement.

Solution: Saw cut, remove and replace damaged asphalt; seal all cracks; apply double seal coat; apply new striping

Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Page Springs Fish Hatchery Parking Lot Repair and Maintenance	1	LS	\$75,000	\$75,000*
TOTAL ESTIMATE:				\$75,000
*Estimate based on Engineers estimate for work				

Impact of Not Approving this Request: AGFD is committed to preserving its administrative assets. To defer this work could result in further pavement degradation and more costly repairs in the future. Poor parking lot conditions may cause damage to staff and visitor vehicles, poses a risk of walking injury, and detracts from the public's image of AGFD.

Arizona Game and Fish FY19 Building Renewal Expenditure Plan

Project: AGFD Headquarters Exterior LED Lamp Replacements

Category: Infrastructure

Need: AGFD occupies a 118,000 square foot Headquarters complex on Carefree Highway in Phoenix. These offices are typically occupied by 300 to 350 permanent staff. It and act as a base station for law enforcement officers and other field personnel. It is also AGFD's primary customer service location, providing hunting and fishing license sales, boating registration and a variety of information resources regarding Arizona's wildlife. A recent cost/benefit study has indicated that converting to LED exterior lighting will have a three year payback with a savings of less than three years, with an annual savings thereafter of \$7,700.

Solution: Replace existing fixture internal components with new LED lighting components using the existing light fixture and wiring.

Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
AZGFD Headquarters Exterior Lighting Fixture Replacement.	1	LS	\$25,000	\$25,000*
TOTAL ESTIMATE:				\$25,000
*Estimate based on a bids provided by local licensed contractors				

Impact of Not Approving this Request: To defer this work would result in lost opportunity to reduce power and maintenance cost at the Headquarters facility.

Arizona Game and Fish FY19 Building Renewal Expenditure Plan

Project: Flagstaff Regional Office Exterior LED Light Fixture Replacements

Category: Infrastructure

Need: The Arizona Game and Fish Department (AGFD) owns and operates six Regional Offices around the state (Pinetop, Flagstaff, Kingman, Yuma, Tucson and Mesa). These offices are typically occupied by 25 to 35 permanent staff and act as a base station for law enforcement officers and other field personnel. They are also AGFD's primary customer service locations throughout the state, providing hunting and fishing license sales, boating registration and a variety of information resources regarding Arizona's wildlife. This facility has many evening hour public events as well as law enforcement and field staff coming and going at all hours. Most of the exterior lighting around the site is non-operational and is over 25 years old, creating a security and public safety concern for employees and visitors.

Solution: Replace existing exterior fixtures with new LED fixtures. Reuse existing wiring and poles.

Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Flagstaff Regional Office Exterior Light Fixture Replacements	1	LS	\$50,000	\$50,000*
TOTAL ESTIMATE:				\$50,000

*Estimate based on a bids provided by local licensed contractors

Impact of Not Approving this Request: To defer this work would result in continued safety and security concerns for both staff and the public and lost opportunity to reduce power and maintenance cost long term.

Arizona Game and Fish FY19 Building Renewal Expenditure Plan

Project: Canyon Creek Fish Hatchery Pavement Repair

Category: Infrastructure

Need: The Arizona Game and Fish Department (AGFD) owns and operates six hatcheries around the state (Page Spring, Tonto Creek, Canyon Creek, Silver Creek, Sterling Springs, and Bubbling Ponds). These facilities raise sport and native fish for the state stocking program of lakes and stream throughout the State. The facilities are staff 24 hours/7 days a week with large transport trucks used to transport the fish for stocking on a regular basis. All hatcheries except Sterling Springs are open to the public for viewing of the hatchery operations, bird watching, to wildlife information. The site pavement is in need of major repair work. Many cracks have opened up to over two inches due to sub-base problems and are creating safety concerns for employees, delivery vendors, and the public. These conditions are also damaging the concrete curbing and undermining the slope stability of the site. Due to the severity of the pavement conditions this will be a multi-year project. The first phase will address major cracks requiring extensive saw cutting, pavement removal and sub-base improvements. The next phase will include crack seal and pavement overlay. This work will use both Building Renewal funds and funds from the AGFD Aquatics hatchery program.

Solution: Saw cut, remove and replace damaged asphalt; seal all cracks; apply double seal coat; apply new striping

Cost Estimate:

Activity	Quantity	Unit	Unit Cost	Cost
Canyon Creek Fish Hatchery Parking Lot Maintenance	1	LS	\$75,000	\$75,000*
TOTAL ESTIMATE:				\$75,000
*Estimate based on Engineers estimate for work				

Impact of Not Approving this Request: AGFD is committed to preserving its administrative assets. To defer this work could result in further pavement degradation and more costly repairs in the future.

Arizona Game and Fish FY19 Building Renewal Expenditure Plan

Project: Tonto Creek Fish Hatchery Pavement Repair

Category: Infrastructure

Need: The Arizona Game and Fish Department (AGFD) owns and operates six hatcheries around the state (Page Spring, Tonto Creek, Canyon Creek, Silver Creek, Sterling Springs, and Bubbling Ponds). These facilities raise sport and native fish for the state stocking program of lakes and stream throughout the State. The facilities are staffed 24 hours/7 days a week with large transport trucks used to transport the fish for stocking on a regular basis. All hatcheries except Sterling Springs are open to the public for viewing of the hatchery operations, bird watching, to wildlife information. The site pavement is in need of major repair work. Many cracks have opened over two inches due to sub-base problems and are creating safety concerns for employees, delivery vendors, and the public. These conditions are also damaging the concrete curbing and undermining the slope stability of the site. Due to the severity of the pavement conditions this will be a multi-year project. The first phase will address major cracks requiring extensive saw cutting, pavement removal and sub-base improvements. The next phase will include crack seal and pavement overlay. This work will use both Building Renewal funds and funds from the AGFD's Aquatics hatchery program.

Solution: Saw cut, remove and replace damaged asphalt; seal all cracks; apply double seal coat; apply new striping

Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Tonto Creek Fish Hatchery Pavement Maintenance	1	LS	\$75,000	\$75,000*
TOTAL ESTIMATE:				\$75,000
*Estimate based on Engineers estimate for work				

Impact of Not Approving this Request: AGFD is committed to preserving its administrative assets. To defer this work could result in further pavement degradation and more costly repairs in the future.

Arizona Game and Fish FY19 Building Renewal Expenditure Plan

Project: Horseshoe Wildlife Area Septic System Design

Category: Infrastructure/Hazard Abatement

Need: Horseshoe Wildlife Area Headquarters is a remote, off-grid facility and has over fifteen structures with five structures having potable water and individual septic systems. This facility hosts multiple events and meetings, both internal and external to AGFD with up to 50 people occupying the site at a time. Several of the septic systems are old and show signs of failure during heavy use. The remote location does not provide for a public sewer system tie as would be in an urban setting.

Solution: Evaluate providing a site septic system rather than individual septic system for each building. This request is for an analysis of the existing system and design of a new site septic system.

Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Horseshoe Wildlife Area Septic System Design	1	LS	\$25,000	\$25,000*
TOTAL ESTIMATE:				\$25,000
*Estimate based on an Engineer's estimate				

Impact of Not Approving this Request: To defer this work will result in failure of the septic systems, potential threat to human health and violation of ADEQ system requirements. The would result in scaling back the use of this valuable facility.

Arizona Game and Fish FY19 Building Renewal Expenditure Plan

Arizona Game and Fish State Headquarters Major Maintenance Fund

Background: As part of the lease purchase agreement for the AGFD Headquarters facility, the Department committed to depositing a portion of its annual building renewal allocation into a sinking fund established through an indenture agreement with Wells Fargo Corporate Trust. This fund will cover future capital expenses associated with major cyclic maintenance items based on the following:

- Administration Building Roof Maintenance – Foam Roof Sealant every 7 years; new roof in year 25
- Interior Floors, Walls – Replace carpet flooring every 7 years; paint interior walls every 5 years; other flooring every 10 – 15 years
- Building Systems - Assumes ongoing upgrades to lighting, HVAC (energy management), telecommunication and information systems; security/access control system; fire detection and alarm system
- HVAC – Anticipated replacement of chiller in year 25; air handler unit replacements in years 20 -25; independent heat pump systems every 12 years
- Asphalt Maintenance – Crack seal every 3 years; seal coat parking lots every 5 years; slurry seal main entry road every 5 years; mill and overlay parking lot and main entry road in year 20

Estimated Annual Sinking Fund Requirement: \$52,230

AGFD Building Renewal Emergency Allocation

Need: AGFD maintains more than four hundred facilities within its building and infrastructure system statewide, which comprises a great diversity of types including administrative offices, administrative sites, shooting ranges, actively and passively managed wildlife areas, dams, boating facilities and other recreational improvements. Facilities range in age from historic structures constructed in the 1930s to recently constructed operational and administrative facilities. It is critical that AGFD executes a comprehensive maintenance program that includes scheduled replacement or renovation of major building systems and other infrastructure, circumventing costly repairs and preserving the value and useful life of these mission critical assets. However, given this maintenance burden it is difficult if not impossible to anticipate the timing and nature of all building component failures. In the event of unexpected critical breakdowns or imminent failures, AGFD requires the fiscal agility to remedy those events in an expeditious manner. Accordingly, AGFD is requesting the following:

Emergency Allocation: \$75,000

Expenditure Categories

1. *Emergency Maintenance and Repairs:* Unscheduled and unanticipated building system or equipment repairs requiring immediate response in order to maintain functionality of essential facilities and infrastructure.

Arizona Game and Fish FY19 Building Renewal Expenditure Plan

2. *Corrective Maintenance*: These maintenance activities are typically related to health, safety or accessibility concerns as determined by the Department's Loss Prevention Coordinator or Engineering staff, and require a timely response

The distribution of the Emergency Allocation of \$75,000 shall be addressed as follows:

- AGFD shall notify the Chairman and JLBC staff that they plan to spend less than \$25,000 on an emergency maintenance and repair or corrective maintenance project. AGFD can proceed without Committee review
- The Chairman can allow AGFD to expend more than \$25,000 on an emergency maintenance and repair or corrective maintenance project without Committee review
- The Chairman will notify AGFD if he does not agree that the project is an emergency or urgent corrective action and that the project will require full Committee review

Preventive Maintenance

Per statute, AGFD may spend up to 8% (\$78,480) of the total appropriation amount on preventive maintenance which can include preventive maintenance contracts for HVAC, backup power generators, pavement maintenance (small repairs), wastewater pump stations, septic systems, etc.

Arizona Game and Fish FY19 Capital Projects Expenditure Plan

FY 2019 Capital Projects Expenditure Summary

AGFD FY19 Capital Projects	Funding	Amount
Wildlife Center Animal Care Building	G&F Fund; Federal Aid in Wildlife Restoration (Pittman-Robertson)	\$1,650,000
Bubbling Pond Hatchery Fish Culture Building	Salt River Project Funding; Heritage Fund; Wildlife Conservation Fund	\$750,000
Whitewater Draw Office/Bunkhouse Replacement	Federal Aid in Wildlife Restoration (Pittman-Robertson)	\$40,000
Lake Pleasant Multi-Agency Patrol Boat Storage and Office Complex	Watercraft licensing funds	\$300,000
Lake Havasu Law Enforcement Aid Station Masterplan	Water Craft	\$100,000
Mittry Lake North Shore Public Access Project	Federal Aid in Wildlife Restoration (Pittman-Robertson/Dingell-Johnson)	\$450,000
Hatchery Maintenance	Capital Improvement Fund	\$300,000
Dam Maintenance	Capital Improvement Fund	\$150,000
Ben Avery Retail Store and Operations Center (previously approved by JCCR)	Federal Aid in Wildlife Restoration (Pittman-Robertson); Donations	\$1,250,000
Total Planned Expenditures:		\$4,990,000

Pursuant to ARS 41-1252 the Arizona Game and Fish Department will submit an expenditure plan for any unspent balances to a future JCCR meeting for review and approval.

Arizona Game and Fish FY19 Capital Projects Expenditure Plan

Project: Wildlife Center Animal Care Building

Category: New Capital Improvement

Funding: Game and Fish Fund; Federal State Aid Grants

Need: Arizona Game and Fish Department (Department) opened the Adobe Mountain Wildlife Center (Center) in 1983 on land leased from the Department of Juvenile Corrections. The Center occupied approximately 1.3 acres and consisted of variety of structures that were built primarily by volunteers over the last 30 years. Structures included a small wildlife treatment hospital, modular/trailer office, portable storage containers, and animal enclosures. These volunteer built structures have deteriorated over time, to the point of posing health and safety concerns. The Department closed the Adobe Mountain Wildlife Center the week of May 8, 2018. All remaining Education animals have been relocated to existing animal enclosures adjacent to the AGFD Headquarters.

The Department's enclosures serve to shelter education animals but lack facilities necessary for other critical functions. Without facilities purpose designed for sensitive tasks such as food preparation and equipment cleaning, staff must employ time intensive measures to ensure proper sanitation and care. A lack of dedicated storage necessitates temporary storage units and other cumbersome solutions. These enclosures also lack office facilities, meaning that staff must move between the enclosures and offices within the headquarters building in order to perform their duties, such as planning educational events and processing paperwork, drastically reducing efficiency. Certain Department functions, such as emergency triage of injured wildlife cannot be performed at this facility at all.

Solution: The Department proposes to build a new Wildlife Center (Center) adjacent to the Department Headquarters within a master planned development footprint (multi-year phasing). The Center will carry forward the legacy of the Adobe Mountain facility by:

1. Planning, building and maintaining facilities to ensure the health and safety of native birds and mammals used in Department outreach and education efforts
2. Delivering public outreach and education programs using native birds and mammals to inform the public about wildlife management activities and how these programs are supported by the Department and the US Fish and Wildlife Service (USFWS)
3. Providing daily care for the native birds and mammals used in Department outreach and education programs
4. Providing care for sick, injured, orphaned, and confiscated wildlife

The proposed project area is approximately .5 acres which includes: basic infrastructure development (i.e., parking lot, roadway, utilities, sidewalks, retention basins, landscaping, signage, fencing etc.) and a 2,400 sq foot wildlife care center building. A fully functioning wildlife center will allow the Department to provide a greater range of services including education and outreach events anticipated to reach 100,000 people annually, statewide.

Arizona Game and Fish FY19 Capital Projects Expenditure Plan

Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Animal Care Building and Associated Infrastructure	1	LS	\$1,500,000	\$1,500,000
Contingency (10%)	1	LS	\$150,000	\$150,000*
TOTAL ESTIMATE:				\$1,650,000
*Estimate based on AGFD on-call contractor's estimate for work (attached)				

Impact of Not Approving this Request: The Arizona Game and Fish Department is committed to providing a safe environment to its employees, volunteers and the public. To not construct this building would leave Department staff without the tools necessary to accomplish their work such as a dedicated place to prepare food, clean equipment, and provide routine or emergency health care for education animals and wildlife. The Department's education outreach program would be severely impacted and engagement with the public curtailed.

Arizona Game and Fish FY19 Capital Projects Expenditure Plan

Project: Bubbling Ponds Hatchery Fish Culture Building

Category: New Capital Improvement

Funding: Salt River Project Funding; Heritage Fund; Wildlife Conservation Fund;

Need: The Arizona Game and Fish Department (Department) owns and operates six fish hatcheries around the state. Bubbling Ponds Hatchery (BPH) encompasses approximately 122 acres along the Oak Creek riparian corridor in the Page Springs area of Cornville, AZ. The facility has 13 active fish rearing ponds, containing two federally listed species (the Colorado River pikeminnow and Razorback sucker) and a broodstock of Verde River genetic strain roundtail chub. During the fall and winter months two ponds are utilized to raise rainbow trout. In addition, there are three year classes of largemouth bass that the Department plans to use as broodstock to adequately maintain and enhance bass fishing opportunities in the near future. Recreational sport fishing produces \$1.47 billion in economic benefits for the state of Arizona annually. Among active anglers 63% fish for bass. Hatchery operations are at maximum capacity for current fish holding and stocking requests, creating an urgent need at BPH to expand indoor holding and rearing facilities.

The Department is currently developing techniques to mass produce Sonoran suckers as bait fish. By sustainably propagating native Arizona fish for this purpose, the Department hopes to reduce potential for biological competition by non-native fish accidentally introduced through out-of-state supply chains and reduce the risk of fish disease introduction associated with importation of bait fish by offering a local option to bait dealers. BPH does not currently have the space and facilities necessary to develop such techniques.

Solution: The Department proposes a multi-phase project beginning with the construction of a metal building shell and necessary infrastructure improvements. Further site infrastructure and tenant improvements will be established in future years.

This fish culture building will be approximately 60' x 100' and will be used to maintain indoor broodstock; produce and propagate multiple native aquatic species for conservation efforts; and produce and propagate sportfish species for recreation. By utilizing different sizes of rearing units (raceways, circular tanks including aquariums) within the fish culture building, the Department will maximize BPH's capability to reproduce and raise different species of interest. The estimated final cost for the building and equipment will be approximately \$1.2 million. We are estimating 100% completion and functionality in approximately five years.

The construction of the fish culture building will be accomplished through partnership with Salt River Project (SRP). SRP has pledged to contribute \$448,000 and the Department has committed \$200,000 from the Heritage Fund, \$100,000 from the Wildlife Conservation Fund in FY19 and will address appropriate associated costs using the Game and Fish Fund. This multi-funding approach will provide BPH the flexibility to raise native fish and sportfish in the same facility.

Arizona Game and Fish FY19 Capital Projects Expenditure Plan

Arizona Game and Fish FY19 Capital Projects Expenditure Plan

Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Metal Building Shell/Infrastructure	1	LS	\$750,000	\$750,000*
TOTAL ESTIMATE:				\$750,000
*Estimate based on Engineers estimate for work				

Impact of Not Approving this Request: The Arizona Game and Fish Department is committed to providing recreational opportunities to the public and to conserving Arizona's fish resources for the future. Without the construction of this building, the Department would have to purchase largemouth bass from out of state to meet Arizona angler demand. Largemouth bass purchase in large quantities is cost prohibitive under the Department's current structure, with an approximate cost of \$19.50/lb. Without adequate facilities to develop a source of native bait fish, the state will continue to be exposed to the risks of catastrophic impact in sport and native fish associated with the importation of fish from bait dealers.

Arizona Game and Fish FY19 Capital Projects Expenditure Plan

Project: Whitewater Draw Office/Bunkhouse Replacement- Historic Survey and Design

Category: New Capital Improvement

Funding: Federal Aid in Wildlife Restoration (Pittman-Robertson)

Need: Historic survey, demolition, and rebuild of existing office/bunkhouse for the Whitewater Draw Wildlife area. Existing building deteriorated beyond repair due to termites.

Solution: This will be a multi-year project with first year being the historic survey and documentation of the existing structure and design of the new bunkhouse. In Fiscal year 2020 AGFD will request approval for construction (approximate \$250,000).

Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Whitewater Draw Office/Bunkhouse Replacement- Historic Survey and Design	1	LS	\$40,000	\$40,000*
TOTAL ESTIMATE:				\$40,000
*Estimate based on AGFD estimate for work				

Impact of Not Approving this Request: The Arizona Game and Fish Department is committed to providing a safe environment to its employees, volunteers and the public. To defer replacement of this building would mean the Whitewater Draw Wildlife Area will not have safe, healthy space for administrative operations. Additionally when Department staff are in the area for wildlife surveys, field work around the area or law enforcement operations they will not have a safe, healthy place to stay requiring them to make less convenient, sometimes costly arrangements.

Arizona Game and Fish FY19 Capital Projects Expenditure Plan

Project: Lake Pleasant Multi-Agency Patrol Boat Storage and Office Complex

Category: New Capital Improvement

Funding: Watercraft Licensing Funds

Need: The Maricopa County Sheriff's Office, Maricopa County Parks and the Arizona Game and Fish Department currently work cooperatively under a Memorandum of Understanding (MOU) to provide boating law enforcement services on Lake Pleasant. The Arizona Game and Fish Department and Maricopa County Sheriff's Office currently utilize a boat storage facility that is incorporated into the Scorpion Bay Marina for the storage of patrol boats. Due to contamination of Lake Pleasant with quagga mussels and other AIS, boats are stored in an elevated system that prevents prolonged contact with water a minimizes AIS related hull degradation.

The Scorpion Bay Marina is a private facility that is owned by Desert Troon and is undergoing redevelopment. Proposed redevelopment plans include relocation and improvement of the boat storage space currently used by law enforcement. Desert Troon has offered an easily accessible location, secure access, utilities and gangway for a new boat storage facility, provided that the agencies fund the cost of their construction in a public-private partnership. This partnership includes Desert Troon as the private developer, the Department, the Maricopa County Sheriff's Office and Maricopa County Parks.

Solution: Public-Private partnership in construction of a multi-agency boat storage facility at Scorpion Bay Marina including covered storage, docks, boat slips and boat hoists for two patrol boats for each agency and transient slips. Development also includes a common office area for placement of an intoxilyzer, prisoner processing and officer administrative work.

Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Lake Pleasant Multi-Agency Patrol Boat Storage and Office Complex	1	LS	\$300,000	\$300,000*
TOTAL ESTIMATE:				\$300,000
*Estimate based on AGFD prior project experience				

Impact of Not Approving this Request: The Arizona Game and Fish Department is committed to providing a safe environment for the boating public. Deferring this project would compromise the continued success of the multiagency MOU and efforts to ensure

Arizona Game and Fish FY19 Capital Projects Expenditure Plan

safe boating on Lake Pleasant by complicating Desert Troon's efforts to redevelop its marina while continuing to facilitate agency operations.

Arizona Game and Fish FY19 Capital Projects Expenditure Plan

Project: Lake Havasu Multi-Agency Boating Safety Complex Master Plan

Category: New Capital Improvement

Funding: Watercraft Fund

Need: Lake Havasu is the busiest recreational boating waterway in Arizona, and watercraft recreation forms the foundation of the robust tourism-driven economy of the Lake Havasu community. The most recent comprehensive management survey completed on Lake Havasu indicated that there were 908,000 boater use days in 2015. Public safety in this busy environment is maintained by several cooperating agencies including the Lake Havasu Police Department, Mohave County Sheriff's Office, Arizona State Parks, the Arizona Game and Fish Department, the U.S. Fish and Wildlife Service, the Bureau of Land Management, the U.S. Coast Guard as well as San Bernardino County and California Fish and Wildlife. During busy times as many as 20 law enforcement officers are working at the lake.

Effective coordination of the many agencies and individual officers is essential in this environment, however efforts are complicated by the lack of a multi-agency aid station. Similar facilities exist on other busy lakes in this state, and in addition to maintaining effective coordination on those waters, they serve as a public interface or for public safety and enforcement activities. On Lake Havasu, a converted garage is being utilized as office space. This facility has insufficient space and restroom facilities for the number of officers operating on the lake. Arrestees and intoxicated boaters must be brought to this already crowded facility, creating a potentially unsafe environment for officers and for interfacing with the public.

Cooperating agencies have met on multiple occasions to discuss each agencies needs and funding requirements and determined that a modern and effective public safety center is needed. There is agreement that such a facility must provide adequate space for the eight cooperating agencies and create secure lake access which does not currently exist. This facility will enhance all public safety functions by providing the work space necessary to hold and process arrestees, an interview room, and sufficient space to facilitate medical care and coordinate search and rescue responses. Enhanced public safety and safe watercraft operation on the lake will ensure a better experience for boaters and support Lake Havasu's tourism driven economy.

In addition to public safety functions, the Lake Havasu Multi-Agency Boating Safety Facility would benefit the public by providing services such as boating safety education and watercraft registration to the community. The need for registration services in the Lake Havasu has been demonstrated by the Department's current pilot program in Lake Havasu City, where 214 watercraft transactions were conducted over a two day effort in July. Members of the boating public have consistently expressed their support for this service, as it obviates the need to transport watercraft to the next nearest registration location: the Department's regional office in Kingman.

Arizona Game and Fish FY19 Capital Projects Expenditure Plan

Solution: The Department proposes a multi-phase approach to developing a modern multi-agency boating safety center. This process will begin with development of an architectural master plan for a multi-agency boating safety center, including redesign of the existing patrol boat storage facility and police dock at Contact Point on leased BLM property.

Arizona Game and Fish FY19 Capital Projects Expenditure Plan

Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Lake Havasu Multi-Agency Boating Safety Complex Masterplan	1	LS	\$100,000	\$100,000*
TOTAL ESTIMATE:				\$100,000
*Estimate based on Consultant's Fee Proposal				

Impact of Not Approving this Request: The Arizona Game and Fish Department is committed to providing a safe environment for the boating public. Deferring this project would necessitate that the public continue to interface with the multiagency law enforcement task force in an increasingly unsuitable location, limit the effectiveness of the multiagency task force and potentially compromise boating safety operations on Lake Havasu.

Arizona Game and Fish FY19 Capital Projects Expenditure Plan

Project: Mittry Lake North Shore Public Access Project

Category: New Capital Improvement

Funding: Federal Aid in Wildlife Restoration (Pittman-Robertson/Dingell-Johnson)

Need: The Mittry Lake property is owned by the US Secretary of the Interior and managed by Arizona Game and Fish Department. This area is a popular location for outdoor recreational activities including wildlife watching, waterfowl hunting, fishing and paddlesports. The North Shore area has not been developed for access, which limits opportunities for the public. Additionally, the lack of access would complicate firefighting efforts in the area in the event of a wildlife.

Solution: The Department proposes to Construct a new road, fire breaks, paddle boat launch ramp, toilets/trash at Mittry Lake WLA to provide improved access and increased opportunities for waterfowl hunting, wildlife viewers, and paddle sport enthusiasts and to assist in fire access, fire breaks and wildland fire fighting in the area.

Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Mittry Lake North Shore Public Access Project	1	LS	\$450,000	\$450,000*
TOTAL ESTIMATE:				\$450,000

*Estimate based on AGFD estimate for work

Impact of Not Approving this Request: The Arizona Game and Fish Department is committed to providing recreational access for the public. Requests for access in this area have been made consistently. Not completing this project would be to leave the area as is with limited to no access for the public to reach this area of the lake. This would also be a missed opportunity to reduce the impact of wildland fires in the area.

Arizona Game and Fish FY19 Capital Projects Expenditure Plan

Project: Hatchery Maintenance

Funding Source: AGFD Capital Improvement

Category: Preservation of Assets

Need: According to the analysis in the *2013 Economic Impact of Fishing in Arizona*, annual recreational sport fishing produces \$1.47 billion in economic benefits for the state of Arizona. Over 62,000 individuals purchased the necessary stamp to fish for trout in Arizona in 2013. Most trout in this state do not originally come from the stream, river or lake where they are caught; the vast majority of trout caught in Arizona's public waters originate from hatcheries. Natural trout reproduction in Arizona is extremely limited because trout require cold clear-running perennial streams that are rare in this state. Department hatcheries stock trout annually into public waters for anglers to enjoy. To accomplish this, the Department maintains six fish hatcheries within the State, each of which has a dedicated source of natural spring water. The primary funding source for the Department's operating and maintenance expenses at these hatcheries are federal grant monies derived from an excise tax on angler sporting goods. Over the past several years this funding has remained flat, while costs steadily increase. As a result, critical maintenance activities are being deferred, impacting productivity of the hatcheries.

Solution: The Department is proposes to use the \$300,000 from the Capital Improvement Fund property maintenance appropriation to supplement operation and maintenance costs at its six fish hatcheries. The intent of this request is to establish dedicated funding to achieve restoration objectives and/or supplement base operation and maintenance funding for these facilities. Per ARS 17-292 monies in the Capital Improvement Fund may be expended by the Department for constructing, acquiring, converting, renovating or improving existing facilities.

Expenditure Categories - The following are typical expenditures categories with specific requirements determined by each hatchery's unique needs, which can vary year to year:

- **Silver Creek Lower Springs Units Repair Phase II:** Funding would be utilized to complete Phase II of Silver Creek Hatchery raceways maintenance and repair. This funding would allow to finalize the repair of the rearing units, add cover and install new liners at the facility raceways. After completion of these improvements the facility would be capable to increase the rearing capacity in more than 15,000 lbs. of fish. Silver Creek Hatchery is vital to sustain stocking of trout in the White Mountains. All the Apache trout stocked in Arizona are produced by Silver Creek Hatchery. The hatchery produces approximately 20,000 pounds of rainbow and Apache Trout a year. This limitation in production is due to the rudimentary infrastructure, which consists of two sets of in ground raceways and no discharge permit.
- **Mold Abatement at Three Hatcheries:** Repair the drainage and correct the mold problem at TCH, SCH and CCH Houses. The bad slopes around the houses and the significant rain events which resulted in flooding to several areas of the properties

Arizona Game and Fish FY19 Capital Projects Expenditure Plan

allowed water sit against the foundation and leak into the house. This is causing mold and structural issues with the house at TCH and SCH.

Cost Estimate - This funding will be allocated across AGFD's six hatcheries.

Activity	Quantity	Unit	Cost
Silver Creek Lower Springs Units	1	LS	\$200,000
Repair Phase II	1	LS	\$100,000
Mold Abatement at Three Hatcheries			
TOTAL ESTIMATE:			\$300,000.00
Estimates based on engineering estimates and historic operational costs			

Impact of Not Approving this Request: The Arizona Game and Fish Department is committed to providing recreational opportunities to the public. Not approving this capital expenditure will compromise the Department's ability to adequately maintain hatchery infrastructure in order to sustain or enhance fish production rates. This in turn will have a negative impact on recreational opportunity for Arizona's anglers and reduce the economic benefit to the state.

Arizona Game and Fish FY19 Capital Projects Expenditure Plan

Project: Dam Maintenance

Funding Source: AGFD Capital Improvement Fund

Category: Preservation of Assets/Heath/Life Safety

Need: The Arizona Game and Fish Department owns and operates 37 dams statewide and is responsible for more jurisdictional dams than any other single entity in the state. These dams were constructed to create freshwater biomes and aquatic habitat that provide an array of recreational opportunities including fishing, boating, camping and wildlife viewing. Seven dams have a hazard potential rating of "high" meaning that a dam failure could result in loss of life and significant impact to property. The Arizona Department of Water Resources (ADWR) requires both high hazard and significant hazard dams to have current Emergency Action Plans, which outline procedures for severe events. The Department has implemented Automated Local Evaluation in Real Time (ALERT) systems on all its high and significant hazard dams. This remote sensing equipment transmits real time data that help trigger an emergency response. ADWR inspections are performed every year on AGFD high hazard dams, every three years on significant hazard dams and every five years on low hazard dams. These inspections routinely identify maintenance requirements that can include vegetation removal, erosion control, exercising control structures/valves, concrete restoration, debris clearing from spillways, removing animal burrows, seepage monitoring and ALERT system maintenance. These annual maintenance needs exceed AGFD's base federal budget for dam maintenance.

Solution: The following is a list of proposed projects will be implemented with this funding:

- **ALERT System Upgrades:** Transition transmitters at Roper, Cluff Ranch, and Lee Valley to digital (cellular) from analog (radio); add stationary cameras to Parker Canyon, Pena Blanca, Roper, Fool Hollow, Lee Valley, and Lynx Lake; add Additional batteries and larger solar panels to all ALERT sites; complete the transition from Datawise software to jefdaq software; annual maintenance of all the ALERT sites
- **Maintenance on Ellis Wiltbank Reservoir:** Includes rebuilding slopes, new riprap for erosion protection, fencing around the dam to keep cattle off, and extending the outlet pipe 10 ft so that the pipe daylights out of the dam.

Cost Estimate - This funding will be allocated as follows:

Activity	Quantity	Unit	Cost
ALERT System Upgrades	1	LS	\$100,000
Maintenance on Ellis Wiltbank Reservoir	1	LS	50,000
TOTAL ESTIMATE:			\$150,000.00

Arizona Game and Fish FY19 Capital Projects Expenditure Plan

Estimates based on historic operational costs

Impact of Not Approving this Request: Not approving this capital expenditure will compromise the Department's ability to comply with dam safety regulations. These activities are critical in assuring public safety, preventing potential loss of life and property, and preserving the ongoing availability of numerous fishery and recreational resources for the citizens of Arizona.



STATE OF ARIZONA

Joint Committee on Capital Review

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DATE: September 13, 2018

TO: Members of the Joint Committee on Capital Review

FROM: Morgan Dorcheus, Fiscal Analyst MD

SUBJECT: Arizona Pioneers' Home - Review of FY 2019 Capital Improvement Projects

Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated for capital projects. The FY 2019 Capital Outlay Bill (Laws 2018, Chapter 277) appropriated \$600,000 from the Miners' Hospital for Miners with Disabilities Land Fund for capital improvements. The Arizona Pioneers' Home (APH) is requesting review of these monies for 6 capital improvement projects.

Committee Options

The Committee has at least the following 2 options:

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

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

- A. APH shall report any reallocation between projects as listed in *Table 1* to the JLBC Staff. If there is a significant change of scope in the reallocation reported by APH, the JLBC Staff will recommend APH request Committee review of the reallocation.
- B. If APH adds a new project not listed in this request, the agency shall submit the proposed project and expenditure plan for Committee review.
- C. APH shall notify the Chairman and JLBC Staff if they plan to spend the contingency allocation. The Chairman will notify APH if the contingency plan will require full Committee review.

(Continued)

Key Points

- 1) The FY 2019 budget appropriated \$600,000 to APH for capital improvement projects.
- 2) APH plans to use the monies for 6 capital improvement projects, including:
 - Window replacements
 - Lead paint abatement
 - Bathroom renovations
 - Hot water recirculation
 - Fire alarm upgrades
 - Cemetery roadway and drainage upgrades.
- 3) APH is in the process of receiving bids for each project and allocates \$100,000 to project contingencies.

Analysis

APH's expenditure plan is allocated as follows (see *Table 1*):

Window Replacement

A total of \$100,000 will be allocated to the replacement of 48 windows on the south side of the building. The windows are original to the building. APH reports difficulty opening and closing the existing windows and difficulty regulating temperatures in resident bedrooms.

The APH building has an historic designation, and the windows must be replaced without altering the exterior appearance of the building. Beyond the current proposal, APH plans to request funding in the future to replace the remaining windows in phases to allow time and space for the residents to be relocated during the replacement.

Lead Paint Abatement

A total of \$35,000 will be allocated to lead paint abatement on the exterior wall of an elevator enclosure. APH reports that paint is chipping off the enclosure, presenting a risk to residents, staff, and visitors.

Bathroom Renovations

A total of \$25,000 will be allocated to bathroom renovations, which includes replacement of 2 bathtubs, and associated plumbing service and drain lines. The existing conventional bathtubs will be replaced with reduced barrier showers, which APH reports will be more accessible for residents.

Hot Water Recirculation

A total of \$40,000 will be allocated to updating the hot water control system, including thermostatic mixing valves and the recirculating system. These upgrades are part of a Plan of Correction to comply with water guidelines set by the Arizona Department of Health Services. The updates will create more consistent water temperatures throughout the building.

Fire Alarm Upgrades

A total of \$200,000 will be allocated to upgrade the fire alarm control panel and smoke detectors in the building, which APH reports are beyond their useful life.

(Continued)

Cemetery Roadway and Drainage

A total of \$100,000 will be allocated to re-surfacing the Pioneers' Home Cemetery roadway, and to installation of a drainage system to divert run-off from burial sites.

Project Contingency

A total of \$100,000 will be allocated to project contingencies for unforeseen costs. The amounts listed in *Table 1* represent the estimated cost of each project. APH is currently working with the Arizona Department of Administration to receive bids for each project. The contingency will be used if actual costs are higher than the estimates provided.

Table 1

APH FY 2019 Capital Improvements

Window Replacement	\$100,000
Lead Paint Abatement	35,000
Bathroom Renovations	25,000
Hot Water Recirculation	40,000
Fire Alarm Upgrades	200,000
Cemetery Roadway and Drainage	100,000
Contingency	<u>100,000</u>
TOTAL	\$600,000

MD:kp

Arizona Pioneers' Home

Doug Ducey
Governor

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

Philip Schlotter
Superintendent

August 14, 2018

The Honorable, David Livingston, Chairman
Joint Committee on Capital Review (JCCR)
Arizona State Senate
1700 West Washington Street
Phoenix, Arizona 85007

The Honorable John Kavanagh, Vice Chairman
Joint Committee on Capital Review (JCCR)
1700 West Washington Street
Phoenix, Arizona 85007



Dear Senator Kavanagh and Representative Livingston:

Laws 2018, 2nd Regular Session, Chapter 277 (SB 1522) appropriated \$600,000 to the Arizona Pioneers' Home (APH) for capital improvement projects. APH requests JCCR review of APH's FY 2019 capital improvement plan for \$600,000.

If you have any questions regarding this request please contact Robert Croci, Physical Plant Director, APH @ 928-445-2181.

Sincerely,

A handwritten signature in blue ink, appearing to read 'PS', with a horizontal line extending to the right.

Philip Schlotter
Superintendent

Attachments (1)

cc: Richard Stavneak, JLBC Director
Matthew Gress, OSPB Director

ADOA Building System Renewal Allocation Plan
Arizona Pioneers' Home FY 2019 Capital Improvement Plan
Laws 2018, Second Regular Session, Chapter 277 (SB1522)
\$600,000

\$100,000 Window Replacement-South Exposure

The existing windows at APH are original to the building and have not been refurbished or replaced. The forty eight (48) windows are double -hung wood casement style with sash cords and weights. Some windows cannot be opened due to the deterioration of the counter balance mechanisms. The existing windows do not have any weather stripping or insulation which makes it difficult to regulate the room temperatures for our fragile elderly residents, especially during cold winter snow storms.

We plan to replace the existing windows with single-hung insulated vinyl windows with screens that will maintain the exterior look of our historic building while allowing our residents to be safe, warm and dry.

\$35,000 Service Elevator Lead Paint Abatement

The APH Service Elevator was built and painted prior to 1978. Testing indicates Lead is present in the existing paint and will require remediation from a Professional Lead Abatement Contractor.

The current paint coating is decaying and throwing off dust and chips that could be harmful to APH Residents, Staff and visitors.

\$25,000 Resident Bathroom/Shower

APH third floor bathrooms contain conventional resident bathtubs that make it difficult for our elderly residents to safely maintain their independence.

The residential bathtubs will be removed, plumbing service and drain lines will be replaced and new reduced barrier showers will be installed. These updates will allow APH to promote independence, better personal hygiene and reduce resident falls.

ADOA Building System Renewal Allocation Plan
Arizona Pioneers' Home FY 2019 Capital Improvement Plan
Laws 2018, Second Regular Session, Chapter 277 (SB1522)
\$600,000

\$40,000 Hot Water Recirculation

Currently APH domestic hot water system originates in the basement of the building which makes it very difficult to obtain consistent temperatures throughout the building. Additionally APH is unable to comply with Arizona Department of Health Services water temperature guidelines. As part of our Plan of Correction, we are updating our hot water control system to better protect our elderly residents from harm.

\$200,000 Fire Alarm Renovation

Fire Alarm Control Panel and smoke detectors have reached the end of their useful life. The manufacturer is unable to locate replacement parts timely. The lack of readily available parts has created situations where a 24 hour Fire Watch had to be performed and documented to ensure the safety of our elderly residents. Additionally during a 24 hour Fire Watch, the smoke barrier doors do not operate limiting resident mobility throughout our facility. Finally, the newest section of APH Stair tower will not interface with the Fire Alarm Control Panel due to the functional obsolescence.

\$100,000 Cemetery Roadway and Drainage

Snow melt and rain run-off has severely damaged the existing Cemetery roadway, causing erosion of burial sites and covering headstones with mud and debris. The roadway will be re-surfaced and drainage or curb channeling system will be installed to accommodate the snow melt and rain run-off.

\$100,000 Project Contingency



STATE OF ARIZONA

Joint Committee on Capital Review

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REBECCA RIOS

DATE: September 13, 2018

TO: Members of the Joint Committee on Capital Review

FROM: Josh Hope, Fiscal Analyst *JH*

SUBJECT: Department of Emergency and Military Affairs - Review of Tucson Readiness Center

Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated for capital projects. The Arizona Department of Emergency and Military Affairs (DEMA) is requesting Committee review of the expenditure plan for the construction of the Tucson Readiness Center, as appropriated by the FY 2019 Capital Outlay Bill (Laws 2018, Chapter 277). The total project cost is \$24,133,000, which consists of the following fund sources: 1) \$3,759,000 from the General Fund included in the FY 2019 budget; 2) \$2,274,000 from other state monies; and 3) \$18,100,000 from Federal Funds.

Committee Options

The Committee has at least the following 2 options:

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

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

- A. DEMA shall report to the Committee if the Tucson Readiness Center project's total cost exceeds estimated costs by 20%. The JCCR Chairman shall determine whether the project requires further review.
- B. On or before July 31 of each year until project completion, DEMA shall report to the JLBC Staff on the status and expenditures of the Tucson Readiness Center project.
- C. A favorable review does not constitute endorsement of appropriations to pay for future operating costs.

(Continued)

Key Points

- 1) Using State and Federal Funds, DEMA is constructing a new \$24.1 M Army National Guard readiness center.
- 2) The building will have 74,623 square feet of capacity on state-owned land in Tucson.
- 3) The state's portion is \$6.0 M and the Federal Funds portion is \$18.1 M.
- 4) The average total cost per square foot of the building is \$323.

Analysis

Located on a 34-acre site of state-owned land near Rita Road and Interstate 10 in Tucson, the new 74,623 square foot project would serve as the readiness center for 3 Army National Guard units and a total of approximately 325 personnel. This includes the 222nd and 2220th Transportation Companies and Field Artillery Detachment 1.

DEMA has indicated the existing facilities for these units are either outdated or overcrowded. The 222nd Transportation Company currently resides in modular trailers located at the Florence Military Reservation, which have 12,620 square feet of capacity. The modular trailers have served as a temporary solution since 2010. The 2220th Transportation Company resides in the Valencia Readiness Center in Tucson, which has 34,759 square feet of capacity. The Field Artillery Detachment 1 resides in the Papago Park Military Reservation, which is currently overcrowded according to U.S. Department of Defense (DoD) space requirements.

Upon completion of the Tucson Readiness Center, DEMA intends to dispose of the modular housing in Florence after the 222nd Transportation Company moves into the new center. The Valencia Readiness Center will continue to be used by another existing occupant (the 860th Military Police Company) along with another unit that will be moved in to rebalance overcrowding among the Arizona Army National Guard's readiness centers. The Papago Park Military Reservation will continue to be used by over 2 dozen other units after the Field Artillery Detachment 1 moves into the Tucson Readiness Center.

At this time, DEMA projects that the opening of the new Tucson Readiness Center would not increase the agency's operating costs. The Committee may consider Provision C stating that a favorable review of the project does not endorse funding of any operating cost increases.

Timeline

The design of the Tucson Readiness Center would begin around October 2018. The final design would be completed around October 2020, which would initiate the solicitation of construction bids. Construction would begin around March 2021 and would be completed around December 2021.

Project Cost

The total cost of the project is \$24,133,000. The cost per square foot is \$323. The DoD provides a 3:1 federal-to-state match for the project. The state's portion is \$6,033,000 and the DoD's federal match is \$18,100,000. The federal portion has already been allocated by the federal government.

(Continued)

Below are the sources of funding for the state's portion of the project:

- \$3,759,000 from the General Fund
- \$1,250,000 from the Military Installation Fund (MIF)
- \$960,200 from the State Armory Property Fund
- \$63,800 in General Fund monies from the DEMA FY 2019 Operating Budget.

Construction Details

Table 1 presents a categorical summary of DEMA's expenditure plan.

Table 1	
Tucson Readiness Center Expenditure Plan	
<u>Category</u>	<u>Cost</u>
Design	\$891,200
Construction	21,388,800
<u>Other</u>	
Construction Contingency (5%)	1,069,000
Supervision/Inspection Services	674,000
Other	<u>110,000</u>
Total	\$24,133,000

The cost estimates are based on a funding formula developed by the Department of the Army. Formula inputs include the type of unit stationed in the readiness center, the amount of personnel in the unit, and the building retrofitting needed for these units. This formula determines the baseline cost to construct a readiness center and does not include optional upgrades. There will be no optional upgrades in this project. Furthermore, construction cost factors vary by state. Arizona's cost factor is 0.96 of a national average of 1.0.

Related Projects

Additionally, according to DEMA, this new readiness center may qualify the state for a future 100% federally-funded and maintained 39,290 square foot field maintenance shop that will support the vehicle maintenance needs for all Arizona Army National Guard units in Southern Arizona. The DoD plans to award the next round of funding for field maintenance shops in 2019 and 2020 and these monies would be distributed several years later.

JH:kp



Douglas A. Ducey
GOVERNOR

STATE OF ARIZONA

DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS

5636 East McDowell Road
Phoenix, Arizona 85008-3495
(602) 267-2700 DSN: 853-2700



Major General Michael T. McGuire
THE ADJUTANT GENERAL

August 22, 2018

The Honorable David Livingston, Chairman
Joint Committee on Capital Review (JCCR)
Arizona House of Representatives
1700 W. Washington Street
Phoenix, Arizona 85007

The Honorable John Kavanagh, Vice-Chairman
Joint Committee on Capital Review (JCCR)
Arizona State Senate
1700 W. Washington Street
Phoenix, Arizona 85007

SUBJECT: Construction of new Arizona Army National Guard Readiness Center



Dear Chairman Livingston, Vice-Chairman Kavanagh, and Committee Members:

The Arizona Department of Emergency and Military Affairs (DEMA) respectfully requests its placement on the September 20, 2018 Joint Committee on Capital Review (JCCR) meeting agenda for review of the expenditure of monies appropriated pursuant to Laws 2018, Second Regular Session, Chapter 277, Section 8 for the construction of a new Readiness Center.

Readiness Centers serve as the home station for Arizona Army National Guard units, enable unit training, store weapons, vehicles, and supplies, and act as mobilization hubs for state and federal deployments. These facilities support the community, families, veterans, and external organizations with a secure location for gatherings beyond Soldier activities. Readiness Centers are safe havens during natural disasters, power outages, civil disturbances, and act as headquarters for incident management agencies. Additionally, Readiness Centers support the local economy.

The Arizona Army National Guard has 31 Readiness Centers spread across 20 cities throughout the state. The average age of Arizona's Readiness Centers is 34 years old - with 11 Readiness Centers built in the 1950s - when Soldiers were driving jeeps instead of larger HMMWVs and with little anticipation of the connectivity or training needs of our modern Soldiers. Readiness Centers that do not meet space requirements and condition standards affects our readiness to perform our dual state and federal missions; the recruiting, retention, and training of Soldiers; the maintenance of equipment; and risk losing federal funding which offsets 50-75% of the facility's maintenance and operations cost.

The scope of this project is to construct a 74,623 SF Readiness Center that supports the training, administrative, and logistical requirements for the Arizona Army National Guard on a 33 acre site of state-owned land near Rita Rd and Interstate 10 in Tucson. This project is critical to the state of Arizona due to the current situation of inadequate space and substandard condition of the Arizona Army National Guard's present facilities. It is important to note that this is the first Readiness Center that has received a state appropriation since before 1988. Without Readiness Center construction, training and mobilization readiness standards will decline and state resources will be squandered through increased maintenance costs of aging facilities. The 222nd Transportation Company currently

resides in modular trailers at Florence Military Reservation, a temporary solution since 2010. The ability of the unit to meet its readiness, recruiting and retention, and training objectives is adversely affected when Soldiers are not provided with adequate facilities – not even a secure location to store their weapons. The 2220th Transportation Company resides in our Valencia Readiness Center in Tucson and lacks the proper spacing required to accomplish its mission. The lack of proper facilities negatively influences Soldier morale and readiness, as well as affect the overall personnel retention of 222nd Transportation Company and 2220th Transportation Company.

This new Readiness Center will enable the closing of the temporary modular trailers at Florence Military Reservation and improve the ability of the Valencia Readiness Center to support the readiness of Soldiers stationed there by rebalancing units to reduce overcrowding. The utility and operating expenses for this new Readiness Center will not require any additional dollars from the state General Fund, being largely offset by the closure of the much smaller and significantly less efficient modular trailers currently in use. Additionally, this new Readiness Center will qualify for an additional, 100% federally funded 39,290 SF Field Maintenance Shop that will support the vehicle maintenance needs for all Arizona Army National Guard units in Southern Arizona, reducing operational expenses by having increased local capability to maintain equipment.

The total state cost of this project is \$6,025,000, which the federal government matches three-to-one for \$18,100,000.00, bringing the total project cost to \$24,125,000. The state portion is comprised from the Arizona State Legislature's FY2019 budget appropriation of \$3,759,000 from the State's General Fund (Laws 2018, Second Regular Session, Chapter 277, Section 8), authorized use of up to \$1,250,000 from the Military Installation Fund (Chapter 278, Section 14), proceeds of a previous Readiness Center sale of \$960,200 from the continuously-appropriated State Armory Property Fund, and \$55,800 from the existing operating budget for the Arizona Department of Emergency and Military Affairs.

If you have any questions regarding this project, please contact Travis Schulte, DEMA Legislative Liaison, at 602.267.2732 or travis.schulte@azdema.gov.

Sincerely,



MICHAEL T. McGUIRE
Major General, AZ ANG
The Adjutant General

cc: Richard Stavneak, Staff Director JLBC
Joshua Hope, DEMA Analyst, JLBC
Matt Gress, Director, OSPB
Jacob Wingate, Capital Budget Analyst, OSPB
Marshall Pimentel, DEMA Budget Analyst, OSPB

Arizona Department of Emergency and Military Affairs
Arizona Army National Guard
FY 2019 Readiness Center Construction
Laws 2018, Second Regular Session, Chapter 277, Section 8

Project Summary

Scope: Construction of a 74,623 SF Readiness Center (i.e., Armory) that supports the training, administrative, and logistical requirements for two Transportation Companies within the Arizona Army National Guard on a 33-acre site of state-owned land near Rita Rd and Interstate 10 in Tucson. This combined facility leverages efficiencies to support these two similar units and ultimately reduces cost to the state to support and maintain its military forces.

Purpose: This project is critical to the state of Arizona due to the current situation of inadequate space and substandard condition of the Arizona Army National Guard's present facilities. The U.S. Department of the Army requires 61,107 SF for each Transportation Company. The 222nd Transportation Company currently resides in modular trailers totaling 12,620 SF at Florence Military Reservation, a temporary solution since 2010. The 2220th Transportation Company resides in our Valencia Readiness Center totaling 34,759 SF in Tucson and also lacks the proper spacing required to accomplish its mission. The lack of proper facilities negatively influences Soldier readiness and morale, as well as affect the overall personnel retention of 222nd Transportation Company and 2220th Transportation Company.

This Military Construction (MILCON) project as originally appropriated by Congress in 2007 was for two Readiness Centers. National Guard Bureau approved the AZ Army National Guard's request to combine the two MILCON projects into one, saving the state approximately \$1.5M in reduced state match cost for separate facilities. This combined facility also enabled the stationing of the two Transportation Companies together into one facility, which enabled the reduction of the overall SF needed to support the readiness of these units. Locating the MILCON project at this 33 acre site additionally saved the state an estimated \$0.5M - \$1M in utility and infrastructure costs compared to other locations.

This new Readiness Center will enable the closing of the temporary modular trailers at Florence Military Reservation and improve the ability of the Valencia Readiness Center to support the readiness of Soldiers stationed there by rebalancing units to reduce overcrowding. The utility and operating expenses for this new Readiness Center will be largely offset by the closure of the much smaller and significantly less efficient modular trailers currently in use and reduced wear and tear on Valencia, thus not requiring any additional state support. Additionally, this new Readiness Center will qualify for a future, 100% federally funded and maintained 39,290 SF Field Maintenance Shop that will support the vehicle maintenance needs for all Arizona Army National Guard units in Southern Arizona, reducing operational expenses by having increased local capability to maintain equipment. Overall, it will improve the ability of the Arizona Army National Guard to maintain the readiness of our Citizen Soldiers for their dual state and federal missions.

Project Cost:

Federal Match	\$18,100,000
State Match	\$6,025,000
Total Project Cost	\$24,125,000

State Match Sources:	\$3,759,000	Laws 2018, Second Regular Session, Chapter 277, Section 8
	\$1,250,000	Laws 2018, Second Regular Session, Chapter 278, Section 14
	\$960,200	State Armory Property Fund
	\$55,800	DEMA FY19 Operating Budget
	\$6,025,000	

Timeline:

Design Start – Oct 2018 (we anticipate the Design Authority Letter from NGB in Nov/Dec 2018)

Concept Design 35% Complete – Jun 2019

Interim Design 65% Complete – Jan 2020

Final Design/Ready to Advertise – Oct 2020

Construction Award – Oct 2020

Construction Start – Mar 2021

Construction Completion – Dec 2021

Benefits:

- *Critical - Ability to support the readiness of the two units stationed there*
- *Critical - Storage for weapons, vehicles, communications, and equipment that is currently not available*
- *Critical - Training facilities to maintain readiness requirements*
- Sleeping quarters
- Personnel and logistical support center
- Safe haven during natural disasters, power outages, civil disturbances
- Incident management HQs
- Support to communities, families, veterans
- Improved ability to recruit and retain Soldiers
- Mobilization hub for state and federal deployments
- Metro-Tucson currently has two Readiness Centers, the last built in 1988 when the population was approximately 400,000. Metro-Tucson's population today is approximately 985,000.

Economic Impact:

- 300% return on investment (75% Federal match; 25% State match)
- Per economic modeling provided by National Guard Bureau estimates, Readiness Center maintenance and MILCON spending has a short-term economic impact of up to double the actual project spending amount and over triple the actual project spending long-term:
 - Short term economic impact = \$48.25M
 - Long-term economic impact = \$77.44M



STATE OF ARIZONA

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DATE: September 13, 2017

TO: Members of the Joint Committee on Capital Review

FROM: Ben Murphy, Fiscal Analyst *BM*

SUBJECT: Arizona Department of Transportation - Review of FY 2019 Building Renewal Allocation Plan

Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for building renewal monies prior to expenditure. The Arizona Department of Transportation (ADOT) is requesting that the Committee review its \$5,492,000 FY 2019 Building Renewal Allocation Plan.

ADOT has allocated \$5,250,000 from the State Highway Fund among 122 projects, leaving a contingency balance of \$100,000 and \$70,000 for project management support. ADOT has also allocated \$242,000 from the State Aviation Fund for 16 projects, with no contingency funding.

Committee Options

The Committee has at least the following 2 options:

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

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

- A. ADOT shall report any reallocations between projects in the FY 2019 spending plan above \$100,000 to the JCCR Chairman. The JCCR Chairman shall determine whether the reallocation requires further Committee review.

(Continued)

- B. ADOT shall provide a written explanation by October 1 of their reason for not complying with a 2017 Committee provision to report on the status of existing building renewal projects by July 31, 2018. Alternatively, ADOT may provide the status report.
- C. In accordance with an FY 2019 Capital Outlay Bill footnote, ADOT shall report to JLBC Staff on or before January 31, 2019 and July 31, 2019 on the status of all building renewal projects and building renewal expenditures.

Key Points

- 1) ADOT Building Renewal projects span a range of categories including remodeling, safety improvements, compliance, and roofing replacements.
- 2) The \$5.3 M State Highway Fund Building Renewal appropriation equates to approximately 41% of the formula requirement.
- 3) ADOT plans to expend \$2.3 M for remodeling and \$1.4 M for building systems (HVAC, electrical and plumbing).

Analysis

The FY 2019 Capital Outlay Bill (Laws 2018, Chapter 277) appropriated a total of \$5.5 million for building renewal in FY 2019, including \$5,250,000 from the State Highway Fund and \$242,000 from the State Aviation Fund. The FY 2019 Building Renewal appropriation represents 40.6% of the amount generated by the revised building renewal formula for the ADOT Building System and 93.5% for the Grand Canyon Airport building renewal formula for FY 2019. The formula is based on the square footage and replacement cost of existing buildings.

ADOT expects to allocate the Building Renewal monies from the State Highway Fund in the following categories for 122 projects:

Table 1			
State Highway Fund Building Renewal Project Categories			
Category	Projects	State Highway Fund	% of Total
Remodeling	21	\$2,279,300	43%
Building Systems (HVAC, Electrical, Plumbing)	36	1,434,000	27%
Exterior Preservation (Doors, Windows, Siding)	23	420,700	8%
Roof Repairs/Replacement	11	262,000	5%
Infrastructure (Sewers, Wells)	11	246,000	5%
Fire/Life/Safety	10	219,000	4%
Interior Finishes (Paint, Carpet, Tile)	7	189,000	4%
Americans with Disabilities Act	3	30,000	1%
Project Management Support	NA	70,000	1%
Contingency	NA	100,000	2%
Total	122	\$5,250,000	100%

Of the 122 State Highway Fund projects, the 11 projects shown in *Table 2* require \$100,000 or more. Most of these renovations will occur on the Capitol Mall.

(Continued)

Table 2	
Major State Highway Fund Building Renewal Projects	
<u>Project</u>	<u>Allocation</u>
Remodeling	
Administration Building - Renovate 2 Areas for Asbestos Abatement	\$595,000
Administration Building - Renovate Financial Management Services Areas	550,000
Engineering Building - Renovate Second Floor Office	300,000
Facilities Management Building - Renovate Output Room and Air Handler Unit	180,000
Engineering Building - Renovate First Floor Restroom	160,000
Building Systems (HVAC, Electrical, Plumbing)	
Sign Shop Building - Repair Ventilation Systems	120,000
Administration Building - Renovate Elevator Door Controls	120,000
Tucson Construction Office - Replace Canopy HVAC	100,000
Fire/Life/Safety	
Phoenix Equipment Services Building - Replace Fire Alarm	150,000
Exterior Preservation (Doors, Windows, Siding)	
Administration Building - Replace Phase 1 Exterior Window	100,000
Interior Finishes (Paint, Carpet, Tile)	
Survey Team Building - Renovate Interior	100,000
Total	\$2,475,000

ADOT expects to allocate the Building Renewal monies from the State Aviation Fund for 16 projects at the state-owned Grand Canyon Airport in the following categories:

Table 3			
State Aviation Fund Building Renewal Projects			
<u>Category</u>	<u>Projects</u>	<u>State Aviation Fund</u>	<u>% of Total</u>
Exterior Preservation (Doors, Windows, Siding)	3	\$102,000	42%
Infrastructure (Sewers, Wells)	3	50,000	21%
Interior Finishes (Paint, Carpet, Tile)	3	30,000	12%
Building Systems (HVAC, Electrical, Plumbing)	4	28,000	12%
Fire/Life Safety	2	28,000	12%
Roof/Repairs Replacement	1	4,000	1%
Contingency	NA	0	0%
Total	16	\$242,000	100%

The attached material submitted by ADOT lists each project and its estimated cost.

To reinforce ADOT's FY 2019 reporting requirements, the Committee may consider Provision C. This provision reiterates an FY 2019 Capital Outlay Bill footnote requiring ADOT to report on the status of its building renewal projects on or before January 31, 2019 and July 31, 2019. The Committee's favorable review at the September 2017 meeting of ADOT's FY 2018 Building Renewal plan included a provision that the department report to the JLBC Staff on or before July 31, 2018 on the status of its building renewal projects. As of September 11, 2018, the department has not yet submitted the report. As a result, the Committee may consider Provision B, which requires that by October 1, ADOT either provide written explanation of their reason for not complying with the September 2017 provision or submit the report.

BM:lm

August 27, 2018

The Honorable John Kavanagh
Chairman, Joint Committee on Capital Review
1716 West Adams Street
Phoenix, AZ 85007



Subject: Building Renewal Allocation Plan

Dear Senator Kavanagh:

We respectfully request that ADOT's FY 2019 Building Renewal Allocation Plan be placed on the next meeting of the JCCR for review related to ADOT's FY 2019 Capital Outlay Appropriation.

The following summary outlines the scope of work:

Renewal Projects – State Highway Fund

Category 1- Fire/Live/Safety	\$ 219,000
Category 2- Roof Repairs/Replacement	\$ 262,000
Category 3- Preservation of Asset	\$ 420,700
Category 4- Major Building Systems	\$ 1,434,000
Category 5- Interior Building Systems	\$ 189,000
Category 6- Reconfigure Occupied Space	\$ 2,279,300
Category 7- ADA Compliance	\$ 30,000
Category 8- Infrastructure	\$ 246,000
Project Management Support	\$ 70,000
Contingency	\$ 100,000
Subtotal	\$ 5,250,000

Renewal Projects – State Aviation Fund

Category 1- Fire/Live/Safety	\$ 28,000
Category 2- Roof Repairs/Replacement	\$ 4,000
Category 3- Preservation of Asset	\$ 102,000
Category 4- Major Building Systems	\$ 28,000
Category 5- Interior Building Systems	\$ 30,000
Category 8- Infrastructure	\$ 50,000
Subtotal	\$ 242,000

Total FY 2019 **\$ 5,492,000**

Project Details are attached. Your favorable review of our request is appreciated.

Sincerely,



John S. Halikowski
ADOT Director

Enclosure

C: Richard Stavneak, JLBC Director
Ben Murphy, JLBC Analyst
Ben Blink, OSPB Analyst
Sonya Herrera, ADOT, Administrative Services Division Director
Keith Fallstrom, ADOT, Budget Manager
John Hetzel, ADOT Facilities Manager
Nichole Zumbrunnen, ADOT, Administrative Services Division Business Manager/DiFO

STATE OF ARIZONA
FY 2019 CAPITAL IMPROVEMENT PLAN
DEPARTMENT OF TRANSPORTATION FY 2019 FINAL BUILDING RENEWAL PROJECT LIST - BY CATEGORY

Project Description	Estimated Cost
STATE HIGHWAY FUND	
CATEGORY 1 - FIRE/LIFE SAFETY	
Chandler MVD Bldg 1921 - Replace fire alarm panel	\$ 15,000
Avondale MVD Bldg 1802 - Replace fire alarm panel	\$ 15,000
Phoenix Equipment Services Bldg 1754 - Replace fire alarm panel & devices	\$ 150,000
Shaw Low Equip Serv Shop Bldg 3271 - Extend fire sprinkler system into attached connexes	\$ 8,000
Shaw Low Maintenance Office Bldg 3275 - Install a safety handrail on both sides of rear ramp	\$ 8,000
Douglas POE Bldg 2575 - Replace unserviceable fire alarm panel	\$ 8,000
ADOT Statewide - Asbestos and lead paint abatement & repair	\$ 5,000
ADOT Statewide - Mold abatement & repair	\$ 5,000
ADOT Statewide - Repair fire alarm panels	\$ 5,000
TOTAL	\$ 219,000

CATEGORY 2 - ROOFS	
Avondale Construction Office Bldg 1673 - Replace roof	\$ 80,000
Page MVD Bldg 3300 - Repair to roofing	\$ 10,000
Natural Bridge Visitors Center Bldg 3244 - Replace rotting roof support poles	\$ 20,000
Fredonia Deicer Materials Storage Bldg 3858 - Repair roof canvas	\$ 15,000
Page Maintenance Yard Mag Tank Cover Bldg 3352 - Replace roofing on Mag Tank Cover	\$ 10,000
St Johns Deicer Materials Storage Bldg 3856 - Repair roof canvas	\$ 15,000
Kayenta Deicer Materials Storage Bldg 3858 - Repair roof canvas	\$ 15,000
Tucson District Office Bldg 2178 - Replace aging single-ply roof	\$ 40,000
Tucson Construction Office Bldg 2155 - Repair canopy housing HVAC units	\$ 25,000
Tucson Maintenance Office Bldg 2045 - Replace/repair roof	\$ 22,000
Tucson Maintenance Office Bldg 2045 - Replace/repair roof	\$ 10,000
ADOT Statewide - Repair roofs	\$ 10,000
TOTAL	\$ 262,000

CATEGORY 3 - PRESERVATION OF ASSET	
HRDC Bldg 1181 - Evaluate & repair exterior brick walls	\$ 40
Administration Bldg 1005A - Replace exterior windows Phase 1	\$ 100,000
Phoenix Equipment Services Bldg 1781 - Replace building exterior and main doors on 3 sides	\$ 60,000
Holbrook Maintenance Yard Equipment Shop Bldg 3267 - Replace siding and tie roof line into main building with flashing	\$ 5,500
Kingman Equipment Services Shop Bldg 3039 - Replace rusted wash bay siding & frame supports	\$ 6,000
Kingman Equipment Services Shop Bldg 3031 - Repair 11 roll up doors	\$ 5,000
Snowflake Traffic Signal's Office Bldg 3282 - Replace rusted out siding & repaint exterior	\$ 10,000
Holbrook Spreader Rack Bldg 3462 - Repaint spreader rack	\$ 15,000
Holbrook Sign Storage and Radio Shop Bldg 3250 - Prep and repaint exterior	\$ 3,000
Needle Mountain Office Modular Bldg 3006 - Repair termite damage at front of building	\$ 9,700
Needle Mountain Office Equipment Storage Bldg 3011 - Prep and paint exterior	\$ 15,000
Needle Mountain Fuel Island Bldg 3527 - Prep and paint exterior	\$ 1,000
Gila Bend Maintenance Storage Bldg 2355 - Repaint exterior & replace doors & ext wood	\$ 20,000
Tucson Equipment Shop Bldg 2186 - Abate flaking lead paint/repaint exterior of overhead doors	\$ 16,000
Coolidge MVD Bldg 2071 - Repaint exterior	\$ 13,000
Yuma MVD Bldg 2026 - Repaint exterior	\$ 7,000
Sierra Vista MVD Bldg 2114 - Repaint exterior	\$ 10,000
Claypool MVD Bldg 2076 - Repaint exterior	\$ 7,500
Parker MVD Bldg 2614 - Repaint exterior	\$ 7,000
Tucson CDL Bldg 2159 - Reseal/replace roof	\$ 20,000
Hogates POE Site 283 / Credentials Booths 2664-2670 - seal below grade vaults	\$ 35,000
ADOT Statewide - Repair doors, windows & other exterior features and surfaces	\$ 5,000
ADOT Statewide - Repaint/repair exterior surfaces	\$ 10,000
TOTAL	\$ 420,700

CATEGORY 4 - MAJOR BUILDING SYSTEMS	
Sign Shop Bldg 1742 - Repair ventilation systems in two locations	\$ 120,000
Traffic Operations Warehouse Bldg 1743 - Replace old 1.5 Ton A/C unit	\$ 8,000
Administration Bldg 1005B - Replace Data Center UPS	\$ 50,000
Engineering Bldg 1004 - Repair cooling tower	\$ 36,000
Engineering Bldg 1004 - Replace basement sump pumps	\$ 20,000
Administration Bldg 1005B - Replace second floor air handler units	\$ 160,000
Administration Bldg 1005A - Install isolation valves for emergency isolation of chiller loop	\$ 40,000
1801 W Jefferson Bldg 1006 - Renovate elevator cab door controls	\$ 120,000
1801 W Jefferson Bldg 1006 - Replace basement AHU	\$ 235,000
Avondale Construction Office Bldg 1673 - Replace six rooftop heatpump units	\$ 90,000
Vinslow MVD Bldg 3227 - Replace 2 HVAC units	\$ 20,000
Cotacord Maintenance Yard Bldg 3185 - Upgrade corroded and inoperative electrical and lighting	\$ 30,000
Fredonia Maintenance Shop Bldg 3219 - Replace old HVAC system	\$ 10,000

STATE OF ARIZONA
FY 2019 CAPITAL IMPROVEMENT PLAN
DEPARTMENT OF TRANSPORTATION FY 2019 FINAL BUILDING RENEWAL PROJECT LIST - BY CATEGORY

Project Description	Estimated Cost
Painted Cliffs Rest Area Pump House Bldg 3359 - Install SCADA system	\$ 87,000
Kingman Equipment Services Shop Bldg 3031 - Replace worn coil 3 ton heat pump with a new one	\$ 5,000
San Simon Rest Area Pump House Bldg 2210 - Replace 2 each pumps & VFD	\$ 20,000
Safford District Training Permits Office Bldg 2135 - Replace 7.5 ton gas pack & repair ducting	\$ 45,000
Tucson District Lab Bldg 2158 - Replace HVAC ducting	\$ 10,000
Tucson Construction Office Bldg 2155 - Replace/relocate canopy HVAC units	\$ 100,000
Gila Bend Maintenance Office Bldg 2055 - Replace failing HVAC unit	\$ 15,000
Gila Bend Crew Room Bldg 2056 - Replace 3 ton heat pump unit	\$ 15,000
Yuma Equipment Services Shop Bldg 2034 - Replace 8 evaporative coolers	\$ 20,000
Tucson CDL Bldg 2157 - Replace 3 roof top heat pumps	\$ 60,000
Douglas POE NAFTA Bldg 2127 - Replace old HVAC unit	\$ 13,000
Douglas International POE Inspection Bldg 2676 - Repair failing pit covers	\$ 25,000
Douglas International POE Admin Bldg 2675 - Replace failed solar power inverters	\$ 25,000
ADOT Statewide - Repair HVAC systems	\$ 20,000
ADOT Statewide - Repair HVAC systems in MVD buildings	\$ 5,000
ADOT Statewide - Repair HVAC systems in IDO buildings	\$ 5,000
ADOT Statewide - Repair HVAC systems in TSMO buildings	\$ 5,000
ADOT Statewide - Repair HVAC systems in ECD buildings	\$ 5,000
ADOT Statewide - Repair HVAC systems in ASD buildings	\$ 5,000
ADOT Statewide - Repair plumbing systems	\$ 5,000
ADOT Statewide - Repair electrical systems	\$ 5,000
ADOT Statewide - Repair elevator systems	\$ 5,000
ADOT Statewide - Retrofit unserviceable light fixtures	\$ 5,000
TOTAL	\$ 1,434,000

CATEGORY 5 - INTERIOR BUILDING FINISHES

Traffic Operations Center Bldg 1711 - Replace unserviceable flooring	\$ 50,000
Traffic Operations Center Bldg 1711 - Repaint hallway by restrooms & conference room	\$ 7,000
Survey Team Bldg 1311 - Renovate interior	\$ 100,000
Yuma Equipment Services Shop Bldg 2034 - Replace deteriorated flooring	\$ 7,000
ADOT Statewide - Repair/replace casework	\$ 5,000
ADOT Statewide - Repair/replace flooring	\$ 10,000
ADOT Statewide - Repaint/repair interior surfaces	\$ 10,000
TOTAL	\$ 189,000

CATEGORY 6 - RECONFIGURE OCCUPIED SPACE

Engineering Bldg 1004 - Renovate second floor offices	\$ 300,000
Engineering Bldg 1004 - Renovate first floor restrooms	\$ 160,000
Peerless Bldg 1171 - Renovate interior	\$ 60,000
Facilities Management Bldg 1002 - Renovate output room & AHU	\$ 180,000
Administration Bldg 1005A - Renovate northeast restrooms	\$ 97,800
Administration Bldg 1005A - Renovate Human Resources areas for abatement of asbestos ceiling	\$ 380,000
Administration Bldg 1005A - Renovate former Constr & Maint areas for abatement of asbestos ceiling	\$ 215,000
Administration Bldg 1005B - Renovate Financial Management Services areas	\$ 550,000
Chino MVD Bldg 3623 - Replace old modular with used from Flagstaff	\$ 50,000
Gray Mountain De-icer Storage Bldg 3207 - Design repairs	\$ 6,500
E Flagstaff De-icer Bldg 3837 - Design for repairs	\$ 6,500
Williams De-icer Bldg 3115 - Design for repairs	\$ 15,000
Jacob Lake De-icer Building Bldg 3225 - Design for repairs	\$ 6,500
Littlefield De-icer Materials Storage Bldg 3208 - Design for repairs	\$ 15,000
Sho-Low Construction Bldg 3624 - Replace old office trailers with used modular from Flagstaff	\$ 50,000
Keams Canyon De-icer Bldg 3427 - Design for repair	\$ 12,500
Cockroft De-icer Storage Bldg 3185 - Design for repair	\$ 8,000
Superior Maintenance De-icer Materials Bldg 2393 - Design for repair/replacement	\$ 25,000
Globe Maintenance De-icer Shed Bldg 2217 - Design for repairs	\$ 6,500
Globe Maintenance Shed Bldg 2081 - Reconfigure crew room to accommodate personnel	\$ 50,000
Gila Bend Maintenance Office Bldg 2055 - Renovate building	\$ 80,000
ADOT Statewide - Perform general repairs	\$ 5,000
TOTAL	\$ 2,279,300

CATEGORY 7 - ADA COMPLIANCE

ADOT Statewide - ADA compliance repairs/renovations	\$ 5,000
Lake Havasu City MVD Bldg 3002 - Install ADA automatic door openers for entry/exit doors	\$ 15,000
Tucson Regional MVD Site 255 - Relocate ADA parking for safety - re-pave/re-slope	\$ 10,000
TOTAL	\$ 30,000

CATEGORY 8 - INFRASTRUCTURE

Survey Team Site 013 - Repair gate and opener	\$ 20,000
Administration Bldg Site 005 - Reseal & restripe south parking lot pavement	\$ 8,000
Little Antelope Maintenance Yard Site 439 - Replace leachfield and 2 septic tanks	\$ 120,000

STATE OF ARIZONA
FY 2019 CAPITAL IMPROVEMENT PLAN
DEPARTMENT OF TRANSPORTATION FY 2019 FINAL BUILDING RENEWAL PROJECT LIST - BY CATEGORY

Project Description	Estimated Cost
Fish Creek Maintenance Yard Site 233 - Replace failing water line between well house & shed	\$ 6,000
Tucson Grant Road Yard Site 293 - Repair/Monitor/Test for underground landfill gases	\$ 8,000
Tonopah Maintenance Yard Site 215 - Perform electrical system repairs	\$ 25,000
Safford MVD Site 259 - Reseal and restripe parking lot	\$ 14,000
Nogales POE Site 283 - Repair gate controls/re-feed electric service	\$ 15,000
ADOT Statewide - Repair parking lot pavements/curbing/stripping	\$ 10,000
ADOT Statewide - Repair fencing, gates & barrier walls	\$ 10,000
ADOT Statewide - Repair site wells, water, and wastewater system deficiencies	\$ 10,000
TOTAL	\$ 246,000

TOTAL OF ALL PROJECTS REQUESTED	\$ 5,080,000
PROJECT MANAGEMENT SUPPORT	\$ 70,000
CONTINGENCY	\$ 100,000
TOTAL AUTHORIZED FUNDS	\$ 5,250,000

RECAP	
CATEGORY 1 - FIRE/LIFE/SAFETY	\$ 219,000
CATEGORY 2 - ROOFS	\$ 262,000
CATEGORY 3 - PRESERVATION OF ASSET	\$ 420,700
CATEGORY 4 - MAJOR BUILDING SYSTEMS	\$ 1,434,000
CATEGORY 5 - INTERIOR BUILDING FINISHES	\$ 189,000
CATEGORY 6 - RECONFIGURE OR REMODEL	\$ 2,279,300
CATEGORY 7 - ADA COMPLIANCE	\$ 30,000
CATEGORY 8 - INFRASTRUCTURE	\$ 246,000
PROJECT MANAGEMENT SUPPORT	\$ 70,000
CONTINGENCY	\$ 100,000
TOTAL	\$ 5,250,000

STATE OF ARIZONA
FY 2019 CAPITAL IMPROVEMENT PLAN
DEPARTMENT OF TRANSPORTATION FY 2019 FINAL BUILDING RENEWAL PROJECT LIST - BY CATEGORY

Project Description	Estimated Cost
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STATE AVIATION FUND

CATEGORY 1 - FIRE AND LIFE SAFETY

Grand Canyon Airport Site 463 - Repair fire alarm & sprinkler systems	\$ 18,000
Grand Canyon Airport Site 463 - Abate asbestos, lead paint & environmental hazards	\$ 10,000
TOTAL	\$ 28,000

CATEGORY 2 - ROOFS

Grand Canyon Airport Site 463 - Repair roofs	\$ 4,000
TOTAL	\$ 4,000

CATEGORY 3 - PRESERVATION OF ASSET

Grand Canyon Airport Residences B-dcs 3710-3721 - Replace rotted entry & rear stairs	\$ 90,000
Grand Canyon Airport Site 463 - Repaint/repair exterior surfaces	\$ 7,000
Grand Canyon Airport Site 463 - Replace/repair windows	\$ 5,000
TOTAL	\$ 102,000

CATEGORY 4 - MAJOR BUILDING SYSTEMS

Grand Canyon Airport Site 463 - Repair electrical systems	\$ 3,000
Grand Canyon Airport Site 463 - Repair/replace HVAC systems	\$ 10,000
Grand Canyon Airport Site 463 - Repair plumbing	\$ 10,000
Grand Canyon Airport Site 463 - Repair elevator	\$ 5,000
TOTAL	\$ 28,000

CATEGORY 5 - INTERIOR BUILDING FINISHES

Grand Canyon Airport Site 463 - Replace/repair flooring	\$ 15,000
Grand Canyon Airport Site 463 - Repair/replace interior walls	\$ 10,000
Grand Canyon Airport Site 463 - Repair ADA	\$ 5,000
TOTAL	\$ 30,000

CATEGORY 7 - ADA

TOTAL	\$ -
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CATEGORY 8 - INFRASTRUCTURE

Grand Canyon Airport Site 463 - Repair/replace water & waste water systems	\$ 10,000
Grand Canyon Airport Site 463 - Repair/replace pavement/sidewalks/signage	\$ 20,000
Grand Canyon Airport Site 463 - Repair/replace fence, gates & barrier walls	\$ 20,000
TOTAL	\$ 50,000

TOTAL OF ALL PROJECTS REQUESTED

	\$ 242,000
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CONTINGENCY (Project Management)

	\$ 242,000
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TOTAL AUTHORIZED FUNDS

	\$ 242,000
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RECAP

CATEGORY 1 - FIRE AND LIFE SAFETY	\$ 28,000
CATEGORY 2 - ROOFS	\$ 4,000
CATEGORY 3 - PRESERVATION OF ASSET	\$ 102,000
CATEGORY 4 - MAJOR BUILDING SYSTEMS	\$ 28,000
CATEGORY 5 - INTERIOR BUILDING FINISHES	\$ 30,000
CATEGORY 6 - RECONFIGURE OCCUPIED SPACE	
CATEGORY 7 - ADA	
CATEGORY 8 - INFRASTRUCTURE	\$ 50,000
CONTINGENCY (Project Management)	
TOTAL	\$ 242,000