

# **JOINT COMMITTEE ON CAPITAL REVIEW**

**Wednesday, September 25, 2019**

**10:00 a.m.**

**Senate Appropriations Room 109**

**JLBC**

STATE OF ARIZONA

## Joint Committee on Capital Review

STATE  
SENATE

DAVID M. GOWAN  
CHAIRMAN  
LELA ALSTON  
SEAN BOWIE  
DAVID BRADLEY  
RICK GRAY  
SINE KERR  
VINCE LEACH

1716 WEST ADAMS  
PHOENIX, ARIZONA 85007

(602) 926-5491

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HOUSE OF  
REPRESENTATIVES

REGINA E. COBB  
VICE-CHAIRMAN  
CHARLENE R. FERNANDEZ  
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AARON O. LIEBERMAN  
WARREN PETERSEN  
BEN TOMA

**\*\* REVISED \*\***

JOINT COMMITTEE ON CAPITAL REVIEW  
Wednesday, September 25, 2019  
10:00 A.M.  
Senate Appropriations, Room 109

### MEETING NOTICE

- Call to Order
- [Approval of Minutes of June 18, 2019.](#)
- DIRECTOR'S REPORT (if necessary).
- 1. ARIZONA STATE UNIVERSITY
  - [A. Review of Downtown Phoenix Residence Hall and Entrepreneurial Center.](#)
  - [B. Review of Downtown Phoenix Thunderbird School of Global Management Building.](#)
  - [C. Consider Approval of Interdisciplinary Science and Technology Building \(ISTB\) 7 Financing Project.](#)
- 2. NORTHERN ARIZONA UNIVERSITY
  - [A. Review of Student Athlete High Performance Center Indirect Financing Project.](#)
  - [\\*\\*\\*B. Review of FY 2020 Capital Improvement Plan for One-Time Appropriation.](#)
- 3. [\\*\\*\\*PIMA COMMUNITY COLLEGE DISTRICT - Review of Pima Aviation Technology Center Expansion.](#)
- 4. [\\*\\*\\*DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS - Review of West Valley Readiness Center.](#)
- 5. [\\*\\*\\*DEPARTMENT OF PUBLIC SAFETY - Review of Radio Communications Tower Project.](#)

6. \*\*\*ARIZONA GAME AND FISH DEPARTMENT - Review of FY 2020 Building Renewal Allocation Plan and FY 2020 Capital Projects.



7. **ARIZONA DEPARTMENT OF CORRECTIONS - Review of FY 2020 Building Renewal Allocation Plan.**



8. \*\*\*ARIZONA DEPARTMENT OF TRANSPORTATION - Review of FY 2020 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.

~~9/18/19~~

9/19/19

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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### MINUTES OF THE MEETING

#### JOINT COMMITTEE ON CAPITAL REVIEW

June 18, 2019

Chairman David Gowan called the meeting to order at 10:07 a.m., Tuesday, June 18, 2019 in Senate Appropriations Room 109. The following were present:

Members:	Senator Gowan, Chairman	Representative Cobb, Vice-Chairman
	Senator Alston	Representative Fernandez
	Senator Bowie	Representative Fries
	Senator Bradley	Representative Kavanagh
	Senator Gray	Representative Lieberman
	Senator Kerr	
	Senator Leach	

Absent:	Representative Petersen
	Representative Toma

#### APPROVAL OF MINUTES

Representative Cobb moved that the Committee approve the minutes of April 24, 2018. The motion carried.

#### CONSENT AGENDA

The following items were considered without discussion:

#### **ARIZONA GAME AND FISH DEPARTMENT (AGFD) - Review of Headquarters Boat Storage Facility Improvements.**

A.R.S. § 41-1252 requires the Joint Committee on Capital Review to review expenditure plans for any capital project with an estimated cost of more than \$250,000. AGFD requested Committee review of

(Continued)



\$278,600 in Federal Funds for a project to provide its North Phoenix headquarters' boat storage facility with a shade canopy, electrical service, and resurfacing. The JLBC Staff provided options.

**ARIZONA STATE PARKS BOARD (ASPB) - Review of Pedestrian Bridge Replacement at Tonto Natural Bridge State Park.**

A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated to capital projects. The FY 2020 Capital Outlay Bill appropriated \$1,250,000 for the demolition of the existing pedestrian bridge and construction of the new pedestrian bridge at Tonto Natural Bridge State Park. ASPB requested Committee review of \$1,800,000 from the State Parks Revenue Fund (SPRF) for the construction of a new pedestrian bridge at Tonto Natural Bridge State Park. Of this amount, \$1,250,000 is allocated for the demolition of the existing pedestrian bridge and construction of the new bridge, as funded in the FY 2020 Capital Outlay Bill. The remaining \$550,000 is allocated for major project contingencies, such as unforeseen geological conditions, and would be funded from ASPB's existing operating budget. The JLBC Staff provided options and potential provisions:

- A. *On or before January 31, 2020 and July 31, 2020, ASPB shall report to the JCCR Chairman and the JLBC Staff on the status of the pedestrian bridge replacement project.*
- B. *Prior to the expenditure of the Major Project Contingencies allocation of \$550,000, ASPB shall report a proposed expenditure plan to the JCCR Chairman. The Chairman will notify ASPB if the expenditure plan will require full Committee review.*

Representative Cobb moved that the Committee give a favorable review with provisions as outlined in the JLBC Staff analysis, to the 2 consent agenda items listed above. The motion carried.

**REGULAR AGENDA**

**ARIZONA DEPARTMENT OF CORRECTIONS (ADC) - Review of Phase I Expenditures for Locking and Fire Safety Projects and Tucson HVAC Upgrade.**

Mr. Geoff Paulsen, JLBC Staff, stated A.R.S. § 41-1252 requires the Joint Committee on Capital Review (JCCR) to review the scope, purpose and estimated cost for capital projects with estimated costs exceeding \$250,000. ADC submitted its proposed expenditure plan of \$17,700,000 from non-appropriated funds in FY 2020 for the first phase of a locking and fire safety project, as well as \$300,000 from federal monies for an HVAC upgrade. The JLBC Staff provided options and potential provisions.

Mr. Charles Ryan, Director, ADC, responded to member questions.

Mr. Jake Gable, Finance Administrator, ADC, responded to member questions.

Mr. Mike Landry, Administrator, Engineering and Facilities Bureau, ADC, responded to member questions.

Representative Cobb moved that the Committee give a favorable review to the expenditure plans for both projects. The review included the following provisions:

(Continued)

- A. *The department shall submit quarterly updates on the status and progress of the project. Updates shall be submitted on or before September 1, December 1, March 1, and June 1. The Chairman will notify ADC whether the progress reports require JCCR review. The reports shall include the progress made since the last report, the current status of the project, total expenditures, and any changes to the scope, timeline or budget of the project.*
- B. *ADC shall submit to JLBC by October 1, 2019 a report on any components of fire alarm and suppression systems in state prisons that are inoperable and an estimated cost of repairing the systems by facility. The report shall also include:*
  - 1. *The current cost in terms of both dollars and full-time equivalent positions of any 24-hour fire watch personnel required by inoperable systems.*
  - 2. *A list of the state prison units that currently use "old technology" direct evaporative cooling systems and an estimated cost to replace those systems with indirect evaporative cooling.*
- C. *A favorable review of the proposal does not constitute endorsement of any General Fund commitment to pay for any Phase I project costs beyond \$17,700,000 million.*
- D. *The department shall comply with American Correctional Association (ACA) standards for all locks purchased and installed as part of this project.*

The motion carried.

**ARIZONA EXPOSITION & STATE FAIR BOARD (AESF) – Review of WPA Building Roof Repair Project.**

Mr. Henry Furtick, JLBC Staff, stated that A.R.S. § 41-1252 requires the JCCR to review expenditure plans for monies appropriated for capital projects. The FY 2020 Capital Outlay Bill appropriated \$400,000 from the Arizona Exposition and State Fair Fund to AESF for roof repairs to the 1938 Works Progress Administration (WPA) Civic Building on the state fair grounds. The JLBC Staff provided options and a potential provision.

Ms. Wanell Costello, Director, AESF, responded to member questions.

Ms. Nola Barnes, Assistant Director, General Services Division, ADOA, responded to member questions.

Representative Cobb moved that the Committee give a favorable review to AESF's plan to expend \$400,000 on roof repairs to the WPA Civic Building.

*The favorable review included the following provision:*

- A. *AESF shall report on or before January 31 and July 31 of each year to the Joint Committee on Capital Review and JLBC Staff on the status of the WPA Civic Building roof repairs as well as the overall redevelopment of the building.*

The motion carried.

(Continued)

**ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Review of FY 2020 Building Renewal Allocation Plan and Reallocation of FY 2019 Building Renewal Appropriation.**

Ms. Morgan Dorcheus, JLBC Staff, stated A.R.S. § 41-1252 requires JCCR review of expenditure plans for building renewal monies. ADOA requested the JCCR review its FY 2020 Building Renewal Allocation Plan and reallocation of the FY 2019 building renewal appropriation.

The FY 2020 Capital Outlay Bill appropriated a total of \$17,000,000 from the Capital Outlay Stabilization Fund (COSF) for building renewal. In addition, the FY 2020 Capital Outlay Bill appropriated \$5,100,000 from the Legislative, Executive and Judicial Public Buildings Land Fund for replacement of elevators and air handler units in the House, Senate, and Executive Tower buildings. ADOA requested a review of the full \$22,100,000 appropriation in FY 2020.

The Committee favorably reviewed ADOA's FY 2019 Building Renewal Allocation Plan at its July 2018 meeting. Pursuant to a Committee provision, ADOA also requested review of its plan to reallocate \$2,200,000 from the FY 2019 plan. The JLBC Staff provided options and potential provisions.

*Representative Cobb moved that the Committee give a favorable review of FY 2020 allocation plan and FY 2019 reallocation plan with the following provisions:*

- A. ADOA shall report any reallocations between project categories 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 \$500,000 be addressed as follows:*
  - 1. ADOA shall notify the Chairman and the JLBC Staff that they plan to spend less than \$100,000 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 \$100,000 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.*

*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 category not listed in this request, the department must submit a proposed expenditure plan for Committee review.*

The motion carried.

(Continued)

Without objection, the meeting adjourned at 12:21 p.m.

Respectfully submitted:

  
\_\_\_\_\_  
Kristy Paddack, Secretary

  
\_\_\_\_\_  
Jack Brown, Assistant Director

  
\_\_\_\_\_  
Senator David M. Gowan, Chairman

NOTE: A full video recording of this meeting is available at <http://www.azleg.gov/jlbc/meeting.htm>.





STATE OF ARIZONA

## Joint Committee on Capital Review

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DATE: September 18, 2019

TO: Members of the Joint Committee on Capital Review

FROM: Morgan Dorcheus, Senior Fiscal Analyst MD

SUBJECT: Arizona State University - Review of Downtown Phoenix Residence Hall and Entrepreneurial Center

### Request

A.R.S. § 15-1682.02 and 15-1683 require Committee review of any university projects using indirect debt financing (also known as third-party financing) and any university projects financed with system revenue bonds. Arizona State University (ASU) requests Committee review of a 0.82-acre ground lease and \$49.6 million in system revenue bond issuances for a residence hall and entrepreneurial center development at its Downtown Phoenix Campus. The proposed facility would provide up to 532 student beds, academic space, and event and exhibition space at a total cost of \$116.1 million.

### 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 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 debt service, or any operations and maintenance costs when the project is complete.

(Continued)

- B. ASU shall provide the final debt service schedule and interest rate for the project as soon as they are available.
- C. On or before July 31 of each year until completion of the project, ASU shall report to the JLBC Staff on the status and expenditures of the Downtown Phoenix Residence Hall and Entrepreneurial Center project. The report shall include the project expenditures to date, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.

**Key Points**

- 1) ASU plans to enter into a 0.82-acre ground lease with a private vendor to construct a new residence hall and entrepreneurial center on its Downtown Phoenix campus.
- 2) The new 284,000 square foot, 16-floor facility would include up to 532 beds and academic, event and exhibition space costing approximately \$116.1 million.
- 3) The vendor would fund \$66.5 million in construction costs for the residential portion of the facility at a cost of \$125,000 per bed.
- 4) ASU would lease the first 3 floors of the facility for Herberger Institute programs and entrepreneurial event space.
- 5) ASU will issue \$49.6 million in system revenue bonds to prepay all of its lease obligations upfront.
- 6) ASU would receive ground payments based on financial performance of residential portion of the facility and a \$430,000 staffing/programming fee.

**Analysis**

Under the proposed agreement, ASU would enter into a ground lease with Downtown Phoenix Student Housing II (DPSH II) to construct a 284,000 square foot, 16-floor housing and academic facility on the ASU Downtown Phoenix campus. DPSH II is an LLC created by the Community Finance Corporation to facilitate the issuance of tax-exempt bonds for the project. DPSH II would contract with Capstone Development Partners to build the new facility on ASU-owned land at the southwest corner of Fillmore Street and First Avenue.

The facility would include studio, two-bedroom, and four-bedroom apartment-style units occupied by up to 532 graduate students and sophomore-and-above undergraduate students. ASU reports that its current on-campus housing facilities are not sufficient to fulfill demand and it currently leases 360 beds in off-campus apartments for Downtown Phoenix campus students. This number is expected to increase to 500 beds in the 2020-2021 academic year. The new facility would allow ASU to discontinue leasing off-campus apartments.

ASU's on-campus housing rates range between \$5,100 and \$10,700 per year depending on certain factors, such as unit size, number of bathrooms, and building age. Housing rates in the new facility are expected to be consistent with other similar ASU housing facilities, with yearly payments for the most common 4-bedroom unit set at \$10,700 per student, which includes furnishings, utilities, and internet.

The residential portion of the facility would encompass floors 4 through 16. The first 3 floors will be leased by ASU for workshop, studio and lab space for music, fashion, and design programs offered by the Herberger Institute for Design and the Arts, and entrepreneurial event and exhibition space. Herberger Institute programs are currently located on ASU's Tempe Campus. Vacated space on the

(Continued)

Tempe Campus will be filled by other growing institute programs.

The total cost of the new facility will be approximately \$116.1 million, funded with \$66.5 million in bond issuances by the vendor and \$49.6 million in bond issuances by ASU.

#### Financing

The 0.82-acre ground lease between ASU and the vendor would be for a period of up to 45 years. The vendor would fund construction of the residential portion of the facility with approximately \$66.5 million in bond issuances. The vendor would also be responsible for the cost of operation and maintenance of the residences and ASU would provide all programming and staffing, consistent with other on-campus housing facilities.

In April 2019, the Committee reviewed a student housing facility for the ASU Polytechnic (East) Campus. The facility had an estimated cost of \$79,500 per bed for 390 beds, or \$31.0 million. The cost per bed for the current project would be approximately \$125,000.

Under the proposed agreement, ASU would receive ground lease payments from the vendor based on the financial performance of the residences. Specifically, ASU would receive approximately 7% of annual revenue and a \$430,000 annual fee for programming and staffing costs. ASU would also have no obligation to pay any future debt service associated with the residential facility nor to guarantee its occupancy. ASU and the vendor would establish a joint advisory committee to approve annual operating and capital budgets, staffing plans, and proposed changes to policies and procedures.

ASU will enter into a 30-year lease with the vendor for the first 3 floors of the building, which will be approximately 76,300 square feet. ASU intends to issue \$49.6 million in system revenue bonds in May 2020 with an anticipated rating of Aa2 (Moody's)/AA (S&P) and an estimated interest rate of 3.35% over a 30-year term. The bonds will be used to prepay the total cost of the first 3 floors of the facility over the lease term, which will fund construction of the academic portion of the facility at approximately \$650 per square foot.

ASU will make a debt service payment of \$3.0 million in FY 2021 and annual debt service payments of \$2.7 million from FY 2022 – FY 2049. ASU will fund the \$79.3 million in total debt with tuition.

The debt service on this project increases ASU's current debt ratio by 0.11%, from 4.5% to 4.61%. Including other ASU projects on the agenda, the debt ratio would increase to 4.91%.

The facility is expected to begin construction in January 2020 and be ready for occupancy by the fall 2021 semester.

#### Operations and Maintenance Costs

ASU estimates that the facility will require annual operations and maintenance costs of \$546,300 for the leased academic space in the building, which will be paid with tuition revenues.

MD:kp





September 4, 2019

The Honorable David M. Gowan, Chairman  
Joint Committee on Capital Review  
Arizona State Senate Capitol Complex  
1700 West Washington Street  
Phoenix, AZ 85007-2890

Dear Senator Gowan:

In accordance with ARS 15-1671, 15-1683 and 15-1682.02 the Arizona Board of Regents requests that the following Arizona State University bond-financed and third-party projects be placed on the next Joint Committee on Capital Review agenda:

- Interdisciplinary Science and Technology Building (ISTB) 7
- Thunderbird School of Global Management Building
- Ground Lease for the Development of Student Housing and Lease of Downtown Phoenix Residence Hall and Entrepreneurial Center

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 black ink, appearing to read "Morgan R. Olsen", followed by a long horizontal line.

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  
Kendra Burton, Director, State Relations, ASU  
Bruce Nevel, Associate Vice President, Facilities Development and Management, ASU  
Joanne Wamsley, Vice President for Finance and Deputy Treasurer, ASU  
Morgan Dorcheus, Fiscal Analyst, JLBC

**Joint Committee on Capital Review  
Arizona State University  
September 2019 JCCR Meeting**

**3. Third-Party Downtown Phoenix Residence Hall and Entrepreneurial Center**

ASU plans to enter into a ground lease with Downtown Phoenix Student Housing II, LLC (DPSH II) for the construction and operation of the new, approximately 284,000 gross-square-foot Downtown Phoenix Residence Hall and Entrepreneurial Center to meet the demand for on-campus student housing and academic and entrepreneurial programming. DPSH II will contract with Capstone Development Partners, LLC and Capstone Management Partners for development and management of this project.

The project includes approximately 532 beds in studio, two-bedroom and four-bedroom apartment-style units for graduate students and sophomore-and-above undergraduate students on floors four through sixteen. DPSH II will work through an industrial development authority to issue approximately \$66.5 million of tax-exempt bonds to finance construction of the residential units, with debt service paid by student resident rents. ASU has determined that, given its projected debt capacity, the priority of academic and research facility needs, and the existence of a private sector capability to develop student housing, it can best meet the housing needs of the Downtown Phoenix Campus through a public/private partnership.

The first three floors of the facility will provide specialized space to support campus academic programs with dynamic, creative space that includes workshops, design studios, co-working space, fabrication labs, recording and photography studios, and live events. This new facility will support the transfer from the Tempe Campus to the Downtown Phoenix Campus programs in popular music, fashion and design within the Herberger Institute for Design and the Arts to take advantage of proximity to the established and emerging arts districts of downtown Phoenix and to improve connections to the professional design and start-up communities.

ASU will lease from DPSH II the academic and entrepreneurial space on the first three floors, which along with a portion of the mechanical and support space that serves the facility, totals approximately 76,300 square feet. ASU will issue system revenue bonds totaling \$49.6 million to prepay the lease and purchase furniture, fixtures, and equipment (FFE) for the academic and entrepreneurial space. The debt service on system revenue bonds will be funded by tuition.

The Arizona Board of Regents executive summary for this project is attached, which outlines the project description and other relevant information. The Finance, Capital and Resources Committee recommended project approval at its September 5, 2019, meeting. The project is scheduled to receive final approval at the September 19, 2019, Arizona Board of Regents meeting.

**Joint Committee on Capital Review  
Arizona State University  
September 2019 JCCR Meeting**

**PROJECT SUMMARY**

<b>Projects</b>	<b>Funding Sources</b>	<b>Amount</b>
Interdisciplinary Science and Technology Building (ISTB) 7	CIF Fund/Tuition	\$192,000,000
Thunderbird School of Global Management	Tuition and Other Funds	\$ 67,000,000
Downtown Phoenix Academic and Entrepreneurial Center University Lease	Tuition	\$ 49,600,000
		<u>\$308,600,000</u>

**FINANCING INFORMATION**

System Revenue Bonds:

Project Costs	\$308,600,000
Estimated Costs of Issuance	\$1,820,000
Anticipated Bond Rating	Aa2 (Moody's) and AA (S&P)
Assumed Interest Rate	3.25% to 3.65%
Term	23-30 years

Debt Service Information:

Estimated Debt Service FY21	\$6,804,368
Estimated Annual Debt Service FY22-43	\$12,683,848
Estimated Annual Debt Service FY44-49	\$4,830,046
Estimated Debt Service FY50	\$2,109,277
Total Estimated Debt Service	\$316,938,575

**DEBT RATIO**

Debt Ratio on Existing Debt	4.50
Incremental Debt Ratio	.41
Project Debt Ratio	4.91

**Joint Committee on Capital Review  
Arizona State University  
September 2019 JCCR Meeting**

Arizona State University  
Downtown Phoenix Academic and Entrepreneurial Center University Lease  
System Revenue Bonds

<u>Fiscal Year</u>	<u>Estimated Issuance May 2020</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$1,045,000	\$1,955,535	\$3,000,535
2022	1,085,000	1,641,165	2,726,165
2023	1,120,000	1,604,818	2,724,818
2024	1,155,000	1,567,297	2,722,297
2025	1,195,000	1,528,605	2,723,605
2026	1,235,000	1,488,573	2,723,573
2027	1,275,000	1,447,200	2,722,200
2028	1,320,000	1,404,488	2,724,488
2029	1,365,000	1,360,267	2,725,267
2030	1,410,000	1,314,540	2,724,540
2031	1,455,000	1,267,305	2,722,305
2032	1,505,000	1,218,563	2,723,563
2033	1,555,000	1,168,145	2,723,145
2034	1,610,000	1,116,052	2,726,052
2035	1,660,000	1,062,118	2,722,118
2036	1,715,000	1,006,508	2,721,508
2037	1,775,000	949,055	2,724,055
2038	1,835,000	889,593	2,724,593
2039	1,895,000	828,120	2,723,120
2040	1,960,000	764,638	2,724,638
2041	2,025,000	698,977	2,723,977
2042	2,095,000	631,140	2,726,140
2043	2,165,000	560,957	2,725,957
2044	2,235,000	488,430	2,723,430
2045	2,310,000	413,557	2,723,557
2046	2,385,000	336,172	2,721,172
2047	2,465,000	256,275	2,721,275
2048	2,550,000	173,697	2,723,697
2049	2,635,000	88,273	2,723,273
<b>Total</b>	<b>\$50,035,000</b>	<b>\$29,230,063</b>	<b>\$79,265,063</b>

## **EXECUTIVE SUMMARY**

### **Item Name:**

- ☒ Ground Lease for the Development of Student Housing and Lease of Downtown Phoenix Residence Hall and Entrepreneurial Center

### **Requested Action:**

Arizona State University asks the committee to review and recommend forwarding to the full Board authorization to: 1) ground lease approximately 0.82 acres of real property located at the southwest corner of Fillmore Street and First Avenue on the Downtown Phoenix Campus (the "Parcel") to Downtown Phoenix Student Housing II, LLC ("DPSH II") for development of third-party student housing and academic/entrepreneurial space, 2) lease from DPSH II the academic/entrepreneurial space, 3) sell one or more series of System Revenue Bonds to prepay ASU's lease and furnish the academic/entrepreneurial space, and 4) take all necessary actions and execute associated documents.

### **Background/History of Previous Board Action**

- ASU will ground lease the Parcel to DPSH II for up to 45 years for construction and operation of a new, approximately 284,000-square-foot Downtown Phoenix Residence Hall and Entrepreneurial Center ("Center") on the Downtown Phoenix Campus.
- DPSH II will contract with Capstone Development Partners, LLC and Capstone Management Partners, respectively ("Capstone") for development and management of the Center and will issue tax-exempt bonds through an industrial development authority to finance the student housing.
- ASU will lease and utilize the first three floors of the Center to provide academic and entrepreneurial programming for students on the Downtown campus. ASU will issue system revenue bonds to finance a prepaid lease for this space.

### **Discussion**

- For fall 2021, popular music, fashion and design programs within the Herberger Institute for Design and the Arts will transfer from the Tempe Campus to the Downtown Phoenix Campus to take advantage of proximity to the established and emerging arts districts of downtown Phoenix and to improve connections to the professional design and the start-up communities. Additional academic and entrepreneurial space is needed to house these programs. The first three floors of the Center will provide specialized facilities to support these and other campus programs with dynamic, creative space that includes workshops, design studios, co-working space, fabrication

### **Contact Information:**

Morgan R. Olsen, Executive Vice President, Treasurer and CFO • (480) 727-9920 • [Morgan.R.Olsen@asu.edu](mailto:Morgan.R.Olsen@asu.edu)

## **EXECUTIVE SUMMARY**

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labs, recording and photography studios, and live events. ASU Entrepreneurship + Innovation co-working, events, and exhibition space anchoring the building's street-level presence will be available to enhance the education experience for these programs and the entire campus community.

- University Housing exists to provide safe, clean, affordable student housing that encourages student success, connection, engagement and involvement through student programming opportunities. Student success and retention rates improve when students reside on campus. Purposeful student programming and the relationship development that occurs through live-in staff interacting directly with students have proven to increase student satisfaction, involvement and retention.
- The University has not been able to meet the demand for on-campus student housing at the Downtown Phoenix Campus, with Taylor Place at capacity and the University leasing off-campus apartments to meet excess demand. With the opening of the new Thunderbird School for Global Management facility in fall 2021, planned transfer of Herberger Institute programs from the Tempe Campus, and enrollment growth Downtown, unmet demand for on-campus student housing at the Downtown Phoenix Campus will continue to grow without additional housing stock.
- The Center will provide approximately 532 beds in studio, two-bedroom and four-bedroom apartment-style units for graduate students and sophomore-and-above undergraduate students in floors four through sixteen of the Center. The Center will be located across the street from the historic Post Office, which houses the campus student center, and immediately north of the Sun Devil Fitness Complex and Lincoln Family Downtown YMCA.
- When the Center opens in fall 2021, the University should be able to discontinue leasing off-campus downtown Phoenix apartments used to meet the housing needs of Thunderbird School students and other students who could not be accommodated in Taylor Place. Additionally, a portion of the Herberger Institute space vacated on the Tempe campus will be occupied by other growing Institute programs.
- DPSH II, a stand-alone, non-profit corporation whose sole member is Community Finance Corporation (CFC), will contract with Capstone for development and management of the Center. CFC is an Arizona-based non-profit with offices in Phoenix and Tucson that exists to lessen the burdens of government in the financing and construction of public buildings and facilities. CFC has completed more than \$1 billion in projects located throughout the western and southwestern U.S., including financing Taylor Place, the existing student housing facility on the Downtown Phoenix Campus that provides housing primarily for freshmen.

## **EXECUTIVE SUMMARY**

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- Capstone is a leading developer and manager of student housing in partnership with universities. Capstone developed Taylor Place through a Request for Qualifications process in 2006. Capstone is currently in construction on the next phase of student housing on the Polytechnic Campus.
- Tax-exempt bonds totaling approximately \$66.5 million with a term of up to 40 years will be issued through an industrial development authority to finance construction of the residential units and related reserve funds, issuance costs, and capitalized interest. DPSH II will enter into a loan agreement with the industrial development authority. Student resident rents will fund the debt service and operating expenses for the residential portion of the Center. ASU has determined that, given its projected debt capacity, the priority of academic and research facility needs, and the existence of a private sector capability to develop student housing, it can best meet the housing needs of the Downtown Phoenix Campus through a public/private partnership.
- Minimum standards of operation (both maintenance and staffing) will be comparable to similar ASU-owned-and-operated student housing. ASU will provide appropriate residential life programming and staffing at a level consistent with comparable on-campus housing and will coordinate marketing and licensing. ASU and Capstone will establish a Joint Advisory Committee responsible for overseeing the day-to-day operations, including review and approval of the annual operating budget, capital budget, staffing plan and any proposed changes in programs, policies and procedures.
- DPSH II will pay ASU as ground rent the cash flow from operation of the residential portion of the Center, net of operating costs and debt service.
- ASU will lease from DPSH II the academic and entrepreneurial space on the first three floors, which along with a portion of the mechanical and support space that serves the facility, totals approximately 76,300 square feet. ASU will be responsible for operations and maintenance of the leased space and a portion of common facility expenses.
- ASU will issue system revenue bonds totaling \$49.6 million with a term of 30 years to prepay the academic and entrepreneurial space lease and purchase furniture, fixtures, and equipment (FFE). Estimated debt service of \$3.2 million will be funded with tuition. The projected incremental debt ratio impact is 0.11 percent.
- At the end of the ground lease term, all agreements with DPSH II terminate and ASU assumes management of the student residences in addition to the academic/entrepreneurial floors.

## **EXECUTIVE SUMMARY**

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- ASU will sell one or more series of System Revenue Bonds to finance the prepaid lease and FFE, costs of issuance, and payments to a bond insurer or other credit enhancer, provided such payments result in a benefit that exceeds the amount of such payments; will sell bonds at a price at, above or below par, on a tax-exempt or taxable basis, in one or more series, at a fixed or variable rate of interest; and will enter into necessary agreements, including those related to bond insurance or other credit enhancement agreements. ASU intends to utilize a financial advisor, bond counsel and bond trustee for the ASU financing. The system revenue bonds will be marketed and sold on a negotiated basis either to one or more investment banking firms currently in a pool of bond underwriters procured by the three State universities or by the State of Arizona or by a direct sale to a bank or banks or other financial institutions.
- Upon approval of this item, the following are each separately authorized in the name and on behalf of the Board to take all appropriate actions to finalize negotiations and to sign and deliver all documents and agreements necessary to consummate the transaction described in this Executive Summary on substantially the terms described herein: the ASU President, the ASU Executive Vice President, Treasurer and Chief Financial Officer, the ASU Assistant Vice President for Real Estate Development, and the Vice President for Finance and Deputy Treasurer, or any successor titles to such positions.

### **Statutory/Policy Requirements**

- ABOR Policy 7-102(B) requires Committee review and Board approval of projects shared with outside entities, such as third parties.
- ABOR Policy 7-102(B) requires Committee review and Board approval of projects with a total project cost over \$10 million.
- ABOR Policy 7-207(A)(1) requires Board approval for the lease of real property if the lease term and all renewals is in excess of 120 months or if the total annual base lease amount exceeds \$1,000,000.
- ABOR Policy 7-207(A)(2) requires Board approval for the lease of real property if the lease term and all renewals is in excess of 60 months or if the total annual base lease amount exceeds \$1,000,000.
- ABOR Policy 7-102 requires approval of the issuance of bonds, lease-purchase agreements, certificates of participation, or any debt instrument regardless of total project cost.
- ABOR Policy 3-501 requires matters relating to the issuance and sale of debt to be presented for Board action as outlined in Board policy.



## **EXECUTIVE SUMMARY**

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### **Exhibits**

- Exhibit A - Location Map

**EXECUTIVE SUMMARY**

**EXHIBIT A**  
**Downtown Phoenix Residence Hall and Entrepreneurial Center**  
**Site Location Map**



**Downtown Phoenix Residence Hall**  
**and Entrepreneurial Center**  
**Location Map**



**Ground Lease  
Parcel**

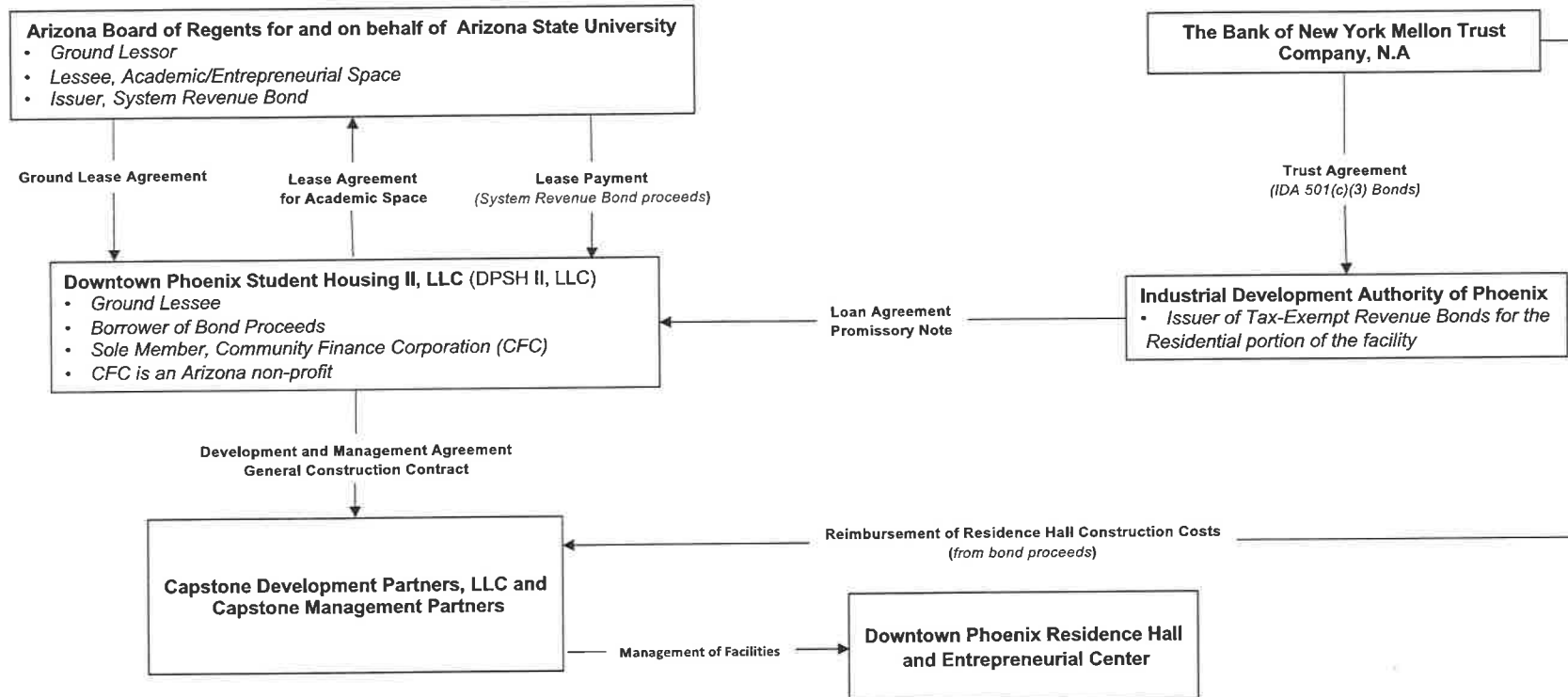


**Other ABOR  
Owned Parcels**



**DPHX Master  
Ground Lease**

## Arizona State University - Downtown Phoenix Residence Hall and Entrepreneurial Center







STATE OF ARIZONA

## Joint Committee on Capital Review

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WARREN PETERSEN  
BEN TOMA

DATE: September 18, 2019

TO: Members of the Joint Committee on Capital Review

FROM: Morgan Dorcheus, Senior Fiscal Analyst *MD*

SUBJECT: Arizona State University - Review of Downtown Phoenix Thunderbird School of Global Management Building

### 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 \$37,000,000 in system revenue bond issuances to fund construction of a new School of Global Management building on its Downtown Phoenix Campus. 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 Provisions

- 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)

- C. On or before July 31 of each year until completion of the project, ASU shall report to the JLBC Staff on the status and expenditures of the Downtown Phoenix Thunderbird School of Global Management Building project. The report shall include the project expenditures to date, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.

**Key Points**

- 1) ASU would construct a 111,000 square foot facility to house the Thunderbird School of Global Management's graduate programs in Downtown Phoenix.
- 2) The cost per square foot is \$604.
- 3) Total project costs are approximately \$67.0 million, of which \$37.0 million would be funded by system revenue bonds and \$30.0 million from campus sale proceeds
- 4) Annual debt service will be \$2.1 million.
- 5) For the 30 years of debt service payments, 22% would be paid by the City of Phoenix, 32% by donations, and 46% by tuition revenues.

**Analysis**

ASU intends to construct a new 111,000 square foot academic building located between 1<sup>st</sup> and 2<sup>nd</sup> Streets and Polk and Taylor Streets to house the Thunderbird School of Global Management's graduate programs, which offer degrees in global management, leadership, and affairs. The facility will include classroom space, conference rooms, faculty offices, and other student support space.

The school was originally located on its campus in Glendale, occupying approximately 290,000 square feet of space. ASU purchased the school in 2014 and relocated it to 60,000 square feet of leased space in Downtown Phoenix. A portion of the Glendale campus was then exchanged for Arizona Christian University's Phoenix campus located at Cactus Road and 24<sup>th</sup> Street. The school's current downtown lease expires in November 2023 and that leased space will be filled by other growing programs on the Downtown Phoenix Campus and by programs moving from other expiring lease space.

The estimated total cost of the new building is \$67.0 million. Of this amount, \$37.0 million will be funded by system revenue bond issuances and \$30.0 million will be cash-funded with campus sale proceeds from undeveloped sites on the Glendale campus and the Arizona Christian University campus.

Financing

ASU intends to issue \$37.0 million of system revenue bonds in March 2021 with an anticipated rating of Aa2 (Moody's)/AA (S&P) and an estimated interest rate of 3.65% over a 30-year term. In addition to project costs, issuance costs are projected to be \$330,000.

ASU will make a debt service payment of \$454,200 in FY 2021 and annual debt services payments of \$2.1 million from FY 2022 – FY 2050. Of the \$61.6 million in total debt, \$20 million will be from donations, \$13.5 million from the City of Phoenix, and \$28.1 from tuition. *(See Table 2 for a summary of the bond financing terms).*

The debt service on this project increases ASU's current debt ratio by 0.08% from 4.5% to 4.58%. Including other ASU projects on the agenda, the debt ratio would increase to 4.91%.

(Continued)

### Construction Costs

Of the total \$67.0 million project cost for the new building, \$47.5 million are direct construction costs. As shown in *Table 1*, Total project costs per square foot are \$604, while direct construction costs per square foot are \$428.

<b>Table 1</b>		
<b>Thunderbird School of Global Management Construction</b>		
Total Square Footage	111,000	
<b>Funding</b>		
System Revenue Bonds <sup>1/</sup>	\$37,000,000	
Campus Sale Proceeds	\$30,000,000	
<b>Costs</b>		
Direct Construction Costs	\$47,500,000	(\$428 per sq. ft.)
Other Costs <sup>2/</sup>	<u>19,500,000</u>	<u>(\$176 per sq. ft.)</u>
<b>Total</b>	<b>\$67,000,000</b>	<b>(\$604 per sq. ft.)</b>
Operations & Maintenance	\$819,800	
<sup>1/</sup> Annual debt service payments on \$37.0 million principal are based on an interest rate of 3.65% a total debt service cost of \$61.6 million. Debt service will be paid by donations (\$20 million), City of Phoenix (\$13.5 million), and tuition (\$28.1 million). <sup>2/</sup> Includes equipment, furniture, project design and management fees, and other costs.		

<b>Table 2</b>	
<b>Thunderbird School of Global Management Financing Terms</b>	
Construction Timeframe	October 2019 – July 2021
Issuance Amount	\$37.0 million
Issuance Date	March 2021
Issuance Transaction Fees	\$330,000
Rating	Aa2 (Moody's)/AA (S&P)
Interest Rate	3.65%
Term	30 years
Total Debt Costs	\$61.6 million
Debt Service Payments	\$454,200 (FY 2021) \$2.1 million (FY 2022 – FY 2050)
Payment Source	\$20.0 million from Donations \$13.5 million from City of Phoenix \$28.1 million from Tuition
Debt Ratio Increase	0.08%

(Continued)

ASU has not recently completed new construction projects for non-research academic buildings. ASU estimates total construction costs for the Interdisciplinary Science and Technology Building (ISTB) 7 will be \$682 per square foot, with direct construction costs at \$530 per square foot. Compared to the current project, ISTB 7 is expected to have higher costs due to its research component.

ASU states that the project construction is expected to begin by October 2019, and the Construction Manager at Risk (CMAR) will complete the project under the guaranteed maximum price arrangement with ASU by July 2021.

#### Operations and Maintenance Costs

ASU estimates that the facility will require annual operations and maintenance costs of \$819,800, which ASU intends to fund with tuition revenues.

MD:kp





September 4, 2019

The Honorable David M. Gowan, Chairman  
Joint Committee on Capital Review  
Arizona State Senate Capitol Complex  
1700 West Washington Street  
Phoenix, AZ 85007-2890

Dear Senator Gowan:

In accordance with ARS 15-1671, 15-1683 and 15-1682.02 the Arizona Board of Regents requests that the following Arizona State University bond-financed and third-party projects be placed on the next Joint Committee on Capital Review agenda:

- Interdisciplinary Science and Technology Building (ISTB) 7
- Thunderbird School of Global Management Building
- Ground Lease for the Development of Student Housing and Lease of Downtown Phoenix Residence Hall and Entrepreneurial Center

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 black ink, appearing to read "Morgan R. Olsen", with a long horizontal flourish extending to the right.

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  
Kendra Burton, Director, State Relations, ASU  
Bruce Nevel, Associate Vice President, Facilities Development and Management, ASU  
Joanne Wamsley, Vice President for Finance and Deputy Treasurer, ASU  
Morgan Dorcheus, Fiscal Analyst, JLBC

**Joint Committee on Capital Review  
Arizona State University  
September 2019 JCCR Meeting**

**2. Thunderbird School of Global Management Building**

This project will construct an approximately 111,000 gross-square-foot classroom and office building to accommodate the strategic relocation of the Thunderbird School of Global Management's graduate programs to the Downtown Phoenix campus. This new facility will provide a long-term location for these programs, now located in leased Arizona Center space.

This multi-level academic facility will include approximately 60,000 gross square feet of classroom space to support multiple instruction modalities, conference rooms, faculty offices and ancillary support space. Additionally, the facility will include innovative, high-technology spaces to facilitate the school's global leadership and management programs. This new facility reinforces the university's commitment to academic excellence and accessibility, providing a world-class global management and business education with a unique intercultural focus.

The project will be funded with \$37.0 million in system revenue bonds and \$30.0 million for direct payment of project costs. Sales proceeds from the former Thunderbird Glendale campus, City of Phoenix support, capital gifts, and tuition will fund direct payment of project costs and debt service.

An Arizona Board of Regents executive summary for this project is attached, which outlines the project description and other relevant information. The Finance, Capital and Resources Committee recommended project approval at its September 5, 2019, meeting. The project is scheduled to receive final approval at the September 19, 2019, Arizona Board of Regents meeting.

**Project Costs**

Total Project Cost	\$ 67,000,000
Total Project Construction Cost	\$ 47,500,000
Total Project Cost per GSF	\$ 604
Total Construction Cost per GSF	\$ 428

**Joint Committee on Capital Review  
Arizona State University  
September 2019 JCCR Meeting**

**PROJECT SUMMARY**

<b>Projects</b>	<b>Funding Sources</b>	<b>Amount</b>
Interdisciplinary Science and Technology Building (ISTB) 7	CIF Fund/Tuition	\$192,000,000
Thunderbird School of Global Management	Tuition and Other Funds	\$ 67,000,000
Downtown Phoenix Academic and Entrepreneurial Center University Lease	Tuition	\$ 49,600,000
		<u>\$308,600,000</u>

**FINANCING INFORMATION**

System Revenue Bonds:

Project Costs	\$308,600,000
Estimated Costs of Issuance	\$1,820,000
Anticipated Bond Rating	Aa2 (Moody's) and AA (S&P)
Assumed Interest Rate	3.25% to 3.65%
Term	23-30 years

Debt Service Information:

Estimated Debt Service FY21	\$6,804,368
Estimated Annual Debt Service FY22-43	\$12,683,848
Estimated Annual Debt Service FY44-49	\$4,830,046
Estimated Debt Service FY50	\$2,109,277
Total Estimated Debt Service	\$316,938,575

**DEBT RATIO**

Debt Ratio on Existing Debt	4.50
Incremental Debt Ratio	.41
Project Debt Ratio	4.91

**Joint Committee on Capital Review  
Arizona State University  
September 2019 JCCR Meeting**

Arizona State University  
Thunderbird School of Global Management  
System Revenue Bonds

Fiscal Year	Estimated Issuance March 2021		
	Principal	Interest	Total
2021		\$454,182	\$454,182
2022	\$ 745,000	1,362,545	2,107,545
2023	775,000	1,335,353	2,110,353
2024	800,000	1,307,065	2,107,065
2025	830,000	1,277,865	2,107,865
2026	860,000	1,247,570	2,107,570
2027	890,000	1,216,180	2,106,180
2028	925,000	1,183,695	2,108,695
2029	960,000	1,149,932	2,109,932
2030	995,000	1,114,893	2,109,893
2031	1,030,000	1,078,575	2,108,575
2032	1,065,000	1,040,980	2,105,980
2033	1,105,000	1,002,108	2,107,108
2034	1,145,000	961,775	2,106,775
2035	1,190,000	919,982	2,109,982
2036	1,230,000	876,548	2,106,548
2037	1,275,000	831,652	2,106,652
2038	1,325,000	785,115	2,110,115
2039	1,370,000	736,753	2,106,753
2040	1,420,000	686,747	2,106,747
2041	1,475,000	634,918	2,109,918
2042	1,525,000	581,080	2,106,080
2043	1,580,000	525,417	2,105,417
2044	1,640,000	467,748	2,107,748
2045	1,700,000	407,887	2,107,887
2046	1,760,000	345,838	2,105,838
2047	1,825,000	281,597	2,106,597
2048	1,895,000	214,985	2,109,985
2049	1,960,000	145,818	2,105,818
2050	2,035,000	74,277	2,109,277
Total	\$37,330,000	24,249,080	61,579,080

**EXECUTIVE SUMMARY**

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**Arizona Board of Regents  
Arizona State University  
Capital Development Plan Project Justification Report  
Thunderbird School of Global Management**

**Previous Board Action**

- FY 2020-22 Capital Improvement Plan September 2018

**Project Justification/Description/Scope**

- This project will construct an approximately 111,000 gross-square-foot classroom and office building to accommodate the strategic relocation of the Thunderbird School of Global Management's graduate programs to the Downtown Phoenix campus. This new multi-level classroom and office facility will be located between First and Second Streets, just north of Polk Street, as depicted on the map attached as Exhibit C. This new facility will provide a long-term location for these programs, now located in leased Arizona Center space.
- The proximity of the proposed facility's location to other ASU schools and departments, as well as to valuable community partners in downtown Phoenix, will enhance the university's access to resources that will enable the success of Thunderbird students, faculty and staff. This project provides the university with the unique opportunity to broaden the school's mission and make an even greater impact on students and the organizations in downtown Phoenix that are engaged in international business and nonprofit organizational activity.
- This multi-level academic facility will include approximately 60,000 gross square feet of classroom space to support multiple instruction modalities, conference rooms, faculty offices and ancillary support space. Additionally, the facility will include innovative, high-technology spaces to facilitate the school's global leadership and management programs.
- This new facility reinforces the university's commitment to academic excellence and accessibility, providing a world-class global management and business education with a unique intercultural focus.

**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.

## **EXECUTIVE SUMMARY**

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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 Jones Studio with Moore Ruble Yudell as the Design Professional (DP) team for this project and Okland Construction as the CMAR. The selection process for the DP included eighteen responses and five firms were interviewed. The CMAR selection process included six 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, with the project scheduled for completion in July 2021.

### **Project Cost**

- The budget for this 111,000 gross-square-foot project is \$67.0 million. The budget represents an estimated construction cost of \$428 per gross square foot. The estimated total project cost is \$604 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 project will be funded with \$37.0 million in system revenue bonds and \$30.0 million in campus sale proceeds, City of Phoenix support and capital gifts. The debt service on the system revenue bonds will be funded by tuition.
- Operations and maintenance costs for this project are estimated at \$819,849 annually and will be funded by tuition.
- **Debt Ratio Impact:** The projected incremental debt ratio impact for this project is 0.08 percent.

## **EXECUTIVE SUMMARY**

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### **Occupancy Plan**

- The approximately 60,000 square feet of space the school will vacate in the Arizona Center will be available until November 2023 under the existing lease to accommodate the short and medium-term growth needs of other Downtown Phoenix Campus colleges and to replace expiring leases in other downtown Phoenix facilities.

### **Statutory and 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, including information technology and third-party projects.
- ABOR policy 7-107 (E) requires Amended Capital Development Plan approval for new projects added outside of the regular Capital Development Plan.

**EXECUTIVE SUMMARY**

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**Capital Project Information Summary**

**University:** Arizona State University **Project Name:** Thunderbird School of Global Management

**Project Description and Location:** This project, as depicted on the attached map as Exhibit C, will construct an approximately 111,000 gross-square-foot classroom and office building. This multi-level building will include innovative, high-technology spaces to facilitate the school's global leadership and management programs.

**Project Schedule:**

Planning	January	2018
Design Start	June	2018
Construction Start	October	2019
Construction Completion	July	2021

**Project Budget:**

Total Project Cost	\$	67,000,000
Total Project Construction Cost	\$	47,500,000
Total Project Cost per GSF	\$	604
Construction Cost per GSF	\$	428

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

Utilities	\$	300,810
Personnel		191,752
All Other Operating		327,287
Subtotal	\$	819,849

**Funding Sources:**

Capital		
A. System Revenue Bonds	\$	37,000,000
Debt Service Funding Sources:		Tuition
Operation/Maintenance	\$	819,849
Funding Source		Tuition



**EXECUTIVE SUMMARY**

**Capital Project Budget Summary**

**University:** Arizona State University  
**Project:** Thunderbird School of Global Management

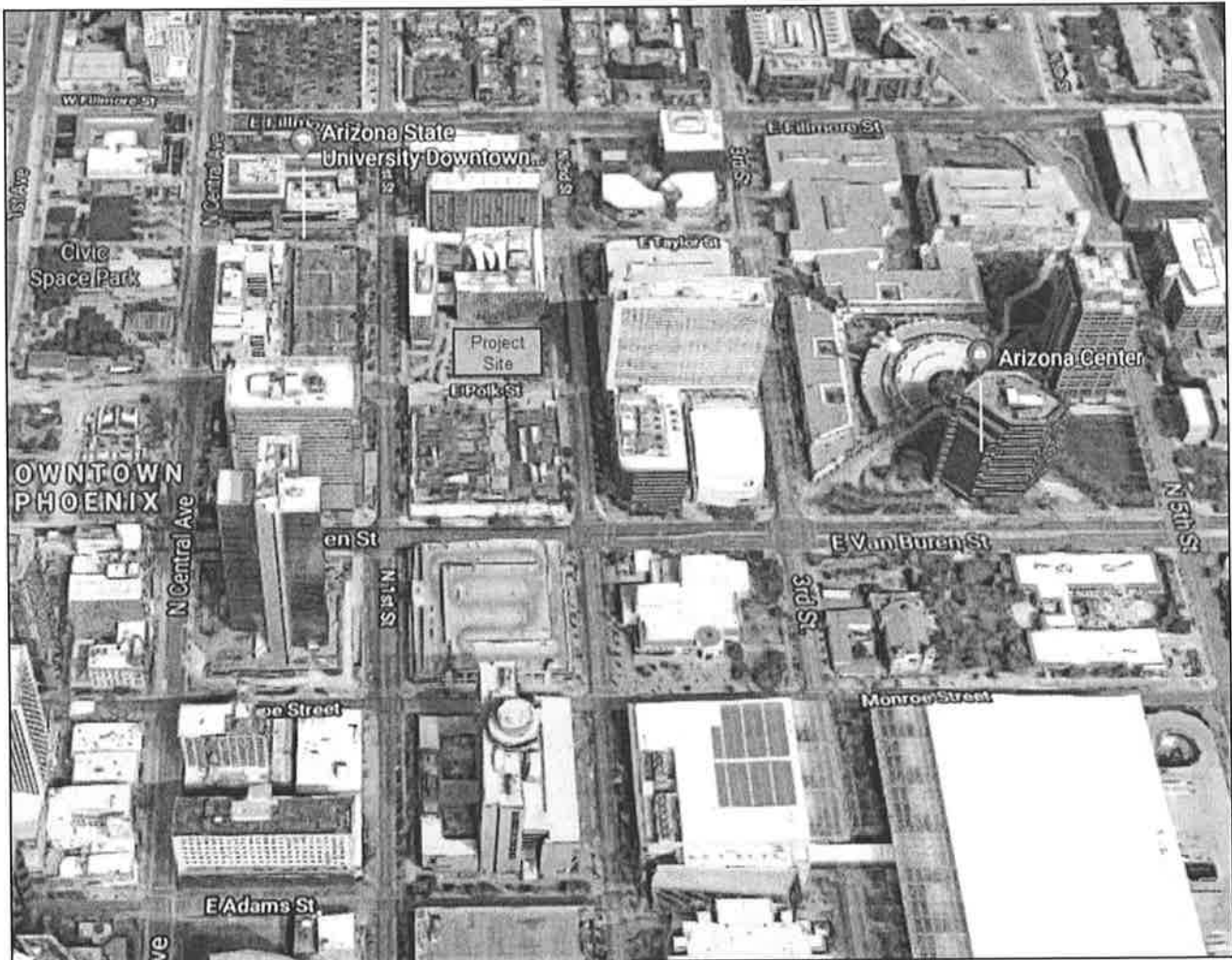
	<b><u>Amended Capital Development Plan</u></b>
Capital Costs	
1. Land Acquisition	
2. Construction Cost	
A. New Construction	\$ 47,500,000
B. Renovation	-
C. Special Fixed Equipment	-
D. Site Development (excl. 2.E.)	-
E. Parking and Landscaping	-
F. Utilities Extensions	-
G. Other* (Demolition/abatement)	-
Subtotal Construction Cost	<u>\$ 47,500,000</u>
3. Fees	
A. CMAR Pre-Construction	\$ 668,000
B. Architect/Engineer	6,000,000
C. Other	300,000
Subtotal Consultant Fees	<u>\$ 6,968,000</u>
4. FF&E Movable	\$ 2,500,000
5. Contingency, Design Phase	300,000
6. Contingency, Constr. Phase	4,400,000
7. Parking Reserve	-
8. AV/Telecommunications Equipment	2,800,000
Subtotal Items 4-8	<u>\$ 10,000,000</u>
9. Additional University Costs	
A. Surveys, Tests, Haz. Mat. Abatement	\$ 100,000
B. Move-in Costs	50,000
C. Printing Advertisement	-
D. Keying, signage, facilities support	450,000
E. Project Management Cost	1,750,000
F. State Risk Mgt. Ins. (.0034 **)	182,000
Subtotal Addl. Univ. Costs	<u>\$ 2,532,000</u>
<b>Total Capital Cost</b>	<u><u>\$ 67,000,000</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 C**  
**Thunderbird School of Global Management**  
**Downtown Phoenix Site Location Map**







STATE OF ARIZONA

## Joint Committee on Capital Review

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AARON O. LIEBERMAN  
WARREN PETERSEN  
BEN TOMA

DATE: September 18, 2019

TO: Members of the Joint Committee on Capital Review

FROM: Morgan Dorcheus, Senior Fiscal Analyst *MD*

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). At its September 2018 meeting, the Committee approved Arizona State University's (ASU) request of a \$175,000,000 bond issuance for the construction of the Interdisciplinary Science and Technology Building (ISTB) 7. Due to increased project costs, ASU requests Committee approval for an additional \$17.0 million in bond issuances, for a total project cost of \$192.0 million.

### 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 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 operations and maintenance costs when the project is complete.

(Continued)

- B. ASU shall provide the final debt service schedule and interest rate for the project as soon as they are available.
- C. On or before July 31 of each year until completion of the project, ASU shall report to the JLBC Staff on the status and expenditures of the ISTB 7 project. The report shall include the project expenditures to date, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.

#### **Key Points**

- 1) In September 2018, the Committee approved ASU's \$175.0 million plan to construct a new science building at the Tempe Campus.
- 2) The building will house students in the sustainability and human origins programs, and includes lab space for biological sciences, computing, and engineering.
- 3) ASU requests approval for \$17.0 million in additional bond issuances for increased construction costs due to site work (\$3.3 million) and plan revisions (\$4.0 million). The price escalation during these delays increased the cost by \$9.7 million.
- 4) ASU will issue a total of \$192.0 million of system revenue bonds, paying 50% of the debt service with tuition and 50% with CIF appropriations (\$1 billion bonding).

#### **Analysis**

ASU intends to construct a new science building at the southwest corner of University Drive and Rural Road, which will include research labs for biological sciences, computing, and engineering, classrooms and student workspaces, offices, and public exhibit spaces. ASU estimates that ISTB 7 could increase the university's sponsored research expenditures by approximately \$60 million per year.

In its September 2018 meeting, the Committee approved a \$175.0 million bond issuance for construction of a 258,000 square foot building. ASU's revised construction plan includes \$192.0 million for a 281,400 square foot building. ASU states that the 23,400 square foot increase is due to expanding the size of exterior courtyard space.

The \$17.0 million increase in projects costs are due to project scope changes (\$4.0 million), unforeseen site work (\$3.3 million), and cost escalation due to the unforeseen construction delays (\$9.7 million).

#### **Financing**

In April 2019, ASU issued \$75.0 million in system revenue bonds at a 3.36% interest rate over a 25-year term. For the remaining \$117.0 million cost, ASU intends to issue \$75.6 million in system revenue bonds in May 2020 and another \$42.4 million in March 2021. ASU anticipates a rating of Aa2 (Moody's)/AA (S&P) and interest rates of 3.25% and 3.40% over 23-year terms.

ASU made debt service payments of \$636,400 in FY 2019 and \$3,096,200 in FY 2020. ASU will make average annual debt service payments of \$9.6 million from FY 2021-FY 2026, \$12.3 million from FY 2027-FY 2035, and \$15.2 million from FY 2036-FY 2043. 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.

Of the \$293.1 million cumulative debt service payments, \$146.5 million will be paid from tuition and \$146.5 million from the General Fund. *(See Table 2 for a summary of the bond financing terms).*

(Continued)

Including bonds already issued on the project, the debt service increases ASU's current debt ratio by 0.22%, from 4.5% to 4.72%. Including other ASU projects on the agenda, the debt ratio would increase to 4.91%.

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. With the \$17.0 million increase to the ISTB 7 project, ASU will have committed approximately 83% of the bonding package monies it will receive through FY 2043.

Construction Costs

Of the \$192.0 million total project cost, direct construction costs (excluding items such as design and project management costs) are \$149.1 million. As shown in *Table 1*, total project costs per square foot are \$682, while direct construction costs per square foot are \$530. This is an increase of \$4 and \$42 for total and direct construction costs, respectively, from ASU's original \$175.0 million plan.

Table 1		
ISTB 7 Construction		
Total Square Footage	281,400	
<u>Funding</u>		
System Revenue Bonds <sup>1/</sup>	\$192,000,000	
<u>Costs</u>		
Direct Construction Costs	\$149,126,100	(\$530 per sq. ft.)
Other Costs <sup>2/</sup>	<u>42,873,900</u>	<u>(\$152 per sq. ft.)</u>
<b>Total</b>	<b>\$192,000,000</b>	<b>(\$682 per sq. ft.)</b>
Operations & Maintenance	\$3,166,700	
<sup>1/</sup> Annual debt service payments on \$192.0 million principal are based on interest rates of 3.36% / 3.25% / 3.40% for a total debt service cost of \$293.1 million. Debt service will be paid by CIF monies (50% General Fund, 50% tuition).		
<sup>2/</sup> Includes equipment, furniture, project design and management fees, and other costs.		

ASU states that project construction has been delayed while it awaits approval from the Federal Bureau of Reclamation (BOR) and Salt River Project (SRP) for approval to access a portion of the ISTB 7 construction site. In addition, gas lines were discovered on the property that had not been identified during acquisition. Cost increases for site work related to relocating the gas lines, archeological costs from site investigation, and the BOR/SRP issues are estimated at \$3.3 million. ASU also states that it has revised the project scope to include added utility infrastructure, energy efficiency enhancements, and exterior courtyard space at a cost of approximately \$4.0 million. Cost escalation due to these delays are estimated at \$9.7 million.

The most recent interdisciplinary building completed by ASU was the 188,500 square foot Biodesign C Building (ISTB 6) in 2018. Total construction costs for that facility were \$637 per square foot, with direct construction costs at \$509 per square foot. ASU has stated that the location and site conditions of the project are responsible for difference in costs compared to ISTB 7, citing required demolition of existing buildings, the relocation of utility lines, and remediation costs.

(Continued)

ASU reports it has completed site demolition, utility work is currently in process, and site construction will begin once the Bureau of Reclamation and Salt River Project have approved ASU's plans, which is expected to be completed by the end of September. ASU estimates that the Construction Manager at Risk (CMAR) will complete the project under the guaranteed maximum price arrangement with ASU by January 2022.

Operations and Maintenance Costs

ASU estimates that the facility will require annual operations and maintenance costs of \$3,166,700, which will be paid with tuition revenues.

<b>Table 2</b>	
<b>ISTB 7 Building Financing Terms</b>	
Construction Timeframe	April 2019 – January 2022
Issuance Amount	\$192.0 million
Issuance Date	April 2019 / May 2020 / March 2021
Issuance Transaction Fees	\$413,300 / \$675,000 / \$380,000
Rating	Aa2 (Moody's)/AA (S&P)
Interest Rate	3.36% / 3.25% / 3.40%
Term	25 years / 23 years / 23 years
Total Debt Costs	\$293.1 million
Debt Service Payments	\$636,400 (FY 2019) \$3.1 million (FY 2020) \$9.6 million (FY 2021 – FY 2026) \$12.3 million (FY 2027 – FY 2035) \$15.2 million (FY 2036 – FY 2043)
Payment Source	\$146.5 million General Fund (CIF) \$146.5 million tuition (CIF)
Debt Ratio Increase	0.22%

MD:kp



September 4, 2019

The Honorable David M. Gowan, Chairman  
Joint Committee on Capital Review  
Arizona State Senate Capitol Complex  
1700 West Washington Street  
Phoenix, AZ 85007-2890

Dear Senator Gowan:

In accordance with ARS 15-1671, 15-1683 and 15-1682.02 the Arizona Board of Regents requests that the following Arizona State University bond-financed and third-party projects be placed on the next Joint Committee on Capital Review agenda:

- Interdisciplinary Science and Technology Building (ISTB) 7
- Thunderbird School of Global Management Building
- Ground Lease for the Development of Student Housing and Lease of Downtown Phoenix Residence Hall and Entrepreneurial Center

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 black ink, appearing to read "Morgan R. Olsen", with a stylized flourish at the end.

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  
Kendra Burton, Director, State Relations, ASU  
Bruce Nevel, Associate Vice President, Facilities Development and Management, ASU  
Joanne Wamsley, Vice President for Finance and Deputy Treasurer, ASU  
Morgan Dorcheus, Fiscal Analyst, JLBC



**Joint Committee on Capital Review  
Arizona State University  
September 2019 JCCR Meeting**

**1. Interdisciplinary Science and Technology Building (ISTB) 7, Revised Approval**

This project will construct an approximately 281,378 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 foster an interdisciplinary approach to knowledge generation and leading-edge research, including innovative endeavors focusing on the sustainability of food, water and energy.

This project will serve as a new northeast gateway to the Tempe campus, located immediately adjacent to the light rail station and ASU's research neighborhood, including the Biodesign Institute complex, ISTB 4 and the Novus Innovation Corridor. This is an ideal location to transcend academic disciplines and connect world-class research with commerce and business applications that will fuel economic growth.

To enable the construction of this signature laboratory facility, several land parcels were combined, including one on which the historic Kirkland-McKinney ditch is located. The Bureau of Reclamation has jurisdiction over this ditch and Salt River Project is the agent responsible for maintaining its capability to deliver irrigation water to various parts of the valley. The start of site construction was delayed while the negotiations to allow the university to use and maintain this ditch were completed.

Additionally, several site conditions were not identified on the closing documents, title reports or plats reviewed while acquiring the property. These include a high-pressure nitrogen line that runs through the property along the Kirkland-McKinney ditch and a Southwest Gas line.

Revisions to the original project plan incorporate the escalation costs associated with the delay in the construction schedule, and include funding for unique features fundamental to making ISTB 7 fully suited to its programmatic purpose.

This project will be funded with \$192 million in system revenue bonds under the state's capital infrastructure financing program. Under this program, half of the debt service will be funded with state appropriations tied to the Capital Infrastructure Fund and half will be funded with university tuition. JCCR previously approved this project with a budget of \$175 million budget at its September 20, 2018, meeting.

An Arizona Board of Regents executive summary for this project is attached, which outlines the project description and other relevant information. The Finance, Capital and Resources Committee recommended approval of the revised project plan at its September 5, 2019, meeting. The revised project plan is scheduled to receive final approval at the September 19, 2019, Arizona Board of Regents meeting.

**Joint Committee on Capital Review  
Arizona State University  
September 2019 JCCR Meeting**

**Project Costs**

Total Project Cost	\$ 192,000,000
Total Project Construction Cost	\$ 149,126,103
Total Project Cost per GSF	\$ 682
Total Construction Cost per GSF	\$ 530

**Joint Committee on Capital Review  
Arizona State University  
September 2019 JCCR Meeting**

**PROJECT SUMMARY**

<b>Projects</b>	<b>Funding Sources</b>	<b>Amount</b>
Interdisciplinary Science and Technology Building (ISTB) 7	CIF Fund/Tuition	\$192,000,000
Thunderbird School of Global Management	Tuition and Other Funds	\$ 67,000,000
Downtown Phoenix Academic and Entrepreneurial Center University Lease	Tuition	\$ 49,600,000
		<u>\$308,600,000</u>

**FINANCING INFORMATION**

System Revenue Bonds:

Project Costs	\$308,600,000
Estimated Costs of Issuance	\$1,820,000
Anticipated Bond Rating	Aa2 (Moody's) and AA (S&P)
Assumed Interest Rate	3.25% to 3.65%
Term	23-30 years

Debt Service Information:

Estimated Debt Service FY21	\$6,804,368
Estimated Annual Debt Service FY22-43	\$12,683,848
Estimated Annual Debt Service FY44-49	\$4,830,046
Estimated Debt Service FY50	\$2,109,277
Total Estimated Debt Service	\$316,938,575

**DEBT RATIO**

Debt Ratio on Existing Debt	4.50
Incremental Debt Ratio	.41
Project Debt Ratio	4.91

**Joint Committee on Capital Review  
Arizona State University  
September 2019 JCCR Meeting**

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

Fiscal Year	Estimated Issuance May 2020		
	Principal	Interest	Total
2021		\$2,869,344	\$2,869,344
2022	\$1,565,000	2,459,438	4,024,438
2023	1,696,000	2,408,575	4,104,575
2024	1,833,000	2,353,455	4,186,455
2025	1,977,000	2,293,883	4,270,883
2026	2,126,000	2,229,630	4,355,630
2027	2,282,000	2,160,535	4,442,535
2028	2,445,000	2,086,370	4,531,370
2029	2,616,000	2,006,908	4,622,908
2030	2,793,000	1,921,888	4,714,888
2031	2,978,000	1,831,115	4,809,115
2032	3,171,000	1,734,330	4,905,330
2033	3,372,000	1,631,273	5,003,273
2034	3,582,000	1,521,683	5,103,683
2035	3,800,000	1,405,268	5,205,268
2036	4,028,000	1,281,768	5,309,768
2037	4,265,000	1,150,858	5,415,858
2038	4,512,000	1,012,245	5,524,245
2039	4,769,000	865,605	5,634,605
2040	5,037,000	710,613	5,747,613
2041	5,315,000	546,910	5,861,910
2042	5,605,000	374,173	5,979,173
2043	5,908,000	192,010	6,100,010
Total	\$75,675,000	\$37,047,877	\$112,722,877

ASU financed during fiscal year 2019 system revenue bonds totaling \$75 million for ISTB7. The balance of the \$192 million project budget will be financed in fiscal years 2020 and 2021 as shown in this submission.

**Joint Committee on Capital Review  
Arizona State University  
September 2019 JCCR Meeting**

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

Fiscal Year	Estimated Issuance March 2021		
	Principal	Interest	Total
2021		\$480,307	\$480,307
2022		1,440,920	1,440,920
2023	\$942,000	1,440,920	2,382,920
2024	1,022,000	1,408,892	2,430,892
2025	1,106,000	1,374,144	2,480,144
2026	1,193,000	1,336,540	2,529,540
2027	1,284,000	1,295,978	2,579,978
2028	1,379,000	1,252,322	2,631,322
2029	1,479,000	1,205,436	2,684,436
2030	1,583,000	1,155,150	2,738,150
2031	1,691,000	1,101,328	2,792,328
2032	1,804,000	1,043,834	2,847,834
2033	1,923,000	982,498	2,905,498
2034	2,046,000	917,116	2,963,116
2035	2,175,000	847,552	3,022,552
2036	2,309,000	773,602	3,082,602
2037	2,450,000	695,096	3,145,096
2038	2,596,000	611,796	3,207,796
2039	2,748,000	523,532	3,271,532
2040	2,907,000	430,100	3,337,100
2041	3,073,000	331,262	3,404,262
2042	3,245,000	226,780	3,471,780
2043	3,425,000	116,450	3,541,450
Total	\$42,380,000	\$20,991,555	\$63,371,555

ASU financed during fiscal year 2019 system revenue bonds totaling \$75 million for ISTB7. The balance of the \$192 million project budget will be financed in fiscal years 2020 and 2021 as shown in this submission.

**EXECUTIVE SUMMARY**

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

**Previous Board Action**

- Annual Capital Development Plan February 2018
- FY 2019-21 Capital Improvement Plan September 2017

**Project Justification/Description/Scope**

- This project will construct an approximately 281,378 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 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, ISTB 4 and the Novus Innovation Corridor. The site location is depicted on the attached map as Exhibit F. This is an ideal location to transcend academic disciplines and connect world-class research with commerce and business applications that will fuel economic growth.
- To enable the construction of this signature laboratory facility, several land parcels were combined, including one on which the historic Kirkland-McKinney ditch is located. The Bureau of Reclamation has jurisdiction over this ditch and Salt River Project is the agent responsible for maintaining its capability to deliver irrigation water to various parts of the valley. The start of site construction was delayed while the negotiations to allow the university to use and maintain this ditch were completed. The escalation cost associated with this construction delay will increase the project cost by more than six percent.
- Additionally, a high-pressure nitrogen line runs through the property along the Kirkland-McKinney ditch. The nitrogen line previously was not identified on the closing documents, title reports or plats reviewed while acquiring the property. A Southwest Gas line that was not identified in title searches also was discovered on the property. These previously unknown conditions have impacted the project construction schedule and have resulted in an additional three to four percent escalation in the project cost.

## **EXECUTIVE SUMMARY**

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- The proposed revision to the original project plan incorporates the escalation costs associated with the delay in the construction schedule, and includes funding for unique features fundamental to making ISTB 7 fully suited to its programmatic purpose.
- This leading-edge facility will serve as the new home for the Global Institute of Sustainability (GIOS) and the Institute of Human Origins, which has outgrown its existing space, as well as the School of Sustainability. Open dry 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 research goals of the university. The facility also will include university classrooms and adaptable student workspaces to stimulate and facilitate intellectual contributions to global future outcomes, and public outreach and exhibit spaces to put science on display.
- 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 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.

## **EXECUTIVE SUMMARY**

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### **Project Status and Schedule**

- Site demolition is complete, utility work is in process, and site construction is scheduled to begin as soon as approval for access to the ditch is received from the Bureau of Reclamation. The project is scheduled for completion in January 2022.

### **Project Cost**

- The budget for this approximately 281,378 gross-square-foot project is \$192.0 million. The budget represents an estimated construction cost of \$530 per gross square foot. The estimated total project cost is \$682 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 \$192.0 million project budget will be debt-financed with system revenue bonds. The Board previously approved a \$175 million budget for ISTB 7, and in April 2019, \$75.0 million was debt-financed with system revenue bonds. Debt service will be funded by the State of Arizona Capital Infrastructure Fund (CIF) and matched with university funds.
- Operations and maintenance costs for this project are estimated at \$3,166,681 annually and will be funded by tuition.
- **Debt Ratio Impact:** The projected incremental debt ratio impact for this project is 0.22 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 vacated Wrigley Hall location.

### **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, including information technology and third-party projects.



**EXECUTIVE SUMMARY**

- ABOR policy 7-107 (E) requires Amended Capital Development Plan approval for any project cost increases and any increases to the parameters in the fiscal impact and financing plan presented in the project justification report.

**EXECUTIVE SUMMARY**

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**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 F, will construct an approximately 281,378 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 foster an interdisciplinary approach to knowledge generation and leading-edge research.

**Project Schedule:**

Planning	January	2018
Design Start	May	2018
Construction Start	October	2019
Construction Completion	January	2022

**Project Budget:**

Total Project Cost	\$ 192,000,000
Total Project Construction Cost	\$ 149,126,103
Total Project Cost per GSF	\$ 682
Construction Cost per GSF	\$ 530

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

Utilities	\$ 1,317,158
Personnel	628,424
All Other Operating	1,221,099
Subtotal	\$ 3,166,681

**Funding Sources:**

Capital	
A. System Revenue Bonds	\$ 192,000,000
Debt Service Funding Sources:	Tuition
	Capital Infrastructure Fund
Operation/Maintenance	\$ 3,166,681
Funding Source: Tuition	

**EXECUTIVE SUMMARY**

**Capital Project Budget Summary**

**University:** Arizona State University

**Project:** Interdisciplinary Science and Technology Building (ISTB) 7

	Annual 2018 Capital Development Plan	Amended 2019 Capital Development Plan
<b>Capital Costs</b>		
1. Land Acquisition		
2. Construction Cost		
A. New Construction	\$ 120,175,000	\$ 149,126,103
B. Tenant Improvements, relocations	-	-
C. Special Fixed Equipment	2,032,860	2,000,000
D. Site Development (excl. 2.E.)	2,675,000	898,678
E. Parking and Landscaping	1,000,000	-
F. Utilities Extensions	-	-
G. Other* (Demolition/abatement)	132,800	-
Subtotal Construction Cost	<u>\$ 126,015,660</u>	<u>\$ 152,024,781</u>
3. Fees		
A. CMAR Pre-Construction	\$ 1,892,860	\$ 2,236,191
B. Architect/Engineer	15,773,832	16,952,873
C. Other	2,550,390	369,643
Subtotal Consultant Fees	<u>\$ 20,217,082</u>	<u>\$ 19,558,707</u>
4. FF&E Movable	\$ 7,210,500	\$ 2,500,000
5. Contingency, Design Phase	6,008,750	4,000,000
6. Contingency, Constr. Phase	6,008,750	4,000,000
7. Parking Reserve	-	-
8. Telecommunications Equipment	4,124,250	4,139,484
Subtotal Items 4-8	<u>\$ 23,352,250</u>	<u>\$ 14,639,484</u>
9. Additional University Costs		
A. Surveys, Tests, Haz. Mat. Abatement	\$ 175,000	\$ 178,435
B. Move-in Costs	50,000	53,060
C. Printing Advertisement	35,000	-
D. Keying, signage, facilities support	10,000	11,553
E. Project Management Cost	\$ 4,561,908	4,900,900
F. State Risk Mgt. Ins. (.0034 **)	583,100	633,080
Subtotal Addl. Univ. Costs	<u>\$ 5,415,008</u>	<u>\$ 5,777,028</u>
<b>Total Capital Cost</b>	<u><u>\$ 175,000,000</u></u>	<u><u>\$ 192,000,000</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 F**  
**Interdisciplinary Science and Technology Building (ISTB) 7**  
**Site Location Map**







STATE OF ARIZONA

## Joint Committee on Capital Review

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BEN TOMA

DATE: September 18, 2019

TO: Members of the Joint Committee on Capital Review

FROM: Alexis Pagel, Fiscal Analyst **AP**

SUBJECT: Northern Arizona University - Review of Student Athlete High Performance Center  
Indirect Financing Project

### Request

A.R.S. § 15-1682.02 requires Committee review of any university projects using indirect debt financing (also known as third-party financing). Northern Arizona University (NAU) requests Committee review of a 70,000 square foot building for the approximately \$46,000,000 development of a Student Athlete High Performance Center (SAHPC). The proposed SAHPC facility is focused on providing wellness and development for NAU student athletes and educational opportunities for NAU students.

### 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 Provisions

- 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.

(Continued)

- B. On or before July 31 of each year until completion of the project, NAU shall report to the JLBC Staff on the status and expenditures of the Student Athlete High Performance Center project. The report shall include the project expenditures to date, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.

**Key Points**

- 1) NAU plans to build a new 70,000 square foot student athlete training center at a cost of \$46.0 million.
- 2) The cost per square foot is \$657.
- 3) NAU will form a Limited Liability Corporation, which will issue 25-year bonds with annual debt service of \$2.8 million.
- 4) NAU will make lease payments to the LLC to pay the debt service.
- 5) LLC-issued debt is exempt from NAU's debt ratio.

**Analysis**

Under the proposed agreement, NAU would enter into a ground lease with the Northern Arizona Capital Facilities Finance Corporation. The SAHPC would be located on the NAU Flagstaff campus, in an undeveloped area across from the Skydome.

The 70,000 square foot facility would include a public welcome area including a NAU Hall of Fame, practice gym, strength and conditioning center, sports medicine facilities, oxygen-related altitude training and recovery center, lockers/lounge, coaching offices, an auditorium, nutrition station, and academic support. NAU reports that athletics has outgrown the current center located in the Skydome and athletic-related academic space in the Health and Learning Center. Approximately 40 staff members would be moved into the SAHPC from a variety of locations across campus.

The facility is expected to begin construction in February 2020, with substantial completion by December 2021.

Financing

The 70,000 square foot project is estimated to have a total cost of \$46.0 million. This would result in a project cost of \$657 per square foot.

In order to finance the project, NAU will use the Northern Arizona Capital Facilities Finance Corporation, which is a component unit of NAU and solely controlled by the university. The Northern Arizona Capital Facilities Finance Corporation will form an LLC, which will issue the \$46.0 million of bonds to finance the project. NAU's past use of third-party financing has primarily been for non-academic facilities where the vendor/operator constructing the facility is responsible for issuing the debt. In this case, NAU has stated the use of an LLC gives the university greater flexibility when planning for and constructing academic and research facilities. As noted in the next section ("Use of an LLC"), this financing would be excluded from NAU's statutory debt ratio.

In order to pay the debt service under the proposed agreement, NAU would make annual lease payments to the LLC over the 25-year term equal to the annual debt service of approximately \$2.8 million. The debt service will be funded through student athletic fee revenue, gifts, and general university funds.

(Continued)

Throughout the course of the 25-year term, NAU will retain control of the property. At the end of the term, formal legal ownership will revert to NAU.

#### Use of an LLC

NAU states that the additional legal costs of establishing the LLC are not significant and would likely be less than \$30,000.

All 3 universities are statutorily limited to a debt ratio of 8% -- the level of debt service payments cannot exceed 8% of each institution's total projected annual expenditures. Since the LLC will technically hold the student center debt, the debt service will not count against NAU's debt ratio. At the current time, NAU's debt ratio is 5.1%. If NAU were to issue the student center debt directly, the ratio would increase to 5.3%.

Table 1		
SAHPC Construction		
Total Square Footage	70,000	
<u>Funding</u>		
Indirect Financing - Component Unit	\$46,000,000	
<u>Costs</u>		
Direct Construction Costs	\$36,750,000	(\$525 per sq. ft.)
Other Costs <sup>1/</sup>	<u>9,250,000</u>	<u>(\$132 per sq. ft.)</u>
<b>Total</b>	<b>\$46,000,000</b>	<b>(\$657 per sq. ft.)</b>
Operations & Maintenance	\$388,000	
<u>1/ Includes equipment, furniture, project design and management fees, and other costs.</u>		

<b>Table 2</b>	
<b>SAHPC Building Financing Terms</b>	
Construction Timeframe	February 2020 – December 2021
Issuance Amount	\$46.0 million
Issuance Date	February 2020
Issuance Transaction Fees	\$600,000
Interest Rate	3.15%
Term	25 years
Total Debt Costs	\$67.4 million
Debt Service Payments	\$2,800,000
Payment Source	\$2,100,000 dedicated student fee \$420,000 philanthropic gifts \$280,000 general university revenues
Debt Ratio Increase	N/A





Office of the Vice President for Capital Planning  
and Campus Operations

Daniel T. Okoli, PhD  
Vice President  
nau.edu/vpadmin

928-523-2708 office  
PO Box 4088  
Flagstaff, AZ 86011

September 5, 2019

The Honorable David M. Gowan, Chairman  
Joint Committee on Capital Review  
Arizona House of Representatives  
1700 W. Washington  
Phoenix, AZ 85007



Subject: Northern Arizona University (NAU) Capital Project for Review

Dear Senator Gowan:

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

- Student Athlete High Performance Center

The review is contingent upon the approval of the ground lease and lease-purchase agreement by the Arizona Board of Regents at the meeting scheduled for September 20, 2019.

Enclosed is the pertinent information relating to this item. If you require additional information, please do not hesitate to contact me at (928) 523-8871. Thank you for your consideration of this request.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel T. Okoli".

Daniel T. Okoli  
Vice President for Capital Planning and Campus Operations

Attachments

cc: Richard Stavneak, JLBC Director  
Alexis Pagel, JLBC Analyst  
Leatta McLaughlin, ABOR  
Rita Hartung Cheng, NAU  
Joanne Keene, NAU  
Christy Farley, NAU  
Bjorn Flugstad, NAU

**JCCR Capital Review**

**JCCR Meeting Date**  
**JCCR Deadline**

September 25, 2019  
9/4/19

**Project Name**

**Student Athlete High Performance Center; 09.731.191**

**Scope of the project**

**Project Description/Justification**

The Student Athlete High Performance Center is a proposed 70,000 square foot building focusing on the wellness and development of NAU student-athletes, as well as providing educational opportunities for NAU students. The building's features will include a public welcome area including NAU Hall of Fame, practice gym, strength and conditioning, sports medicine facilities, oxygen-related altitude training and recovery, lockers / lounge, coaching offices, auditorium, nutrition

**Date of last renovation/maintenance**

N/A - New Construction

**Total Square Feet of Existing Space**

N/A - New Construction

**Total Square Feet of Renovation/Construction**

70,000

**Project Costs**

**Total Construction Cost**

\$ 46,000,000

**Direct Construction Cost**

\$ 36,750,000

**Gross square feet**

\$ 70,000

**Total Cost per Square Foot**

\$ 657

**Direct Cost per Square Foot**

\$ 525

**Annual Operating Costs**

\$ 388,000

**Fund source for Operating Costs**

Tuition and Other Local Funds

**Explanation of Cost Development for Project**

A programming-level document prepared by DLR Group established quantities for interior walls, square footage requirements, building skin and roof types, foundation types, that were priced via subcontractor feedback as well as unit price takeoffs. The CMAR Core Construction did two pricing exercises, an in-house estimate and a subcontractor estimate. Then, they performed a comparative analysis to find any inconsistencies between the two to validate which is the correct estimate. The GMP for Core is not yet set. This project will have a phased GMP in order to preserve schedule. A GMP for civil and steel will be issued with 100% Design Development drawings while the remaining GMP will be issued at 100% Construction Documents.

**Project Delivery**

This project is a Construction Manager at Risk project delivery. Six CMARs responded to the request for qualifications. Interviews were conducted with four firms, and Core Construction was selected.

The design professional was selected in a similar manner. There were eight respondents to the request for qualifications. Three firms were interviewed, and DLR Group was selected as the Design Professional.

**Renovation vs. New Construction**

This project is new construction. NAU Athletics has outgrown the athletic training center and strength and conditioning centers in the Skydome and the academic space in the Health and Learning Center (HLC). All three spaces were designed before NAU Athletics came to include 358 student-athletes. Additionally, all three spaces can barely house one team at a time, so managing the schedule of fifteen (15) intercollegiate athletic teams is problematic.

Additionally, this new space has opportunities for collaboration between the College of Health and Human Services and Athletics that are not present in the current spaces due to inadequate space.

**Debt Issuance\***

No Debt will be issued for this project. It will be financed through a third-party

**Gifts**

Total Gift Amount	\$10,000,000
Current Pledged Gift Amount	\$2,275,000
Current Gift In-Hand Amount	\$2,275,000

**Debt Ratio**

No Debt will be issued for this project. It will be financed through a third-party

**Current Debt Ratio**

5.56%

**Financing:**

The L.L.C. will lease the project to NAU for the financing term under a lease-purchase agreement with lease payments made from the Student Athletic Fee, Gifts, and general university funds. The Lease Revenue Bonds issued by the L.L.C. will be payable solely from the lease revenues the L.L.C. receives under the lease-purchase agreement and further secured by the L.L.C.'s leasehold interest in the land site and the project financed. Upon retirement of the L.L.C.'s debt, the ground lease will terminate and title to the buildings and all improvements will become the property of NAU at no additional cost.

The annual lease payment on the project is approximately \$2.8 million each year.

**EXECUTIVE SUMMARY**

**Item Name: Capital Development Plan (NAU)**

☒ Action Item

**Requested Action:** Northern Arizona University (NAU) asks the committee to review and recommend forwarding to the full board for approval its Capital Development Plan (CDP), which includes one new project that is a third-party project. Excluding third-party projects, the CDP has no financial impact, as described in this executive summary.

**Background/History of Previous Board Action**

- The Student Athlete High Performance Center (SAHPC) appeared as the Health Research Sports Performance and Convocation Center in last year's Capital Improvement Plan FY 2020 – 2022, in the Second and Third Year Projects, submitted in September 2018.
- The project is modified to remove the convocation center and focus on the student performance aspect and is resubmitted as a first year project in this year's Capital Improvement Plan.

**Prior Year Activity**

- One capital project totaling \$15 million was substantially completed within the last 12 months, and one third-party project was substantially completed.
- One project totaling \$17.4 million continued construction activity in the last 12 months.
- Detail on completed and ongoing projects is listed in Exhibit 1.

**Overview and Alignment with Enterprise and University Goals and Objectives**

- NAU's CDP includes one third-party project.
- NAU has developed the CDP to align with the university's campus master plan, and the system Enterprise and university strategic goals and objectives.

**Contact Information:**

Daniel Okoli, NAU

Daniel.okoli@nau.edu

(928) 523-8871

## EXECUTIVE SUMMARY

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- The primary institutional priorities supported by the CDP include:
  - **Student Success and Access:** Enhance student learning through high-quality, student-centered educational experiences; increase number of students who are retained and graduate; increase enrollment, retention and graduation of diverse students. The proposed Student Athlete High Performance Center will provide a facility competitive with other Big Sky Conference and western region peers to aid in student recruitment and retention. The SAHPC will drive student educational success and learning by providing a “one-stop-shop” for NAU student-athletes to study, train, and develop. The space will include new academic and study space, athletic training and strength and conditioning space, nutrition, altitude recovery, auditorium, and life skills space. By providing these student-athletes with a holistic facility, this will in turn help student-athletes achieve and advance the educational attainment within the state of Arizona.
  - **Funding Sources & Financing Options:** Project funding and financing are carefully considered for every individual project, to take advantage of opportunities, to maximize the resources available with minimal impacts on tuition rates and to responsibly manage the assets of the University. Impacts to tuition are avoided when possible. Financial resources are judiciously utilized to meet the highest institutional priorities and the University’s financial strength and standing must be preserved. Utilizing a component unit of the university for financing retains the University’s debt ratio and bonding capacity for academic and other facility needs.

### Capital Development Plan Projects

- The following lists the new and resubmitted projects proposed for CDP approval.

#### New Projects

- Student Athlete High Performance Center (Third-Party)

#### Previously Approved Projects

- N/A

- The Multi-Discipline STEM Academic/Research building, as presented in the Capital Improvement Plan, will be presented in an amended Capital Development Plan for Project Approval in 2020 when more information is available. The project is currently in its planning and programming stages. It’s anticipated the \$130 million project will be funded with system revenue bonds, supported by the Capital Infrastructure Funds.
- Additional detail on project costs, financing, and scope can be found in the tables in

## **EXECUTIVE SUMMARY**

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Exhibits 2 and 3, and the individual Project Justification Reports attached at the end.

### **Fiscal Impact and Management**

- The NAU CDP, if fully implemented, will have no impact to the university's debt ratio as this project will be financed through an estimated \$46 million debt offering issued through a component unit, which is where the debt will reside. NAU will incur annual lease payments over a term of twenty-five years equal to the annual debt service of approximately \$2.8 million each year to be funded through student athletic fee revenue, philanthropic gifts and other university revenue. The amount of philanthropic gifts in hand and pledges, in conjunction with athletic fee revenue, will cover the anticipated lease payments for at least the initial eight years with no impact to other university resources. Additional details are identified in the Ground Lease and Lease Purchase Agreement Approval.
- **Debt Ratio Impact:** The debt service associated with the third-party project in the CDP will have no impact on the debt ratio. The project listed in the first year of the CIP will increase the debt ratio to 6.2 percent excluding SPEED projects, and 7.9 percent including SPEED projects.
- The tables in Exhibits 2 and 3 provide detail project financing, funding sources and debt ratio impact.

### **Statutory/Policy Requirements**

- Pursuant to Arizona Board of Regents Policy Chapter 7-107, each university shall submit an annual CDP for the upcoming year in accordance with the calendar approved by the executive director of the board.
- CDPs are reviewed by the Finance, Capital and Resources Committee and approved by the board.
- Approval of the CDP allows universities to complete design and planning, execute construction and financing agreements, and begin construction as outlined in policy.

## Page 4 of 13

## EXHIBIT 1

Northern Arizona University Capital Project Status Report							
Project Name	Square Footage	Total Budget	Percent Work Complete	Percent Total Expended *	Percent to Gift Target *	Date last Board Approval	Original / Revised Occupancy Date
<b>Ongoing University Projects</b>							
Science Annex 3rd/4th Floor Renovation	34,115	\$ 17,409,327	90%	81%	60%	Jan-18	Aug-19
<b>Ongoing Third-Party Projects</b>							
N/A							
<b>Substantially Completed University Projects</b>							
Recital Hall	26,863	\$ 15,000,000	99%	99%	17%	Jul-17	Jan-19
<b>Substantially Completed Third-Party Projects</b>							
Honors Hall	197,989	N/A	100%	N/A	N/A	Apr-17	Aug-18
*Values as of 6/30/2019							

**EXECUTIVE SUMMARY**

**EXHIBIT 2**

Northern Arizona University Capital Project Status Report									
Project	Board Approval Status	Gross Square Footage	Project Cost	Amount Financed	Funding Method	Annual Debt Service	Debt Ratio	Gift Target	Current Gifts (cash/pledges)
<b>New Projects</b>									
Subtotal			\$ -	\$ -					
<b>Resubmitted Projects</b>									
No resubmitted projects									
Subtotal									
<b>Third Party Projects</b>									
Student Athlete High Performance Center	CIP Sept 2019	70,000	N/A	N/A	Third-Party	N/A	N/A	\$10,000,000	\$ 2,275,000
Subtotal									
<b>TOTAL</b>			\$ -	\$ -		\$ -	0.0%	\$10,000,000	\$ 2,275,000



**EXECUTIVE SUMMARY**

**EXHIBIT 3**

CAPITAL DEVELOPMENT PLAN - ANNUAL DEBT SERVICE BY FUNDING SOURCE										
Project	Amount Financed	CIF	TUI	AUX	ICR	OLF	SLP	FGTDFG	OTH	TOTAL ANNUAL DEBT SERVICE
New Projects										
No new Projects										\$ -
Subtotal	\$ -								\$ -	\$ -
Resubmitted Projects										
No resubmitted projects										
Subtotal										
Third Party Projects										
Student Athlete High Performance Center	NA									
Subtotal										
Total	\$ -								\$ -	\$ -

OPERATION AND MAINTENANCE BY FUNDING SOURCE										
Project	TOTAL ANNUAL O&M	301	TUI	AUX	ICR	OLF	GFA	FGT	DFG	OTH
New Projects										
No new Projects										
Subtotal	\$ -						\$ -			
Resubmitted Projects										
No resubmitted projects										
Subtotal										
Third Party Projects										
Student Athlete High Performance Center	\$ 388,000					\$388,000				
Subtotal										
Total	\$ -					\$ -				

**Funding Source Codes:**

(CIF) Capital Infrastructure Fund

(TUI) Tuition

(AUX) Auxiliary

(ICR) Indirect Cost Recovery

(OLF) Other Local Funds

(GFA) General Fund Appropriation

(FGT) Federal Grant

(DFG) Debt Financed by Gifts

(OTH) Other

**EXECUTIVE SUMMARY**

**EXHIBIT 4  
Debt Capacity Update**

**PURPOSE**

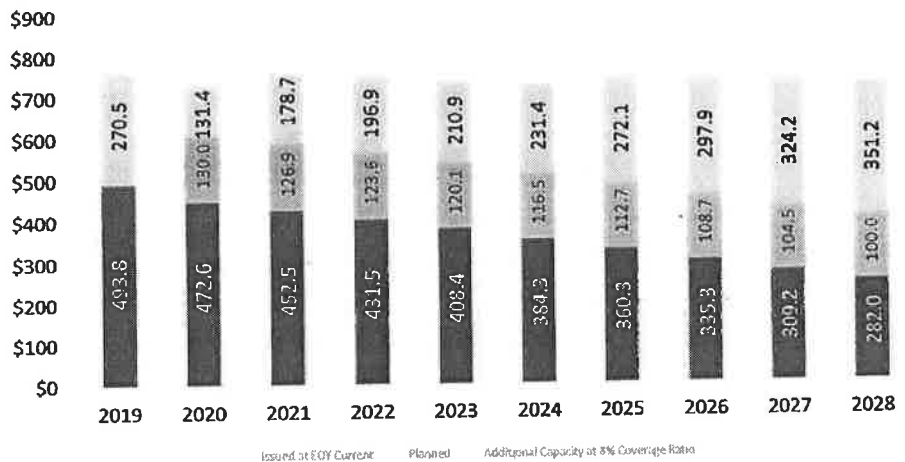
To demonstrate Northern Arizona University's ability to finance additional capital investment through debt instruments and to fund the related debt service (principal and interest).

**PROJECTED DEBT CAPACITY**

Maximum Projected Debt Service to Total Expenditures Excluding/Including SPEED debt
6.2% / 7.9%

Currently outstanding (issued) debt at the end of FY 2019 is \$493.8 million. Anticipating that all appropriate approvals are in place, the \$130.0 million Multi-Discipline STEM Academic / Research building will be financed at the end of FY 2020 with debt service payments beginning in FY 2021. Outstanding debt in FY 2020 is projected to be \$602.6 million. The maximum projected debt ratio is 6.2 percent in FY 2021. The 6.2 percent ratio is within the range used by bond rating firms to confirm an institution's creditworthiness and is below the 8 percent statutory debt limit. Maximum total annual debt service of \$40.9 million will occur in FY 2023 at 6.0 percent.

Currently outstanding (issued) debt declines from \$493.8 million in FY 2019 to \$282.0 million in FY 2028 as debt is retired. Outstanding planned debt includes future financings of approved, CDP and CIP projects. Additional debt capacity represents debt that can be issued in any given year based on the statutory 8 percent debt ratio maximum.



## EXECUTIVE SUMMARY

### FUTURE PROJECTS

Future debt financed projects include those approved in the FY 2020 Capital Development Plan (CDP), the first year of the FY 2021-2023 Capital Improvement Plan (CIP), and projects that will be presented for ABOR project approval. These planned projects are included in the future Debt Capacity assumptions.

	Project Budget	Amount to be Financed
Multi-Discipline STEM Academic/Research Building	\$130,000,000	\$130,000,000

### CREDIT RATINGS

Positive rating factors cited by agencies include NAU's presence as a large, comprehensive university; multiple years of growth in wealth, liquidity, and enrollment; good operating reserves; and a healthy history of monthly days cash on hand.

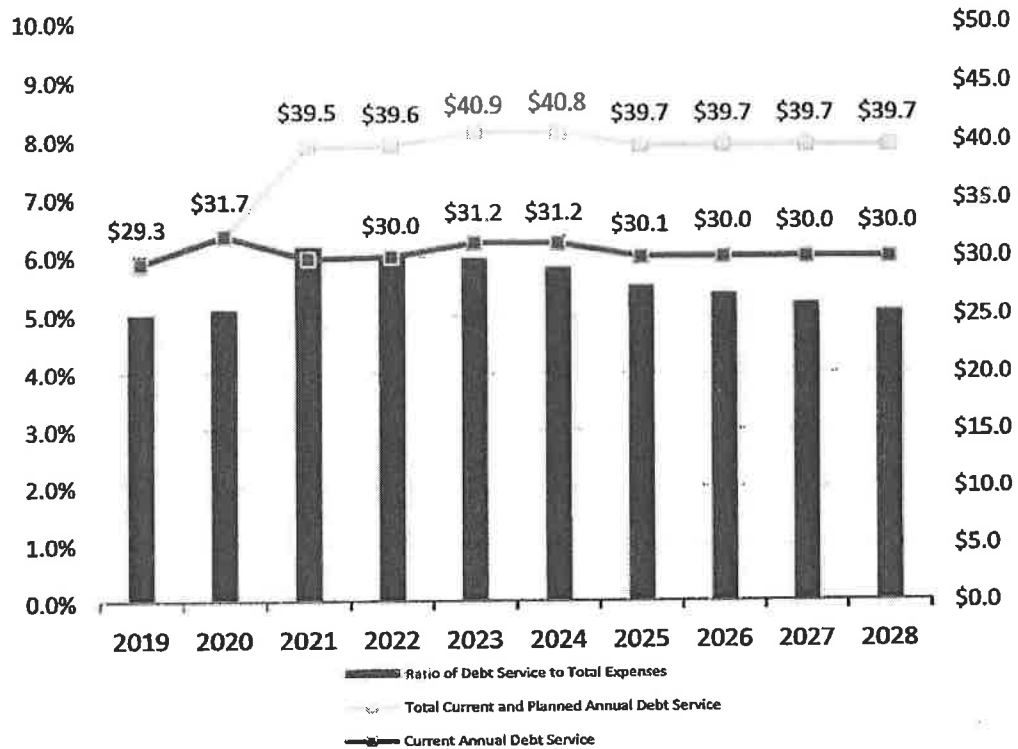
Offsetting factors include strong enrollment competition, high maximum annual debt service compared to agency medians and narrow reserves relative to debt.

Fiscal Year	Moody's		Standard & Poor's	
	Rating	Outlook	Rating	Outlook
2014	A1	Stable	A+	Stable
2015	A1	Stable	A+	Stable
2016	A1	Stable	A+	Stable
2017	A1	Stable	A+	Stable
2018	A1	Stable	A+	Stable
2019	A1	Stable	A+	Stable

### RATIO OF DEBT SERVICE TOTAL EXPENSES

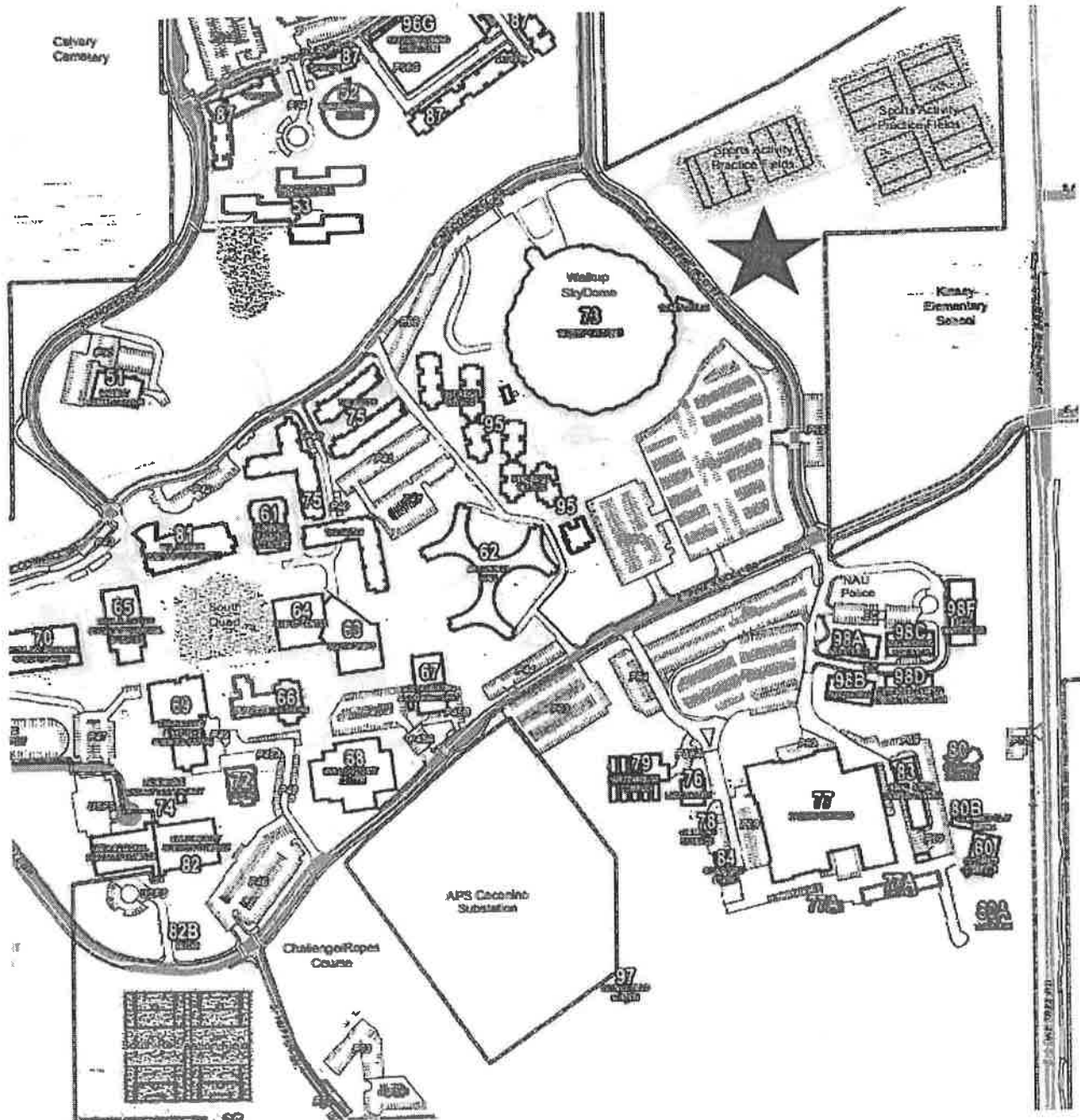
As a result of the planned project described above, annual debt service on system revenue bonds and COPs is projected to increase from \$29.3 million in FY 2019 to a maximum of \$40.9 million in FY 2023. The ratio of debt service to total expenses is expected to reach a maximum in FY 2021 at 6.2 percent. SPEED (Stimulus Plan for Economic and Educational Development) bonds are funded up to 80 percent by state lottery revenues, with the balance funded by the University. SPEED debt service is excluded from the statutory debt ratio, but if SPEED debt service of \$11.0 million is included, the highest projected debt ratio increases to 7.9 percent in FY 2021.

**EXECUTIVE SUMMARY**



**EXECUTIVE SUMMARY**

**EXHIBIT 5**  
**Project Site Map**



**EXECUTIVE SUMMARY**

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**Northern Arizona University  
Capital Development Plan Project Justification Report  
Student Athlete High Performance Center**

**Previous Board Action**

- FY 2021 – 2023 Capital Improvement Plan

September 2019

**Project Justification/Description/Scope**

- The Student Athlete High Performance Center is a proposed 70,000 square foot building focusing on the wellness and development of NAU student-athletes, as well as providing educational opportunities for NAU students. The building's features will include a public welcome area including NAU Hall of Fame, practice gym, strength and conditioning, sports medicine facilities, oxygen-related altitude training and recovery, lockers / lounge, coaching offices, auditorium, nutrition station, and academic support.
- This project is located on the NAU Flagstaff campus, in an undeveloped area across San Francisco Street from the Skydome. It's adjacent the existing athletic practice fields. The exact footprint and layout of the building is to be determined.
- NAU Athletics has outgrown the athletic training center and strength and conditioning centers in the Skydome and the academic space in the Health and Learning Center (HLC). All three spaces were designed before NAU Athletics came to include 358 student-athletes. Additionally, all three spaces can barely house one team at a time, so managing the schedule of 15 intercollegiate athletic teams is problematic. Additionally, NAU Athletics has fallen behind peers in the Big Sky Conference and western region in regards to athletic performance facilities. Within the last three years alone, Big Sky conference schools University of Montana, Montana State University, Portland State University, Weber State University, Southern Utah University, University of Idaho, and UC Davis, have all either constructed or announced plans to build a performance center for student-athletes with ample space and modern performance amenities. These construction projects place NAU Athletics at a distinct competitive disadvantage. The Student Athlete High Performance Center will provide a facility for NAU student-athletes to grow, train, develop, and perform at a high level, all within one building.
- This project also provides the opportunity for a contemporary and cutting-edge collaboration between Athletics and the College of Health and Human Services (CHHS). CHHS offers programs in Athletic Training, Physical Therapy,

## **EXECUTIVE SUMMARY**

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Fitness/Wellness, and Nutrition, which will have new opportunities to collaborate with athletics. CHHS students and faculty will work closely with Athletics staff and coaches to develop and provide high-quality training techniques and strategies that have the potential to advance our standings in the Big Sky Conference and beyond. The opportunity to exchange ideas advances opportunities to share information, ideas, and evidence-based practice, as well as offer clinical services to student athletes.

- The project will be designed in accordance with university design standards and will be constructed of high quality, maintainable materials and building systems to maximize energy efficiency and minimize operational, repair and replacement costs.

### **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 pre-construction services and a high level of project team integration, which alleviates potentially adversarial project relationships.
- DLR Group was selected as the Design Professional for this project and Core Construction was selected as the CMAR for this project. Both selections followed ABOR-established procurement guidelines for selections of Professional Services and Construction Services.
- NAU will utilize a component unit to contract directly with the CMAR and the Design Professional.

### **Project Status and Schedule**

- This project is in the design phase. Construction is scheduled to begin when all approvals are in place. Construction is targeted to begin in February 2020, with Substantial Completion by December 2021.

### **Project Cost**

- The component unit will finance this project. The current estimated project budget is \$46.0 million.

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

- NAU has determined that, given its existing debt capacity and the priority of academic and research facility needs, it can best meet the project needs through

## **EXECUTIVE SUMMARY**

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component unit financing arrangement.

- The annual lease payment on the project is approximately \$2.8 million each year. Approval to enter into a Ground Lease will be brought to ABOR for approval in a separate Board Action Item.
- **Debt Ratio Impact:** There is no impact to the debt ratio.

### **Occupancy Plan**

- Approximately forty staff members will move into this building from a variety of locations across campus. Currently, many of these staffs are sharing offices due to limited space for full-time staff within athletics.
- The vacated spaces may be renovated through a separate project to best utilize the spaces. Options are still being explored on how to maximize these spaces. There are several concepts under review, which include a "game day" sports medicine area for athletic events (football, basketball, track, high school sports, etc.) in the Skydome as well as conferencing space to be used by athletic and academic programs. . Renovation projects will occur as funding allows.

### **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, including information technology and third-party projects.







STATE OF ARIZONA

## Joint Committee on Capital Review

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SENATE

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DAVID BRADLEY  
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WARREN PETERSEN  
BEN TOMA

DATE: September 18, 2019

TO: Members of the Joint Committee on Capital Review

FROM: Alexis Pagel, Fiscal Analyst *AP*

SUBJECT: Northern Arizona University – Review of FY 2020 Capital Improvement Plan for One-Time Appropriation

### Request

Pursuant to the FY 2020 General Appropriation Act (Laws 2019, Chapter 263) and A.R.S. § 41-1252, Northern Arizona University (NAU) requests Committee review of its \$5,000,000 expenditure plan for several capital improvement projects. These projects will be funded from \$6,650,000 in one-time monies appropriated to NAU in the FY 2020 budget.

### 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 provision:

- A. NAU shall report any reallocations between projects in the FY 2020 spending plan above \$200,000 (as listed in *Table 1*) to the JCCR Chairman. The JCCR Chairman shall determine whether the reallocation requires further Committee review.

(Continued)

#### Key Points

- 1) The FY 2020 budget appropriated \$6.65 million to NAU for one-time operating expenditures or capital improvements.
- 2) Any capital expenses are subject to JCCR review.
- 3) NAU plans to spend \$1.65 million for personnel costs and the remaining \$5.0 million on capital projects.
- 4) Of the \$5.0 million being allocated toward capital projects:
  - \$1.0 million will be used on underground utility infrastructure improvements
  - \$4.0 million will be used for academic building improvements.

#### Analysis

The FY 2020 budget appropriated a total of \$35.0 million to the universities from the General Fund for one-time operating expenditures or capital improvements. While capital expenses require JCCR review, operating costs do not. Of this one-time appropriation, NAU's share was \$6.65 million. Both UA and ASU decided to use their appropriations for operating expenses, rather than capital expenses. As such, their expenditure plans are not being reviewed by JCCR.

Of their \$6.65 million appropriation, NAU has chosen to spend \$1.65 million for personnel costs, and the remaining \$5.0 million on the following capital improvement projects:

- \$1.0 million for underground utility infrastructure improvements. NAU states that gas and electric lines supplying the university's South Village student housing complex on the Flagstaff campus have had failures leading to utility outages. NAU intends to replace the electrical system that runs from the edge of the property to each of the buildings in the South Village student housing complex. In addition to replacing the electrical system, NAU intends to adjust the gas systems in efforts to prevent future outages. NAU reports that without adjustments, additional failures are likely to occur, resulting in additional utility outages.
- \$4.0 million for academic building improvements. NAU intends to use these funds to address capacity issues by renovating existing space. NAU plans to renovate the Learning Resource Center (LRC) to create new classrooms, computer lab space, offices, and support areas for NAU's College of Engineering, Informatics, and Applied Sciences (CEIAS). NAU notes that with increasing enrollment, they must address issues of overcrowded academic space and increased use of facilities. The academic building improvements will include a new Engineering Computer lab, and three new 40-seat classrooms that can be opened into a 120-seat lecture hall. Additionally, NAU's existing Biomechanical Department research and lab area will be supplemented with office space, a new restroom, and additional entrances to the space.

Table 1

<u>Project</u>	<u>Allocation</u>
Underground Utility Infrastructure Improvements	\$1,000,000
Academic Building Improvements	\$4,000,000
<b>Total</b>	<b>\$5,000,000</b>

August 1, 2019

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



Dear Mr. Stavneak,

Pursuant to Laws 2019, Chapter 263, Section 155, Northern Arizona University submits the attached outline of planned uses of the FY20 one-time general fund appropriation of \$6.65 million.

If you have any questions, please let us know.

Sincerely,

Bjorn Flugstad  
Vice President, Finance, Institutional Planning and Analysis  
Northern Arizona University

# **NAU** NORTHERN ARIZONA UNIVERSITY

Northern Arizona University is appreciative of the state's investment in the state's public universities for fiscal year 2020 including a \$6.65 million one-time appropriation for NAU. We look forward to continuing discussions to build one-time investments in to our base appropriation, which support the increased expenditures that are important in supporting the success of higher numbers of students. NAU remains committed to managing the university's costs to fit within our operational and financial strategy of maintaining a balanced budget, retaining the PLEDGE guaranteed tuition program and making the investments necessary to meet the ABOR Enterprise 2025 goals and support the state's educational attainment goals.

NAU plans to utilize the state's one-time investment for FY20 to address both operations and critical infrastructure needs.

## **Operation Investment: \$1.65 million total**

Operation investments to support recurring, and increasing, personnel costs are critical to recruiting and retaining talented faculty and staff to support our students. NAU is dedicating a portion of the FY20 funds to this important operating investment especially in a competitive workforce environment where NAU's salaries remain significantly below market.

## **Capital Projects: \$5 million total**

Infrastructure investments are an ongoing need and priority for NAU as it supports an increasing number of students enrolled on the Flagstaff Campus, and must continuously address the effects of age and weather on our facilities and infrastructure.

With a deferred maintenance balance of \$132 million based on the state's formula, there are many critical areas where NAU can direct one time funds to support its infrastructure. Investments from the state appropriation of \$5 million for FY20 will include projects for classroom renovations along with utility infrastructure repairs. These investments are important to support a safe environment for students, faculty and staff and are also an important investment for recruiting and retaining students. The specific listing of buildings and areas to be addressed are included below:

### **Underground Utility Infrastructure Improvements: \$1 million**

NAU must address issues related to an aging infrastructure on an ongoing basis throughout the year. The project listed below represents an unexpected utility infrastructure issue that has recently arisen and which must be addressed.

- The gas and electric lines that feed the university's South Village student housing units on the Flagstaff Campus have had failures leading to utility outages. Potholing investigations indicate that additional failures are likely to occur. This project will

replace the electrical system from the main service entrance switch to each of the individual buildings in the complex and the gas system from the distribution pressure regulator to the regulator/riser for each

**Academic Building Improvements: \$4 million**

With increasing enrollments, NAU must address the issues that stem from a declining amount of academic square feet per student and from the associated impact of higher levels of use on existing facilities. To help address these issues, the following projects are planned to address capacity issues by utilizing existing space.

- Renovation of the space in the Learning Resource Center (LRC) to create new classrooms, computer lab space, offices and support areas for NAU's College of Engineering, Informatics, and Applied Sciences (CEIAS). The existing research and lab areas of the Biomechanical department will remain in use and be supplemented with office space, a new restroom and entrances that will unify their suite into a contiguous arrangement. This project is centered on creating a new Engineering Computer lab and three 40-seat classrooms that can be opened into a single 120 seat lecture hall. This project will relocate classrooms and grad offices from the DuBois basement to the LRC.





STATE OF ARIZONA

## Joint Committee on Capital Review

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BEN TOMA

DATE: September 18, 2019

TO: Members of the Joint Committee on Capital Review

FROM: Alexis Pagel, Fiscal Analyst **AP**

SUBJECT: Pima Community College District - Review of Pima Aviation Technology Center Expansion

### Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated to capital projects. Pima Community College District (PCCD) requests Committee review of \$15,000,000 to expand the Pima Aviation Technology Center (ATC). This amount was included as a one-time General Fund appropriation in the FY 2020 budget. Including \$4,300,000 of funding allocated from PCCD revenues, the total project cost is \$19,300,000. The project will add a new hangar, classroom, and office space, and is expected to increase program capacity from 125 students to 250 students.

### 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. 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.

(Continued)



- B. On or before July 31 of each year until completion of the project, PCCD shall report to the JLBC Staff on the status and expenditures of the Aviation Technology Center Expansion project. The report shall include the project expenditures to date, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.

**Key Points**

- 1) The FY 2020 budget included a one-time \$15.0 million appropriation for PCCD to expand their training of aircraft maintenance and repair technicians.
- 2) PCCD estimates the total cost of the expansion will be \$19.3 million and will add 41,630 square feet to the existing facilities
- 3) The expansion will include a new hangar, 5 classrooms, and 10 offices for staff.
- 4) The expansion is expected to double student capacity to 250 students.

**Analysis**

PCCD provides students the ability to have hands on experience and study aircraft at the ATC located at the Tucson International Airport. Students can earn an Associate of Applied Science degree in Aviation Technology, along with the accompanying certificates for employment upon completion of the program. PCCD reports that the Aviation program currently places nearly 90% of their graduates in "high demand" entry-level jobs in aircraft maintenance and repair after completion of the program.

Current enrollment is 125 students, and this expansion would double student capacity per year to 250 students.

Financing

The FY 2020 budget appropriated \$15.0 million from the General Fund to PCCD to expand the ATC. As shown in *Table 1*, PCCD's total project cost is \$19.3 million. The remaining \$4.3 million of project costs would be funded from PCCD revenues.

Construction Costs

Of the \$19.3 million total project cost, the direct facilities cost (excluding equipment and personnel costs) is \$15.3 million. As shown in *Table 2*, total project costs per square foot are \$464, while direct facilities construction costs per square foot are \$368. Construction is expected to start in July 2020, with completion in August 2021. *Provision B* would require PCCD to report annually on the status of the project until project completion.

The project includes the addition of a 41,630 square foot expansion for a new hangar, 5 classrooms, and 10 offices for faculty and staff. The expansion will also include purchase of larger equipment such as engines, aircraft, and a helicopter. The additional hangar space will be large enough to fit a transport-sized aircraft to support the expansion of the program and the 5 additional classrooms will support added instruction during the additional daytime cohorts.

As noted in *Table 1*, PCCD has allocated \$1.1 million of expenses for staff/personnel costs. This includes additional faculty, laboratory specialists, a student services specialist, a support technician, and a quality assurance specialist. As the \$15.0 million General Fund appropriation is one-time, PCCD would be responsible for any ongoing personnel and staffing costs. The Committee may consider *Provision A*, stating a favorable review by the Committee would not constitute endorsement of funding for any ongoing personnel and staffing costs.

(Continued)

**Table 1**

**Pima Aviation Technology Center Budget**

Facilities	\$15,300,000
Equipment	2,900,000
Staffing/Personnel	<u>1,100,000</u>
<b>Total</b>	<b>\$19,300,000</b>

**Table 2**

**PCCD Aviation Technology Center Program Expansion**

Construction Timeline                      July 2020 - August 2021

Total Square Footage    41,630

Funding

FY 2020 General Fund Appropriation                      \$15,000,000

Unfunded    \$4,300,000

Costs

Direct Facility Construction Costs                      \$15,300,000                      (\$368 per sq. ft.)

Other Costs <sup>1/</sup>    4,000,000                      (\$96 per sq. ft.)

**Total**    **\$19,300,000**                      **(\$464 per sq. ft.)**

<sup>1/</sup> Personnel costs equal \$1,100,000 and equipment costs equal \$2,900,000.

AP:kp



## PimaCountyCommunityCollegeDistrict

### Office of the Chancellor

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September 3, 2019

The Honorable David Gowan, 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 25, 2019

Dear Chairman Gowan:

Pursuant to A.R.S. § 41-1252, Community College Districts are required to submit information to the Joint Committee on Capital Review on the scope, purpose, and expenditures for capital projects funded by appropriations. We are pleased to provide this letter as a request from the Pima County Community College District (PCC) to be placed on the September 25, 2019 agenda of the Joint Committee on Capital Review for such review.

Pima Community College comprises five 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 occupation programs. The College is celebrating its 50th Anniversary and is ranked among the largest and most affordable multi-campus community colleges in the nation.

For the past several years, Pima Community College has embarked on an extensive process to develop education and capital funding priorities, with an emphasis on aligning career and technical training with the needs of business and industry. This effort has identified the need to update and modernize workforce training equipment and facilities to support innovative programs and career pathways, ensuring students are prepared to succeed in tomorrow's workforce.

Thanks to a 2019 State funding allocation of \$15 million, we are now able to turn our attention to expanding our Aviation Technology Center. Our Aviation and Aerospace partners' businesses are growing, and yet are experiencing a shortage of workers in the repair and maintenance field. In recent years, the demand for qualified technicians has substantially outpaced the number of available technicians.

Pima Community College is the only Aviation repair and maintenance training program in Arizona that provides hands-on training on both commercial and regional jets. The program has a national reputation for excellence, and its graduates are in high demand by employers. This expansion will double the number of new graduates every year, filling openings that would otherwise potentially go unfilled, earning an average of \$52,000 per year, and generating payroll revenue to the statewide economy.

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,

A handwritten signature in dark ink, appearing to read 'Lee D. Lambert', with a long horizontal flourish extending to the right.

Lee D. Lambert, Chancellor  
Pima County Community College District

Cc: Rep. Regina Cobb, Vice-Chair, JCCR  
Mr. Richard Stavneak, JLBC  
Mr. Geoffrey Paulsen, JCCR  
Dr. David Bea, Pima County Community College District

Attached: Plan documents and drawings



## **Pima Community College Aviation Program Expansion**

*The Needed Expansion of the Aviation Technology Program  
to Meet the Sector's Demand in Southern Arizona and Beyond*

Arizona's aerospace and defense employers are experiencing strong growth. The development of new aircraft and new aviation technologies coupled with a high retirement rate has led to a boost in employment opportunities in the sector. Many employers are having trouble hiring enough workers to sustain operations amidst this growth.

Pima Community College's (PCC) premier Aviation Technology Program provides students in Arizona and beyond the opportunity to access high-paying careers in the aerospace and defense sector. The program operates out of PCC's Aviation Technology Center (ATC), a state-of-the-art training facility located on the grounds of the Tucson International Airport. The curriculum combines lecture and hands-on projects to prepare students for the Federal Aviation Administration's (FAA) certification exams. The program places nearly 90 percent of today's graduates in high-demand jobs immediately after graduation. These newly certified technicians earn base salaries ranging from \$36,020 for aircraft structures jobs to \$58,500 for general aircraft mechanic positions before overtime and shift differential pay.

The industry's highest standards are maintained at the ATC by replicating the workplace environment in an effort to provide students with a real-world work experience. In addition to fulfilling the FAA's certification requirements for airframe and powerplant mechanics (outlined in 14 CFR, Part 147<sup>1</sup>), PCC offers an Associate of Applied Science degree in Aviation Technology and accompanying certificates for direct employment in the core skill areas of Airframe, Powerplant, Structural Repair, and Avionics.

The program is a model industry-education partnership with aerospace and defense employers actively demonstrating their support of the program. FedEx, for example, has donated two Boeing 727 aircraft to PCC's Aviation Technology program. These donations make PCC's program one of the few in the U.S. that provides hands-on training on both national and regional commercial air carrier aircraft, and is Arizona's ONLY program providing their students with this experience. Local employers provide input regarding PCC's program by participating on the aviation advisory committee that meets at the ATC semiannually. Bombardier and other local employers support students directly by offering a variety of scholarship opportunities; often as a strategy to attract talented PCC grads to their company to fill long-standing vacancies.

## The Need for Expansion

PCC has been working hard to respond to the current and future manpower needs of our business partners while simultaneously maintaining alignment with FAA standards of quality. Bombardier Aerospace (the region's biggest non-defense aerospace employer) has previously reported that PCC's current output of approximately 28 graduates a semester does not even offset their attrition rate. In April 2016, Bombardier reported a nearly 14 percent increase in its maintenance workforce at Tucson International Airport and now employs nearly 1,000 locally. Other major employers such as Ascent Aviation, PlaneTechs, STS Aviation Group, Aerotek, L-3 Communications, and virtually every branch of the military report similar patterns and needs.

PCC and Chandler-Gilbert Community College are the only post-secondary institutions in the state of Arizona that provide aviation maintenance training, but demand for qualified technicians has significantly outpaced the number of qualified applicants these two institutions can produce. The following table<sup>1</sup> depicts the need for Aircraft Mechanics, Service Technicians, and Avionics Technicians between September 2016 and January 2018.

<b>Aircraft Mechanics and Service Technician</b>	117 job postings per month	35 new hires per month	Ratio of 1 hire for every 3 postings
<b>Avionics Technician</b>	41 job postings per month	10 new hires per month	Ratio of 1 hire for every 4 postings

Boeing's *Pilot and Technician Outlook* estimates 189,000 additional aviation technicians are needed across North America over the next 20 years<sup>2</sup>. Additionally, the Southern Arizona region is expected to experience an estimated 40% increase in jobs compared to the national average of only 10%. Pima County represents the largest concentration of aviation occupations in the Southern Arizona region with 1,336 of the 1,534 jobs reported in 2015. This concentration places Pima County 179% above the national average and the Southern Arizona Region at 112% above the national average. PCC has maximized the use of its existing infrastructure as much as possible

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<sup>1</sup>Source: Emsi Q3 2018 Data Set

<sup>2</sup> Source: <https://www.boeing.com/commercial/market/pilot-technician-outlook/2018-technician-outlook/>

by implementing a Part 65<sup>3</sup> program that consists mostly of military veterans upgrading their skills to fit the commercial industry, and a high school program in partnership with the Pima County Joint Technical Education District (JTED). Still, these initiatives cannot adequately meet the needs of the region. PCC seeks to address the need for expansion with our program immediately through targeted funding support to ensure the economic development opportunities in Arizona are met and increased.<sup>4</sup>

### **Economic Impact of the ATC Expansion<sup>5</sup>**

To meet the demands from business and industry as quickly as possible, PCC plans to expand the program's facilities to increase capacity and the number of graduates in each of its core skill areas. Currently, there are approximately 125 students in the program at any given time, with approximately 75 completing each year.

PCC's expansion of the Aviation Technology program will add five (5) new daytime Part 147 cohorts and two (2) Part 65 cohorts; doubling the program's annual output from 75 to 150. These additional graduates will fill critical shortages with our industry partners while earning an average annual salary of \$52,000 and generating payroll revenue to the state's economy in excess of \$15 million over five years<sup>5</sup>.

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>New jobs filled</b>	75	131	187	243	300
<b>New direct payroll</b>	\$3,900,000	\$6,812,000	\$9,724,000	\$12,636,000	\$15,600,000

These are conservative estimates as the above table does not take into consideration increased enrollment and capacity in the Part 65 and JTED programs. Approximately 70 completers are produced by the Part 65 program annually, which will increase with the expansion as well.

<sup>3</sup> More information can be found here: <https://www.law.cornell.edu/cfr/text/14/part-65/subpart-D>

<sup>4</sup> Source: Sun Corridor Inc. Regional Project Assessment System - Project Description

<sup>5</sup> Employment figures assume 25% attrition rate in second year after graduation for students recruited to jobs outside Pima County.

The total economic impact of the expansion to include jobs, payroll, output, tax revenues and secondary impacts at other local businesses from 2019-2023 is expected to be \$225 million. The following two tables break down tax revenue and total economic impact figures.

Annual New Tax Revenue<sup>6</sup>:

<b>Local Taxes</b>	
Property	\$2,423,107
Sales	\$445,634
State Shared Revenues	\$895,894
HURF's	\$365,054
<b>State Taxes</b>	
Sales	\$1,208,908
Personal Income	\$1,669,571

**Economic Impact:**

<b>Total value economic impact</b>	<b>\$225,582,489</b>
Total new jobs supported	\$455
Total new payroll supported	\$65,520,047
Household spending supported	\$58,316,785

### Funding and Expansion Plan

The college's aviation expansion plan is designed to support five (5) new Part 147 cohorts and two (2) additional Part 65 cohorts. The plan will also establish the infrastructure needed to support additional initiatives currently in work with national aviation manufacturers. The investments in personnel, equipment, and facilities needed to support this plan are as follows...

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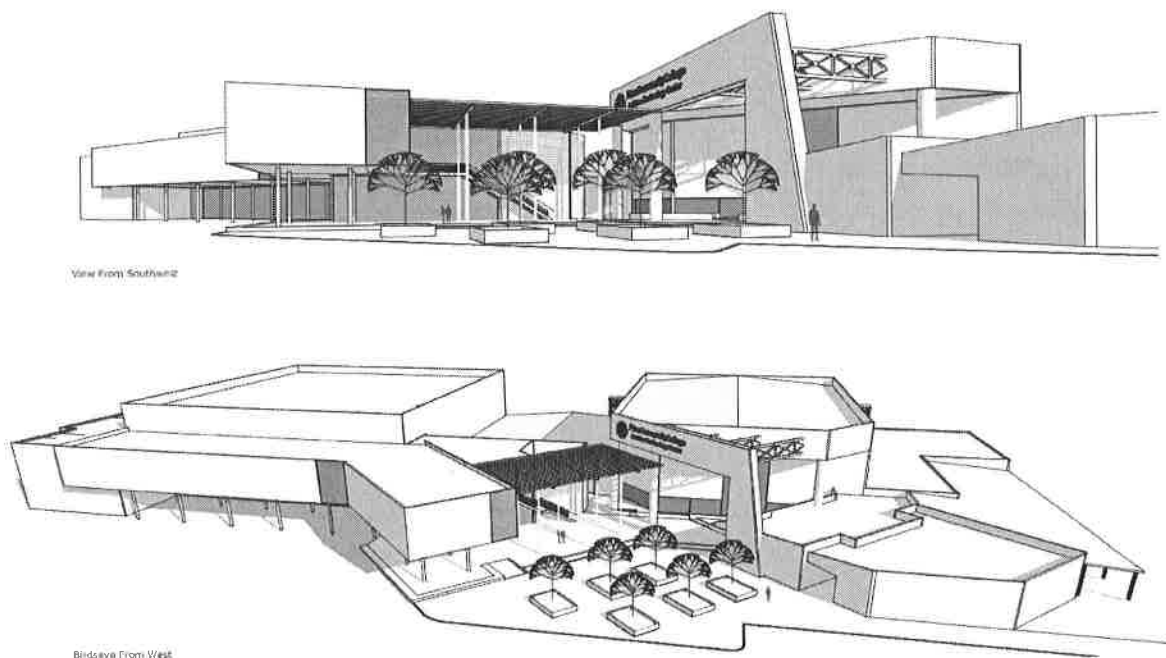
<sup>6</sup> Includes jobs, payroll, output and tax revenues of companies as well as secondary impacts at other local businesses. Report includes only impacts created in 2019-20123. Additional impacts will be generated in future years.

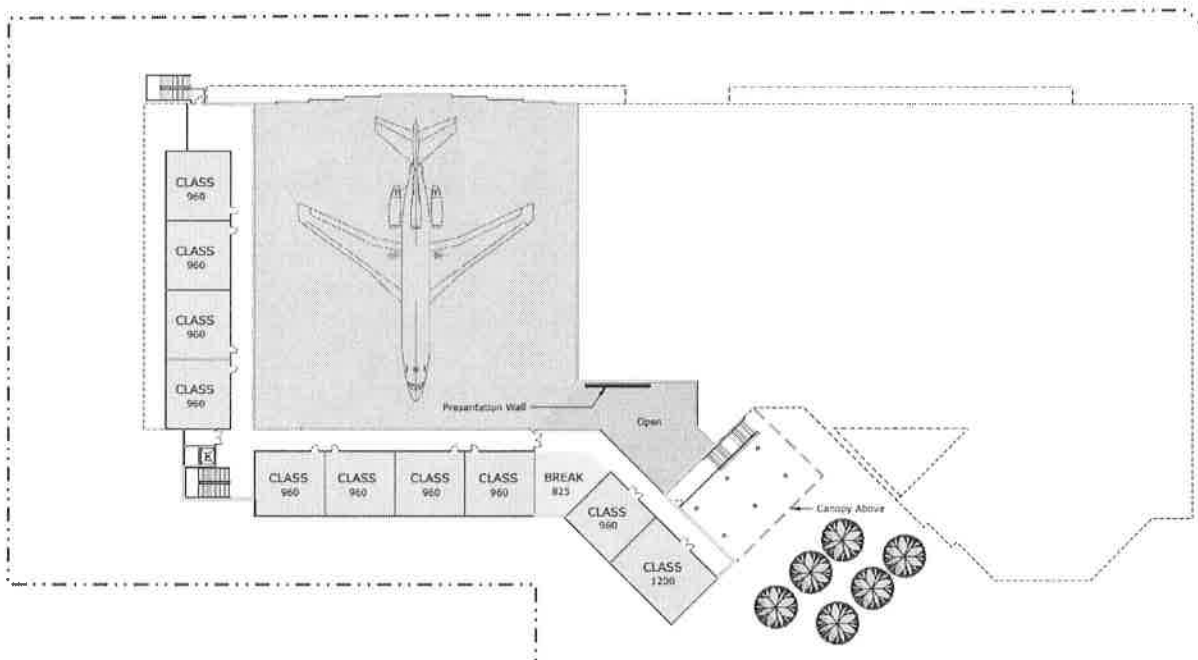
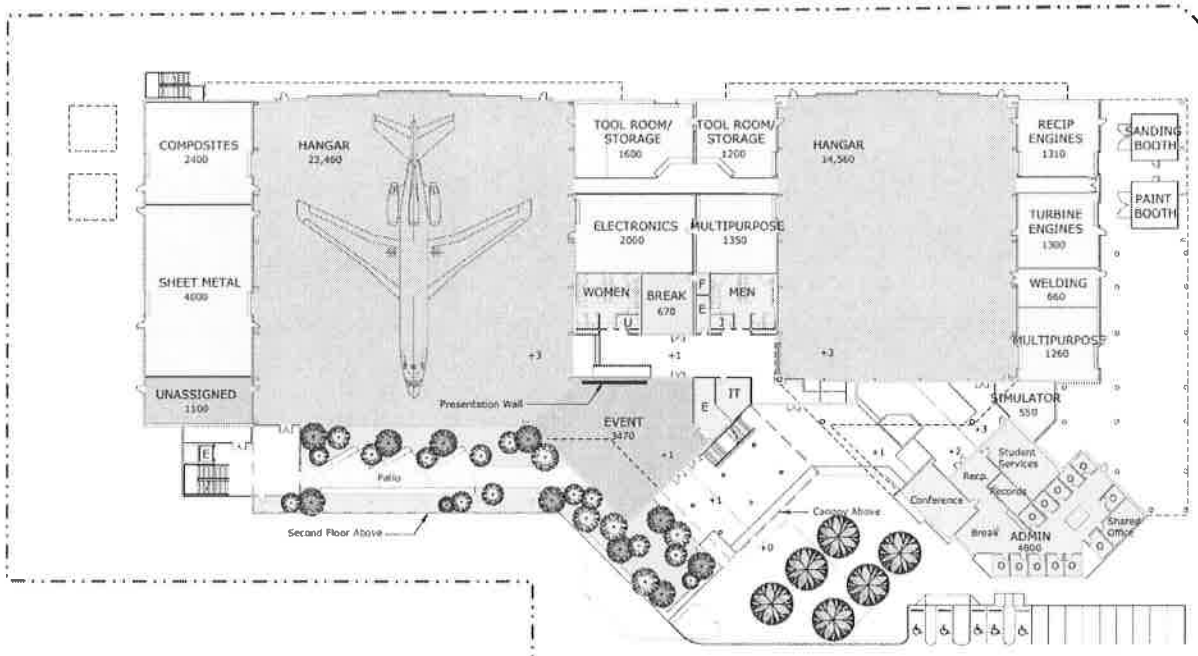


- **Staffing - \$1.1M:** additional faculty, laboratory specialists, student services specialist, support technician, and a quality assurance specialist;
- **Equipment - \$2.9M:** transport category and general aviation aircraft, various systems trainers, student toolboxes, electrical system, sheet metal and composites tooling, lab and classroom furnishings;
- **Facilities - 15.3:** additional hangar to accommodate a transport category aircraft, five (5) additional classrooms, 10 additional offices for faculty and staff.

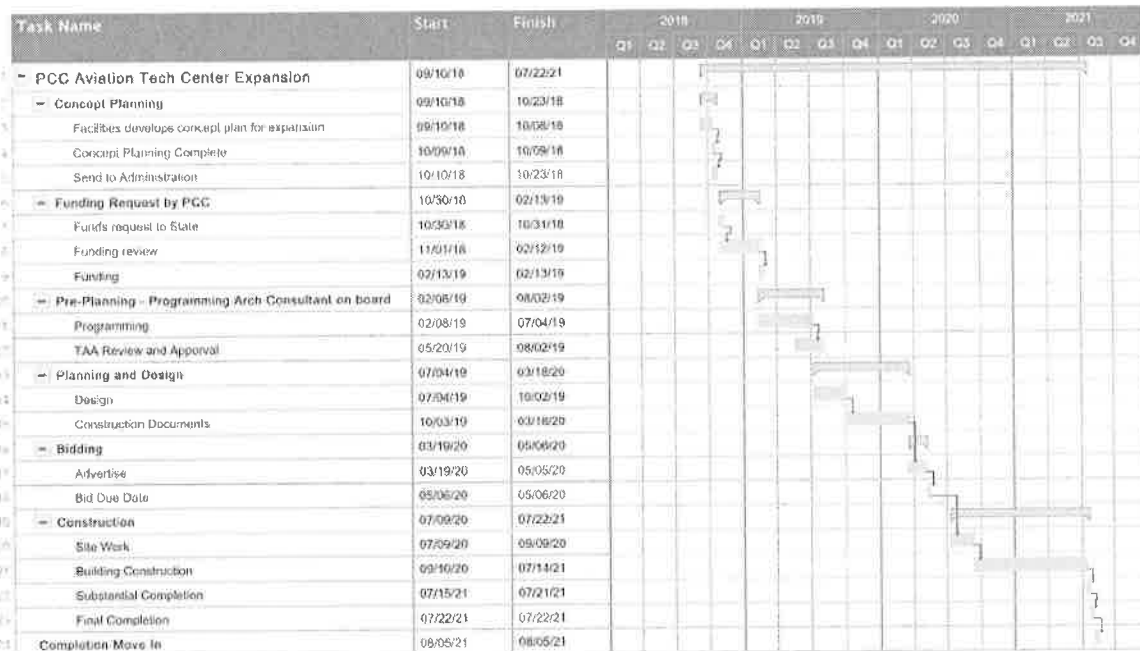
The Arizona Legislature has already allocated \$15 million in the 2020 State Budget to PCC for this expansion. The one-time appropriation will provide funding for the construction of the new facility, and the College will seek alternative sources of funding for equipment and faculty. On June 12, 2019, the College's Board of Governors approved final negotiations with the proposed architectural firm via an RFP process, and the kick-off meeting with the selected firm was held on July 17, 2019.

The following illustrations show the proposed expansion (left) in relation to the existing building (right).





The table below lists the construction timeline and milestones. In keeping to this schedule, the program expansion will be complete by August 2021, and will double the number of qualified aviation students completing the program as early as in 2023.



## Conclusion

Aerospace employers in Arizona are experiencing significant growth and require a more robust pipeline of aviation technicians. Pima County is poised to make significant economic gains from that growth, but Pima Community College's Aviation Technology program is currently operating at capacity and the number of program completers is not sufficient to meet industry needs. The College's expansion will double the size and capacity of the program. A total investment of \$19.4 million as outlined in this document will double the production capability of the program and will enable the regional aerospace industry to continue growing. The College is working to complete the funding via partnerships, gifts, or reallocation of internal resources. This investment will directly benefit Southern Arizona's aerospace industry sector by increasing the talent supply pipeline, and will provide an overall economic impact of \$225 million over a five-year span.





STATE OF ARIZONA

## Joint Committee on Capital Review

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BEN TOMA

DATE: September 18, 2019

TO: Members of the Joint Committee on Capital Review

FROM: Alexis Pagel, Fiscal Analyst *AP*

SUBJECT: Department of Emergency and Military Affairs - Review of West Valley 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 West Valley Readiness Center, as appropriated by the FY 2020 Capital Outlay Bill. The total project cost is \$15,500,000, which consists of the following fund sources: 1) \$3,875,000 from the General Fund included in the FY 2020 budget; and 2) \$11,625,000 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. On or before July 31 of each year until completion of the project, DEMA shall report to the JLBC Staff on the status and expenditures of the West Valley Readiness Center project. The report shall include the project expenditures to date, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.
- B. 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 \$15.5 million Readiness Center.
- 2) The building will have 55,062 square feet of capacity located on City of Surprise owned land.
- 3) The state's portion is \$3.9 million and the Federal Funds portion is \$11.6 million.
- 4) The average total cost per square foot of the building is \$282.

#### Analysis

The West Valley Readiness Center would be located on a 20-acre site of City of Surprise owned land south of Deer Valley Road along the west side of 183<sup>rd</sup> Avenue. The 55,062 square foot project would serve as the readiness center for the Headquarters and Headquarters Detachment (HHD) 1120<sup>th</sup> Transportation Battalion and the 855<sup>th</sup> Military Police Company within the Arizona Army National Guard.

DEMA has indicated the existing facilities for these units are either outdated or overcrowded. The 855<sup>th</sup> Military Police Company currently resides at the Sunnyslope Armory which was constructed in 1954 and only provides 41% of the required space for the unit. The HHD 1120<sup>th</sup> Transportation Battalion currently resides in the Glendale Readiness Center, which was also built in 1954 and lacks the required space for the unit to complete its mission.

The federal government's National Guard Bureau rates each of the state's Readiness Centers for 2 issues: adequate space and quality/mission readiness. Both the Sunnyslope Armory and the Glendale Readiness Center received "failing" ratings by the National Guard Bureau in space and quality. This rating is the lowest given by the Bureau. DEMA reports that the lack of proper facilities negatively affects Soldier readiness, morale, and overall personnel retention in the 2 units. Upon completion of the West Valley Readiness Center, DEMA intends to dispose of the Glendale Readiness Center and sell the Sunnyslope property.

At this time, DEMA has indicated that the utility and operating expenses for the West Valley Readiness Center will be largely offset by the closure of Sunnyslope and the Glendale Readiness Center and will not require additional General Fund support. The Committee may consider *Provision B* stating that a favorable review of the project does not endorse funding of any operating cost increases.

#### Timeline

The design of the West Valley Readiness Center would begin around October 2019. The final design would be completed around October 2021, which would initiate the solicitation of construction bids. Construction would begin around December 2021 and would be completed around October 2023. The long design period is due to compliance and execution of both state and federal guidelines and requirements.

#### Project Cost

The total cost of the project is \$15.5 million. The cost per square foot is \$282, which is lower than the Tucson Readiness Center which received a favorable review at the September 2018 JCCR meeting with a cost of \$323 per square foot. The DoD provides a 3:1 federal-to-state match for the project. The state's portion is \$3,875,000 and the DoD's federal match is \$11,625,000. The state's portion was appropriated as part of the FY 2020 budget.

(Continued)

### Construction Details

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

<b>Table 1</b>	
<b>West Valley Readiness Center Expenditure Plan</b>	
<b><u>Category</u></b>	<b><u>Cost</u></b>
Design	\$928,000
Construction	13,305,000
<b><u>Other</u></b>	
Construction Contingency (5%) <sup>1/</sup>	712,000
Supervision/Inspection Services	449,000
Other	<u>73,000</u>
<b>Total</b>	<b>\$15,467,000</b>
<sup>1/</sup> Reflects 5% of combined design and construction costs.	

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.

AP:lm



Douglas A. Ducey  
GOVERNOR



**STATE OF ARIZONA**  
**DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS**

5636 East McDowell Road  
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(602) 267-2700 DSN: 853-2700



Major General Michael T. McGuire  
THE ADJUTANT GENERAL

September 4, 2019

The Honorable David M. Gowan, Chairman  
Joint Committee on Capital Review (JCCR)  
Arizona State Senate  
1700 W. Washington Street  
Phoenix, Arizona 85007

The Honorable Regina E. Cobb, Vice-Chairman  
Joint Committee on Capital Review (JCCR)  
Arizona House of Representatives  
1700 W. Washington Street  
Phoenix, Arizona 85007

**SUBJECT:** Construction of new Arizona Army National Guard Readiness Center

Dear Chairman Gowan, Vice-Chairman Cobb, and Committee Members:

The Arizona Department of Emergency and Military Affairs (DEMA) respectfully requests its placement on the September 25, 2019 Joint Committee on Capital Review (JCCR) meeting agenda for review of the expenditure of monies appropriated pursuant to Laws 2019, First Regular Session, Chapter 264, Section 6 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 35 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 55,062 SF Readiness Center that supports the training, administrative, and logistical requirements for the Arizona Army National Guard on a 20 acre site of City of Surprise-owned land at the Special Planning Area 3 (SPA3) Water Reclamation Facility (WRF) south of Deer Valley Road along the west side of 183rd Avenue. 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. This is the second Readiness Center that has



The Honorable David Gowan  
The Honorable Regina Cobb  
September 4, 2019  
Page 2 of 2

received a state appropriation since before 1988 with the first being Rita Road Readiness Center in 2018. 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 855 Military Police Company currently resides in an undersized facility located at Sunnyslope which was constructed in 1954 and has exceeded its building life cycle. 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. The Headquarters and Headquarters Detachment (HHD) 1120<sup>th</sup> Transportation Battalion resides in our Glendale Readiness Center 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 855th Military Police Company and HHD 1120th Transportation Battalion.

This new West Valley Readiness Center will house both of these units and enable the sale of Sunnyslope and the disposal of Glendale Readiness Center. The utility and operating expenses for this new Readiness Center will not require any additional dollars from the state General Fund.

The total state cost of this project is \$3,875,000, which the federal government matches three-to-one for \$11,625,000, bringing the total project cost to \$15,500,000. The state portion is derived from the Arizona State Legislature's FY2020 budget appropriation of \$3,875,000 from the State's General Fund (Laws 2018, First Regular Session, Chapter 264, Section 6).

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

Sincerely,

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

cc: Richard Stavneak, Staff Director JLBC  
Alexis Pagel, DEMA Analyst, JLBC  
Matt Gress, Director, OSPB  
Sarah Bingham, DEMA Budget Analyst, OSPB  
Jennifer Thomsen, DEMA Policy Advisor, Office of the Governor

Arizona Department of Emergency and Military Affairs  
Arizona Army National Guard  
FY 2020 West Valley Readiness Center Construction Appropriation  
Laws 2019, First Regular Session, Chapter 264, Section 6

**Project Summary**

**Scope:** Construction of a 55,062 SF Readiness Center (i.e., Armory) that supports the training, administrative, and logistical requirements for the 855th Military Police Company and the Headquarters and Headquarters Detachment (HHD) 1120<sup>th</sup> Transportation Battalion within the Arizona Army National Guard on a 20 acre site of City of Surprise-owned land at the Special Planning Area 3 (SPA3) Water Reclamation Facility (WRF) south of Deer Valley Road along the west side of 183rd Avenue. This combined facility leverages efficiencies to support these two units and ultimately reduces cost to the state to support and maintain its military forces.

The size of the facility is prescribed by the Department of the Army based on the type of unit(s) that is(are) to be stationed at the facility, and National Guard Pamphlet 415-12 provides guidance to the states in establishing allowances for building space and supporting items used for programming the construction of Army National Guard facilities. NG PAM 415-12 identifies the allowable space criteria for facilities supported by federal contributions to the state, either totally or in part. It gives information on general construction standards, materials, space allowances, building circulation, and other requirements directly related to programming military construction projects. These construction allowances are then compared to cost factors published each year by the US Army Corp of Engineers through their Programming Administration and Execution System Newsletters for DoD Area Cost Factors and Army Facilities Pricing Guide to determine the estimated total construction cost and state-match requirement.

**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 855 Military Police Company currently resides in an undersized facility (only providing 41% of required spacing) located at Sunnyslope which was constructed in 1954 and has exceeded its building life cycle. The HHD 1120<sup>th</sup> Transportation Battalion resides in our Glendale Readiness Center that was also built in 1954 and lacks the proper spacing required to accomplish its mission. Both of these outdated facilities are rated "failing" by the National Guard Bureau which is the worst quality and quantity rating. The lack of proper facilities negatively influences Soldier readiness and morale, as well as affect the overall personnel retention of 855th Military Police Company and HHD 1120th Transportation Battalion.

This new Readiness Center will enable the sale of Sunnyslope and the disposal of Glendale Readiness Center. 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 and outdated facilities, and will not require any additional dollars from the state General Fund. Additionally, this new Readiness Center will be certified LEED silver contributing to Arizona sustainability goals. 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	\$11,625,000
State Match	<u>\$3,875,000</u>
Total Project Cost	\$15,500,000

State Match Sources: \$3,875,000      Laws 2019, First Regular Session, Chapter 264, Section 6

Operations & Maintenance Sustainment: 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 and outdated facilities, and will not require any additional dollars from the state General Fund.

Armories	Year Built	Square Feet	O&M Costs	O&M Costs / Sq Ft	Utility Costs	Utility Costs / Sq Ft
Glendale	1954	25,377	\$31,295	\$1.23	\$20,938	\$0.83
Sunnyslope	1954	20,254	\$131,202	\$6.48	\$15,316	\$0.76
<b>Total</b>	<b>N/A</b>	<b>45,631</b>	<b>\$162,497</b>	<b>\$7.71</b>	<b>\$36,254</b>	<b>\$1.59</b>
Rabjohn	2014	62,278	\$50,018	\$0.80	\$43,867	\$0.70
<b>West Valley</b>	<b>2022</b>	<b>55,062</b>	<b>\$44,050</b>	<b>\$0.80</b>	<b>\$38,544</b>	<b>\$0.70</b>

### Notes:

1. O&M costs are averaged over 2 years (July, 2016 – July, 2018)
2. Utility costs are averaged over 3 years (June, 2015 – June, 2018)
3. West Valley estimated costs using Rabjohn Armory's costs per square foot

### Timeline:

Design Start – Oct 2019 (we anticipate the Design Authority Letter from NGB in Nov/Dec 2019)

Concept Design 35% Complete – Jun 2020

Interim Design 65% Complete – Jan 2021

Final Design/Ready to Advertise – Oct 2021

Construction Award – Oct 2021

Construction Start – Dec 2021

Construction Completion – Oct 2023

### 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
- West Valley Phoenix currently has only two readiness centers (Buckeye and Glendale) with one of the fastest growing population segments in the nation. A modern and larger readiness center is needed to meet demand in the area.

Economic Impact:

- 300% return on investment (75% Federal match; 25% State match)
- Per economic modeling provided by National Guard Bureau estimates utilizing a model based on the Bureau of Economic Analysis' (BEA) Annual Input/Output Multipliers, 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 = \$31M
  - Long-term economic impact = \$49.76M





STATE OF ARIZONA

## Joint Committee on Capital Review

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WARREN PETERSEN  
BEN TOMA

DATE: September 18, 2019

TO: Members of the Joint Committee on Capital Review

FROM: Jordan Johnston, Fiscal Analyst *JB for JS*

SUBJECT: Department of Public Safety - Review of Radio Communications Tower Project

### Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated to capital projects. The Department of Public Safety (DPS) was appropriated \$309,000 from the Board of Fingerprinting Fund for the construction of a radio communications tower along the South Mountain Loop 202 extension by the FY 2020 Capital Outlay Bill.

### 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.

### Key Points

- 1) The Loop 202 South Mountain Freeway extension is scheduled to be finished by December 2019.
- 2) DPS is proposing to spend \$309,000 on a radio communications tower which will be located at the northeast corner of the SR202 and 17<sup>th</sup> Avenue intersection.
- 3) DPS intends to use existing state contracts for equipment and services necessary for the project.
- 4) DPS has partnered with ADOT to utilize existing fiber connectivity when constructing the new tower.

(Continued)

## Analysis

### Background

The Loop 202 South Mountain Freeway extension is 22 miles of new freeway roads that will connect the south end of the Loop 202 in Chandler with the I-10 in Phoenix. The Maricopa Association of Governments (MAG) forecasts that about 117,000 to 190,000 vehicles will use the new freeway daily by 2035. The freeway has 3 general purpose lanes and 1 HOV lane in each direction, with a total of 176 lane miles. The freeway includes 5 multi-use overpasses and 45 bridges. The Arizona Department of Transportation (ADOT) estimates that the Loop 202 extension will be completed by December 2019.

DPS has stated that although the department has a radio tower on South Mountain, there is a lack of coverage where the new freeway is being constructed. The new radio tower will extend radio coverage to all areas of the new freeway. DPS Highway Patrol officers, along with other agencies such as ADOT, use radio communication frequently to coordinate their operations along freeway roads.

### Current Request

DPS is proposing to spend the \$309,000 of funding to construct a radio communications tower. The radio tower will be located at the northeast corner of the intersection of SR202 and 17<sup>th</sup> Avenue. DPS intends to use existing state contracts to purchase the equipment and services necessary for the project. DPS has partnered with ADOT to install the radio equipment in existing fiber communication shelter. With the assistance of ADOT, DPS plans to utilize the existing fiber connectivity when constructing the new tower to reduce costs. DPS plans to begin design by the end of September and finish construction of the tower by May 2020. *Table 1* below delineates the cost estimates of the radio communication tower by item category.

<b>Table 1</b>	
<b>Radio Communications Tower Expenditure Plan</b>	
<b><u>Item</u></b>	<b><u>Cost Estimate</u></b>
Tower Costs (100-foot steel frame)	\$ 30,000
Tower Foundation and Installation	55,000
Radio Suite	195,000
Antenna and Coax Cable	9,000
Batteries	5,000
Battery Rectifier	15,000
<b>Total Appropriated Budget</b>	<b>\$309,000</b>

JJ:lm



## ARIZONA DEPARTMENT OF PUBLIC SAFETY

2102 WEST ENCANTO BLVD. P.O. BOX 6638 PHOENIX, ARIZONA 85005-6638 (602) 223-2000

*"Courteous Vigilance"*

DOUGLAS A. DUCEY FRANK L. MILSTEAD  
Governor Director

August 28, 2019

Senator David M. Gowan, Chairman  
Joint Committee on Capital Review  
1716 W. Adams  
Phoenix, AZ 85007



Dear Senator Gowan:

The FY 2020 Capital Outlay Bill appropriates \$309,000 from the Board of Fingerprinting Fund to the Department of Public Safety to construct a radio tower along the South Mountain Loop 202 extension in Maricopa County. Prior to expending these monies, DPS must present the scope, purpose, and estimated cost of the project to JCCR for review. As such, DPS requests review by the JCCR at its next meeting.

As shown in the enclosed planning document, DPS intends to utilize existing State contracts to purchase the equipment and services necessary for the project. Based on vendor cost estimates, we believe the project cost will be within the appropriated budget. If we are able to start the project by the end of September, we anticipate completion by the beginning of May. The radio tower will extend radio coverage to all areas of the new freeway.

If you have any questions in this matter, please contact Phil Case, DPS Budget Officer, at 602-223-2463 or at [pcase@azdps.gov](mailto:pcase@azdps.gov).

Sincerely,

Frank L. Milstead, Colonel  
Director

Enclosure

C: Representative Regina E. Cobb, Vice-Chairman  
Matthew Gress, OSPB Director  
Richard Stavneak, JLBC Director



# ARIZONA DEPARTMENT OF PUBLIC SAFETY PROPOSAL FOR 202 SOUTH MOUNTAIN FREEWAY PROJECT FOR PUBLIC SAFETY RADIO SERVICES

## OVERVIEW – 09/25/2019

ARIZONA DEPARTMENT OF PUBLIC SAFETY (DPS) and ARIZONA DEPARTMENT OF TRANSPORTATION (ADOT) have partnered for the addition of a public safety radio communications tower along the proposed 202 South Mountain Freeway. The radio tower is required to provide the necessary radio services to the agencies who will provide law enforcement and roadway services along the new freeway. DPS Wireless Systems Bureau provides radio services for multiple state agencies to include (DPS, ADOT, GFD, DOC, AZDFFM, AZDEMA). The addition of the communication tower, shared space in the equipment shelter, and shared fiber services, will improve operations for all agencies while saving taxpayer dollars. All equipment and labor for the project will utilize existing state contracts.

### The Objective

- Provide necessary public safety radio services along new 202 South Mountain Freeway
- Partner with ADOT to install public safety land mobile radio equipment in existing fiber communication shelter (NODE)
- Partner with ADOT to utilize existing fiber connectivity to DPS
- Demonstrate partnership capabilities to improve radio services and save tax dollars

### Project Deliverables

Deliverable	Description
Tower Foundation Installation	Tower Foundation Installation to stamped engineered design criteria
Tower Installation	Approximately 100' Monopole Tower for radio antennas
Battery Backup Installation	Battery backup to keep radio equipment online in the event of a power outage
Radio Equipment Installation	P25 expandable radio suite
Service Testing	Road Testing of installed equipment to verify calculated services

### Pricing

Description	Price
Valmont 100' Monopole Tower	\$ 30,000.00
Tower Foundation and Tower Installation	\$ 55,000.00
Motorola GTR 8000 Radio Suite	\$ 195,000.00
Antenna and Coax Cable	\$ 9,000.00
Batteries	\$ 5,000.00
Battery Rectifier	\$ 15,000.00
<b>Total</b>	<b>\$ 309,000.00</b>

## Proposed Location

- SR202 and 17<sup>th</sup> Ave (Approximate LAT/LONG) 33°17'31.6"N 112°05'60.0"W

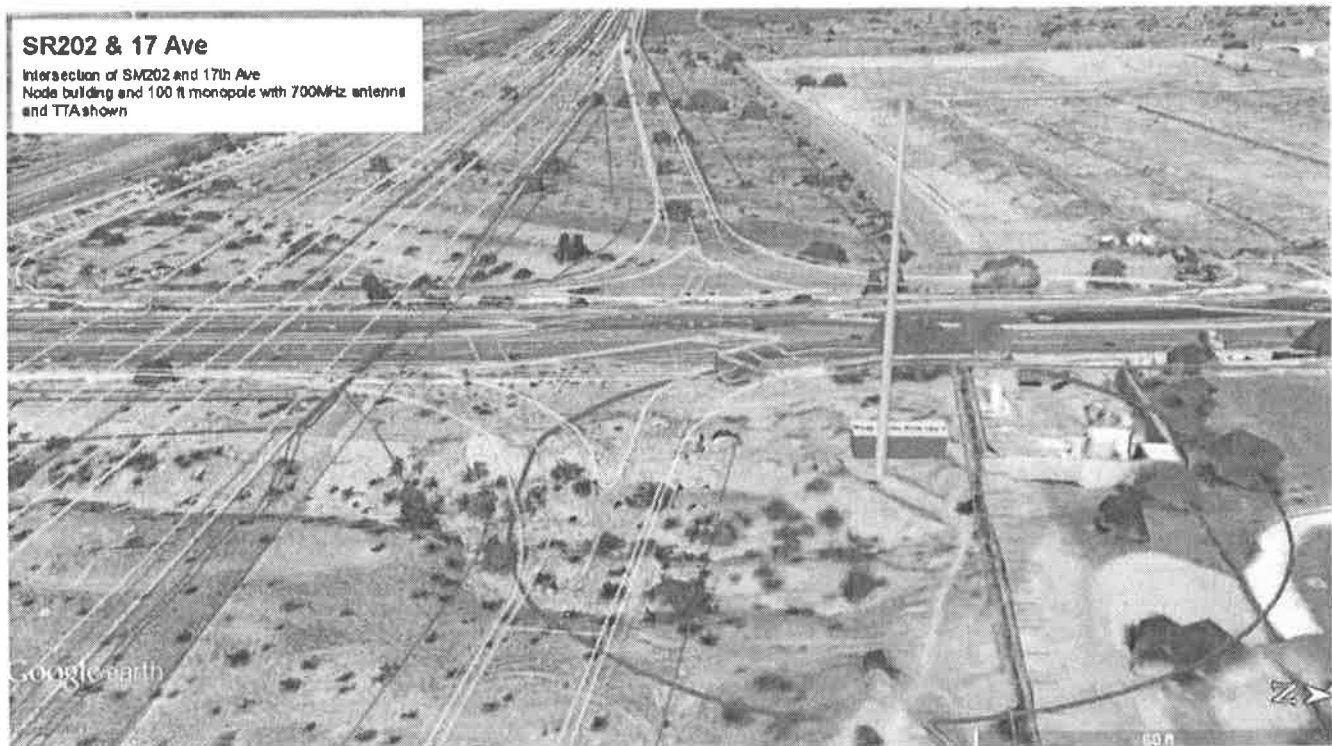
## Project Timeline

Task Name	Start	Finish
<b>SR202 - AZWINS</b>	<b>Wed 8/7/19</b>	<b>Fri 5/1/20</b>
Planning	Wed 8/7/19	Wed 9/25/19
Design	Mon 9/30/19	Fri 11/22/19
Purchasing and Delivery	Mon 11/25/19	Fri 2/14/20
Construction**	Mon 3/2/20	Fri 4/17/20
Testing	Mon 4/20/20	Fri 5/1/20

\*\*ADOT has requested construction to begin no sooner than March to prevent overlapping work on the jobsite

## Project Contacts

Name	Title	Email	Phone
Adam Follrath, MPA, PMP	DPS - Telecommunications Projects Manager	afollrath@azdps.gov	602-223-2216
Steve Mishler, P.E., DBIA	ADOT - Design Manager	mmischler@azdot.gov	520-429-4993
Jeremy Knoll	DPS - Manager, Wireless Systems Bureau	jknoll@azdps.gov	602-223-2106



\*Image depicts conceptual layout of tower and node building, location is not representative of exact Installation location





STATE OF ARIZONA

## Joint Committee on Capital Review

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WARREN PETERSEN  
BEN TOMA

DATE: September 18, 2019

TO: Members of the Joint Committee on Capital Review

FROM: Alexis Pagel, Fiscal Analyst *AP*

SUBJECT: Arizona Game and Fish Department - Review of FY 2020 Building Renewal Allocation Plan and FY 2020 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:

- \$1,397,700 for building renewal.
- \$300,000 for property maintenance.
- \$150,000 for dam maintenance.
- \$400,000 for hatchery maintenance.
- \$525,000 for 2 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. AGFD shall report any expenditure of the building renewal emergency allocation of \$75,000 to the JLBC staff as part of its existing semi-annual building renewal status report.
- 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) \$1,397,700 for 25 items in its FY 2020 building renewal allocation plan.
- 2) \$300,000 for property maintenance at Commission owned or operated properties.
- 3) \$150,000 for dam maintenance at Ellis Wiltbank Reservoir and a FEMA Grant Match.
- 4) \$400,000 for hatchery maintenance at 6 hatcheries.
- 5) \$525,000 for 2 non-appropriated capital improvement projects statewide.

#### Analysis

##### FY 2020 Building Renewal Allocation Plan

The FY 2020 Capital Outlay Bill (Laws 2019, Chapter 264) appropriated a total of \$1,043,700 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 25 items in the expenditure plan, as well as the descriptions below for individual project details and cost estimates. FY 2020 AGFD Building Renewal projects includes \$354,000 in FY 2019 Building Renewal unallocated funds.

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 Improvements*

There are several items that need to be corrected at the Flagstaff Regional Office that have deteriorated the facility. At a cost of \$100,000, AFGD would:

- Remove and replace deteriorated siding.
- Remove and replace stair handrail, repairing damaged concrete.
- Replace two urinals with low flush urinals.
- Remove and replace the gutter system and install snow guards to protect the new gutter system.
- Replace existing light fixture internal components with LED light components.
- Paint the entire exterior of the building.

(Continued)

**Table 1**

**FY 2020 Building Renewal Allocation Plan <sup>1/</sup>**

Regional Office Projects

Flagstaff - Improvements	\$100,000
Kingman - Roof Gutters	20,000
Kingman - Lock Replacement	20,000
Mesa - Parking Lot Maintenance <sup>2/</sup>	75,000
Pinetop - Exterior Painting	16,000
Pinetop - Light Fixture Replacement	9,500
Pinetop - Pavement Repair and Crack Seal	100,000
Pinetop - Re-Roof Historic Barn	10,000
Pinetop - Smoke Detector Replacement	2,500
Tucson - Parking Lot Maintenance <sup>2/</sup>	100,000
Yuma - Parking Lot Maintenance <sup>2/</sup>	90,000
Yuma - Lock Replacement	<u>20,000</u>
Subtotal	563,000

Wildlife Area Projects

Cluff - Bunkhouse Restroom Renovation	37,000
Cluff - Office Remodel	36,000
Horseshoe - Septic System Replacement Phase 1	200,000
Jacobs Lake - Bunkhouse Restroom Renovation	14,000
Sipe - Barn Structural Repairs	167,500
Sipe - Bunkhouse Repairs	15,000
Sipe - Office Smoke Detector Replacement	2,500
Whitewater Draw - Well Renovation	<u>12,000</u>
Subtotal	484,000

Headquarters/Statewide Projects

Headquarters - Employee Entry Doors Replacement	15,000
Statewide - Inventory and Condition Assessment	<u>125,000</u>
Subtotal	140,000

Maintenance and Emergency Allocations

Headquarters Major Maintenance Fund	52,200
Emergency Allocation	75,000
Preventative Maintenance	<u>83,500</u>
Subtotal	210,700

**Total** **\$1,397,700**

<sup>1/</sup> All estimates are from AGFD engineer estimates or licensed contractor bids.

<sup>2/</sup> Estimate based on other AGFD parking area paving maintenance projects.

(Continued)

#### *Kingman Regional Office Projects*

- The Department has determined that water currently drains directly off the roof, creating a flood concern for water entering the building. To fix this issue, AGFD would allocate \$20,000 to install roof gutters on the front and back of the building to divert water away from the building.
- The Kingman Regional Office currently uses an out of date door key system, previously used by the state but no longer supported. AGFD plans to spend \$20,000 to provide new door hardware with a new key system for all Kingman Regional Office doors. The new system will provide card access to restricted doors with higher volume access to allow for better audit capabilities and decrease liability of lost cards.

#### *Mesa Regional Office Parking Lot Maintenance*

The Department proposes a \$75,000 project to saw cut, remove and replace damaged asphalt, seal cracks, double seal coat, and apply new striping to the Mesa Regional Office parking lot.

#### *Pinetop Regional Office Projects*

- Paint is peeling, cracking, and causing additional damage at the Pinetop Regional Office Bunkhouse, Garage, Barn, and Annex Buildings. AGFD plans to allocate \$16,000 to remove old paint, replace deteriorated wood, and apply new paint to the buildings.
- AGFD plans to allocate \$9,500 to replace existing office and warehouse exterior fixtures with new LED fixtures.
- The Department reports that pavement at the Pinetop Regional Office is in need of repair due to deterioration. The Department proposes \$100,000 to remove pavement, compact base material, replace asphalt, and apply crack and slurry sealing to preserve the pavement.
- The Pinetop Regional Office Complex Historic Barn roof is deteriorated and in need of repairs. AGFD proposes \$10,000 to remove and replace the roof.
- AGFD reports that the Pinetop Regional Office smoke detector system is over 30 years old, while smoke detectors are recommended to be replaced every 10 years. As a result of annual smoke detector inspections, AGFD proposes \$2,500 to replace existing smoke detectors with new ones.

#### *Tucson Regional Office Parking Lot Maintenance*

The Department proposes a \$100,000 project to saw cut, remove and replace damaged asphalt, seal cracks, double seal coat, and apply new striping to the Tucson Regional Office parking lot.

#### *Yuma Regional Office Projects*

- The Department proposes a \$90,000 project to saw cut, remove and replace damaged asphalt, seal cracks, double seat coat, and apply new striping to the Yuma Regional Office parking lot.
- The Yuma Regional Office storage units currently use an out of date key system, previously used by the state but no longer supported. AGFD plans to spend \$20,000 to provide new door hardware with a new key system.

#### *Cluff Wildlife Area Projects*

- Cluff Wildlife Area currently has two bunkhouses used frequently by Department field staff, interns, university student research projects, and other groups. AGFD reports that the restrooms in the two bunkhouses have not been upgraded in decades and propose \$37,000 to renovate the restrooms. Renovations would include wall repairs and painting and new bathtubs/showers, sinks/cabinets, toilets, and flooring.

(Continued)

- AGFD has determined that the current office at the Cluff Wildlife Area is dilapidated and in need of significant upgrades in order to make it both functional and more professional. AFGD plans to spend \$36,000 to remodel the office and restroom including drywall repairs, painting, new flooring, and a complete restroom renovation.

#### *Horseshoe Wildlife Area Septic System Replacement*

AGFD reports that several septic systems at the Horseshoe Wildlife area are showing signs of failure and require replacement. Replacement of the system will require a multi-year project totaling \$275,000. AGFD proposes \$200,000 for Phase 1 of the project including purchase of a new 7,500-gallon septic tank, new wastewater treatment bed, and piping connecting the tank and the bed.

#### *Jacobs Lake Restroom Renovation*

The Jacobs Lake Bunkhouse is used by Department research staff, interns, and as a game management checkpoint. The Department proposes \$14,000 to remove and replace cabinets, sinks, toilets, shower stalls, and required plumbing valves and fixtures; in addition to repairing the subflooring and replacing the flooring.

#### *Sipe Wildlife Area Projects*

- AGFD reports that based on forensic engineering firm recommendations, the Sipe Wildlife Area Barn requires repairs to ensure structural integrity. AGFD proposes \$167,500 to implement structural stabilization recommendations from the engineering firm.
- The Sipe Wildlife Area Bunkhouse is used by Department research staff and interns and requires improvements to maintain integrity of the structure. AFGD plans to spend \$15,000 to implement drainage improvements, a moisture barrier, roof drains, replace the porch, and add landscaping gravel.
- AGFD proposes \$2,500 to replace outdated smoke detectors.

#### *Whitewater Draw Well Renovation*

AGFD has determined that the well at the manager's residence at Whitewater Draw Wildlife Area requires updates of \$12,000 to lower the pump in the well, brush and bail of the well, test pump performance, and replace the tank providing pressure regulation.

#### *Headquarters/Statewide Projects*

- AGFD would allocate \$15,000 to replace the employee entry doors. AGFD reports that the doors are over 12 years old and the equipment operating the doors has worn down over time.
- AGFD would also allocate \$125,000 for a statewide facility inventory and condition assessment. AGFD reports that having data provided by this assessment would assist in capital renewal budget development and provide real time deferred maintenance reporting.

#### *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, with AGFD to report on this spending 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

(Continued)



"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 \$83,500 of its FY 2020 building renewal appropriation for preventative maintenance, which may include maintenance contracts for HVAC, backup power generators, pavement maintenance, and sewage systems.

#### FY 2020 Property Maintenance

The FY 2020 Capital Outlay Bill appropriated \$300,000 from the Game and Fish Capital Improvement Fund for Property Maintenance. AGFD proposes using the funds for the following property maintenance needs:

- Utilities, Utility Infrastructure Maintenance, Building Maintenance, Wildlife Area Infrastructure Maintenance Parts/Supplies/Repairs, Agriculture, Miscellaneous Parts/Lubricants/Supplies, Motor Pool Expenses, Fuel, and Equipment Repairs.

#### FY 2020 Dam Maintenance

The FY 2020 Capital Outlay Bill appropriated \$150,000 from the Game and Fish Capital Improvement Fund for Dam Maintenance. AGFD owns and operates 37 dams statewide. The department proposes allocating the funding in 2 areas:

- \$50,000 for maintenance at Ellis Wiltbank Reservoir Dam. These measures include rebuilding slopes, rock and other material lining to protect against erosion, fencing around the dam to exclude cattle, and extending the outlet pipe by 10ft.
- \$100,000 for FEMA Grant Matching to perform critical maintenance at 4 AGFD dams.

#### Hatchery Maintenance

The Department has requested review of the following hatchery maintenance projects using \$400,000 from the Game and Fish Capital Improvement Fund to supplement operation and maintenance costs at its 6 fish hatcheries.

- \$250,000 to complete renovation projects at Sterling Springs Hatchery.
- \$100,000 for the restoration of the spring delivery system at Sterling Springs Hatchery.
- \$50,000 for general statewide hatchery maintenance.

#### 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:

##### *3 Points Shooting Range Restroom Demolition and Installation*

AGFD proposes a \$275,000 restroom project at the 3 Points Shooting Range located near Tucson. AGFD reports that the current restroom facilities at the shooting range are not ADA compliant and are inadequate for both the customers and range employees. The Department is proposing using \$275,000 in federal grants authorized for shooting range improvement to demolish the 4 existing restroom facilities, purchase 3 new precast concrete restroom facilities, and install the new precast restroom facilities.

(Continued)

*Whitewater Draw Wildlife Area Bunkhouse Replacement*

The Department currently manages Whitewater Draw for waterfowl, cranes, and other wetland associated birds. The office/bunkhouse at Whitewater Draw provides office space for the wildlife area manager and is used by research staff, interns, and as a regional meeting venue. AGFD reports that the office/bunkhouse at Whitewater Draw has major structural and health/safety issues, including irreparable termite damage. The Department proposes spending \$250,000 in federal funds to demolish the existing building and design/construct a new bunkhouse/office building. Design is projected to cost \$25,000 and construction is projected to cost \$225,000.

AP:kp



September 4, 2019

Senator David Gowan, 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 Senator Gowan:

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 Building Renewal and Capital Projects Expenditure plans as well as a renovation of our Three Points Shooting Range's restroom facilities.

Sincerely,

A handwritten signature in black ink, appearing to read "Ty E. Gray".

Ty Gray  
Director

cc: Representative Regina Cobb, Vice Chairman, JCCR  
Richard Stavneak, Staff Director, JLBC  
Matthew Gress, Director, OSPB

azgfd.gov | 602.942.3000

5000 W. CAREFREE HIGHWAY, PHOENIX AZ 85086

GOVERNOR: DOUGLAS A. DUCEY COMMISSIONERS: CHAIRMAN, ERIC S. SPARKS, TUCSON | KURT R. DAVIS, PHOENIX  
LELAND S. "BILL" BRAKE, ELGIN | JAMES E. GOUGHNOUR, PAYSON | JAMES S. ZIELER, ST. JOHNS DIRECTOR: TY E. GRAY DEPUTY DIRECTOR: TOM P. FINLEY

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## Arizona Game and Fish FY20 Building Renewal Expenditure Plan

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**Project:** Pinetop Regional Pavement Repair and Crack Seal

**Category:** Infrastructure and Building Sitework; ADA Accessibility

**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. The pavement is deteriorating creating locations that are uneven and allow water to penetrate the pavement saturating the base material making the situation worsen with each rain and snowfall.

**Solution:** Areas of the parking lot will need to have the pavement removed, the base material compacted and the asphalt replaced. The parking lot in general will need crack sealing and slurry sealing to preserve the life of the pavement.

### Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Saw cut, remove and replace damaged asphalt; seal all cracks; apply double seal coat; apply new striping	1	LS	\$100,000	\$100,000
<b>TOTAL ESTIMATE:</b>				<b>\$100,000</b>
*Estimate based on other parking area paving maintenance projects.				

**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.

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## Arizona Game and Fish FY20 Building Renewal Expenditure Plan

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**Project:** Sipe Bunk House Repairs

**Category:** Building Shell: Superstructure/Exterior Enclosure; Infrastructure and Building Sitework

**Need:** The Sipe Wildlife Area Bunkhouse is heavily used by Department research staff and interns. Over the years poor drainage around the perimeter of the structure has begun to compromise the building foundation and porch area. Additionally, this log type structure has lost some of its chinking due to shrinkage of the wood logs over time.

**Solution:** The Sipe Bunkhouse improvements will consist of improving the drainage around the bunkhouse, maintaining the back porch, and applying chinking to the structure. The drainage around the bunkhouse will be improved by removing the existing railroad tie edging around the perimeter of the building. All landscape gravel around the bunkhouse will be removed and a 10' wide 20 mil PVC sheet will be installed around the buildings perimeter. The end of the moisture barrier will be turned town a minimum of 18" into the soil and the entire moisture barrier will be covered with landscape gravel. The roof drains for the bunkhouse will be rerouted to discharge onto the top of the moisture barrier. Splits in the exterior of logs of the bunkhouse will be rechinked. The existing rotten backporch will be removed and replaced in kind.

### Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Implement drainage improvements; landscaping; moisture barrier; roof drains; log chinking; porch replacement	1	LS	\$15,000	\$15,000
<b>TOTAL ESTIMATE:</b>				<b>\$15,000</b>
*Estimate based on other parking area paving maintenance projects.				

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

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## Arizona Game and Fish FY20 Building Renewal Expenditure Plan

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**Project:** Sipe Barn Structural Repairs

**Category:** Building Shell: Superstructure

**Need:** The Sipe Wildlife Area Barn is an iconic structure that readily reflects the historic nature of this location. Built in the 1930's it is still an important component of the site's operational activities. Over time age and the elements have compromised the structural integrity this facility. The Department hired a forensic engineering firm to inspect and analyze the building's primary structural elements. The resulting report and recommendations are the basis for this project.

**Solution:** The Sipe Barn Stabilization and Repair project will consist of repairing the hayloft floor deck, hayloft floor joists, hayloft floor beams, hayloft columns, and the stairs in the barn. The damaged hayloft floor decking will be replaced in kind. The hayloft floor joists will be improved by through bolting a new 2"x6" wood ledger along the face of existing floor beams. Any loose floor joist shims will be replaced. A positive floor joist connection to the floor beams will be provided by installing a light-gauge steel tie downs at each floor joist. Hayloft floor beams will be improved by adding additional laminates or replacing beams with new wood beams. Knee braces will be installed at all floor beam to column locations. All missing hayloft columns will be reinstalled and columns not in their original locations will be relocated to their original location. All wood foundations will be replaced with engineered concrete foundations. The stairs in the barn will be rebuilt to meet current building codes.

### Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Implement structural stabilization recommendations as detailed in structural analysis report and drawings	1	LS	\$167,500	\$167,500
<b>TOTAL ESTIMATE:</b>				<b>\$167,500</b>
*Estimate based on other parking area paving maintenance projects.				

**Impact of Not Approving this Request:** AGFD is committed to preserving its administrative assets. To defer this work could result in further structural degradation and more costly repairs in the future. Poor structural conditions may pose a risk of injury, and detracts from the public's image of AGFD facilities.

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## Arizona Game and Fish FY20 Building Renewal Expenditure Plan

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**Project:** Pinetop Regional Office and Warehouse Light Fixture Replacement

**Category:** Major Building Services: Electrical/Energy Efficiency

**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. 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..

### Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Replace existing exterior fixtures with new LED fixtures.	1	LS	\$9,500	\$9,500
<b>TOTAL ESTIMATE:</b>				<b>\$9,500</b>
*Estimate based on Estimate from a local contractor.				

**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.

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## Arizona Game and Fish FY20 Building Renewal Expenditure Plan

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**Project:** Pinetop Regional Office Smoke Detector 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 smoke detectors are outdated and replacement should be seriously considered. The fire alarm system is over 30 years old. Smoke detectors should be replaced every 10 years.

**Solution:** Replace existing Smoke detectors with new detectors. Tie new smokedectors to the existing fire alarm system and synchronize the light strobes.

### Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Replace existing Smoke detectors with new detectors. Tie new smokedectors to the existing fire alarm system and synchronize the light strobes.	1	LS	\$2,500	\$2,500
<b>TOTAL ESTIMATE:</b>				<b>\$2,500</b>
*Estimate based on Estimate from a local contractor.				

**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.



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## Arizona Game and Fish FY20 Building Renewal Expenditure Plan

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**Project:** Sipe Wildlife Area Smoke Detector Replacement

**Category:** Fire, Life Safety; Hazard Abatement

**Need:** During the last annual inspections of the fire alarm system by a qualified state contracted firm it was continually noted the smoke detectors are outdated and replacement should be seriously considered. Smoke detectors should be replaced every 10 years.

**Solution:** Replace existing Smoke detectors with new detectors. Tie new smokedectors to the existing fire alarm system and synchronize the light strobes.

### Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Replace existing Smoke detectors with new detectors. Tie new smokedectors to the existing fire alarm system and synchronize the light strobes.	1	LS	\$2,500	\$2,500
<b>TOTAL ESTIMATE:</b>				<b>\$2,500</b>
*Estimate based on Estimate from a local contractor.				

**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.

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## Arizona Game and Fish FY20 Building Renewal Expenditure Plan

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**Project:** Pinetop Regional Office Complex - Re-roof Historic Barn

**Category:** Building Shell - Roofing

**Need:** The existing barn roof is in a deteriorated. This is a historic barn and the agency is required to preserve the assets.

**Solution:** The old roof will be removed, roof deck material that requires replacement will be replaced, and a new roof installed that is coordinated with the state historic preservation office. The preference is a new metal roof due to the forest area of the barn and better fire preservation properties.

### Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
The old roof will be removed, roof deck material that requires replacement will be replaced, and a new roof installed that is coordinated with the state historic preservation office.	1	LS	\$10,000	\$10,000
<b>TOTAL ESTIMATE:</b>				<b>\$10,000</b>
*Estimate based on Estimate from a local contractor.				

**Impact of Not Approving this Request:** AGFD is committed to preserving its administrative assets. To defer this work could result in further degradation and more costly repairs in the future. Poor p conditions may cause additional damage, poses a risk to employees, and detracts from the public's image of AGFD.

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## Arizona Game and Fish FY20 Building Renewal Expenditure Plan

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**Project:** Pinetop Regional Office - Exterior Painting of Bunkhouse, Garage, Barn, and Annex Buildings

**Category:** Exterior Enclosures/Painting

**Need:** The existing building paint is in a deteriorated state. The paint is peeling, cracking and causing additional damage to the structures. Two of these structures are historic and the agency is required to preserve the assets.

**Solution:** Extensive prep to be done on all buildings to include but not limited to loose paint to be removed, deteriorated wood to be replaced, bare wood to be primed and two coats of exterior paint applied.

### Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Extensive prep to be done on all buildings to include but not limited to loose paint to be removed, deteriorated wood to be replaced, bare wood to be primed and two coats of exterior paint applied.	1	LS	\$16,000	\$16,000
<b>TOTAL ESTIMATE:</b>				<b>\$16,000</b>
*Estimate based on Estimate from a local contractor.				

**Impact of Not Approving this Request:** AGFD is committed to preserving its administrative assets. To defer this work could result in further degradation and more costly repairs in the future. Poor conditions may cause additional damage, and detracts from the public's image of AGFD.

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## Arizona Game and Fish FY20 Building Renewal Expenditure Plan

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**Project:** Jacobs Lake Restroom Renovation

**Category:** Interior Construction/Finishes

**Need:** The Jacobs Lake Bunkhouse is heavily used by Department research staff, interns, and as a game management check point. The two restrooms are older with combination of mis-matched cabinets, with older poorly functioning plumbing and equipment. Flooring is in poor condition and subfloor in one restroom requires replacement.

**Solution:** Remove and replace cabinets, sinks, toilets, and shower stalls along with the associated plumbing valves and fixtures. Repair subflooring and replace flooring.

**Cost Estimate:**

Activity	Quantity	Unit	Unit Cost	Cost
Remove and replace cabinets, sinks, toilets, and shower stalls along with the associated plumbing valves and fixtures. Repair subflooring and replace flooring	1	LS	\$14,000	\$14,000
<b>TOTAL ESTIMATE:</b>				<b>\$14,000</b>
*Estimate based on Estimate from similar projects.				

**Impact of Not Approving this Request:** AGFD is committed to preserving its administrative assets. To defer this work could result in further degradation and more costly repairs in the future. Poor conditions may cause additional damage.

## Arizona Game and Fish FY20 Building Renewal Expenditure Plan

**Project:** Flagstaff Regional Office Improvements

**Category:** Building Shell; Major Building Services/Electrical; Exterior Enclosure and Roofing

**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. At the Flagstaff Regional office several items need to be corrected due to weather and age that have deteriorated the facility. The existing building siding is curling and deteriorated in several locations and needs to be replaced, the handrail on the front stairs is loose and causing the concrete to crack and fall off, the existing urinal are glogging needing continuous service, the gutter system is damaged due to snow loads and needs to be replaced, the exterior lighting is not working properly, and the exterior paint is in a deteriorated state peeling, cracking and causing additional damage to the structure.

**Solution:** Remove and replace deteriorated siding, remove/replace stair handrail with better base supports repairing damaged concrete, replace the two urinals with low flush urinals, remove/replace the gutter system and install snow guards to help protect the new gutter, replace the existing light fixture internal components with new LED light components, and paint the entire exterior of the building including but not limited to metal frames, doors, jambs handrail, stem wall, and retaining wall.

**Cost Estimate:**

Activity	Quantity	Unit	Unit Cost	Cost
Remove and replace deteriorated siding, remove/replace stair handrail with better base supports repairing damaged concrete, replace the two urinals with low flush urinals, remove/replace the gutter system and install snow guards to help protect the new gutter, replace the existing light fixture internal components with new LED light components, and paint the entire exterior of the building including but not limited to metal frames, doors, jambs handrail, stem wall, and retaining wall.	1	LS	\$100,000	\$100,000
<b>TOTAL ESTIMATE:</b>				<b>\$100,000</b>
*Estimate based on Estimate from a local contractor.				

**Impact of Not Approving this Request:** AGFD is committed to preserving its administrative assets. To defer this work could result in further degradation and more costly repairs in the future. Poor conditions may cause additional damage, and detracts from the public's image of AGFD.

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## Arizona Game and Fish FY20 Building Renewal Expenditure Plan

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**Project:** Kingman Regional Office Roof Gutters

**Category:** Exterior Enclosure/Roofing

**Need:** The roof currently drains directly off the roof causing areas that have washed away landscape and created a flood concern of water entering the building.

**Solution:** Install roof gutters along the front and back of the building to direct water to known locations that can then be graded to properly drain the water away from the building.

**Cost Estimate**

Activity	Quantity	Unit	Unit Cost	Cost
Roof gutters installed on the front and back of the building. Grading to divert water away from the building.	1	LS	\$20,000	\$20,000
<b>TOTAL ESTIMATE:</b>				<b>\$20,000</b>
*Estimate based on an Engineer's Estimate.				

**Impact of Not Approving this Request:** AGFD is committed to preserving its administrative assets. To defer this work could result in further degradation and more costly repairs in the future. Poor conditions may cause additional damage, and detracts from the public's image of AGFD.

## Arizona Game and Fish FY20 Building Renewal Expenditure Plan

**Project:** Kingman Regional Office Storage and Boat Storage Door Lock Replacement

**Category:** Special Construction and Controls

**Need:** The door hardware at the Kingman Regional Office has experienced several failures with the lock mechanisms. The locks are over 25 years old are using the old Keeso key system that the state previously used, but no longer uses and no longer 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 the door use, and provides fewer keys to be physically issued which reduce 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	\$20,000	\$20,000
<b>TOTAL ESTIMATE:</b>				<b>\$20,000</b>
*Estimate based on an Engineer's Estimate.				

**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. The Region will also continue to have no ability to selectively control and audit access to the building.

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## Arizona Game and Fish FY20 Building Renewal Expenditure Plan

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**Project:** Yuma Regional Office Parking Lot Maintenance

**Category:** Infrastructure and Building Sitework

**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. 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
Furnish materials, labor and equipment for AC patching, crack fill, seal coat and striping	1	LS	\$90,000	\$90,000*
<b>TOTAL ESTIMATE:</b>				<b>\$90,000</b>
*Estimate based on other parking area paving maintenance projects.				

**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.



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## Arizona Game and Fish FY20 Building Renewal Expenditure Plan

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**Project:** Yuma Regional Office Storage and Boat Storage Door Lock Replacement.

**Category:** Special Construction and Controls

**Need:** The door hardware at the Yuma Regional Office has experienced several failures with the lock mechanisms. The locks are over 25 years old are using the old Keeso key system that the state previously used, but no longer uses and no longer 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 the door use, and provides fewer keys to be physically issued which reduce 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	\$20,000	\$20,000
<b>TOTAL ESTIMATE:</b>				<b>\$20,000</b>
*Estimate based on an Engineer's Estimate.				

**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. The Region will also continue to have no ability to selectively control and audit access to the building.

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## Arizona Game and Fish FY20 Building Renewal Expenditure Plan

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**Project:** Tucson Regional Office Parking Lot Maintenance

**Category:** Infrastructure and Building Sitework

**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. 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
Furnish materials, labor and equipment for AC patching, crack fill, seal coat and striping	1	LS	\$100,000	\$100,000*
<b>TOTAL ESTIMATE:</b>				<b>\$100,000</b>
*Estimate based on other parking area paving maintenance projects.				

**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 FY20 Building Renewal Expenditure Plan

**Project:** Cluff Wildlife Area Office Remodel

**Category:** Interior Construction and Finishes

**Need:** Cluff Wildlife Area operates and maintains several structures and improvements on the site. It is a multifaceted use area segregated into five subsets: Special Status Species population and habitat management, game species and wildlife population, wildlife and outdoor recreational instructions and outreach activities, preservation of cultural significance, and a meeting and event venue for other agencies and non-governmental organizations. The area Manager's office is extremely dilapidated, requiring significant upgrades to make it both functional and more professional. The office includes a restroom that is in very poor condition.

**Solution:** AGFD proposes to remodel the office and restroom, including drywall repairs, painting, new flooring and complete restroom renovation

### Cost Estimate

Activity	Quantity	Unit	Unit Cost	Cost
Cluff Ranch Manager's Office remodel	1	LS	\$36,000	\$36,000
<b>TOTAL ESTIMATE:</b>				<b>\$36,000</b>
*Estimate based on Estimate from a local contractor.				

**Impact of Not Approving this Request:** AGFD is committed to preserving its administrative assets. To defer this work could result in further degradation and more costly repairs in the future. Poor conditions may cause additional damage, and detracts from the public's image of AGFD.

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## Arizona Game and Fish FY20 Building Renewal Expenditure Plan

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**Project:** Cluff Wildlife Area Bunkhouse Restroom Remodels

**Category:** Interior Construction/Finishes

**Need:** Cluff Wildlife Area operates and maintains several structures and improvements on the site. It is a multifaceted use area segregated into five subsets: Special Status Species population and habitat management, game species and wildlife population, wildlife and outdoor recreational instructions and outreach activities, preservation of cultural significance, and a meeting and event venue for other agencies and non-governmental organizations. The facility has two bunkhouses that are frequently used by Department field staff, interns, university student research projects and other groups associated with the Department's mission. The restrooms in these buildings have not been upgraded in decades and are in extremely poor condition and are often a subject of criticism by those that use these facilities.

**Solution:** The Department proposes to completely renovate the restrooms including new bathtubs/showers, sinks/cabinets, toilets, flooring, wall repairs and painting

**Cost Estimate:**

Activity	Quantity	Unit	Unit Cost	Cost
Cluff Ranch restroom renovations	1	LS	\$37,000	\$37,000
TOTAL ESTIMATE:				\$37,000
*Estimate based on Estimate from a local contractor.				

**Impact of Not Approving this Request:** AGFD is committed to preserving its administrative assets. To defer this work could result in further degradation and more costly repairs in the future. Poor conditions may cause additional damage, and detracts from the public's image of AGFD.

## Arizona Game and Fish FY20 Building Renewal Expenditure Plan

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**Project:** Whitewater Draw Wildlife Area Domestic Well Renovation

**Category:** Infrastructure and Building Sitework; Major Building Services

**Need:** The domestic well at the manager's residence at Whitewater Draw Wildlife Area continues to decline in performance, quite often shutting down. It has been determined that the static groundwater level has dropped significantly, requiring that the pump be placed deeper in the well. This will require a drill rig to add length to the drop pipe. As such, it would be prudent to brush the casing and bail the well at the same time. Additionally the hydropneumatic pressure tank has exceeded its useful life and has also been determined to be undersized.

**Solution:** Lower the pump so that well drawdown does not impede the pumps performance; brush and bail the well; test the pump for flow rate/drawdown; replace hydropneumatic tank.

**Cost Estimate:**

Activity	Quantity	Unit	Unit Cost	Cost
Lower well pump; brush and bail; replace existing hydropneumatic tank	1	LS	\$12,000	\$12,000
<b>TOTAL ESTIMATE:</b>				<b>\$12,000</b>
*Estimate based on Estimate from a local contractor.				

**Impact of Not Approving this Request:** AGFD is committed to preserving its administrative assets. To defer this work could result in further degradation and more costly repairs in the future. Current conditions may cause significant damage to the pump. The manager's residence water service will continue to be compromised.

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## Arizona Game and Fish FY20 Building Renewal Expenditure Plan

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**Project:** Mesa Regional Office Parking Lot Maintenance

**Category:** Infrastructure and Building Sitework

**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. 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
Furnish materials, labor and equipment for AC patching, crack fill, seal coat and striping	1	LS	\$75,000	\$75,000*
<b>TOTAL ESTIMATE:</b>				<b>\$75,000</b>
*Estimate based on other parking area paving maintenance projects.				

**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.

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## Arizona Game and Fish FY20 Building Renewal Expenditure Plan

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**Project:** Horseshoe Ranch Wildlife Area Septic System Replacement Phase I

**Category:** Infrastructure and Building Sitework; Major Building Services/Plumbing

**Need:** Horseshoe Ranch was acquired with several structures and improvements on the site. Horseshoe Wildlife Area is a multifaceted use area segregated into five subsets: Special Status Species population and habitat management, game species and wildlife population, wildlife and outdoor recreational instructions and outreach activities, preservation of cultural significance, and a meeting and event venue for other agencies and non-governmental organizations. Several of the septic systems are older and have shown signs of failure. With multiple independent septic system for each building the O&M cost and time spent continues to increase.

**Solution:** The Horseshoe Septic System will be replaced in its entirety. This will be a multi- year project totalling \$275,000 which will include archaeological monitoring due to the culture sensitivity in the area. Four existing septic tanks will be demolished in place. A new 7,500 gallon septic tank along with new sewer lines will be installed to receive sewage flows from the structures at Horseshoe. The discharge from the new 7,500 gallon septic tank will flow to a new 50 foot x 150 foot evapotranspiration bed. In a separate year or as other funds become available the connection from the existing buildings to the new 7,500 gallon tank will be completed and the existing septic tanks and leach fields will be decommissioned.

**Cost Estimate:**

Activity	Quantity	Unit	Unit Cost	Cost
A new 7,500 gallon septic tank along with a new 50 foot x 150 foot evapotranspiration bed and the piping to connect the tank and the evapotranspiration beds.	1	LS	\$150,000	\$200,000
<b>TOTAL ESTIMATE:</b>				<b>\$200,000</b>
*Estimate based on Estimate from a consultant.				

**Impact of Not Approving this Request:** AGFD is committed to preserving its administrative assets. To defer this work could result in further failure of the system and the inability to use this administrative site for Department field staff and other group gatherings.

## Arizona Game and Fish FY20 Building Renewal Expenditure Plan

**Project:** AGFD Headquarters - Employee Entry Doors Replacement

**Category:** Shell: Exterior Enclosure/Security

**Need:** The existing doors serve the Department's main employee entrance and exist. These doors are over 12 years old with over 300 employees using them multiple times a day along with custodial and vendors. Over the past several years the the operating equipment to automatic open the doors for ADA compliance and convenience for staff carrying or pushing larger loads have worn out and the parts are no longer being available for the repairs. Additionally, the doors and the weather strip is being compromised that either a gap is present allowing condition air to be lost and animal to enter the space or the doors will not fully close allowing an unsecure entry.

**Solution:** Replace both leaves of the storefront doors and provide for weather strip that can adjust for the changing environmental conditions, replace all the door automatic operating system to include but not limited to the motors, computer boards, acurators, and push button integrate to operate with the existing access control system.

**Cost Estimate:**

Activity	Quantity	Unit	Unit Cost	Cost
Replace both leaves of the storefront doors and provide for weather strip that can adjust for the changing environmental conditions, replace all the door automatic operating system to include but not limited to the motors, computer boards, acurators, and push button integrate to operate with the existing access control system.	1	LS	\$15,000	\$15,000
<b>TOTAL ESTIMATE:</b>				<b>\$15,000</b>
*Estimate based on Estimate from a local contractor.				

**Impact of Not Approving this Request:** AGFD is committed to preserving its administrative assets. To defer this work could result in further degradation and more costly repairs in the future. Poor conditions may cause additional damage, and detracts from the public's image of AGFD.



## Arizona Game and Fish FY20 Building Renewal Expenditure Plan

**Project:** AGFD Facility Inventory and Condition Assessment

**Category:** Major Building Services; Exterior Shell; Interior Finishes; Site Infrastructure

**Need:** Facility Condition Assessment (FCA) is an industry term that describes the process of a qualified group of trained industry professionals performing an analysis of the condition of a facility or group of facilities that may vary in terms of age, design, construction methods, and materials. In 2017, ADOA contracted with ABACUS Project Management, Inc, which teamed up with Parsons Environmental & Infrastructure Group Inc. to complete a visual inspection of its Capitol Mall buildings and other ancillary facilities. Additionally, comprehensive FCA data was analyzed to provide high level results to calculate the Facility Condition Index (FCI) scores. The FCI is a numerical value of condition and helps to identify the need for renewal or replacement of specific parts of the facility. The FCI is particularly useful when comparing similar facilities within the same portfolio. Parsons' flagship software application eCOMET® was used to efficiently identify, assess, and authoritatively plan ADOA's asset management needs. This data will be used to inform ADOA's Capital Improvement and Building Renewal budgeting process.

It has been a long standing goal to implement a similar facility assessment program for AGFD buildings and infrastructure. Having well developed FCA data will facilitate more defensible capital renewal budget development and provide real time deferred maintenance reporting which is not currently available.

**Solution:** AGFD is requesting authority to participate cooperatively in the ADOA ABACUS contract. AGFD can leverage fees and database development already borne by ADOA. This funding will be applied toward inspections/data collection at the state Headquarters and six Regional Offices.

**Cost Estimate:**

Activity	Quantity	Unit	Unit Cost	Cost
	1	LS	\$125,000	\$125,000
<b>TOTAL ESTIMATE:</b>				<b>\$125,000</b>
*Estimate based on Estimate from a local contractor.				

**Impact of Not Approving this Request:** By not approving this request AGFD must continue with status quo subjective decision making within its capital renewal budget development and will not be able to quantify deferred maintenance.

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## Arizona Game and Fish FY20 Building Renewal Expenditure Plan

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### **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**

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### **AGFD Building Renewal Emergency Allocation**

**Need:** AGFD maintains more than three 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.

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## Arizona Game and Fish FY20 Building Renewal Expenditure Plan

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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: \$83,500**

Per statute, AGFD may spend up to 8% (\$83,500) 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.

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

**Arizona Game and Fish FY20 Building Renewal Expenditure Plan**

<b>AGFD FY20 BUILDING RENEWAL EXPENDITURE PLAN</b>			
<b>LOCATION/PROJECT</b>	<b>ESTIMATED PROJECT COST</b>	<b>FY19 BUILDING RENEWAL UNALLOCATED BALANCE</b>	<b>FY20 BUILDING RENEWAL APPROPRIATION</b>
<b>BEGINNING BALANCES</b>		<b>\$354,000.00</b>	<b>\$1,043,746.00</b>
<b>REGION 1 Pinetop</b>			
Regional Office Pavement Maintenance	\$100,000.00		\$100,000.00
Sipe Bunkhouse Repair	\$15,000.00		\$15,000.00
Sipe Barn Repairs	\$167,500.00	\$167,500.00	
Regional Office Exterior Lighting Upgrade to LED	\$9,500.00	\$9,500.00	
Replace Smoke Alarm Detectors at Regional Office	\$2,500.00		\$2,500.00
Replace Smoke Alarm Detectors at Sipe WLA	\$2,500.00		\$2,500.00
Re-roof Historic Barn at Regional Office	\$10,000.00		\$10,000.00
Paint Bunkhouse, garage, Barn, & Annex Building at Regional Office	\$16,000.00		\$16,000.00
<b>REGION 2 Flagstaff</b>			
Jacobs Lake Restroom Renovation	\$14,000.00		\$14,000.00
Flagstaff Regional Office Improvements (Gutters/Screens/Downspouts, Painting, Siding Repairs, Front Entry Railing, Ext LED Lighting Upgrade, Urinal Replacement)	\$100,000.00	\$62,000.00	\$38,000.00

**Arizona Game and Fish FY20 Building Renewal Expenditure Plan**

<b>REGION 3 Kingman</b>			
Regional Office Rain Gutters	\$20,000.00		\$20,000.00
Regional Office Door Locks (office, storage, boat storage buildings)	\$20,000.00		\$20,000.00
<b>REGION 4 Yuma</b>			
Regional Office Pavement Maintenance	\$90,000.00		\$90,000.00
Regional Office Bay Door Locks	\$20,000.00		\$20,000.00
<b>REGION 5 Tucson</b>			
Regional Office Pavement Maintenance	\$100,000.00		\$100,000.00
Cluff Office Renovation	\$36,000.00		\$36,000.00
Cluff Bunkhouses Restroom Renovations	\$37,000.00		\$37,000.00
Whitewater Draw WA Domestic Well Refurbishment	\$12,000.00		\$12,000.00
<b>REGION 6 Mesa</b>			
Regional Office Pavement Maintenance	\$75,000.00		\$75,000.00
Horseshoe WA Septic System Phase 1	\$200,000.00	\$50,000.00	\$150,000.00
<b>HEADQUARTERS</b>			
Replace Employee Entry Doors	\$15,000.00	\$15,000.00	
Facilities Inventory and Assessment	\$125,000.00	\$50,000.00	\$75,000.00
AGFD State Headquarters Major Maintenance Fund	\$52,230.00		\$52,230.00
<b>Set Aside Allocations</b>			
Preventative Maintenance	\$83,499.00		\$83,499.00
Emergency Allocation	\$75,000.00		\$75,000.00
<b>Totals:</b>	<b>\$1,397,729.00</b>	<b>\$354,000.00</b>	<b>\$1,043,729.00</b>
<b>Balance</b>		<b>\$0.00</b>	<b>\$17.00</b>

## **Arizona Game and Fish FY20 Building Renewal Expenditure Plan**

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**Funding Statement:** The Arizona Game and Fish Department does not receive State General Fund Dollars and must operate within the revenue that the agency generates. Accordingly, all expenditures for building renewal projects listed herein are sourced from within the Game and Fish Fund established by A.R.S. § 17-261.

## Arizona Game and Fish - FY20 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 proposes to use the \$400,000 from the Capital Improvement Fund property maintenance appropriation to supplement operation and maintenance costs at its six fish hatcheries.

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

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

Activity	Quantity	Unit	Cost
Complete renovation projects at Sterling Springs Hatchery	1	LS	\$250,000
Restoration of spring delivery system and Sterling Springs Hatchery	1	LS	\$100,000
General hatchery maintenance	1	LS	\$50,000
<b>TOTAL ESTIMATE:</b>			<b>\$400,000</b>
<b>Estimates based on engineering estimates and historic operational costs</b>			

**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 - FY20 Capital Projects Expenditure Plan

**Project:** Dam Maintenance

**Funding Source:** AGFD Capital Improvement Fund

**Category:** Preservation of Assets/Health/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 that will be implemented with this funding:

- **FEMA Grant Match:**
- **Maintenance on Ellis Wiltbank Reservoir:** Includes rebuilding slopes, new riprap for erosion protection, fencing around the dam to exclude cattle, 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
FEMA Grant Match to perform critical maintenance activities on four dams	1	LS	\$100,000
Maintenance on Ellis Wiltbank Reservoir	1	LS	50,000
<b>TOTAL ESTIMATE:</b>			<b>\$150,000.00</b>
<b>Estimates based on historic operational costs</b>			

**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 ensuring 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.



## Arizona Game and Fish - FY20 Capital Projects Expenditure Plan

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**Project:** Property Maintenance

**Funding Source:** AGFD Capital Improvement Fund GF2203

**Category:** Preservation of Assets

**Need:** The Commission owns and manages property and water rights to enhance fish and wildlife species populations and habitats, reduce and/or prevent species listing and extinction, conserve connected functional habitats across the landscape, and provide for recreational opportunities. In addition, the Commission may also own and manage lands expressly to provide for the functional needs of the Department to fulfill its mission. Of the over sixty properties statewide, thirty-six are designated as wildlife areas. Several are actively managed with resident managers. Over the years, due to static budgets and increasing costs, wildlife area base operations and maintenance funding continues to fall short, resulting in critical maintenance activities being compromised. Additionally, while most activities implemented on wildlife areas relate directly to the operation and maintenance of the property, others may focus on restoration or enhancements that “compete” for base operation and maintenance needs. There is an urgent need to establish additional dedicated funding to achieve restoration objectives and/or supplement base operation and maintenance funding on existing properties.

**Solution:** AGFD was appropriated \$300,000 in Fiscal Year 2020 from its Capital Improvement Fund to supplement operation and maintenance funding of Commission owned or operated properties. 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 Region’s unique needs, which can vary year to year:

- Utilities (electric, phone, satellite, domestic water, propane, waste disposal)
- Domestic Utility Infrastructure Maintenance (pipelines, electrical, host sites, generators, solar, etc.)
- Building Maintenance (Non-Building Renewal)
- WLA Infrastructure Maintenance Parts/Supplies/Repairs (wells, pipelines, ditches, tanks, ponds, etc.)
- Agriculture (water pumping costs, seed, livestock feed, fertilizer, contract farming, labor, road grading, etc.)
- Miscellaneous Parts/Lubricants/Supplies
- Motor Pool Expenses
- Fuel
- Equipment Repairs

**Impact of Not Approving this Request:** Not approving this capital expenditure will compromise AGFD’s ability to adequately maintain facility infrastructure and restore, maintain, or enhance wildlife habitat on Department properties consistent with the purpose for which they were acquired, and meet specific management objectives for the property.

## Arizona Game and Fish - FY20 Capital Projects Expenditure Plan

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**Project:** Whitewater Draw Wildlife Area Bunkhouse Replacement

**Funding Source:** Federal Funds

**Category:** Capital Improvement

**Need:** Located in southeastern Arizona and typically thought of as a major roost site for Sandhill Crane, Whitewater Draw offers excellent waterfowling as well. During wet years numerous waterfowl can be found in and around this Wildlife Area. The Department currently manages Whitewater Draw for waterfowl, cranes, and other wetland associated birds. Many people visit Whitewater Draw each winter to experience the memorable sights and sounds of more than 20,000 sandhill cranes. These birds spend the night standing in Whitewater Draw's shallow waters to evade predators, and then fly out each morning to feed and socialize in the surrounding area. They return to Whitewater Draw in the afternoon and evening.

The Whitewater Draw office/bunkhouse has major structural and health/safety issues, including immitigable termite infestation and significant electrical code violations. The initial bunkhouse structure was constructed in the 1940's and at some point a second story was added. This building provides office space for the wildlife area manager and is used as a base station by research staff, interns and as a regional meeting venue.

**Solution:** Demolish the existing building and design and construct a new bunkhouse/office building.

**Cost Estimate** - This funding will be allocated as follows:

Activity	Quantity	Unit	Cost
Design	1	LS	\$25,000
Construction	1	LS	\$225,000
<b>TOTAL ESTIMATE:</b>			<b>\$250,000.00</b>
Estimates based on current design/construction costs for similar structures in the region			

**Impact of Not Approving this Request:** This building will soon be condemned by the Department, eliminating an important facility that has served multiple functions over many decades. Not approving this request will greatly impede implementation of the management objectives for this property.

## Arizona Game and Fish - FY20 Capital Projects Expenditure Plan

### FY 2020 Capital Project Expenditure Summary

<b>AGFD FY20 Capital Improvement Fund Appropriation GF2203</b>	<b>\$850,000</b>
<b>Hatchery Maintenance</b>	
Complete Sterling Springs Hatchery Renovations	\$250,000
Restoration of spring delivery system at Sterling Springs Hatchery	\$100,000
General Hatchery Maintenance - Statewide (six hatcheries)	\$50,000
<b>Property Maintenance</b>	<b>\$300,000</b>
<b>Dam Maintenance</b>	
FEMA Grant Match	\$100,000
Ellis Wiltbank Dam Maintenance	\$50,000
<b>AGFD FY20 Capital Project - Federal Funds</b>	<b>\$250,000</b>
Whitewater Draw Bunkhouse Replacement	\$250,000
<b>Total Planned Capital Expenditures:</b>	<b>\$1,100,000</b>

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



## Arizona Game and Fish FY 2019 Capital Improvement Project Three Points Shooting Range Restroom Demolition and Installation

### Project: 3 Points Shooting Range Restroom Demolition and Installation

#### Category: New Facilities

**Need:** Officially designated on April 12, 1969, The Three Points Public Shooting Range is comprised of almost 1,300 acres and located approximately 25 miles West of downtown Tucson. The range is operated by the Tucson Rifle Club through lease agreement with the Arizona Game and Fish Department for the safe use of firearms and the promotion of the shooting sports. The range sees an average of over 25,000 visitors each year, with 26,300 visitors for fiscal year 2019.

The restroom facilities serving the Three Points Shooting Range are inadequate for the customers and employees of the range, and are not ADA compliant. Renovation of the existing facilities to meet ADA requirements is not possible due to their design and size. Additionally, restroom facilities have deteriorated to a nearly inoperable state that impacts customer enjoyment of the shooting range and may eventually present a health and safety risk if not addressed.

**Solution:** The Department is proposing to demolish the existing restroom facilities and replace them with precast concrete restrooms that are ADA compliant. The precast restrooms will be connected to existing utilities. Two of the three restrooms will also contain shower facilities, which is similar to the existing facilities.

**Cost Estimate:** \$275,000

#### AGFD CAPITAL IMPROVEMENT PROJECT EXPENDITURE SUMMARY

Demolish four existing restroom facilities	\$25,000
Purchase 3 precast concrete restroom facilities (2 w/ showers)	\$180,000
Install 3 precast concrete restroom facilities	\$70,000
<b>TOTAL ESTIMATE OF PROJECT:</b>	<b>\$275,000</b>

**TOTAL:**

**\$275,000\***

**\*Funding Note:** The Arizona Game and Fish Department receives no State General Funds and must operate within the revenue it generates. This project is to be funded by federal grants authorized for shooting range improvement.

**Impact of Not Approving this Request:** The Arizona Game and Fish Department is committed to providing safe and enjoyable opportunities for outdoor recreation. Failure to approve this request will continue a customer experience that is not consistent with the high standards of customer service set forth by the Department. Continued degradation may eventually present an unacceptable human health and safety risk that will necessitate closure of the restroom facilities.





STATE OF ARIZONA

## Joint Committee on Capital Review

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CHAIRMAN  
LELA ALSTON  
SEAN BOWIE  
DAVID BRADLEY  
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BEN TOMA

DATE: September 18, 2019

TO: Members of the Joint Committee on Capital Review

FROM: Geoffrey Paulsen, Senior Fiscal Analyst *GP*

SUBJECT: Arizona Department of Corrections - Review of FY 2020 Building Renewal Allocation Plan

### Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for building renewal monies. The Arizona Department of Corrections (ADC) is requesting the Committee review its FY 2020 Building Renewal Allocation Plan. The FY 2020 Capital Outlay Bill appropriated \$6,864,300 from the Department of Corrections Building Renewal Fund to ADC for general building renewal.

The expenditure plan has 13 projects at 7 state prison facilities.

### 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. ADC shall report to the JLBC Staff any reallocations between project categories as listed in *Table 1* that exceed \$100,000. ADC shall report this information as part of its existing semi-annual building renewal status report.
- B. If ADC adds a new project category not listed in *Table 1*, the department shall report the proposed project category and expenditure plan to the Chairman and JLBC Staff. The Chairman will notify ADC whether the expenditure plan will require Committee review.

(Continued)

### Key Points

- 1) The FY 2020 budget appropriated \$6.9 million for ADC building renewal. The ADC proposal includes:
  - \$3.4 million for locking and control systems.
  - \$1.7 million for updating air conditioning and ductwork.
  - \$850,000 for structural and electrical repairs.
  - \$391,100 for roof replacement.
  - \$340,000 for well motor and pump projects.
  - \$140,000 for gas line replacement.
- 2) The locking and HVAC projects exclude the repairs at Lewis and Yuma prisons, which are being funded separately.

### Analysis

The FY 2020 Capital Outlay Bill appropriated a total of \$6.9 million from the Department of Corrections Building Renewal Fund to ADC for general building renewal.

#### FY 2020 Building Renewal Plan

The FY 2020 ADC Building Renewal Plan displayed in *Table 1* includes monies for the following projects:

- *Locking and Control Systems*
  - \$1.7 million to complete the door and locking system upgrades in the Special Management Unit (SMU) at the Eyman prison. SMU I has an operating capacity of 1,096 inmates in maximum and close custody.
  - \$877,000 for Phase II of upgrades to the door controls in SMU I at the Eyman prison.
  - \$700,000 to replace door control systems that have reached their end of life in the Rincon Unit at the Tucson prison. The Rincon Unit has an operating capacity of 568 inmates in close custody.
  - \$210,000 to upgrade the food trap locks in cell doors of the Rast maximum custody unit at Lewis prison. The food traps are openings within the cell door used to pass food trays to inmates. The Rast Max Unit has an operating capacity of 320 inmates.
- *Air Conditioning and Ductwork*
  - \$743,500 to replace ductwork in the Cimarron Unit at Tucson prison. The Cimarron unit has an operating capacity of 648 inmates in close custody.
  - \$608,900 to upgrade the HVAC system in housing unit 5 of the Cook Unit at Eyman prison. ADC reports the current evaporative cooling system is not sufficient to provide temperatures for inmates with health issues, specifically those prescribed psychotropic medications.
  - \$350,000 to replace ductwork in the Stiner Unit at Lewis prison. The Stiner unit has an operating capacity of 608 inmates in medium custody.
- *Structural and Electrical Repairs*
  - \$700,000 to make structural repairs in cell blocks 3, 4, and 6 of the Central Unit at Florence prison. The Central Unit has an operating capacity of 804 inmates in close custody. The Central Unit also houses inmates on death row.
  - \$150,000 for Phase III of electrical upgrades in the Central Unit at Florence prison. The upgrades include replacement of underground electrical circuits.

(Continued)

- \$391,100 to replace the roof of the warehouse at Eyman prison.
- *Well and Motor Pump Projects*
  - \$175,000 to replace the pump for Well 2, the backup to the main well at the Fort Grant Unit at Safford prison. The Fort Grant Unit has an operating capacity of 748 inmates in minimum custody.
  - \$165,000 to convert the motor in Well 3 from natural gas to an electric motor.
- \$140,000 to complete gas pipeline replacement at the Winslow prison. In FY 2019, ADC used \$1.5 million in building renewal funding to replace a failed gas pipeline at Winslow. That project did not replace the connecting line to the North gym building. ADC reports this project will provide necessary redundancy in the event of future issues.

The FY 2020 Building Renewal Plan consists of the following projects:

<b>Table 1</b>	
<b>FY 2020 Building Renewal Plan</b>	
<u>Locking and Control Systems</u>	
Door and Lock Upgrades - Eyman SMU I	\$ 1,653,800
Locking Control Systems - Eyman SMU I	877,000
Door Control Upgrades - Tucson Rincon Unit	700,000
Door Food Trap Lock Upgrades - Lewis Rast Max Unit	<u>210,000</u>
Subtotal	\$ 3,440,800
<u>Air Conditioning and Ductwork</u>	
Ductwork Replacement - Tucson Cimmaron Unit	\$ 743,500
Air Conditioning Conversion - Eyman Cook Health Unit	608,900
Ductwork Replacement - Lewis Stiner Unit	<u>350,000</u>
Subtotal	\$1,702,400
<u>Structural and Electrical Repairs</u>	
Structural Repairs - Florence	\$ 700,000
Electrical Upgrades - Florence	<u>150,000</u>
Subtotal	\$ 850,000
<u>Roof Replacement</u>	
Warehouse Roof Replacement - Eyman	\$ 391,100
<u>Well Motor/Pump Projects</u>	
Well Pump Replacement - Safford Fort Grant Unit	\$ 175,000
Well Motor Conversion (Natural Gas to Electric) - Lewis	<u>165,000</u>
Subtotal	\$ 340,000
<u>Gas Line Replacement</u>	
Gas Line North Gym Connection – Winslow	\$ 140,000
<b>Building Renewal Subtotal</b>	<b>\$6,864,300</b>
Contingency	\$ <u>0</u>
<b>TOTAL</b>	<b>\$6,864,300</b>





DOUGLAS A. DUCEY  
GOVERNOR

# Arizona Department of Corrections

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CHARLES L. RYAN  
DIRECTOR



September 5, 2019

The Honorable David M. Gowan, Chairman  
Joint Committee on Capital Review  
1716 West Adams  
Phoenix, Arizona 85007

Re: Submission for review of FY 2020 Building Renewal Plan

Dear Senator Gowan:

The Arizona Department of Corrections (ADC) requests placement on the next meeting agenda of the Joint Committee on Capital Review (JCCR) for its review of the ADC FY 2020 Building Renewal Plan.

ADC was appropriated \$6,864,300 from the Building Renewal Fund (2551) for FY 2020. Supporting documentation for each project for this plan is enclosed.

If you have any questions, please contact Michael Kearns, Division Director, ADC Administrative Services Division, at (602) 542-1160.

Sincerely,

Charles L. Ryan  
Director

Enclosures

cc: The Honorable Regina E. Cobb, Vice-Chairman, JCCR  
Matthew Gress, Director, Office of Strategic Planning and Budgeting  
Richard Stavneak, Director, Joint Legislative Budget Committee  
Ryan Vergara, Budget Manager, Office of Strategic Planning and Budgeting  
Geoffrey Paulsen, Fiscal Analyst, Joint Legislative Budget Committee

**ARIZONA DEPARTMENT OF CORRECTIONS  
FY 2020 BUILDING RENEWAL PLAN**

**Building Renewal - Laws 2019, 1st Regular Session, Chapter 264, Section 2 (HB 2748)**

LOCATION	UNIT	DESCRIPTION	COST
ASPC-FLORENCE	CENTRAL	CB 3, CB4, CB6 STRUCTURAL REPAIRS	\$ 700,000
ASPC-WINSLOW	COMPLEX	GAS LINE LOOP, NORTH GYM CONNECTION	\$ 140,000
ASPC-EYMAN	SMU I	LOCKING DOOR CONTROLS SYSTEMS UPGRADES - PHASE II	\$ 877,000
ASPC-EYMAN	SMU I	DOOR/LOCK SYSTEMS UPGRADES - FINAL PHASE	\$ 1,653,800
ASPC-LEWIS	RAST MAX	FOOD TRAP LOCK UPGRADES (391)	\$ 210,000
ASPC-FLORENCE	COMPLEX	ELECTRICAL UPGRADES - PHASE 3	\$ 150,000
ASPC-TUCSON	RINCON	DOOR CONTROLS UPGRADES	\$ 700,000
ASPC-EYMAN	COMPLEX	WAREHOUSE ROOF REPLACEMENT	\$ 391,100
ASPC-LEWIS	COMPLEX	WELL MOTOR CONVERSION - NATURAL GAS TO ELECTRIC	\$ 165,000
ASPC-SAFFORD	FT. GRANT	WELL 2 PUMP REPLACEMENT	\$ 175,000
ASPC-EYMAN	COOK	HEALTH HU 5 A/C CONVERSION	\$ 608,900
ASPC-LEWIS	STINER	DUCTWORK REPLACEMENT	\$ 350,000
ASPC-TUCSON	CIMMARON	DUCTWORK REPLACEMENT	\$ 743,500
			<b>\$ 6,864,300</b>

**Arizona Department of Corrections  
FY 2020 Building Renewal**

**ASPC-Florence Central Unit Structural Repairs: \$700,000**

ASPC-Florence Central Unit Cell blocks 3, 4 & 6 have structural issues that are in need of repair. The cell blocks were constructed in the mid-1960s and are cooled with evaporative cooling. Structural components have deteriorated to the point of failure in some specific locations and are in need of repairs or replacement.

**ASPC-Winslow Gas Line Loop and North Gym Connection: \$140,000**

The ASPC-Winslow gas line replacement project, which was completed in FY 2019, did not include the connection of a redundant loop system or a connection to the North gym building. The connection of these two gas systems is critical to future operations and will provide a level of redundancy in the event of future gas line issues.

**ASPC-Eyman SMU I Door Controls – Phase II: \$877,000**

ASPC-Eyman Special Management Unit (SMU) I has outdated electronic door control systems that require upgrades. Phase I of the project was started as part of the FY 2019 Building Renewal plan. The current door control systems in this high custody unit have reached the end of their service life and do not function as required. This issue creates a security concern as cell door controls are critical to prison unit operations.

**ASPC-Eyman SMU I Door/Lock Systems Upgrades – Final Phase: \$1,653,800**

ASPC-Eyman SMU I has been undergoing door and locking system upgrades as part of a six phase project. This is the final phase of the project. Doors and locking systems at this high custody level unit have reached the end of their service life and are in need of repairs and replacement. Continued use of evaporative coolers have rusted out steel components of the door and locking systems and these sections are in need of replacement.

**ASPC-Lewis Rast Max Food Trap Lock Upgrades: \$210,000**

Inmates have demonstrated their ability to defeat the food trap locks at the Rast maximum custody unit at the ASPC-Lewis prison. This poses a threat to staff and also allows inmates to throw debris outside of their cells.

**ASPC-Florence Complex Electrical Upgrades - Phase 3: \$150,000**

This project is the 3<sup>rd</sup> phase of the ASPC-Florence Central Unit electrical upgrades and entails replacing underground electrical feeders in cell blocks 3 & 4. The current electrical circuits located in an underground tunnel have reached the end of their service life and grounding of the current circuits is compromised.

**ASPC-Tucson Rincon Unit Door Control Upgrades: \$700,000**

The door control systems at the ASPC-Tucson Rincon unit have reached the end of their service life and need to be replaced. The system controls all cell doors and building access doors on the unit and must be reliable to maintain security on the unit.

**ASPC-Eyman Warehouse Roof Replacement****\$391,100**

The roof of the warehouse at ASPC-Eyman has reached the end of its service life and requires replacement. There are several areas of roofing structure that have rusted and failed as well as the roof membrane itself. Failure to replace the roof and supporting structure will result in damage to materials stored in the warehouse and not allow staff to properly occupy the building.

**ASPC-Lewis Well Motor Conversion:****\$165,000**

The natural gas fired motor on ASPC-Lewis well 3 has reached the end of its service life and is in need of an upgrade. A new electric motor is the best solution. This well is one of three wells that supplies water for ASPC-Lewis and it is critical in maintaining the required water supply for the prison.

**ASPC-Safford Ft. Grant Unit Well Upgrade:****\$175,000**

Well number two at the Ft. Grant unit is not producing water up to its design standards. The well is a critical redundant back up to the main well and needs to be rehabilitated and a new well pump needs to be installed.

**ASPC-Eyman Cook Unit HVAC Upgrade:****\$608,900**

ASPC-Eyman Cook Unit inmate housing unit 5 is in need of upgrades to its HVAC system. The unit currently operates an evaporative cooling system that does not provide temperatures that meet the needs of inmates with health issues, specifically inmates who are prescribed psychotropic medications.

**ASPC-Lewis Stiner Unit Ductwork Replacement:****\$350,000**

ASPC-Lewis Stiner unit ductwork has deteriorated to the point of requiring replacement. Constructed in 1998 and cooled by evaporative cooling the original ductwork has rusted and deteriorated to the point of failure.

**ASPC-Tucson Cimarron Unit Ductwork Replacement:****\$743,500**

ASPC-Tucson Cimarron unit ductwork has deteriorated to the point of requiring replacement. Constructed in 1986 and cooled by evaporative cooling the original ductwork has rusted and deteriorated to the point of failure.





STATE OF ARIZONA

## Joint Committee on Capital Review

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CHAIRMAN  
LELA ALSTON  
SEAN BOWIE  
DAVID BRADLEY  
RICK GRAY  
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VINCE LEACH

1716 WEST ADAMS  
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BEN TOMA

DATE: September 18, 2019

TO: Members of the Joint Committee on Capital Review

FROM: Alexis Pagel, Fiscal Analyst **AP**

SUBJECT: Arizona Department of Transportation - Review of FY 2020 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 \$13,281,700 FY 2020 Building Renewal Allocation Plan.

ADOT has allocated \$13,000,000 from the State Highway Fund among 153 projects, leaving a contingency balance of \$150,000 and \$158,400 for project management support. ADOT has also allocated \$281,700 from the State Aviation Fund for 15 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 project categories in the FY 2020 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 report any expenditure of the building renewal contingency allocation of \$150,000 to the JLBC Staff as part of its existing semi-annual building renewal status report.

**Key Points**

- 1) ADOT Building Renewal projects span a range of categories including remodeling, safety improvements, compliance, and roofing replacements.
- 2) The \$13.0 million State Highway Fund Building Renewal appropriation equates to approximately 94% of the formula requirement.
- 3) ADOT plans to expend \$6.9 million for remodeling and \$2.5 million for building systems (HVAC, electrical, plumbing, and other renovations).

**Analysis**

The FY 2020 Capital Outlay Bill appropriated a total of \$13.3 million for ADOT building renewal in FY 2020, including \$13.0 million from the State Highway Fund and \$281,700 from the State Aviation Fund. The FY 2020 Building Renewal appropriation represents 93.9% of the amount generated by the revised building renewal formula for the ADOT Building System and 100% for the Grand Canyon Airport building renewal formula for FY 2020. 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 153 projects:

**Table 1**

**State Highway Fund Building Renewal Project Categories**

<u>Category</u>	<u>Projects</u>	<u>State Highway Fund</u>	<u>% of Total</u>
Fire/Life/Safety	11	\$540,000	4%
Roof Repairs/Replacement	9	360,000	3%
Exterior Preservation (Doors, Windows, Siding)	12	534,000	4%
Building Systems (HVAC, Electrical, Plumbing)	39	2,483,600	19%
Interior Finishes (Paint, Carpet, Tile)	16	429,000	3%
Remodels and Reconfigurations	43	6,950,000	54%
Americans with Disabilities Act	3	130,000	1%
Infrastructure (Sewers, Wells)	20	1,265,000	10%
Project Management Support	NA	158,400	1%
Contingency	NA	150,000	1%
<b>Total</b>	<b>153</b>	<b>\$13,000,000</b>	<b>100%</b>

Of the 153 State Highway Fund projects, the 12 building projects shown in *Table 2* have a cost of \$200,000 or more.

(Continued)

<b>Table 2</b>	
<b>Major State Highway Fund Building Renewal Projects</b>	
<b><u>Project</u></b>	<b><u>Allocation</u></b>
<b>Exterior Preservation (Doors, Windows, Siding)</b>	
Human Resources Development Center Building 1161 - Structural Wall Repairs	\$225,000
<b>Building Systems (HVAC, Electrical, Plumbing)</b>	
Engineering Building 1004 - Repairs to HVAC and Air Handlers	840,000
Administration Building 1005B - Elevator Replacement and HVAC Repairs	550,000
Administration Building 1005A - HVAC Repairs	200,000
<b>Remodeling and Reconfigurations</b>	
Engineering Building 1004 - Second Floor Renovations and Feasibility Study	2,080,000
Administration Building 1005B - Renovations and Repairs to 2 <sup>nd</sup> and 3 <sup>rd</sup> Floors	1,950,000
Mazatzal Rest Area Site - Feasibility Study for Renovation	250,000
Show Low Construction Office - Renovation of Office Modulars	250,000
Bisbee Deicer Materials Storage Shed - Wall and Roof Repairs	200,000
Chinle MVD Building - Renovation of Office Modular	200,000
Tonopah Maintenance Office Building - Roadway Maintenance Office Renovation	200,000
<b>Infrastructure (Sewers, Wells)</b>	
Chinle MVD Site 406 - Infrastructure and Utilities Repairs	360,000
<b>Total</b>	<b>\$7,305,000</b>

ADOT expects to allocate the Building Renewal monies from the State Aviation Fund for 15 projects at the state-owned Grand Canyon Airport in the following categories:

<b>Table 3</b>			
<b>State Aviation Fund Building Renewal Projects</b>			
<b><u>Category</u></b>	<b><u>Projects</u></b>	<b><u>State Aviation Fund</u></b>	<b><u>% of Total</u></b>
Fire/Life Safety	2	\$10,000	4%
Roof/Repairs Replacement	1	4,000	1%
Exterior Preservation (Doors, Windows, Siding)	2	10,000	3%
Building Systems (HVAC, Electrical, Plumbing)	4	28,000	10%
Interior Finishes (Paint, Carpet, Tile)	2	20,000	7%
Americans with Disabilities Act	1	5,000	2%
Infrastructure (Sewers, Wells)	3	204,700	73%
Contingency	<u>NA</u>	<u>0</u>	<u>0%</u>
<b>Total</b>	<b>15</b>	<b>\$281,700</b>	<b>100%</b>

The attached materials submitted by ADOT list each project and its estimated cost.

AP:kp





Director's Office

*An Arizona Management System Agency*

Douglas A. Ducey, Governor

John S. Halikowski, Director

Scott Omer, Deputy Director/Chief Operating Officer

Kevin Biesty, Deputy Director for Policy

Dallas Hammit, Deputy Director for Transportation

August 22, 2019

The Honorable David Gowan  
Chairman, Joint Committee on Capital Review  
1716 West Adams St.  
Phoenix, AZ 85007

Dear Chairman Gowan:

We respectfully request that ADOT's FY 2020 Building Renewal Allocation Plan be placed on the next meeting of the JCCR for review related to ADOT's FY2020 Capital Outlay Appropriation.

The following summary outlines the scope of work:

Renewal Projects – State Highway Fund:

Category 1 – Fire/Life Safety	\$540,000
Category 2 – Roof Repairs/Replacement	360,000
Category 3 – Preservation of Asset	534,000
Category 4 – Major Building Systems	2,483,550
Category 5 – Interior Building Finishes	429,000
Category 6 – Reconfigure or Remodel	6,950,000
Category 7 – ADA Compliance	130,000
Category 8 – Infrastructure	1,265,000
Project Management Support	158,450
Contingency	<u>150,000</u>
Subtotal	<u>\$13,000,000</u>

Renewal Projects – State Aviation Fund

Category 1 – Fire/Life Safety	\$10,000
Category 2 – Roof Repairs/Replacement	4,000
Category 3 – Preservation of Asset	10,000
Category 4 – Major Building Systems	28,000
Category 5 – Interior Building Finishes	20,000
Category 7 – ADA Compliance	5,000
Category 8 – Infrastructure	204,700
Subtotal	<u>\$281,700</u>

Total FY 2020 \$13,281,700

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

Sincerely,

A handwritten signature in dark ink, appearing to read "John S. Halikowski". The signature is fluid and cursive, with a prominent "H" and a long, sweeping underline.

John S. Halikowski  
Director

Enclosure

Cc: Richard Stavneak, JLBC Director  
Jordan Johnston, JLBC Analyst  
Kwesi Pasley, OSPB Analyst  
Sonya Herrera, ADOT Administrative Services Director  
Keith Fallstrom, ADOT Budget Manager  
John Hetzel, ADOT Facilities Manager  
Nichole Zumbrunnen, ADOT Administrative Services Division Business Manager/DiFO

STATE OF ARIZONA	
FY 2020 CAPITAL IMPROVEMENT PLAN	
DEPARTMENT OF TRANSPORTATION FY 2020 FINAL BUILDING RENEWAL PROJECT LIST - BY CATEGORY	
Project Description	Estimated Cost
<b>STATE HIGHWAY FUND</b>	
<b>CATEGORY 1 - FIRE/LIFE SAFETY</b>	
Safford Equipment Services Shop Bldg 2132 - Abate hazardous contaminants	\$ 20,000
Peerless Bldg 1171 - Replace fire alarm panel & detection system	\$ 60,000
FAST Bldg 1111 - Replace fire alarm panel & detection system	\$ 65,000
Administration Bldg 1005A - Abate asbestos in Room 137 - 141	\$ 100,000
South Mountain MVD Bldg 1901 - Replace fire panel & devices	\$ 70,000
Scottsdale MVD Bldg 1211 - Replace fire panel & devices	\$ 80,000
West Phoenix MVD Bldg 1651 - Replace fire panel & devices	\$ 95,000
ADOT Statewide - Lead paint abatement & repair	\$ 10,000
ADOT Statewide - Mold abatement & repair	\$ 10,000
ADOT Statewide - Repair fire alarm & suppression systems	\$ 10,000
ADOT Statewide - Asbestos abatement & repair	\$ 20,000
<b>TOTAL</b>	<b>\$ 540,000</b>
<b>CATEGORY 2 - ROOFS</b>	
Yuma Equipment Shop Bldg 2034 - Repair roof	\$ 50,000
Sanders POE Bldg 3346 - Repair roof	\$ 25,000
Bullhead City MVD Bldg 3029 - Inspect, repair & repaint exterior canopy roof trusses	\$ 30,000
Lake Havasu MVD Bldg 3659 - Inspect, repair & repaint exterior canopy roof trusses	\$ 30,000
Chinle MVD Bldg 3623 - Repair roof	\$ 30,000
Show Low Construction Office Bldg 3624 - Repair roof	\$ 40,000
Phoenix Maint Office Bldg 1724 - Replace/repair roof	\$ 75,000
Phoenix Landscape Maintenance Bldg 1012 - Repair roof	\$ 60,000
ADOT Statewide - Repair roofs	\$ 20,000
<b>TOTAL</b>	<b>\$ 360,000</b>
<b>CATEGORY 3 - PRESERVATION OF ASSET</b>	
Tucson District Office Bldg 2178 - Repair wood siding at entrance area	\$ 25,000
Keams Canyon Deicer Storage 3312 - Repaint exterior walls	\$ 8,000
Chinle MVD Bldg 3623 - Repaint exterior & replace skirting	\$ 30,000
Keams Canyon De-icer Storage Bldg 3312 - Replace 2 roll up doors and 2 exterior man doors	\$ 33,000
Show Low Construction Office Bldg 3624 - Repaint exterior; replace skirting	\$ 40,000
Traffic Operations Admin Bldg 1766 - Paint canopy and plug holes	\$ 18,000
Administration Bldg 1005A - Replace exterior windows Phase 2	\$ 20,000
Facilities Management Warehouse Bldg 1003 - Replace roof insulation system	\$ 25,000
HRDC Bldg 1161 - Perform structural wall repairs	\$ 225,000
Phoenix Equipment Services Bldg 1754/5/6 - Replace exterior building joint caulking	\$ 70,000
ADOT Statewide - Repair doors, windows & other exterior features and surfaces	\$ 20,000
ADOT Statewide - Repaint/repair exterior surfaces	\$ 20,000
<b>TOTAL</b>	<b>\$ 534,000</b>
<b>CATEGORY 4 - MAJOR BUILDING SYSTEMS</b>	
Tucson District Lab Bldg 2158 - Repair dust collection system	\$ 7,000
St David Maintenance Pumphouse Bldg 2209 - Replace water system controller	\$ 10,000
Douglas Maintenance Office Bldg 2120 - Replace HVAC unit	\$ 16,000
Douglas Equipment Shop Bldg 2123 - Repair/replace HVAC system	\$ 20,000
Three Points Maintenance Building 2163 - Replace 2 each failing evaporative cooling units	\$ 25,000
Tucson Equipment Shop Bldg 2186 - Repair vehicle exhaust system	\$ 25,000
Tucson District Office Bldg 2178 - Replace 5 ton gas pack with heat pump unit	\$ 40,000
Tucson CDL Bldg 2159 - Replace HVAC ducting	\$ 50,000
Tonopah Maintenance Office Bldg 2045 - Replace evap coolers with HVAC units	\$ 70,000
Page Maintenance Bldg 3409 Water Tank - Perform repairs	\$ 4,000
Flagstaff Equipment Services Shop Bldg 3180 - Perform electrical repairs	\$ 9,250
Prescott Valley Equipment Shop Bldg 3067 - Replace package HVAC unit	\$ 16,000
Sanders POE Bldg 3349 - Correct HVAC problems	\$ 20,000
Sanders POE Bldg 3346 - Correct HVAC problems	\$ 20,000
Holbrook Equipment Services Shop Bldg 3267 - Repair shop exhaust system	\$ 50,000
Traffic Operations Center Bldg 1711 - Install ventilation system for battery room	\$ 80,000
Central Materials Lab Bldg 1121 - Repair calibration room HVAC system	\$ 13,000
Engineering Bldg 1004 - Overhaul and abate HVAC ducting systems on second floor	\$ 90,000

Engineering Bldg 1004 - Overhaul air handlers on second & third floors	\$	100,000
Central Materials Lab Bldg 1121 - Renovate elevator	\$	115,000
1801 W Jefferson Bldg 1006 - Repair basement mechanical room exhaust system	\$	8,300
Administration Bldg 1005B - Remove old HVAC equipment and piping from building	\$	20,000
Administration Bldg 1005A - Reconfigure HVAC service for Room 139	\$	50,000
Administration Bldg 1005B - Replace elevator car & floor doors	\$	70,000
Engineering Bldg 1004 - Overhaul Chiller #3	\$	100,000
FAST Bldg 1111 - Renovate elevator system	\$	115,000
Administration Bldg 1005A - Replace HVAC control dampers	\$	150,000
Administration Bldg 1005B - Replace HVAC ducting and VAV boxes on second floor	\$	460,000
Engineering Bldg 1004 - Repair cooling tower fan structural support system	\$	550,000
ADOT Statewide - Repair HVAC systems in TSMO buildings	\$	10,000
ADOT Statewide - Repair HVAC systems in ECD buildings	\$	10,000
ADOT Statewide - Retrofit unserviceable light fixtures	\$	10,000
ADOT Statewide - Repair elevator systems	\$	15,000
ADOT Statewide - Repair HVAC systems	\$	20,000
ADOT Statewide - Repair plumbing systems	\$	20,000
ADOT Statewide - Repair electrical systems	\$	20,000
ADOT Statewide - Repair HVAC systems in MVD buildings	\$	25,000
ADOT Statewide - Repair HVAC systems in IDO buildings	\$	25,000
ADOT Statewide - Repair HVAC systems in ASD buildings	\$	25,000
<b>TOTAL</b>	<b>\$</b>	<b>2,483,550</b>

<b>CATEGORY 5 - INTERIOR BUILDING FINISHES</b>		
Cottonwood MVD Bldg 3098 - Replace VCT flooring	\$	7,000
Prescott Lab Bldg 3064 - Repair/replace flooring	\$	10,000
Sanders POE Bldg 3348 - Abate & replace flooring	\$	18,000
Prescott MVD Bldg 3066 - Replace flooring and repair/repaint walls	\$	50,000
Pump House Maintenance Bldg 1141 - Repaint int walls, doors & frames; also ext doors & metal trim	\$	19,000
Traffic Operations Admin Bldg 1741 - Repaint building interior & replace flooring (upstairs only)	\$	52,000
Administration Bldg 1005B - Replace asbestos flooring and repaint walls in room 119	\$	75,000
Chandler MVD Bldg 1921 - Repaint interior walls	\$	18,000
Avondale MVD Bldg 1602 - Replace flooring in customer service area	\$	20,000
Avondale MVD Bldg 1602 - Repaint int office walls, window trim & doors; repaint ext walls & trim	\$	32,000
South Mountain MVD Bldg 1901 - Repaint interior walls & replace flooring	\$	58,000
Phoenix Equipment Services Break Room Bldg 1754 - Repaint int walls, replace ceiling tiles, sink & cabinets	\$	8,000
Phoenix Equipment Services Break Room Bldg 1761 - Repaint interior walls & ext mandors & windows	\$	17,000
ADOT Statewide - Repair/replace casework	\$	5,000
ADOT Statewide - Repair/replace flooring	\$	20,000
ADOT Statewide - Repaint/repair interior surfaces	\$	20,000
<b>TOTAL</b>	<b>\$</b>	<b>429,000</b>

<b>CATEGORY 6 - RECONFIGURE OR REMODEL</b>		
San Simon POE Bldg 2108 - Reconfigure creditial area countertop & shelving	\$	10,000
Safford Equipment Services Shop Bldg 2702 - Perform repairs to shop	\$	15,000
Roosevelt Maintenance Office Bldg 2087 - Remove leaking underground hydraulic lift	\$	35,000
Gila Bend Maintenance Office Bldg 2056 - Remove leaking underground hydraulic lift	\$	35,000
Globe Equipment Services Shop Bldg 2082 - Abate/remove leaking haudraulic lift	\$	40,000
Ehrenberg POE Bldg 2688 - Reconfigure booth #1 transaction window	\$	40,000
Grey Peak Residence Bldg 2145 - Renovate & abate interior	\$	55,000
Safford Training & Permits Bldg 2135 - Renovate interior	\$	150,000
Sentinel Rest Area Bldg 2052 - Renovate caretaker residence	\$	150,000
Bisbee Deicer Materials Storage Shed 2117 - Repair concrete walls and roof rafters	\$	200,000
Tonopah Maintenance Office Bldg 2045 - Renovate roadway maintenance office	\$	200,000
Many Farms Facilities Management Office Modular Bldg 2662 - Relocate & renovate interior	\$	40,000
Page Maint Equipment Storage Bldg 3294 - Abate/remove leaking hyraulic lift	\$	40,000
Topock POE Bldg 3013 - Replace workstations (casework)	\$	50,000
Show Low Training Bldg 3421 - Relocate from Holbrook and renovate	\$	50,000
Sanders POE Bldg 3346 - Renovate credential booth & customer stations	\$	85,000
Topock POE Bldg 3013 - Renovate restrooms	\$	130,000
Chinle MVD Bldg 3623 - Renovate office modular	\$	200,000
Show Low Construction Office Bldg 3624 - Renovate replacement office modulars	\$	250,000
Mazatzal Rest Area Site Bldg 448 - Perform feasibility study for renovation of rest area	\$	250,000
Traffic Operations Bldg 1750 - Replace rusted exterior panels and repaint	\$	95,000
Deck Park Tunnel Maint Office Bldg 1803 - Replace termite ridden office modular with like	\$	150,000
Engineering Bldg 1004 - Renovate second floor for Utility & Railroad Engineering Group	\$	150,000
Engineering Bldg 1004 - Renovate second floor restrooms	\$	150,000
Engineering Bldg 1004 - Renovate second floor for Engineering Consultants Section	\$	200,000
Engineering Bldg 1004 - Renovate second floor for Contracts & Specifications Group	\$	250,000
Engineering Bldg 1004 - Renovate second floor for Right of Way Group	\$	530,000
Engineering Bldg 1004 - Renovate second floor for Bridge Group	\$	650,000
Facilities Management Bldg 1002 - Renovate Physical Security Office area	\$	50,000
1801 W Jefferson Bldg 1006 - Renovate BECO office space	\$	78,000
Old MVD Bldg 1001 - Feasibility study to renovate building	\$	150,000

Engineering Bldg 1004 - Feasibility study to add a 4th & 5th floor	\$	150,000
Administration Bldg 1005B - Design for consolidating Data Center areas	\$	150,000
Facilities Management Bldg 1002 - Renovate mail room area	\$	170,000
Administration Bldg 1005B - Renovate second floor restrooms	\$	200,000
Administration Bldg 1005B - Renovate second floor office areas	\$	400,000
Administration Bldg 1005B - Repair structural deficiencies of the second floor	\$	600,000
Administration Bldg 1005B - Repair structural deficiencies of the third floor	\$	600,000
Phoenix Equipment Services Bldg 1755 - Repair bollards	\$	2,000
Phoenix Equipment Services Bldg 1754 - Renovate first floor restrooms	\$	50,000
Phoenix Equipment Services Bldg 1754/5 - Renovate 2 air washer rooms	\$	90,000
Durango Maintenance Bldg 1739 - Remove leaking in ground hydraulic lift	\$	35,000
ADOT Statewide - Perform general repairs	\$	25,000
<b>TOTAL</b>	<b>\$</b>	<b>6,950,000</b>
<b>CATEGORY 7 - ADA COMPLIANCE</b>		
Chinle MVD Bldg 3623 - Replace ADA ramp and sidewalks; repair ADA parking spaces	\$	60,000
Show Low Construction Office Bldg 3624 - Replace ADA ramp, sidewalks and parking spaces	\$	60,000
ADOT Statewide - ADA compliance repairs/renovations	\$	10,000
<b>TOTAL</b>	<b>\$</b>	<b>130,000</b>
<b>CATEGORY 8 - INFRASTRUCTURE</b>		
Tucson Grant Road Yard Site 293 - Rebuild pump for sewer lift station	\$	5,500
Fish Creek Maintenance Yard Site 233 - Repair water system	\$	10,000
Ehrenberg POE Site 202 - Repair fire line water system	\$	60,000
Tonopah Maintenance Yard Site 204 - Replace electrical SES and site electrical	\$	120,000
Bouse Wash Rest Area Site 205 - Replace waterline & RO units	\$	41,000
Show Low Construction Office Site 451 - Repair site utilities (water/sewer/electric/gas)	\$	60,000
Chambers Maintenance Yard Site 405 - Replace unserviceable leach field and waste water lines	\$	60,000
Painted Cliffs Rest Area Site 433 - Replace 1,600 In ft of leaking underground waterline	\$	65,000
Chinle MVD Site 406 - Repair site utilities (water/sewer/electrical lines)	\$	80,000
Chinle MVD Site 406 - Repair/replace site lighting fixtures and poles	\$	80,000
Chinle MVD Site 406 - Raise site ground elevation and repair parking lot, sidewalks & gate	\$	200,000
Pump House Maintenance Office Site 014 - Repair, reseal & restripe parking lot & replace lights	\$	12,000
SE Mesa MVD Site 025 - Replace parking lot light fixtures	\$	9,000
Avondale MVD Site 040 - Repair, reseal & restripe parking lot	\$	27,500
Tempe MVD Site 037 - Repair parking lot drywells	\$	85,000
SE Mesa MVD Motorcycle Track Site 025 - Repair base and replace asphalt	\$	170,000
Phoenix Equipment Services Site 050 - Replace gas line from meter to Bldg 1756	\$	50,000
ADOT Statewide - Repair parking lot pavements/curbing/stripping	\$	25,000
ADOT Statewide - Repair fencing, gates & barrier walls	\$	25,000
ADOT Statewide - Repair site wells, water, and wastewater system deficiencies	\$	80,000
<b>TOTAL</b>	<b>\$</b>	<b>1,265,000</b>
<b>TOTAL OF ALL PROJECTS REQUESTED</b>	<b>\$</b>	<b>12,691,550</b>
<b>PROJECT MANAGEMENT SUPPORT</b>	<b>\$</b>	<b>158,450</b>
<b>CONTINGENCY</b>	<b>\$</b>	<b>150,000</b>
<b>TOTAL AUTHORIZED FUNDS</b>	<b>\$</b>	<b>13,000,000</b>
<b>RECAP</b>		
<b>CATEGORY 1 - FIRE/LIFE/SAFETY</b>	<b>\$</b>	<b>540,000</b>
<b>CATEGORY 2 - ROOFS</b>	<b>\$</b>	<b>360,000</b>
<b>CATEGORY 3 - PRESERVATION OF ASSET</b>	<b>\$</b>	<b>534,000</b>
<b>CATEGORY 4 - MAJOR BUILDING SYSTEMS</b>	<b>\$</b>	<b>2,483,550</b>
<b>CATEGORY 5 - INTERIOR BUILDING FINISHES</b>	<b>\$</b>	<b>429,000</b>
<b>CATEGORY 6 - RECONFIGURE OR REMODEL</b>	<b>\$</b>	<b>6,950,000</b>
<b>CATEGORY 7 - ADA COMPLIANCE</b>	<b>\$</b>	<b>130,000</b>
<b>CATEGORY 8 - INFRASTRUCTURE</b>	<b>\$</b>	<b>1,265,000</b>
<b>PROJECT MANAGEMENT SUPPORT</b>	<b>\$</b>	<b>158,450</b>
<b>CONTINGENCY</b>	<b>\$</b>	<b>150,000</b>
<b>TOTAL</b>	<b>\$</b>	<b>13,000,000</b>
<b>STATE AVIATION FUND</b>		
<b>CATEGORY 1 - FIRE AND LIFE SAFETY</b>		
Grand Canyon Airport Site 463 - Repair fire alarm & sprinkler systems	\$	5,000
Grand Canyon Airport Site 463 - Abate asbestos, lead paint & environmental hazards	\$	5,000

	<b>TOTAL</b>	<b>\$ 10,000</b>
<b>CATEGORY 2 - ROOFS</b>		
Grand Canyon Airport Site 463 - Repair roofs	\$	4,000
	<b>TOTAL</b>	<b>\$ 4,000</b>
<b>CATEGORY 3 - PRESERVATION OF ASSET</b>		
Grand Canyon Airport Site 463 - Repaint/repair exterior surfaces	\$	5,000
Grand Canyon Airport Site 463 - Replace/repair windows	\$	5,000
	<b>TOTAL</b>	<b>\$ 10,000</b>
<b>CATEGORY 4 - MAJOR BUILDING SYSTEMS</b>		
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
	<b>TOTAL</b>	<b>\$ 28,000</b>
<b>CATEGORY 5 - INTERIOR BUILDING FINISHES</b>		
Grand Canyon Airport Site 463 - Replace/repair flooring	\$	10,000
Grand Canyon Airport Site 463 - Repaint/repair interior	\$	10,000
	<b>TOTAL</b>	<b>\$ 20,000</b>
<b>CATEGORY 7 - ADA COMPLIANCE</b>		
Grand Canyon Airport Site 463 - Repair ADA	\$	5,000
	<b>TOTAL</b>	<b>\$ 5,000</b>
<b>CATEGORY 8 - INFRASTRUCTURE</b>		
Grand Canyon Airport Site 463 - Repair/replace water & waste water systems	\$	10,000
Grand Canyon Airport Site 463 - Repair/replace pavement/sidewalks/signage	\$	174,700
Grand Canyon Airport Site 463 - Repair/replace fence, gates & barrier walls	\$	20,000
	<b>TOTAL</b>	<b>\$ 204,700</b>
<b>TOTAL OF ALL PROJECTS REQUESTED</b>	<b>\$</b>	<b>281,700</b>
<b>CONTINGENCY (Project Management)</b>		
<b>TOTAL AUTHORIZED FUNDS</b>	<b>\$</b>	<b>281,700</b>
<b>RECAP</b>		
<b>CATEGORY 1 - FIRE AND LIFE SAFETY</b>	<b>\$</b>	<b>10,000</b>
<b>CATEGORY 2 - ROOFS</b>	<b>\$</b>	<b>4,000</b>
<b>CATEGORY 3 - PRESERVATION OF ASSET</b>	<b>\$</b>	<b>10,000</b>
<b>CATEGORY 4 - MAJOR BUILDING SYSTEMS</b>	<b>\$</b>	<b>28,000</b>
<b>CATEGORY 5 - INTERIOR BUILDING FINISHES</b>	<b>\$</b>	<b>20,000</b>
<b>CATEGORY 6 - RECONFIGURE OR REMODEL</b>		
<b>CATEGORY 7 - ADA COMPLIANCE</b>	<b>\$</b>	<b>5,000</b>
<b>CATEGORY 8 - INFRASTRUCTURE</b>	<b>\$</b>	<b>204,700</b>
	<b>TOTAL</b>	<b>\$ 281,700</b>