

JOINT COMMITTEE ON CAPITAL REVIEW

Tuesday, October 5, 2021

10:00 a.m. or upon adjournment of the JLBC meeting

House Hearing Room 1

JLBC

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

DAVID M. GOWAN
CHAIRMAN

LELA ALSTON
SEAN BOWIE
RICK GRAY
SINE KERR
VINCE LEACH
REBECCA RIOS

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

(602) 926-5491

azleg.gov

HOUSE OF
REPRESENTATIVES

REGINA E. COBB
VICE-CHAIRMAN

REGINALD BOLDING
RANDALL FRIESE
JOHN KAVANAGH
JOANNE OSBORNE
BEN TOMA


**** REVISED #3 ****

JOINT COMMITTEE ON CAPITAL REVIEW

Tuesday, October 5, 2021

10:00 A.M. or upon adjournment of JLBC meeting
House Hearing Room 1

MEETING NOTICE

- Call to Order
- [Approval of Minutes of July 15, 2021.](#)
- 1. ARIZONA DEPARTMENT OF TRANSPORTATION
 - ***A. [Review of FY 2022 Building Renewal Allocation Plan.](#)
 - ***B. [Review of Wickenburg Project.](#)
-  2. [ARIZONA DEPARTMENT OF ADMINISTRATION - Review of Arizona Department of Corrections Building Relocation and Renovation.](#)
- 3. [***ARIZONA STATE UNIVERSITY - Review of New Academic Building and Campus Renovation Projects.](#)
- 4. [***ARIZONA GAME AND FISH DEPARTMENT - Review of Patagonia Lake State Park Floating Restrooms and Pump Boat.](#)
- *** Consent Agenda - These items will be considered in one motion and no testimony will be taken.



Moved to Regular Agenda.

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

~~09/28/2021~~

10/04/2021

kø

lm

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.



STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

(602) 926-5491

azleg.gov

HOUSE OF
REPRESENTATIVES

REGINA E. COBB
VICE-CHAIRMAN
REGINALD BOLDING
RANDALL FRIESE
JOHN KAVANAGH
AARON O. LIEBERMAN
JOANNE OSBORNE
BEN TOMA

MINUTES OF THE MEETING

JOINT COMMITTEE ON CAPITAL REVIEW

July 15, 2021

The Chairman called the meeting to order at 12:09 p.m., Thursday, July 15, 2021 in House Hearing Room 1 and via video conference. The following were present:

Members:	Senator Gowan, Chairman	Representative Cobb, Vice-Chairman
	Senator Alston	Representative Chavez (Temporary Member)
	Senator Bowie	Representative Fernandez (Temporary Member)
	Senator Gray	Representative Kavanagh
	Senator Kerr	Representative Lieberman
	Senator Leach	Representative Osborne
Absent:	Senator Rios	Representative Bolding
		Representative Friese
		Representative Toma

APPROVAL OF MINUTES

Representative Cobb moved that the Committee approve the minutes of April 27, 2021. The motion carried.

CONSENT AGENDA

The following items were considered without discussion:

ARIZONA STATE PARKS BOARD (ASPB) - Review of FY 2022 Capital Improvement Projects.

A.R.S. § 41-1252(A)(4) & (C) requires Committee review of expenditure plans for all monies appropriated for capital projects and review of all capital projects exceeding \$250,000. The Arizona State Parks Board (ASPB) requested Committee review of \$2,396,700 from the State Parks Revenue Fund (SPRF) for

(Continued)

capital projects. The FY 2022 Capital Outlay Bill appropriated \$2,396,700 from SPRF to ASPB for capital improvements. The JLBC Staff provided options and a potential provision:

- A. *ASPB shall notify the Chairman and the JLBC Staff if they plan to spend the contingency allocation. ASPB can spend the monies without further action.*

DEPARTMENT OF PUBLIC SAFETY (DPS) - Review of Wellness and Training Center Project.

A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated to capital projects. The FY 2022 Capital Outlay Bill appropriated \$3,000,000 from the Arizona Highway Patrol Fund to DPS for the construction of a new Wellness and Training Center at the department's headquarters at 2320 N. 20th Avenue in Phoenix. DPS requested review of its plan for the Wellness and Training Center. The JLBC Staff provided options.

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Review of FY 2022 Building Renewal Allocation Plan.

A.R.S. § 41-1252 requires Committee review of expenditure plans for building renewal monies. ADOA requested the Committee review its FY 2022 Building Renewal Allocation Plan. The FY 2022 budget appropriates a total of \$24,200,000 for building renewal which includes \$6,200,000 from the General Fund and \$18,000,000 from the Capital Outlay Stabilization Fund (COSF). ADOA requested review of its plan to spend \$18,000,000 for general building renewal projects. The department also proposed to spend \$1,600,000 on agency space consolidation initiatives. ADOA intends to spend the remaining \$4,600,000 of the appropriation on space consolidation initiatives; that amount will be reviewed at a later date. The JLBC Staff provided options and a potential provision:

- A. *Prior to expending the emergency contingency allocation of \$500,000, ADOA shall report the use of funds to JLBC.*

ARIZONA GAME AND FISH DEPARTMENT (AGFD) - Review of Building Renewal Allocation and Reallocation Plans.

A.R.S. § 41-1252 requires Committee review of expenditure plans for building renewal monies. AGFD requested review of \$1,383,300 for new building renewal and reallocation projects. A total of \$170,000 of the building renewal projects are being funded from the reallocation of building renewal monies previously reviewed by the Committee. The JLBC Staff provided options.

ARIZONA EXPOSITION AND STATE FAIR (AESF) BOARD - Review of FY 2022 Capital Improvement Expenditures.

A.R.S. § 41-1252 requires Committee review of expenditure plans for capital projects. The AESF Board requested Committee review of 10 capital projects with a total cost of \$1,720,000. The FY 2022 Capital Outlay Bill appropriated \$2,000,000 from the Arizona Exposition and State Fair Fund to the AESF Board for capital improvements. The JLBC Staff provided options and potential provisions:

- A. *AESF shall report to the JLBC Staff if the actual cost of any project included in the expenditure plan exceeds the estimated cost by more than 20%.*

(Continued)

- B. *If an emergency arises that is not addressed by the existing expenditure plan:*
1. *AESF shall notify the Chairman and the JLBC Staff that they plan to spend less than \$500,000 on an emergency project. AESF can proceed without further action.*
 2. *The Chairman can allow AESF to move forward with an emergency project of greater than \$500,000 without Committee review.*
- An "emergency" project is defined as unforeseen, critical in nature, and of immediate time sensitivity.*
- C. *No monies from the FY 2018 (Laws 2017, Chapter 306), FY 2019 (Laws 2018, Chapter 277), or FY 2020 (Laws 2019, Chapter 264) capital appropriation may be spent on projects related to the 1938 WPA Civic Building without prior Committee review.*
- D. *On or before November 30, 2021 and May 31, 2022, the AESF Board shall report to the JLBC Staff on the status of all capital improvement projects and capital improvement expenditures, including prior projects reviewed by the Committee.*

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Consider Recommending FY 2021 Rent Exemption.

A.R.S. § 41-792.01D authorizes the Director of ADOA, on recommendation from the Committee, to grant a full or partial exemption from the payment of state-owned rental fees if an agency does not occupy their space or lacks the financial resources to make a payment. ADOA requested the Committee recommend a full rent exemption for the Arizona Commission of African-American Affairs totaling \$8,100 in FY 2021. The JLBC Staff provided options.

Representative Cobb moved that the Committee give a favorable review, or approval, as appropriate, of the 6 consent agenda items listed above with JLBC Staff provisions. The motion carried.

REGULAR AGENDA

ARIZONA DEPARTMENT OF CORRECTIONS (ADC) - Review of FY 2022 Capital Projects.

Mr. Geoffrey Paulsen, JLBC Staff, stated A.R.S. § 14-1252 requires the Committee to review expenditure plans for monies appropriated for building renewal and capital projects. The FY 2022 Capital Outlay Bill appropriated \$28,070,100 to ADC for building renewal and appropriated \$25,564,400 to ADC for Eyman Fire and Life Safety Projects. ADC requested review of its plan for these monies and also requested review of \$33,300,000 in non-appropriated funds to relocate Arizona Correctional Industries facilities from the Florence prison. The JLBC Staff provided options.

Mr. David Shinn, Director, ADC, responded to member questions.

Mr. Fred Moreno, Assistant Director, Facilities Management, ADC, responded to member questions.

Representative Cobb moved that the Committee give a favorable review to each of ADC's expenditure plans. The motion carried.

(Continued)

Without objection, the meeting adjourned at 12:36 p.m.

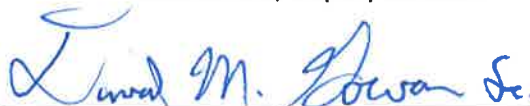
Respectfully submitted:

A handwritten signature in black ink, appearing to read "K Paddack", written over a horizontal line.

Kristy Paddack, Secretary

Jack Brown

Jack Brown, Deputy Director

A handwritten signature in blue ink, appearing to read "David M. Gowan Sr.", written over a horizontal line.

Senator David Gowan, Chairman



STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

(602) 926-5491

azleg.gov

HOUSE OF
REPRESENTATIVES

REGINA E. COBB
VICE-CHAIRMAN
REGINALD BOLDING
RANDALL FRIESE
JOHN KAVANAGH
JOANNE OSBORNE
BEN TOMA

DATE: September 28, 2021

TO: Members of the Joint Committee on Capital Review

FROM: Jordan Johnston, Senior Fiscal Analyst

SUBJECT: Arizona Department of Transportation - Review of FY 2022 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 \$15,710,400 FY 2022 Building Renewal Allocation Plan.

ADOT has allocated \$15,400,000 from the State Highway Fund among 130 projects, leaving a contingency balance of \$100,000 and \$40,000 for project management support. ADOT has also allocated \$310,400 from the State Aviation Fund for 16 projects, with no contingency funding.

Committee Options

The Committee has at least the following 2 options:

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

A footnote in the FY 2022 Capital Outlay Bill requires ADOT to biannually report on the status of all nonhighway construction capital projects, such as building renewal projects, including its actual spending relative to its plan in January 2022 and July 2022.

(Continued)

Key Points

- 1) ADOT Building Renewal projects span a range of categories including remodeling, safety improvements, compliance, and roofing replacements.
- 2) The \$15.4 million State Highway Fund Building Renewal appropriation equates to approximately 100% of the formula requirement.
- 3) ADOT plans to expend \$7.7 million for remodeling, \$3.2 million on exterior preservation (doors, windows, siding), and \$2.8 million for building systems (HVAC, electrical, plumbing).

Analysis

The FY 2022 Capital Outlay Bill appropriated a total of \$15.7 million for ADOT building renewal in FY 2022, including \$15.4 million from the State Highway Fund and \$310,400 from the State Aviation Fund. The FY 2022 Building Renewal appropriation represents 100% of the amount generated by the building renewal formula for the ADOT Building System and 100% for the Grand Canyon Airport building renewal formula for FY 2022. 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 130 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	19	\$232,000	1%
Roof Repairs/Replacement	10	664,000	4%
Exterior Preservation (Doors, Windows, Siding)	16	3,225,000	20%
Building Systems (HVAC, Electrical, Plumbing)	45	2,751,000	18%
Interior Finishes (Paint, Carpet, Tile)	4	36,000	1%
Remodels and Reconfigurations	18	7,724,000	50%
Americans with Disabilities Act	3	71,000	1%
Infrastructure (Sewers, Wells)	15	557,000	3%
Project Management Support	N/A	40,000	1%
Contingency	<u>N/A</u>	<u>100,000</u>	<u>1%</u>
Total	130	\$15,400,000	100%

Of the 130 State Highway Fund projects, the 12 building projects shown in *Table 2* have a cost of \$200,000 or more.

(Continued)

Table 2	
Major State Highway Fund Building Renewal Projects	
<u>Project</u>	<u>Allocation</u>
Roof Repairs/Replacements	
Mohawk Rest Area Site 212 - Replace Roof Structure	\$310,000
Exterior Preservation (Doors, Windows, Siding)	
Administration Building 1005B - Structural Repairs of 2 Floors	2,100,000
Administration Building 1005B - Replace 3 rd Floor Window System	375,000
Building Systems (HVAC, Electrical, Plumbing)	
Administration Building 1005B - Replace HVAC Systems	900,000
Administration Building 1005A - Replace Ducting	203,000
1801 W. Jefferson Building - Replace HVAC System on 2 nd Floor	200,000
Remodeling and Reconfigurations	
Show Low Equipment Services Building 3270 - Renovate	300,000
Douglas Equipment Services Shop Building 2123 - Renovate	200,000
Sentinel Rest Area Site 217 - Renovate	900,000
Engineering Building 1004 - Renovate	220,000
Administration Building 1005B - Renovate	4,075,000
1801 W. Jefferson Building 1006 - Renovate	1,200,000
Total	\$10,983,000

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

Table 3			
State Aviation Fund Building Renewal Projects			
<u>Category</u>	<u>Projects</u>	<u>State Aviation Fund</u>	<u>% of Total</u>
Fire/Life Safety	2	\$10,000	3%
Roof/Repairs Replacement	1	10,000	3%
Exterior Preservation (Doors, Windows, Siding)	2	15,000	5%
Building Systems (HVAC, Electrical, Plumbing)	4	145,000	47%
Interior Finishes (Paint, Carpet, Tile)	2	25,000	8%
Reconfigure or Remodel	1	65,400	21%
Americans with Disabilities Act	1	10,000	3%
Infrastructure	3	30,000	10%
Total	16	\$310,400	100%

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

JJ:lm



Director's Office

Our True North: *Safely Home*

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

September 13, 2021

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



Dear Senator Gowan:

Pursuant to Laws 2021, 1st Regular Session, Chapter 406 (SB 1820), Section 2 the Arizona Department of Transportation (ADOT) received a FY 2022 Building Renewal appropriation of \$15,400,000 from the State Highway Fund and \$310,400 from the State Aviation Fund. A.R.S. § 41-1252 requires JCCR review of expenditure plans for building renewal monies prior to expenditure. ADOT respectfully requests placement on the next meeting of the JCCR for review of its FY 2022 Building Renewal Allocation.

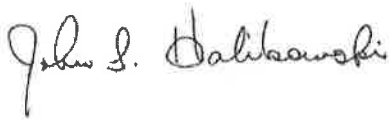
The following summary outlines ADOT's FY 2022 Building Renewal by major category:

Category	State Highway Fund	State Aviation Fund
CATEGORY 1 - FIRE/LIFE/SAFETY	\$ 232,000	\$ 10,000
CATEGORY 2 - ROOFS	\$ 664,000	\$ 10,000
CATEGORY 3 - PRESERVATION OF ASSET	\$ 3,225,000	\$ 15,000
CATEGORY 4 - MAJOR BUILDING SYSTEMS	\$ 2,751,000	\$ 145,000
CATEGORY 5 - INTERIOR BUILDING FINISHES	\$ 36,000	\$ 25,000
CATEGORY 6 - RECONFIGURE OR REMODEL	\$ 7,724,000	\$ 65,400
CATEGORY 7 - ADA COMPLIANCE	\$ 71,000	\$ 10,000
CATEGORY 8 - INFRASTRUCTURE	\$ 557,000	\$ 30,000
PROJECT MANAGEMENT SUPPORT	\$ 40,000	\$ -
CONTINGENCY	\$ 100,000	\$ -
Total FY 2022 Building Renewal	\$ 15,400,000	\$ 310,400

Attached is a listing of FY 2022 Building Renewal projects by major category and fund.

Thank you for your consideration of this request. If you have any questions or need additional information, please contact Jacob Gable, ADOT Budget Manager, at (602) 712-6594.

Sincerely,

A handwritten signature in dark ink, reading "John S. Halikowski". The signature is fluid and cursive, with the first name "John" and last name "Halikowski" clearly legible.

John S. Halikowski
Director

Enclosure

Cc: The Honorable Regina E. Cobb, Vice-Chairman, JCCR
Matthew Gress, Director, Office of Strategic Planning and Budgeting
Richard Stavneak, JLBC Director
Zachary Harris, OSPB Analyst
Jordan Johnston, JLBC Analyst
Sonya Herrera, ADOT Administrative Services Director
jlbcwebmaster@azleg.gov

**ARIZONA DEPARTMENT OF TRANSPORTATION
FY 2022 BUILDING RENEWAL ALLOCATION
BUILDING RENEWAL PROJECT LIST - BY CATEGORY**

Project Description	Estimated Cost
STATE HIGHWAY FUND (SHF)	
CATEGORY 1 - FIRE/LIFE SAFETY	
Engineering Bldg 1004 - Upgrade auto dialers to fire panel	2,000
Central Materials Lab Bldg 1121 - Upgrade auto dialers to fire panel	2,000
1801 W Jefferson Bldg 1006 - Upgrade auto dialers to fire panel	2,000
HRDC Bldg 1161 - Upgrade auto dialers to fire panel	2,000
Facilities Management Bldg 1002 - Upgrade auto dialers to fire panel	2,000
SE Mesa MVD Bldg 1331 - Replace fire panel & devices	75,000
Tempe MVD Bldg 1541 - Upgrade auto dialers to fire panel	2,000
Agua Fria Landscape Bldg 1611 - Replace fire panel & devices	30,000
Salt River Maintenance Office Bldg 1346 - Replace fire panel & devices	30,000
Happy Valley Maintenance Office Bldg 1241 - Upgrade auto dialers to fire panel	2,000
Happy Valley Maintenance Warehouse Bldg 1242 - Upgrade auto dialers to fire panel	2,000
Happy Valley Maintenance Conference Bldg 1248 - Upgrade auto dialers to fire panel	2,000
Happy Valley Construction Bldg 1250 - Upgrade auto dialers to fire panel	2,000
Happy Valley Landscape Bldg 1255 - Upgrade auto dialers to fire panel	2,000
Georgia Construction Bldg 1400 - Replace fire panel and devices	40,000
ADOT Statewide - Asbestos abatement & repair	5,000
ADOT Statewide - Lead paint abatement & repair	5,000
ADOT Statewide - Mold abatement & repair	5,000
ADOT Statewide - Repair fire alarm & suppression systems	20,000
TOTAL CATEGORY 1 - FIRE/LIFE SAFETY	\$ 232,000
CATEGORY 2 - ROOFS	
Kingman Equipment Services Shop Bldg 3031 - Repair rain gutters	3,000
Indian Pine Deicer Materials Storage Bldg 3811 - Repair roof and siding	50,000
Old Ski Run Deicer Materials Storage Bldg 3787 - Repair roof and siding	50,000
Parker Maintenance Yard Bldg 2563 - Repair roof	10,000
Parker Maintenance Yard Bldg 2564 - Repair roof	10,000
Parker Maintenance Yard Bldg 2566 - Replace roof	15,000
Mohawk Rest Area Site 212 - Replace roof structure on 12 ramadas	310,000
HRDC Bldg 1161 - Repair roof drainage system	16,000
Chandler MVD Bldg 1921 - Replace roof	180,000
ADOT Statewide - Repair roofs	20,000
TOTAL CATEGORY 2 - ROOFS	\$ 664,000
CATEGORY 3 - PRESERVATION OF ASSET	
Holbrook Equipment Services Shop Bldg 3267 - Repair roll up doors	25,000
Flagstaff Equipment Services Shop Bldg 3180 - Repair roll up doors	90,000
Show Low Equipment Services Bldg 3270 - Replace 5 roll up doors & 5 windows	100,000
Kingman Equipment Services Shop Bldg 3031 - Repair roll up doors	50,000
Page Equipment Services Shop Bldg 3297 - Replace window tinting	3,000
Bullhead City City MVD Inspection Canopy Bldg 3662 - Repair inspection canopy trusses	151,000
Lake Havasu City MVD Inspection Canopy Bldg 3659 - Repair inspection canopy trusses	151,000
Show Low Construction Office Bldg 3624 - Repaint exterior and other repairs	50,000
Parker Maintenance Yard Bldg 2566 - Repaint exterior	15,000
Parker Maintenance Yard Bldg 2563 - Repaint exterior	12,000
Pumphouse Maintenance Office Bldg 1141 - Repaint exterior & interior	10,000
Administration Bldg 1005B - Perform structural repairs of 2 floors	2,100,000
Administration Bldg 1005B - Replace third floor window system	375,000

**ARIZONA DEPARTMENT OF TRANSPORTATION
FY 2022 BUILDING RENEWAL ALLOCATION
BUILDING RENEWAL PROJECT LIST - BY CATEGORY**

Project Description	Estimated Cost
STATE HIGHWAY FUND (SHF)	
SE Mesa MVD Bldg 1331 - Repair rain collector boxes	3,000
ADOT Statewide - Repair doors, windows & other exterior features and surfaces	80,000
ADOT Statewide - Repaint/repair exterior surfaces	10,000
TOTAL CATEGORY 3 - PRESERVATION OF ASSET	\$ 3,225,000

CATEGORY 4 - MAJOR BUILDING SYSTEMS

Prescott Valley Equipment Shop Bldg 3067 - Replace 7.5 ton gas pack HVAC unit	19,000
Payson Equipment Services Shop Bldg 3137 - Repair in floor heating system	20,000
Kingman Equipment Services Shop Bldg 3031 - Replace bulk oil plumbing system	20,000
Kingman Equipment Services Shop Bldg 3031 - Furnish power for welder at west end	6,000
Ganado Equipment Services Shop Bldg 3338 - Upgrade shop lighting	5,000
Page Equipment Services Shop Bldg 3297 - Replace 8 each evaporative coolers	130,000
Fredonia Equipment Services Shop Bldg 3219 - Convert lighting from T12 to LED	8,000
Little Antelope Maintenance Yard Bldg 3141 - Replace water system equipment	30,000
Page Maintenance Storage Bldg 3294 - Replace roll up door hinges & rollers	10,000
Page Maintenance/Office Bldg 3294 - Replace HVAC system	18,000
Chambers Maintenance Office Bldg 3332 - Replace 2 heat pump units	31,000
Kingman District Office Bldg 3041 - Replace 2 rooftop gas pack units	32,000
Facilities Maintenance Office Bldg 2190 - Replace 2 HVAC units and ducting	40,000
Facilities Maintenance Shop Bldg 2188 - Replace 2 HVAC units and ducting	40,000
Threeway Maintenance Yard Truck Wash Bldg 2701 - Install water pressure tank	6,000
Casa Grande Maintenance Yard Site 223 - Repair HVAC units	7,000
St David Maintenance Yard Bldg 2209 - Repair truck fill station	45,000
Tucson Spreaderrack Bldg 2191 - Replace light fixtures	10,000
Sonoita Maint Yard Bldg 2690 - Install RO water system	65,000
Tucson Equipment Services Shop Bldg 2186 - Replace rooftop evaporative coolers	100,000
Tucson Regional MVD Bldg 2150 - Replace chiller	160,000
Casa Grande MVD Bldg 2070 - Repair HVAC units	4,500
Ehrenberg Rest Area Bldg 2225 - Repair electrical equipment	12,000
Traffic Operations Center Bldg 1711 - Repair 4 each CRAC units & 5 each AHUs	10,000
Traffic Operations Center Bldg 1711 - Replace uninterrupted power system (UPS)	175,000
Administration Bldg 1005B - Replace HVAC systems	900,000
Engineering Bldg 1004 - Perform modifications to chiller plant	40,000
Administration Bldg 1005A - Replace ducting from AHU to galleries, sheaves & belts	203,000
1801 W Jefferson Bldg 1006 - Repair make up air intake system	100,000
1801 W Jefferson Bldg 1006 - Replace HVAC system on 2nd floor	200,000
Facilities Management Bldg 1002 - Repipe hot water heater & replace doors on air handler room	20,000
HRDC Bldg 1161 - Replace sink faucets	4,500
Chandler MVD Bldg 1921 - Replace roof top HVAC units	120,000
Phoenix Equipment Services Bldg 1755 - Replace high bay light fixtures	30,000
ADOT Statewide - Repair HVAC systems	15,000
ADOT Statewide - Repair HVAC systems in MVD buildings	15,000
ADOT Statewide - Repair HVAC systems in IDO buildings	15,000
ADOT Statewide - Repair HVAC systems in TSMO buildings	10,000
ADOT Statewide - Repair HVAC systems in ECD buildings	10,000
ADOT Statewide - Repair HVAC systems in EQS buildings	10,000
ADOT Statewide - Repair HVAC systems in ASD buildings	15,000
ADOT Statewide - Repair plumbing systems	10,000
ADOT Statewide - Repair electrical systems	10,000

**ARIZONA DEPARTMENT OF TRANSPORTATION
FY 2022 BUILDING RENEWAL ALLOCATION
BUILDING RENEWAL PROJECT LIST - BY CATEGORY**

Project Description	Estimated Cost
STATE HIGHWAY FUND (SHF)	
ADOT Statewide - Repair elevator systems	10,000
ADOT Statewide - Retrofit unserviceable light fixtures	10,000
TOTAL CATEGORY 4 - MAJOR BUILDING SYSTEMS	\$ 2,751,000
CATEGORY 5 - INTERIOR BUILDING FINISHES	
HRDC Bldg 1161 - Repaint hallway walls	15,000
ADOT Statewide - Repair/replace casework	5,000
ADOT Statewide - Repair/replace flooring	6,000
ADOT Statewide - Repaint/repair interior surfaces	10,000
TOTAL CATEGORY 5 - INTERIOR BUILDING FINISHES	\$ 36,000
CATEGORY 6 - RECONFIGURE OR REMODEL	
Show Low Equipment Services Bldg 3270 - Renovate office area and lubrication bay	300,000
Page POE Bldg 3300 - Design to renovate truck scale	12,000
Topock POE Bldg 3013 - Renovate CSR stations	145,000
Parker Maintenance Yard Bldg 2564 - Renovate restroom & paint exterior	65,000
Douglas Equipment Services Shop Bldg 2123 - Renovate shop & parts office and restrooms	200,000
Sentinel Rest Area Site 217 - Renovate 12 ramadas	900,000
Tucson North MVD Bldg 2185 - Design for renovation of building	130,000
El Capitan Picnic Area Site 231 - Replace concrete picnic tables at ramadas	8,000
Tucson I10/I19 Yard Traffic Signals Bldg 2613 - Design for tenant improvement project	85,000
Traffic Operations Admin Bldg 1741 - Renovate second floor	14,000
Engineering Bldg 1004 - Renovate stairwells	55,000
Engineering Bldg 1004 - Renovate first floor restrooms	220,000
Engineering Bldg 1004 - Renovate basement restroom	45,000
Administration Bldg 1005B - Renovate annex 3 floors	4,075,000
1801 W Jefferson Bldg 1006 - Renovate 2nd floor offices	1,200,000
Facilities Management Bldg 1002 - Renovate Physical Security office area	150,000
Phoenix Consolidated MVD Bldg 1815 - Perform renovation feasibility study	110,000
ADOT Statewide - Perform general repairs	10,000
TOTAL CATEGORY 6 - RECONFIGURE OR REMODEL	\$ 7,724,000
CATEGORY 7 - ADA COMPLIANCE	
Show Low Construction Office Bldg 3624 - Replace ADA ramps & sidewalks	30,000
Scottsdale MVD Bldg 1211 - Replace entry doors (ADA)	36,000
ADOT Statewide - ADA compliance repairs/renovations	5,000
TOTAL CATEGORY 7 - ADA COMPLIANCE	\$ 71,000
CATEGORY 8 - INFRASTRUCTURE	
Chinle MVD Site 406 - Repair parking lot	70,000
East Flagstaff Maintenance Yard Site 412 - Gas line repair & inspections	10,000
Show Low Yard Construction Parking Lot Site 451 - Repair pavement & utility connections	80,000
Needle Mountain Maintenance Yard Site 203 - Replace 50 linear ft of 2 inch waterline	15,000
Tucson I10/I19 Yard Site 297 - Design to connect buildings to sanitary sewer system	15,000
Bouse Wash Rest Area Site 205 - Install aerator & RO equipment	12,000
Burnt Well Rest Area Site 214 - Install RO equipment	5,000
Ehrenberg Rest Area Site 203 - Replace 350 ln ft of 3 inch waterline	45,000
Traffic Operations Center Site 047 - Replace fuel line between generator & tank	25,000
Phoenix Equipment Services Site 050 - Replace water shut off valves in parking lot	35,000

**ARIZONA DEPARTMENT OF TRANSPORTATION
FY 2022 BUILDING RENEWAL ALLOCATION
BUILDING RENEWAL PROJECT LIST - BY CATEGORY**

Project Description	Estimated Cost
STATE HIGHWAY FUND (SHF)	
Phoenix Maint District Site 046 - Repair sewer lines	75,000
Wickenburg Maintenance Yard Site 056 - Remediate 5 septic tanks	30,000
ADOT Statewide - Repair parking lot pavements/curbing/stripping	10,000
ADOT Statewide - Repair fencing, gates & barrier walls	10,000
ADOT Statewide - Repair site wells, gas, water, and wastewater system deficiencies	120,000
TOTAL CATEGORY 8 - INFRASTRUCTURE	\$ 557,000
TOTAL OF ALL SHF PROJECTS REQUESTED	15,260,000
PROJECT MANAGEMENT SUPPORT	40,000
CONTINGENCY	100,000
TOTAL AUTHORIZED SHF FUNDS	\$ 15,400,000

SUMMARY BY CATEGORY	
CATEGORY 1 - FIRE/LIFE/SAFETY	232,000
CATEGORY 2 - ROOFS	664,000
CATEGORY 3 - PRESERVATION OF ASSET	3,225,000
CATEGORY 4 - MAJOR BUILDING SYSTEMS	2,751,000
CATEGORY 5 - INTERIOR BUILDING FINISHES	36,000
CATEGORY 6 - RECONFIGURE OR REMODEL	7,724,000
CATEGORY 7 - ADA COMPLIANCE	71,000
CATEGORY 8 - INFRASTRUCTURE	557,000
PROJECT MANAGEMENT SUPPORT	40,000
CONTINGENCY	100,000
TOTAL AUTHORIZED SHF FUNDS	\$ 15,400,000

**ARIZONA DEPARTMENT OF TRANSPORTATION
FY 2022 BUILDING RENEWAL ALLOCATION
BUILDING RENEWAL PROJECT LIST - BY CATEGORY**

Project Description	Estimated Cost
STATE AVIATION FUND	
CATEGORY 1 - FIRE AND LIFE SAFETY	
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
TOTAL CATEGORY 1 - FIRE/LIFE SAFETY	\$ 10,000
CATEGORY 2 - ROOFS	
Grand Canyon Airport Site 463 - Repair roofs	10,000
TOTAL CATEGORY 2 - ROOFS	\$ 10,000
CATEGORY 3 - PRESERVATION OF ASSET	
Grand Canyon Airport Site 463 - Repaint/repair exterior surfaces	10,000
Grand Canyon Airport Site 463 - Replace/repair windows	5,000
TOTAL CATEGORY 3 - PRESERVATION OF ASSET	\$ 15,000
CATEGORY 4 - MAJOR BUILDING SYSTEMS	
Grand Canyon Airport Site 463 - Repair electrical systems	15,000
Grand Canyon Airport Site 463 - Repair/replace HVAC systems	120,000
Grand Canyon Airport Site 463 - Repair plumbing	5,000
Grand Canyon Airport Site 463 - Repair elevator	5,000
TOTAL CATEGORY 4 - MAJOR BUILDING SYSTEMS	\$ 145,000
CATEGORY 5 - INTERIOR BUILDING FINISHES	
Grand Canyon Airport Site 463 - Replace/repair flooring	15,000
Grand Canyon Airport Site 463 - Repaint/repair interior	10,000
TOTAL CATEGORY 5 - INTERIOR BUILDING FINISHES	\$ 25,000
CATEGORY 6 - RECONFIGURE OR REMODEL	
Grand Canyon Airport Site 463 - General repairs	65,400
TOTAL CATEGORY 6 - RECONFIGURE OR REMODEL	\$ 65,400
CATEGORY 7 - ADA COMPLIANCE	
Grand Canyon Airport Site 463 - Repair ADA	10,000
TOTAL CATEGORY 7 - ADA COMPLIANCE	\$ 10,000
CATEGORY 8 - INFRASTRUCTURE	
Grand Canyon Airport Site 463 - Repair/replace water & waste water systems	10,000
Grand Canyon Airport Site 463 - Repair/replace pavement/sidewalks/signage	10,000
Grand Canyon Airport Site 463 - Repair/replace fence, gates & barrier walls	10,000
TOTAL CATEGORY 8 - INFRASTRUCTURE	\$ 30,000
TOTAL OF ALL STATE AVIATION FUND PROJECTS REQUESTED	310,400
PROJECT MANAGEMENT SUPPORT	0
CONTINGENCY	0
TOTAL AUTHORIZED STATE AVIATION FUNDS	\$ 310,400

SUMMARY BY CATEGORY	
CATEGORY 1 - FIRE AND LIFE SAFETY	10,000
CATEGORY 2 - ROOFS	10,000
CATEGORY 3 - PRESERVATION OF ASSET	15,000
CATEGORY 4 - MAJOR BUILDING SYSTEMS	145,000
CATEGORY 5 - INTERIOR BUILDING FINISHES	25,000
CATEGORY 6 - RECONFIGURE OR REMODEL	65,400
CATEGORY 7 - ADA COMPLIANCE	10,000
CATEGORY 8 - INFRASTRUCTURE	30,000
TOTAL AUTHORIZED STATE AVIATION FUNDS	\$ 310,400

1B



STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

(602) 926-5491

azleg.gov

HOUSE OF
REPRESENTATIVES

REGINA E. COBB
VICE-CHAIRMAN
REGINALD BOLDING
RANDALL FRIESE
JOHN KAVANAGH
JOANNE OSBORNE
BEN TOMA

DATE: September 28, 2021

TO: Members of the Joint Committee on Capital Review

FROM: Jordan Johnston, Senior Fiscal Analyst

SUBJECT: Arizona Department of Transportation - Review of Wickenburg Maintenance Facility Project

Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated for capital projects. In FY 2020, the Arizona Department of Transportation (ADOT) was appropriated \$4,600,000 from the State Highway Fund for the replacement of the maintenance facility in Wickenburg by the FY 2020 Capital Outlay Bill. The FY 2022 Capital Outlay Bill extended the FY 2020 appropriation through the end of FY 2023 and appropriated an additional \$3,150,000 from the State Highway Fund for the project, for a total project appropriation of \$7,750,000.

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) ADOT is proposing to spend \$7.8 million to replace the maintenance facility located in Wickenburg.
- 2) The current maintenance facility, constructed in the 1940's, lacks adequate space, restroom and shower facilities and experiences frequent flooding.
- 3) The project includes a 4,100 square foot office (\$348 per sq ft) and a 7,900 square foot truck barn/storage facility (\$230 per sq ft). ADOT is also spending \$2.0 million on site work.

(Continued)

Upon either option, the Committee may also consider the following provision:

A. Prior to proceeding with the project, ADOT shall submit to the Committee a more detailed explanation of the \$2.0 million in site work along with an explanation of how ADOT will address the flooding issues on the property.

Analysis

Background

ADOT utilizes approximately 45 maintenance buildings throughout the state. The maintenance buildings are used by maintenance crew staff, engineers, and technicians to coordinate the various highway maintenance projects in Arizona. The maintenance projects include but are not limited to: fog and crack seals, guardrail repairs, pavement repairs, flush coats, litter pick up, and tree snag removal.

The current maintenance facility in Wickenburg contains small, wooden structures built in the 1940's. The department reports the current maintenance office is a converted residence and is built with asbestos containing materials. The maintenance facility has experienced flooding numerous times. ADOT has further stated that the current facilities lack appropriate space, restroom, and showers. Due to the deterioration of the current buildings, the department has expressed the facilities are to the point of not being able to be renovated.

Current Request

ADOT is proposing to spend the \$7.8 million of funding to construct a fuel station, a 4,100 square foot maintenance office and Department of Public Safety (DPS) office, and a 7,900 square foot truck barn/storage facility. The maintenance office results in a cost per square foot of \$348 and the truck barn/storage facility results in a cost per square foot of \$230. The new maintenance building will include offices, a meeting area, computer workstations, breakroom facilities, restrooms and a shower/locker area. The new maintenance facility will be located on the same ADOT-owned property as the current facility.

Table 1 below breaks down the cost of the new Wickenburg facility by category. The precise scope of the \$2 million for site work is unclear. We have included a provision which requires the department to provide more information on the scope of the site work as well as how the department intends to address the current flooding issues.

Table 1	
Wickenburg Maintenance Facility Expenditure Plan	
<u>Item</u>	<u>Cost Estimate</u>
General Conditions	\$ 892,200
Demolition Work	269,900
Asbestos Abatement	24,000
Site Work	1,963,300
ADOT Maintenance/DPS Building	1,425,500
Truck Barn and Storage Building	1,816,800
Fuel Station	247,700
Architectural/Engineering Design Fees	658,400
Furniture, Fixtures, and Equipment	90,800
Information Technology	78,500
Contingency	282,900
Total Appropriated Budget	\$7,750,000

September 13, 2021

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



Dear Senator Gowan:

The Arizona Department of Transportation (ADOT) respectfully requests to be placed on the agenda of the next Joint Committee on Capital Review (JCCR) meeting for review of the construction of new roadway maintenance buildings in Wickenburg. In FY 2020 ADOT was appropriated \$4,600,000 pursuant to Laws 2019, First Regular Session, Chapter 264 (HB 2748), Section 17. Laws 2021, First Regular Session, Chapter 406 (SB 1820), Section 32 appropriates an additional \$3,150,000 in FY 2022 for the project. The increased funding is required to address site conditions and increased construction costs that were identified during the design process. The itemized project costs are shown below:

Item	Amount
General Conditions	892,200
Demolition Work	269,900
Asbestos Abatement	24,000
Site Work	1,963,300
ADOT Maintenance/DPS Building (4,102 sq. ft.)	1,425,500
Truck Barn & Storage Building (7,927 sq. ft.)	1,816,800
Fuel Station	247,700
Architectural/Engineering Design Fees	658,400
Furniture, Fixtures, and Equipment	90,800
Information Technology	78,500
Contingency	282,900
Total	7,750,000

FY 2020 Appropriation	4,600,000
FY 2022 Appropriation	3,150,000
Total	7,750,000

The construction drawings and specifications are complete and have been submitted to ADOA's contracted architectural firm for statutory review. Once this is completed, ADOT will proceed to procurement for open bid and hopes to have a contractor on board by February 2022.

The existing maintenance buildings at Wickenburg are small, old and outdated wooden structures, many of which were built during the 1940s. The maintenance office building is a converted residence and is built with asbestos containing materials. Another structure is an old residential trailer not suited for office use and is not ADA compliant. This building has experienced flooding numerous times that was caused by site water infiltration and is no longer fit for employee occupation.

In addition, DPS troopers currently use a 1940s era block structure that is also no longer fit for use. All structures have inadequate restroom and shower facilities. The project is funded to replace all structures with new construction. The new buildings will provide for work space for a supervisor, lead man, crew daily meeting area, computer workstations, breakroom facilities, restrooms and shower/locker area. Included in the construction of the new maintenance building will be an office for use by DPS troopers that patrol in the greater Wickenburg area.

Thank you for your consideration of this request. If you have any questions or need additional information, please contact Jacob Gable, ADOT Budget Manager, at (602) 712-6594.

Sincerely,



John S. Halikowski
Director

Cc: The Honorable Regina E. Cobb, Vice-Chairman, JCCR
Matthew Gress, Director, Office of Strategic Planning and Budgeting
Richard Stavneak, JLBC Director
Jordan Johnston, JLBC Analyst
Zachary Harris, OSPB Analyst
Sonya Herrera, ADOT Administrative Services Director
John Hetzel, ADOT Facilities Manager
jlbcwebmaster@azleg.gov



STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

(602) 926-5491

azleg.gov

HOUSE OF
REPRESENTATIVES

REGINA E. COBB
VICE-CHAIRMAN
REGINALD BOLDING
RANDALL FRIESE
JOHN KAVANAGH
JOANNE OSBORNE
BEN TOMA

DATE: September 28, 2021

TO: Members of the Joint Committee on Capital Review

FROM: Geoffrey Paulsen, Principal Fiscal Analyst
Rebecca Perrera, Assistant Director

SUBJECT: Arizona Department of Administration - Review of Arizona Department of Corrections Building Relocation and Renovation

Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for building renewal monies. In July, JCCR reviewed all but \$4,600,000-of the FY 2022 Arizona Department of Administration (ADOA) building renewal appropriation.

ADOA now requests review of the \$4,600,000 to renovate 701 W Jefferson to relocate the Arizona Department of Corrections (ADC) in the old AHCCCS building. In addition, ADOA plans to reallocate its \$500,000 emergency allocation and ADC intends to use \$4,185,000 from ADC's operating budget for a total project budget of \$9,300,000.

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) ADOA and ADC propose a total of \$9.3 million to renovate 701 E Jefferson. Which includes \$5.1 million for ADOA FY 2022 building renewal and \$4.2 from ADC's operating budget.
- 2) The project includes general renovation costs of \$90 per square foot in addition to upgrades to building security and audio-visual capabilities.

(Continued)

Analysis

ADC currently occupies 2 buildings located on the Capitol Mall with a total square footage of approximately 130,900. The FY 2022 budget appropriated \$2,800,000 to ADOA to demolish the ADC buildings due to their age and structural issues. Due to greater use of telecommuting, AHCCCS was able to consolidate their operations into 1 building in downtown Phoenix (801 E Jefferson). ADC will relocate to the vacant AHCCCS building located at 701 E Jefferson. The building consists of approximately 80,100 square feet and 4 floors. To accommodate the reduction in square footage, ADC will also be increasing its use of telecommuting as well as reducing the total office space per FTE Position.

The total renovation cost is \$9,300,000. Of this amount, ADOA plans to spend a total of \$5,515,000 which consists of the remaining \$4,600,000 of its unreviewed FY 2022 building renewal appropriation, its total \$500,000 allocation for emergency contingencies, and \$115,000 from its previously reviewed statewide agency space consolidation initiatives. In addition, ADC plans to spend \$4,185,000 from their operating budget, which the Executive plans to offset by allocating Federal Funds to ADC from the American Rescue Plan Act.

The majority of the project budget, \$7,241,000, will be used for renovations of the existing building. The renovation costs are \$90 per square foot. In addition, the project budget includes enhancements requested by ADC including additional security components such as fencing and cameras, audio visual upgrades, furniture, and a back-up generator. The project budget also includes the costs to physically move ADC.

The demolition expenditure plan will be reviewed at a later date.

GP/RP:kp

Douglas A. Ducey
Governor



Andy Tobin
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR
100 NORTH FIFTEENTH AVENUE • SUITE 302
PHOENIX, ARIZONA 85007
(602) 542-1500

September 14, 2021

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

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

Dear Senator Gowan and Representative Cobb:

Section 41-1252, Arizona Revised Statutes, requires that the Joint Committee on Capital Review (JCCR) shall review the expenditure of all monies appropriated for building renewal. Laws 2021, First Regular Session, Chapter 406 (SB1820) appropriated \$24,200,000 to the Arizona Department of Administration (ADOA) to allocate to the ADOA Building System for building renewal projects, including fire and life safety projects and targeted infrastructure repairs and replacements, and for relocation and renovation expenses associated with targeted consolidations of office space to facilitate remote work initiatives and to reduce the State's liabilities of deferred maintenance. ADOA is referring to its targeted office space consolidation plan as a "Compression Plan."

At its July 15th, 2021 meeting, JCCR favorably reviewed \$19,600,000 of the FY2022 ADOA Building System Building Renewal Allocation Plan. ADOA requests favorable review of the remaining \$4,600,000 allocated to relocation and renovation expenses associated with the Compression Plan. In addition, ADOA is also requesting a favorable review of the \$500,000 FY2021 Emergency and Contingency Allocation to assist in addressing building deficiencies at 701 E Jefferson St.

The Compression Plan includes the reallocation of space at 701 E Jefferson St to the Arizona Department of Corrections, Rehabilitation, and Reentry (ADCRR) in advance of the demolition of 1601 and 1645 W Jefferson. The total estimated construction budget for the project is \$9,300,000. ADCRR and ADOA have agreed to share relocation and project costs for this project as detailed below:



Construction Cost Estimate	ADOA	ADCRR	Paid by
Interior Demolition	\$ 321,000		ADOA
Base Construction Costs and A/E Design	\$ 4,794,000	\$ 2,126,000	ADOA/ADCRR
1,250kw Full Building Back-Up Generator		\$ 647,000	ADCRR
Exterior Security Bollards		\$ 122,000	ADCRR
Security Film to Exterior Glazing		\$ 36,000	ADCRR
Garage Interior Secured Parking Fence/Gate		\$ 54,000	ADCRR
FFE (Cubes)		\$ 100,000	ADCRR
Physical Relocation		\$ 150,000	ADCRR
Audio Visual		\$ 500,000	ADCRR
Security Badging		\$ 70,000	ADCRR
Security Cameras (interior)		\$ 30,000	ADCRR
Rolling Files		\$ 350,000	ADCRR
	\$ 5,115,000	\$ 4,185,000	\$ 9,300,000

ADOA	\$ 5,115,000	55%
ADCRR	\$ 4,185,000	45%
Total ADCRR Relocation Costs	\$ 9,300,000	100%

ADCRR's portion of shared costs will be funded using federal dollars.

It is critical that the ADOA receive favorable review of the remaining \$4.6 million of the FY 2022 Building Renewal appropriation and the \$500,000 allocation of FY 2021 Contingency to avoid delays in executing the Compression Plan. Many of the projected annual rental savings of \$9,600,000 for FY 2023 are dependent upon ADOA completing construction and relocation by June 30, 2022. Furthermore, the construction industry has seen an increase of over 20% in the last year, and construction materials are projected to increase approximately 1-2% monthly through the end of December 2021. These increases will continue to impact project costs if there are any delays.

If you have any questions regarding ADOA's FY 2022 ADOA Building System Building Renewal Allocation Plan please contact Nola Barnes, Assistant Director, ADOA General Services Division (GSD), at 602-361-1636.

Sincerely,



Andy Tobin
Director

cc:

Richard Stavneak, Director, JLBC
Rebecca Perrera, Principal Fiscal Analyst, JLBC
Matt Gress, Director, OSPB
Bill Greeney, Deputy Director, OSPB
Will Palmisano, Senior Budget Manager, OSPB
Theresa Vencill, Capital Budget Analyst, OSPB
Elizabeth Thorson, Deputy Director, ADOA

Ray DiCiccio, Deputy Director, ADOA
Nola Barnes, Assistant Director, ADOA-GSD
Ashley Ruiz, Assistant Director, ADOA-DBF
Jacob Wingate, Chief Financial Officer, ADOA
John Hauptman, General Manager, ADOA-GSD
Elizabeth Bartholomew, Legislative Liaison,
ADOA



STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

(602) 926-5491

azleg.gov

HOUSE OF
REPRESENTATIVES

REGINA E. COBB
VICE-CHAIRMAN
REGINALD BOLDING
RANDALL FRIESE
JOHN KAVANAGH
JOANNE OSBORNE
BEN TOMA

DATE: September 28, 2021

TO: Members of the Joint Committee on Capital Review

FROM: Morgan Dorcheus, Principal Fiscal Analyst

SUBJECT: Arizona State University - Review of New Academic Building and Campus Renovation Projects

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 \$198,910,000 in system revenue bond issuances, of which \$107,100,000 will be to construct a new classroom office building and replace a utility tunnel network and \$91,810,000 will be for renovations to existing campus buildings. 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 projects are complete.
- B. ASU shall provide the final debt service schedule and interest rate for the projects as soon as they are available.

(Continued)

- C. On or before October 15 of each year until completion of the projects, ASU shall report to the JLBC Staff on the status and expenditures of the projects. The report shall include the project expenditures to date by building, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the projects.

Key Points

- 1) ASU will issue \$198.9 million of system revenue bonds:
 - \$107.1 million for a new academic building and replacement of a utility tunnel network.
 - \$91.8 million for campus renovation projects, including IT improvements, building infrastructure upgrades, and research and classroom renovations.
- 2) Annual debt service payments of up to \$12.2 million will be funded by tuition revenues.

Analysis

ASU intends to complete multiple capital projects to create new classroom and academic space, modify and upgrade existing classroom and laboratory space, and make improvements to building and IT infrastructure across all campuses. The projects are estimated to cost a total of \$198.9 million.

Of the total \$198.9 million cost, \$94.6 million will be used to construct a new 178,263 square foot classroom office building on the Tempe campus near Hayden Library. The building will include 5 levels of space with classrooms, academic offices, meeting spaces and student services, and will house the School of Social Transformation and Sanford School of Social and Family Dynamics. In addition, the building will have a partial basement for building services and a mechanical penthouse on the roof.

Included in the new construction project is the replacement of a 1,000 foot underground utility tunnel network that support campus utilities and information technology systems. The university reports that the tunnel is in deteriorating condition and a new tunnel will provide safer and more reliable services. Replacement is estimated to cost an additional \$12.5 million, for total project costs of \$107.1 million.

The remaining \$91.8 million in planned project costs will be used for various renovation projects across multiple campuses:

- \$36.8 million will be used for IT infrastructure improvements, which will include upgrades to wireless and access technologies, a high performance computing system, data center capacity, building automation, and fiber replacements. The project is expected to increase high-speed connectivity and improve the university's ability to address security concerns.
- \$20.0 million will be used for building and infrastructure improvements to address life safety issues and aging building systems, including mechanical systems, utility distribution systems, elevators, and roofs that the university reports are beyond useful life.
- \$20.0 million will be used for research laboratory renovations, which will include upgrades to approximately 32,000 square feet of wet and dry lab spaces. The renovations may also include other building infrastructure upgrades, such as heating and cooling, fume hoods, gas lines, and other lab-specific needs to meet code requirements. The upgrades are expected to support increased research activity and new faculty members.

(Continued)

- \$15.0 million will be used for renovations to classroom and academic space, which will include the reconfiguration of spaces to add classrooms of varying sizes and to add smaller instructional spaces in existing buildings across all campuses. The renovations will encompass approximately 44,643 square feet of space and may also include upgrades to heating, cooling, plumbing and electrical systems, and will address other life safety and code compliance issues. In addition, the projects will address American with Disabilities Act deficiencies.

Financing

ASU intends to issue \$198.9 million of system revenue bonds in April 2023 and April 2024 with an anticipated rating of Aa2 (Moody's)/AA (S&P) and estimated interest rates between 2.86% and 3.73% over 20- and 30-year terms. In addition to project costs, issuance costs are projected to be \$1.7 million. ASU will begin construction prior to bond issuance and will use their operating balances to cover costs until the bond proceeds are received.

The annual debt service will be approximately \$8.5 million in FY 2024, \$12.2 million from FY 2025 to FY 2043, \$7.4 million in FY 2044, \$6.0 million from FY 2045 to FY 2053, and \$2.3 million in FY 2054. ASU will fund the debt service with tuition. *(See Table 4 for a summary of the bond financing terms.)*

The debt service on these projects will increase ASU's current debt ratio by 0.34% from 4.7% to 5.04%.

Construction Costs

New Classroom Office Building

Of the total \$94.6 million project cost for construction of a new classroom office building, \$75.7 million are direct construction costs. Total project costs per square foot are \$531, while direct construction costs per square foot are \$425 (see *Table 1*).

The most recent ASU construction project for a new academic building was reviewed by the Committee in September 2019. The 111,000 square foot project included classroom space, conference rooms, faculty offices, and other student support space to house the Thunderbird School of Global Management graduate programs. The project cost a total of \$67.0 million, or \$604 per square foot.

The university reports that the new building, along with the \$12.5 million utility tunnel replacement project, will be completed through the Design-Build delivery method. Construction is estimated to begin in October 2021 and is scheduled for completion in December 2023.

Campus Renovation Projects

Of the total \$20.0 million project cost for research lab renovations, \$14.0 million are for direct construction costs. Total project costs per square foot are \$625, while direct construction costs per square foot are \$438 (see *Table 2*).

The most recent ASU lab renovation project was reviewed by the Committee in April 2020. The project included renovations for approximately 40,000 square feet of space at a cost of \$20.0 million, or \$500 per square foot.

Of the total \$15.0 million project cost for classroom and academic renovations, \$10.5 million is for direct construction costs. Total project costs per square foot are \$336, while direct construction costs per square foot are \$235 (see *Table 3*).

(Continued)

The most recent ASU classroom and academic renovation project was also reviewed by the Committee in April 2020. The project included renovations for approximately 50,000 square feet of space, with a total cost of \$15.0 million, or \$300 per square foot.

Along with the planned IT and building infrastructure projects, the university reports that the various improvements may incorporate the Construction Manager at Risk (CMAR) or Job Order Contracting (JOC) methods of project delivery. All renovations will begin in October 2021 and are scheduled for completion by December 2024.

Operations and Maintenance Costs

ASU expects the new classroom and office building to increase operations and maintenance costs by approximately \$1.3 million annually, which will be funded by tuition revenues. The research lab and classroom renovation projects are not expected to change operations and maintenance costs.

Table 1

Classroom Office Building Construction Costs

Total Square Footage	178,263	
<u>Funding</u>		
Building Construction Costs	\$ 94,600,000	
Utility Tunnel Replacement	<u>12,500,000</u>	
Total System Revenue Bonds	\$107,100,000	
<u>Building Construction Costs</u>		
Direct Construction Costs	\$75,720,100	(\$425 per sq. ft.)
Other Costs ^{1/}	<u>18,879,900</u>	<u>(\$106 per sq. ft.)</u>
Total	\$94,600,000	(\$531 per sq. ft.)
Operations & Maintenance	\$1,258,900	

^{1/} Includes equipment, furniture, project design and management fees, and other costs.

Table 2

Research Lab Renovations Costs

Total Square Footage	32,000	
<u>Funding</u>		
System Revenue Bonds	\$20,000,000	
<u>Building Construction Costs</u>		
Direct Construction Costs	\$14,000,000	(\$438 per sq. ft.)
Other Costs ^{1/}	<u>6,000,000</u>	<u>(\$187 per sq. ft.)</u>
Total	\$20,000,000	(\$625 per sq. ft.)
Operations & Maintenance	\$0	

^{1/} Includes equipment, furniture, project design and management fees, and other costs.

(Continued)

Classroom and Academic Renovations Costs		
Total Square Footage	44,643	
<u>Funding</u>		
System Revenue Bonds	\$15,000,000	
<u>Building Construction Costs</u>		
Direct Construction Costs	\$10,500,000	(\$235 per sq. ft.)
Other Costs ^{1/}	<u>4,500,000</u>	<u>(\$101 per sq. ft.)</u>
Total	\$15,000,000	(\$336 per sq. ft.)
Operations & Maintenance	\$0	
^{1/} Includes equipment, furniture, project design and management fees, and other costs.		

Table 4

ASU Capital Projects Financing Terms

Construction Timeframe	October 2021 – December 2024
Issuance Amount	\$198.9 million
Issuance Date	April 2023 / April 2024
Issuance Transaction Fees	\$1.7 million
Rating	Aa2 (Moody's)/AA (S&P)
Interest Rate	2.86% - 3.73%
Term	20 years / 30 years
Total Debt Costs	\$303.4 million
Debt Service Payments	\$8.5 million (FY 2024) \$12.2 million (FY 2025 – FY 2043) \$7.4 million (FY 2044) \$6.0 million (FY 2045 – 2053) \$2.3 million (FY 2054)
Payment Source	Tuition
Debt Ratio Increase	0.34%



September 14, 2021

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

Dear Senator Gowan:

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

- Classroom Office Building
- Mill Avenue Parking Structure
- Building and Infrastructure Enhancements and Modifications
- Classroom and Academic Renovations
- Research Laboratory Renovations
- IT Infrastructure Improvements

Enclosed is pertinent information relating to these items. If you have any questions or desire any clarification on the enclosed material, please contact me at (480) 727-9920.

Sincerely,

Morgan R. Olsen
Executive Vice President, Treasurer and CFO

Enclosures

c: Richard Stavneak, Director, JLBC
John Arnold, Executive Director, Arizona Board of Regents, ABOR
Lorenzo Martinez, Vice President, Finance and Administration, ABOR
Adam C. Deguire, Associate Vice President, Federal and State Relations, ASU
Kendra Burton, Sr. Director, State Relations, ASU
Alex Kohnen, Interim Vice President, Facilities Development and Management, ASU
Joanne Wamsley, Vice President for Finance and Deputy Treasurer, ASU
Morgan Dorcheus, Senior Fiscal Analyst, JLBC

**Joint Committee on Capital Review
Arizona State University
September 2021 JCCR Meeting**

1. Classroom Office Building

Project Description

This project will construct a multi-level facility to provide needed classroom, instructional, collaboration and office space to support the growth of academic programs that will enable student success. The planned academic facility will replace Wilson Hall, located in the heart of the Tempe campus, just west of the Hayden Library.

The new, approximately 178,263 gross-square-foot classroom office building will consist of five floors above grade, programmable balcony space, a partial basement to support building services and a mechanical penthouse to be located on the roof. The facility will be comprised of classrooms of various sizes, academic office and support space, collaboration areas and student services space to serve the entire university community.

Also encompassed in this project is the replacement of approximately 1,000 linear feet of the underground utility tunnel network that serves this and other west Tempe campus facilities. The tunnel is in a deteriorating condition, and its replacement will ensure the safe, reliable and sustainable operation of campus utility and information technology systems, as well as reduce the university's deferred maintenance.

This \$107.1 million project will be debt-financed with system revenue bonds. The annual debt service will be funded by tuition. The incremental increase in annual operations and maintenance costs associated with this project are estimated at \$1,258,892 and will be funded by tuition.

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 this project as part of the Amended Capital Development Plan (CDP) at its September 9, 2021, meeting. The Amended CDP is scheduled to receive final approval at the September 30, 2021, Arizona Board of Regents meeting.

Project Costs

Total Project Cost	\$ 107,100,000
Total Classroom Office Building Cost	\$ 94,600,000
Total Tunnel Replacement Cost	\$ 12,500,000
Total Building Construction Cost	\$ 75,720,071
Total Tunnel Construction Cost	\$ 10,771,792
Total Building Cost per GSF	\$ 531
Total Building Construction Cost per GSF	\$ 425

**Joint Committee on Capital Review
Arizona State University
September 2021 JCCR Meeting**

3. Building and Infrastructure Enhancements and Modifications

Project Description

These projects encompass enhancements and modifications to ASU buildings and infrastructure across all four campuses that will address the university's primary areas of concern at all campuses. These concerns include, but are not limited to, life safety deficiencies; aging mechanical, critical building and utility distribution systems; and timeworn and unreliable elevators and roofs.

Many components of the ASU built environment have exceeded their useful life and will be incapable of effectively supporting the advancement of the university's mission of academic and research excellence. The planned projects will ensure the efficient, reliable and safe operation of all essential campus facilities, infrastructure and systems, including those that must continue without interruption to support the university's critical academic and research initiatives.

The \$20.0 million project bundle will be debt-financed with system revenue bonds. The annual debt service will be funded by tuition. There are no expected increases in operations and maintenance costs associated with this project bundle.

An Arizona Board of Regents executive summary for this project bundle is attached, which outlines the project description and other relevant information. The Finance, Capital and Resources Committee recommended approval of this project as part of the Amended Capital Development Plan (CDP) at its September 9, 2021, meeting. The Amended CDP is scheduled to receive final approval at the September 30, 2021, Arizona Board of Regents meeting.

Project Costs

Total Project Cost	\$ 20,000,000
Total Project Construction Cost	\$ 16,000,000
Total Project Cost per GSF	\$ N/A
Construction Cost per GSF	\$ N/A

**Joint Committee on Capital Review
Arizona State University
September 2021 JCCR Meeting**

4. Classroom and Academic Renovations

Project Description

These projects will renovate existing classrooms, create new classrooms of various sizes and add smaller instructional spaces at all campuses. This project bundle will be comprised of the renovation of approximately 44,643 gross square feet of university classroom and academic space. These projects will renovate worn areas that limit teaching and learning effectiveness and create updated and growth spaces for academic programs to enable student learning and success.

The renovations may include heating, ventilation and air conditioning; plumbing and electrical; various building interior components; as well as upgrades to address life safety and Americans with Disabilities Act deficiencies. These projects will comprise multiple components at each ASU campus. Project components essential for life safety and code compliance and those that best support university strategic initiatives will be given top priority.

The \$15.0 million project bundle will be debt-financed with system revenue bonds. The annual debt service will be funded by tuition. There are no expected increases in operations and maintenance costs associated with this project bundle.

An Arizona Board of Regents executive summary for this project bundle is attached, which outlines the project description and other relevant information. The Finance, Capital and Resources Committee recommended approval of this project as part of the Amended Capital Development Plan (CDP) at its September 9, 2021, meeting. The Amended CDP is scheduled to receive final approval at the September 30, 2021, Arizona Board of Regents meeting.

Project Costs

Total Project Cost	\$ 15,000,000
Total Project Construction Cost	\$ 10,500,000
Total Project Cost per GSF	\$ 336
Construction Cost per GSF	\$ 235

**Joint Committee on Capital Review
Arizona State University
September 2021 JCCR Meeting**

5. Research Laboratory Renovations

Project Description

These projects will renovate approximately 32,000 gross square feet of existing research laboratory and associated spaces at all campuses to meet the requirements of the university's research initiatives. Multiple wet and dry laboratory spaces, as well as infrastructure and building systems, will be upgraded to provide future flexibility and better space utilization through shared services. Renovation activities will involve building systems, such as heating, ventilation and air conditioning, electrical and mechanical systems, as well as fume hoods, laboratory gas lines and code-required life safety upgrades.

Many existing university laboratories and building systems are inadequate, due to age and the requirements of emerging technologies. The poor condition of these spaces and the age of the building systems constrain the development of these strategically important areas. These projects will convert inadequate research laboratories into state-of-the-art facilities that will meet the growing demands of the university's research initiatives and comply with code requirements.

The \$20.0 million project bundle will be debt-financed with system revenue bonds. The annual debt service will be funded by tuition. There are no expected increases in operations and maintenance costs associated with this project bundle.

An Arizona Board of Regents executive summary for this project bundle is attached, which outlines the project description and other relevant information. The Finance, Capital and Resources Committee recommended approval of this project as part of the Amended Capital Development Plan (CDP) at its September 9, 2021, meeting. The Amended CDP is scheduled to receive final approval at the September 30, 2021, Arizona Board of Regents meeting.

Project Costs

Total Project Cost	\$ 20,000,000
Total Project Construction Cost	\$ 14,000,000
Total Project Cost per GSF	\$ 625
Construction Cost per GSF	\$ 438

**Joint Committee on Capital Review
Arizona State University
September 2021 JCCR Meeting**

6. IT Infrastructure Improvements

Project Description

These projects will improve the existing information technology (IT) infrastructure to enable the university to meet the growing demand for increased capacity, speed, reliability and resilience. Additionally, the improvements will provide consistency and the ability to manage distributed resources simultaneously; support current and future innovation and entrepreneurship; and maintain a secure, sustainable network environment. These improvements will enhance the student experience and that of the greater ASU community, strengthening the interactive network of teaching, learning and discovery resources to reflect the scope of this comprehensive knowledge enterprise.

The project bundle will provide improvements to all campuses, with a focus on three fundamental network and infrastructure elements: Network Infrastructure and Capacity; Research and High Performance Computing; and Facilities, Building Automation, Energy Management and Telemetry.

The \$36.81 million project bundle will be debt-financed with system revenue bonds. The annual debt service will be funded by tuition. There are no expected increases in operations and maintenance costs associated with this project bundle.

An Arizona Board of Regents executive summary for this project bundle is attached, which outlines the project description and other relevant information. The Finance, Capital and Resources Committee recommended approval of this project as part of the Amended Capital Development Plan (CDP) at its September 9, 2021, meeting. The Amended CDP is scheduled to receive final approval at the September 30, 2021, Arizona Board of Regents meeting.

Project Costs

Total Project Cost	\$ 36,810,000
Total Project Construction Cost	\$ N/A
Total Project Cost per GSF	\$ N/A
Construction Cost per GSF	\$ N/A

**Joint Committee on Capital Review
Arizona State University
September 2021 JCCR Meeting**

Project Summary –Revenue Bonds

<u>Projects:</u>	<u>Funding Sources:</u>	<u>Amount:</u>
Classroom Office Building (Tempe Campus)	Tuition	\$107,100,000
Mill Avenue Parking Structure	Auxiliary Revenue	42,000,000
Classroom and Academic Renovations	Tuition	15,000,000
Research Laboratory Renovations	Tuition	20,000,000
IT Infrastructure Improvements	Tuition	36,810,000
Building and Infrastructure Enhancements and Modifications	Tuition	20,000,000
		<hr/>
		\$240,910,000

Financing Information

System Revenue Bonds:

Project Costs	\$240,910,000
Estimated Costs of Issuance	\$2,117,000
Anticipated Bond Rating	Aa2 (Moody's) and AA (S&P)
Assumed Interest Rate	2.86% to 3.73%
Term	20 and 30 years

Estimated Debt Service Information:

FY 2024	\$10,817,602
FY 2025 to FY 2043	\$14,496,481
FY 2044	\$9,658,073
FY 2045 to FY 2054	\$7,659,483
Total Estimated Debt Service	\$372,503,644

Debt Ratio

Debt Ratio on Existing Debt	4.7%
Incremental Debt Ratio	.4%
Project Debt Ratio	5.1%

**Joint Committee on Capital Review
Arizona State University
September 2021 JCCR Meeting**

Arizona State University
Classroom Office Building (Tempe Campus)
System Revenue Bonds

<u>Fiscal Year</u>	<u>Estimated Issuance April 2023</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$777,000	\$2,902,080	\$3,679,080
2025	1,381,000	2,295,013	3,676,013
2026	1,431,000	2,247,645	3,678,645
2027	1,482,000	2,198,561	3,680,561
2028	1,532,000	2,147,729	3,679,729
2029	1,582,000	2,095,181	3,677,181
2030	1,638,000	2,040,919	3,678,919
2031	1,694,000	1,984,735	3,678,735
2032	1,750,000	1,926,631	3,676,631
2033	1,812,000	1,866,606	3,678,606
2034	1,873,000	1,804,454	3,677,454
2035	1,940,000	1,740,211	3,680,211
2036	2,002,000	1,673,669	3,675,669
2037	2,075,000	1,605,000	3,680,000
2038	2,147,000	1,533,827	3,680,827
2039	2,220,000	1,460,185	3,680,185
2040	2,293,000	1,384,039	3,677,039
2041	2,371,000	1,305,389	3,676,389
2042	2,455,000	1,224,064	3,679,064
2043	2,539,000	1,139,858	3,678,858
2044	2,622,000	1,052,770	3,674,770
2045	2,718,000	962,835	3,680,835
2046	2,807,000	869,608	3,676,608
2047	2,902,000	773,328	3,675,328
2048	3,003,000	673,789	3,676,789
2049	3,109,000	570,786	3,679,786
2050	3,215,000	464,148	3,679,148
2051	3,321,000	353,873	3,674,873
2052	3,439,000	239,963	3,678,963
2053	3,557,000	122,005	3,679,005
Total	\$67,687,000	\$42,658,901	\$110,345,901

**Joint Committee on Capital Review
Arizona State University
September 2021 JCCR Meeting**

Arizona State University
Academic Classroom Renovations
System Revenue Bonds

<u>Fiscal Year</u>	<u>Estimated Issuance April 2023</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$470,000	\$541,076	\$1,011,076
2025	590,000	419,419	1,009,419
2026	610,000	402,545	1,012,545
2027	625,000	385,099	1,010,099
2028	645,000	367,224	1,012,224
2029	660,000	348,777	1,008,777
2030	680,000	329,901	1,009,901
2031	700,000	310,453	1,010,453
2032	720,000	290,433	1,010,433
2033	740,000	269,841	1,009,841
2034	765,000	248,677	1,013,677
2035	785,000	226,798	1,011,798
2036	805,000	204,347	1,009,347
2037	830,000	181,324	1,011,324
2038	855,000	157,586	1,012,586
2039	880,000	133,133	1,013,133
2040	905,000	107,965	1,012,965
2041	930,000	82,082	1,012,082
2042	955,000	55,484	1,010,484
2043	985,000	28,171	1,013,171
Total	<u>\$15,135,000</u>	<u>\$5,090,335</u>	<u>\$20,225,335</u>

**Joint Committee on Capital Review
Arizona State University
September 2021 JCCR Meeting**

Arizona State University
Research Laboratory Renovations
System Revenue Bonds

<u>Fiscal Year</u>	<u>Estimated Issuance April 2023</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$625,000	\$721,256	\$1,346,256
2025	790,000	559,130	1,349,130
2026	810,000	536,536	1,346,536
2027	835,000	513,370	1,348,370
2028	860,000	489,489	1,349,489
2029	885,000	464,893	1,349,893
2030	910,000	439,582	1,349,582
2031	935,000	413,556	1,348,556
2032	960,000	386,815	1,346,815
2033	990,000	359,359	1,349,359
2034	1,015,000	331,045	1,346,045
2035	1,045,000	302,016	1,347,016
2036	1,075,000	272,129	1,347,129
2037	1,105,000	241,384	1,346,384
2038	1,135,000	209,781	1,344,781
2039	1,170,000	177,320	1,347,320
2040	1,205,000	143,858	1,348,858
2041	1,240,000	109,395	1,349,395
2042	1,275,000	73,931	1,348,931
2043	1,310,000	37,466	1,347,466
Total	<u>\$20,175,000</u>	<u>\$6,782,311</u>	<u>\$26,957,311</u>

**Joint Committee on Capital Review
Arizona State University
September 2021 JCCR Meeting**

Arizona State University
IT Infrastructure Improvements
System Revenue Bonds

<u>Fiscal Year</u>	<u>Estimated Issuance April 2023</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	1,152,000	1,327,576	2,479,576
2025	1,454,000	1,029,114	2,483,114
2026	1,495,000	987,529	2,482,529
2027	1,537,000	944,772	2,481,772
2028	1,579,000	900,814	2,479,814
2029	1,625,000	855,655	2,480,655
2030	1,672,000	809,180	2,481,180
2031	1,718,000	761,361	2,479,361
2032	1,769,000	712,226	2,481,226
2033	1,821,000	661,632	2,482,632
2034	1,872,000	609,552	2,481,552
2035	1,923,000	556,013	2,479,013
2036	1,978,000	501,015	2,479,015
2037	2,039,000	444,444	2,483,444
2038	2,095,000	386,129	2,481,129
2039	2,155,000	326,212	2,481,212
2040	2,215,000	264,579	2,479,579
2041	2,280,000	201,230	2,481,230
2042	2,345,000	136,022	2,481,022
2043	2,411,000	68,955	2,479,955
Total	<u>\$37,135,000</u>	<u>\$12,484,010</u>	<u>\$49,619,010</u>

**Joint Committee on Capital Review
Arizona State University
September 2021 JCCR Meeting**

Arizona State University
Classroom Office Building (Tempe Campus)
System Revenue Bonds

<u>Fiscal Year</u>	<u>Estimated Issuance April 2024</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$395,000	\$1,881,319	\$2,276,319
2026	790,000	1,490,321	2,280,321
2027	815,000	1,460,855	2,275,855
2028	845,000	1,430,455	2,275,455
2029	880,000	1,398,936	2,278,936
2030	910,000	1,366,113	2,276,113
2031	945,000	1,332,169	2,277,169
2032	980,000	1,296,921	2,276,921
2033	1,020,000	1,260,367	2,280,367
2034	1,055,000	1,222,321	2,277,321
2035	1,095,000	1,182,970	2,277,970
2036	1,135,000	1,142,126	2,277,126
2037	1,180,000	1,099,790	2,279,790
2038	1,220,000	1,055,777	2,275,777
2039	1,270,000	1,010,270	2,280,270
2040	1,315,000	962,900	2,277,900
2041	1,365,000	913,850	2,278,850
2042	1,415,000	862,935	2,277,935
2043	1,470,000	810,156	2,280,156
2044	1,525,000	755,325	2,280,325
2045	1,580,000	698,442	2,278,442
2046	1,640,000	639,508	2,279,508
2047	1,700,000	578,337	2,278,337
2048	1,765,000	514,926	2,279,926
2049	1,830,000	449,092	2,279,092
2050	1,895,000	380,833	2,275,833
2051	1,965,000	310,150	2,275,150
2052	2,040,000	236,855	2,276,855
2053	2,115,000	160,763	2,275,763
2054	2,195,000	81,874	2,276,874
Total	<u>\$40,350,000</u>	<u>\$27,986,656</u>	<u>\$68,336,656</u>

**Joint Committee on Capital Review
Arizona State University
September 2021 JCCR Meeting**

Arizona State University
Building and Infrastructure Enhancements and Modifications
System Revenue Bonds

<u>Fiscal Year</u>	<u>Estimated Issuance April 2024</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$580,000	\$817,088	\$1,397,088
2026	760,000	634,878	1,394,878
2027	785,000	610,254	1,395,254
2028	810,000	584,820	1,394,820
2029	840,000	558,576	1,398,576
2030	865,000	531,360	1,396,360
2031	895,000	503,334	1,398,334
2032	925,000	474,336	1,399,336
2033	955,000	444,366	1,399,366
2034	985,000	413,424	1,398,424
2035	1,015,000	381,510	1,396,510
2036	1,050,000	348,624	1,398,624
2037	1,085,000	314,604	1,399,604
2038	1,115,000	279,450	1,394,450
2039	1,155,000	243,324	1,398,324
2040	1,190,000	205,902	1,395,902
2041	1,230,000	167,346	1,397,346
2042	1,270,000	127,494	1,397,494
2043	1,310,000	86,346	1,396,346
2044	1,355,000	43,902	1,398,902
Total	\$20,175,000	\$7,770,938	\$27,945,938



**Arizona State University
Amended Capital Development Plan—Project Justification Report
Classroom Office Building**

Previous Board Action

- FY 2022–2024 Capital Improvement Plan October 2020

Project Justification/Description/Scope

- This project will construct a multi-level facility to provide needed classroom, instructional, collaboration and office space to support the growth of academic programs that will enable student success. The facility will be located in the heart of the Tempe campus, just west of the Hayden Library, as depicted on the attached map as Exhibit B.
- The planned academic facility will replace Wilson Hall, which was constructed as an approximately 33,713 gross-square-foot residence hall in 1956. This facility is inadequate due to age and the growing demand for student-centric spaces that will accommodate technology and support the evolving program needs associated with new fields of learning and teaching methodologies.
- The new approximately 178,263 gross-square-foot classroom office building will consist of five floors above grade, programmable balcony space, a partial basement to support building services and a mechanical penthouse to be located on the roof. The facility will be comprised of classrooms of various sizes, academic office and support space, collaboration areas and student services spaces that will serve the entire university community.
- The facility will provide a centralized location for the School of Social Transformation, enable the colocation of the Sanford School of Social and Family Dynamics and include updated office, counseling and testing spaces for the Student Accessibility and Inclusive Learning Services (SAILS) office. The facility also will include needed replacement learning environments in multiple configurations to allow the university to vacate outdated learning spaces in other areas of the campus.
- Also encompassed in this project is the replacement of approximately 1,000 linear feet of the underground utility tunnel network that will serve this and other west campus facilities. The tunnel is in a deteriorating condition, and its replacement will ensure the safe, reliable and sustainable operation of campus utility and information technology systems, as well as reduce the university's deferred maintenance.

EXECUTIVE SUMMARY

- This project will support the primary institutional priority of demonstrating leadership in academic excellence and accessibility:
 - Improve first-year persistence to greater than 90 percent
 - Enhance the university graduation rate to greater than 85 percent and more than 32,000 graduates
 - Enhance measured student development and individual student learning to national leadership levels.

Project Delivery Method and Process

- This project will be delivered through the Design-Build (DB) delivery method. This approach was selected to facilitate a coordinated design with constant contractor input and guidance throughout the project development and costing phases.
- The project delivery work plan maximizes value through creating efficiencies in both the design phase and construction phase as a unified DB team, while ensuring complete alignment with ASU standards.
- ASU has selected Holder Construction with RSP Architects as the DB team for this project. The selection process for the DB team included fifteen responses and three team interviews were conducted.

Project Status and Schedule

- The project is scheduled to begin in October 2021 when the scope of the DB team's guaranteed maximum price (GMP) is substantially complete and after all approvals are in place. The project is scheduled for completion in December 2023.

Project Cost

- The budget for this approximately 178,263 gross-square-foot project is \$107.1 million. The budget represents an estimated construction cost for the Classroom Office Building of \$425 per gross square foot. The estimated total cost for the Classroom Office Building is \$531 per gross square foot.
- The Design-Builder will be at risk to provide the completed project within the agreed-upon GMP.

EXECUTIVE SUMMARY

Fiscal Impact and Financing Plan

- The \$107.1 million project will be funded with system revenue bonds and amortized over an approximate thirty-year term. The annual debt service will be funded by tuition.
- The estimated incremental increase in annual O&M costs associated with this project of \$1,258,892 will be funded by tuition.
- **Debt Ratio Impact:** The projected incremental debt ratio impact for this project is 0.16 percent.

Occupancy Plan

- No backfill plan is associated with this project.

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 million or more, including information technology and third-party projects.
- ABOR Policy 7-107 (E) requires Amended CDP approval for new projects added outside of the regular CDP.

EXECUTIVE SUMMARY

Capital Project Information Summary

University: Arizona State University **Project Name:** Classroom Office Building

Project Description and Location: This project will construct a multi-level facility to provide needed classroom, instructional, collaboration and office space to support the growth of academic programs that will enable student success. Also encompassed in this project is the replacement of approximately 1,000 linear feet of the underground utility tunnel network that will serve this and other west campus facilities. This academic building will replace the aging Wilson Hall, located in the heart of the Tempe campus, just west of Hayden Library, as depicted on Exhibit B.

Project Schedule:

Planning	March	2020
Design Start	April	2021
Construction	October	2021
Construction Completion	December	2023

Project Budget:

Total Project Cost	\$ 107,100,000
Total Classroom Office Building Cost	\$ 94,600,000
Total Tunnel Replacement Cost	\$ 12,500,000
Total Building Construction Cost	\$ 75,720,071
Total Tunnel Construction Cost	\$ 10,771,792
Total Building Cost per GSF	\$ 531
Total Building Construction Cost per GSF	\$ 425

Change in Estimated Annual O&M Cost:

Utilities	\$ 421,748
Personnel	298,993
All Other Operations	<u>538,151</u>
Subtotal	\$ 1,258,892

Funding Sources:

A: System Revenue Bonds	\$ 107,100,000
Debt Service Funding Sources:	Tuition
Operation/Maintenance	\$ 1,258,892
Funding Source:	Tuition

EXECUTIVE SUMMARY

Capital Project Budget Summary

University: Arizona State University
Project: Classroom Office Building

Amended Capital Development Plan

Capital Costs

1. Land Acquisition	
2. Construction Cost	
A. New Construction	\$ 71,632,598
B. Tenant Improvement	
C. Special Fixed Equipment	3,010,000
D. Site Development (excl. 2.E.)	-
E. Parking and Landscaping	770,000
F. Utilities Extensions	10,771,792
G. Other* (Demolition/abatement)	307,473
Subtotal Construction Cost	<u>\$ 86,491,863</u>
3. Fees	
A. DB Pre-Construction	\$ 662,414
B. Architect/Engineer	5,983,212
C. Other	2,205,175
Subtotal Consultant Fees	<u>\$ 8,850,801</u>
4. FF&E Movable	\$ 2,700,000
5. Contingency, Design Phase	30,000
6. Contingency, Constr. Phase	3,950,934
7. Parking Reserve	-
8. Telecommunications Equipment	1,080,000
Subtotal Items 4-8	<u>\$ 7,760,934</u>
9. Additional University Costs	
A. Surveys, Tests, Haz. Mat. Abatement	\$ 405,000
B. Move-in Costs	225,000
C. Printing Advertisement	10,000
D. Keying, signage, facilities support	120,000
E. Project Management Cost	2,869,610
F. State Risk Mgt. Ins. (.0034 **)	366,792
Subtotal Addl. Univ. Costs	<u>\$ 3,996,402</u>
Total Capital Cost	<u><u>\$ 107,100,000</u></u>

* Universities shall identify items included in this category.

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





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

Previous Board Action

- None

Project Justification/Description/Scope

- Improvements to the existing information technology (IT) infrastructure are planned to enable the university to meet the growing demand for increased capacity, speed, reliability and resilience. Additionally, the improvements will provide consistency and the ability to manage distributed resources simultaneously; support current and future innovation and entrepreneurship; and maintain a secure, sustainable network environment. These improvements will enhance the student experience and that of the greater ASU community, strengthening the interactive network of teaching, learning and discovery resources to reflect the scope of this comprehensive knowledge enterprise.
- This project bundle will provide improvements to all campuses, with a focus on three fundamental network and infrastructure elements: Network Infrastructure and Capacity; Research and High Performance Computing; and Facilities, Building Automation, Energy Management and Telemetry.

- **Network Infrastructure and Capacity:**

To support the university's ambitious academic and research initiatives, an upgrade of its core technologies and the implementation of a cloud-based decentralized network design are required. The planned uplift in network infrastructure and capacity will provide increased high-speed connectivity and a more efficient network capacity to and within student-centric and research-focused university facilities. The power infrastructure will be upgraded and the fiber capacity increased to support the planned new hardware. A security component will be included to enhance the university's capability to inspect, detect and remediate security concerns within its network infrastructure.

High performance wireless and access technologies also will be deployed to address critical gaps in wireless access in ASU campus environments where they will make the greatest impact in terms of coverage, performance and outcomes.

EXECUTIVE SUMMARY

Dark fiber will be added to provide high-speed capacity to multiple research centers and campus facilities. This fiber will satisfy the university's near and long-term capacity requirements and replace and upgrade the more costly managed services currently serving several locations.

- **Research and High Performance Computing:**

A next generation high performance computing system will be deployed to address a critical need at ASU-- the growing demand for computational accelerators used in machine learning and artificial intelligence research. This system will increase the university's high performance computing capacity to enable access at a scale not currently possible. Additionally, the system will provide the university with an up-to-date network and storage system that will enable cost-efficient system expansions.

To provide the appropriate power, cooling, physical space and security at the scale required to support research computing, an upgrade of the university's data centers is required. Critical improvements are planned to enable the university to increase the capacity of its ISTB1 data center, while conserving energy, increasing system availability and meeting life safety requirements.

- **Facilities, Building Automation, Energy Management and Telemetry:**

Outdated multimode fiber will be replaced at the Tempe and West campuses and the existing building control firewall and network will be upgraded to improve system performance and allow for scalability. These improvements will enhance building security and the health and safety of the university community, as well as enable real-time monitoring and maintenance of university building systems to increase energy efficiency and advance the university's sustainability goals.

Pneumatic and decentralized building heating, ventilation and air conditioning (HVAC) systems will be converted to a digital building automation and energy management system in the Tempe campus facilities included in this first phase of improvements. The benefits of this system upgrade will include enhanced real-time monitoring and response, improved comfort and ventilation, and reduced maintenance costs.

A hybrid data center infrastructure management system will be developed to improve the university's inventory tracking, capacity management, facilities telemetry, power redundancy and energy management capabilities. Redundant power systems will be installed in ASU facilities to enable ubiquitous service resiliency and increased life safety. The existing uninterruptable power systems will be upgraded to address capacity deficiencies and to reduce maintenance costs.

EXECUTIVE SUMMARY

Project Delivery Method and Process

- The CMAR, DB and JOC methods will be used to deliver these projects, based upon the needs of the individual components.

Project Status and Schedule

- The planned improvements will be scheduled to start after all project approvals are in place. Project completion is targeted for December 2024.

Project Cost

- The total budget for this project bundle is \$36.81 million.
- The project costs are based upon current market-competitive pricing. A competitive procurement process, including at least three contracted vendors, will be used to complete these IT infrastructure improvements.

Fiscal Impact and Financing Plan

- The \$36.81 million project bundle will be funded with system revenue bonds and amortized over an approximate twenty-year term. The annual debt service will be funded by tuition.
- There are no expected increases in O&M costs associated with this project bundle.
- **Debt Ratio Impact:** The projected incremental debt ratio impact for this project bundle is 0.07 percent.

Occupancy Plan

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

EXECUTIVE SUMMARY

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 million or more, including information technology and third-party projects.
- ABOR Policy 7-107 (E) requires Amended CDP approval for new projects added outside of the regular CDP.

EXECUTIVE SUMMARY

Capital Project Information Summary

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

Project Description and Location: The planned improvements to the university's IT infrastructure at all campuses will enable the university to meet the growing demand for increased capacity, speed, reliability and resilience of its networked services. Additionally, the improvements will provide consistency and the ability to manage distributed resources simultaneously; support current and future innovation and entrepreneurship; and maintain a secure, sustainable network environment.

Project Schedule:

Planning	October	2021
Design Start	October	2021
Installation Start	December	2021
Installation Completion	December	2024

Project Budget:

Total Project Cost	\$	36,810,000
Total Project Construction Cost	\$	N/A
Total Project Cost per GSF	\$	N/A
Construction Cost per GSF	\$	N/A

Estimated Annual O&M Cost:

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

Funding Sources:

Capital	\$	36,810,000
Debt Service Funding Source:		Tuition
Operation/Maintenance	\$	0
Funding Source:		Not Applicable



EXECUTIVE SUMMARY

Arizona State University Amended Capital Development Plan–Project Justification Report Building and Infrastructure Enhancements and Modifications

Previous Board Action

- FY 2022–2024 Capital Improvement Plan October 2020

Project Justification/Description/Scope

- These projects encompass enhancements and modifications to ASU buildings and infrastructure across all four campuses that will address the university's primary areas of concern at all campuses. These concerns include, but are not limited to, life safety deficiencies; aging mechanical, critical building and utility distribution systems; and timeworn and unreliable elevators and roofs.
- Many components of the ASU built environment have exceeded their useful life and are incapable of effectively supporting the advancement of the university's mission of academic and research excellence. The planned projects will ensure the efficient, reliable and safe operation of all essential campus facilities, infrastructure and systems, including those that must continue without interruption to support the university's critical academic and research initiatives.
- These projects will enhance the quality of the campus infrastructure and systems, enable the university to maintain compliance with code requirements and address ABOR directives to reduce deferred maintenance. Projects essential for life safety, code compliance and the advancement of university strategic initiatives will be given top priority.

Project Delivery Method and Process

- Depending on the nature of the work, components of this project bundle may be delivered through the Design-Build (DB), Construction Manager at Risk (CMAR) or Job Order Contracting (JOC) methods.
- ASU has not yet selected a DB, CMAR, JOC contractor or design professional (DP) firm for any components of this project bundle. Contractors and DPs will be selected according to ABOR policy and Arizona law.

EXECUTIVE SUMMARY

Project Status and Schedule

- DPs will be selected after project approval is in place. The project design will be completed approximately six to twelve months after the DP contract has been awarded for that component of work.
- General construction is scheduled to begin when the design is complete and after all approvals are in place. Construction on all project components is targeted for completion by December 2024.

Project Cost

- The total budget for this project bundle is \$20.0 million.
- Independent cost estimates will be provided by the DP, DB, CMAR or JOC contractor after these selections are complete.
- For projects selected to use the DB or CMAR delivery method, the construction manager will be at risk to provide the completed project within the agreed-upon GMP.

Fiscal Impact and Financing Plan

- The \$20.0 million project bundle will be funded with system revenue bonds and amortized over an approximate twenty-year term. The annual debt service will be funded by tuition.
- There are no expected increases in O&M costs associated with this project bundle.
- **Debt Ratio Impact:** The projected incremental debt ratio impact for this project bundle is 0.04 percent.

Occupancy Plan

- These projects will not affect occupancy or programs but will renew building and campus infrastructure and support the advancement of the university's academic and research initiatives.

EXECUTIVE SUMMARY

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 million or more, including information technology and third-party projects.
- ABOR Policy 7-107 (E) requires Amended CDP approval for new projects added outside of the regular CDP.

EXECUTIVE SUMMARY

Capital Project Information Summary

University: Arizona State University **Project Name:** Building and Infrastructure Enhancements and Modifications

Project Description and Location: These projects encompass enhancements and modifications to ASU buildings and infrastructure that will address the university's primary areas of concern at all campuses. These concerns include, but are not limited to, life safety deficiencies; the replacement of aging mechanical, critical building and utility distribution systems; and the repair and replacement of timeworn and unreliable elevators and roofs.

Project Schedule:

Planning	April	2021
Design Start	April	2021
Construction Start	October	2021
Construction Completion	December	2024

Project Budget:

Total Project Cost	\$	20,000,000
Total Project Construction Cost	\$	16,000,000
Total Project Cost per GSF	\$	N/A
Construction Cost per GSF	\$	N/A

Estimated Annual O&M Cost:

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

Funding Sources:

Capital:

A: System Revenue Bonds	\$	20,000,000
Debt Service Funding Sources:		Tuition

Operation/Maintenance	\$	0
Funding Sources:		Not Applicable



EXECUTIVE SUMMARY

Board of Regents Meeting
September 29–October 1, 2021
Page 21 of 29

Arizona State University Amended Capital Development Plan–Project Justification Report Research Laboratory Renovations

Previous Board Action

- FY 2022–2024 Capital Improvement Plan October 2020

Project Justification/Description/Scope

- Approximately 32,000 gross square feet of existing research laboratory and associated spaces at all campuses will be renovated in this project bundle to meet the requirements of the university's new and current research initiatives. Multiple wet and dry laboratory spaces, as well as infrastructure and building systems, will be upgraded to provide future flexibility and better space utilization through shared services. Renovation activities will involve building systems, such as heating, ventilation and air conditioning, electrical and mechanical, as well as fume hoods, laboratory gas lines and code-required life safety upgrades.
- Many existing university laboratories and building systems are inadequate, due to age and the requirements of emerging technologies. The poor condition of these spaces and the age of the building systems constrain the development of these strategically important areas. These projects will convert inadequate research laboratories into state-of-the-art facilities that will meet the growing demands of the university's research initiatives and comply with code requirements.
- Increasing research activity and the resultant arrival of new faculty continue to make laboratory renovation projects a university imperative. Spaces must be updated and renovated to address the needs of incoming researchers and to support successful grant applications. These laboratories will provide the core infrastructure required to enable faculty and students to compete in the global marketplace of ideas, not only stimulating advances in science and human health, but also potentially advancing the regional economy.
- The university's 2012 Masterplan Update identified a need for additional research space. This project bundle will contribute to meeting this need and accomplishing the goal of establishing the university as a leading global center for interdisciplinary research, discovery and development by 2026.

EXECUTIVE SUMMARY

Project Delivery Method and Process

- Depending on the nature of the work, components of this project bundle may be delivered through either the CMAR or the JOC methods.
- ASU has not yet selected a CMAR, JOC contractor or DP firm for any components of this project bundle. Contractors and DPs will be selected according to ABOR policy and Arizona law.

Project Status and Schedule

- DPs will be selected after project approval is in place. Design completion is targeted for approximately six to nine months after the DP contract is awarded.
- General project construction is scheduled to begin when the design is complete and after all approvals are in place. Construction on all project components is targeted for completion by December 2024.

Project Cost

- The total budget for this project bundle is \$20.0 million. This budget represents an estimated construction cost of \$438 per gross square foot. The estimated total project cost is \$625 per gross square foot.
- For this CDP phase, no preliminary external cost estimates have been provided by third-party consultants. DP and CMAR or JOC contractor teams have not been selected for these project components. Independent cost estimates will be provided by the DP, CMAR or JOC contractor after these selections are complete.
- For project components selected to use the CMAR delivery method, the construction manager will be at risk to provide the completed project within the agreed-upon GMP.

Fiscal Impact and Financing Plan

- The \$20.0 million project bundle will be funded with system revenue bonds and amortized over an approximate twenty-year term. The annual debt service will be funded by tuition.
- There are no expected increases in O&M costs associated with this project bundle.

EXECUTIVE SUMMARY

- **Debt Ratio Impact:** The projected incremental debt ratio impact for this project bundle is 0.04 percent.

Occupancy Plan

- These project components will not affect occupancy or programs but will renew research spaces and support the advancement of the university's research initiatives.

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 million or more, including information technology and third-party projects.
- ABOR Policy 7-107 (E) requires Amended CDP approval for new projects added outside of the regular CDP.

EXECUTIVE SUMMARY

Capital Project Information Summary

University: Arizona State University **Project Name:** Research Laboratory Renovations

Project Description and Location: This project bundle will encompass the renovation of approximately 32,000 gross square feet of existing research laboratory space to establish the university as a leading global center for interdisciplinary research, discovery and development. Multiple wet and dry lab spaces, as well as infrastructure and building systems, will be upgraded to maximize adaptable and flexible technologies.

Project Schedule:

Planning	April	2021
Design Start	April	2021
Construction Start	October	2021
Construction Completion	December	2024

Project Budget:

Total Project Cost	\$	20,000,000
Total Project Construction Cost	\$	14,000,000
Total Project Cost per GSF	\$	625
Total Construction Cost per GSF	\$	438

Estimated Annual O&M Cost:

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

Funding Sources:

Capital

A. System Revenue Bonds	\$	20,000,000
Debt Service Funding Sources:		Tuition
Operation/Maintenance	\$	0
Funding Sources:		Not Applicable



EXECUTIVE SUMMARY

Board of Regents Meeting
September 29–October 1, 2021
Page 17 of 29

Arizona State University Amended Capital Development Plan–Project Justification Report Classroom and Academic Renovations

Previous Board Action

- FY 2022–2024 Capital Improvement Plan October 2020

Project Justification/Description/Scope

- ASU plans to renovate existing classrooms, create new classrooms of various sizes and add smaller instructional spaces at all campuses. This project bundle will be comprised of the renovation of approximately 44,643 gross square feet of university classroom and academic space. The renovations may include heating, ventilation and air conditioning (HVAC); plumbing and electrical; flooring; ceiling; roof; elevator; window; door; internal wall; and partition components, as well as upgrades to address life safety and Americans with Disabilities Act deficiencies. These projects will comprise multiple components at each ASU campus.
- The ASU Strategic Enterprise Framework identifies several goals that will be supported by this project bundle, including improved retention and graduation performance, curricular reform and improved student outcomes. The resources needed to achieve these goals include a continued investment in faculty and in space renovations that will support teaching innovations and improved student and faculty interactions. These projects will renovate worn areas that distract from teaching and learning effectiveness and create updated and growth spaces for academic programs to enable student learning and success.
- The components included in this project bundle will enhance the quality of the built environment, comply with code requirements for safety, and reduce deferred maintenance. Project components essential for life safety and code compliance and those that support university strategic initiatives will be given top priority.

Project Delivery Method and Process

- Depending on the nature of the work, components of this project bundle may be delivered through either the CMAR or the JOC method.

EXECUTIVE SUMMARY

- ASU has not yet selected a CMAR, JOC contractor or design professional (DP) firm for any components of this project bundle. Contractors and DPs will be selected according to ABOR policy and Arizona law.

Project Status and Schedule

- DPs will be selected after project approval is in place. The design will be completed within approximately six to nine months after the DP contract is awarded.
- General construction for these projects is scheduled to begin when the design is complete and after all approvals are in place. Construction on all project components is targeted for completion by December 2024.

Project Cost

- The total budget for this project bundle is \$15.0 million. This budget represents an estimated construction cost of \$235 per gross square foot. The estimated total project cost is \$336 per gross square foot.
- For this CDP phase, no preliminary external cost estimates have been provided by third-party consultants. DP and CMAR or JOC contractor teams have not yet been selected for these projects. Independent cost estimates will be provided by the DP, CMAR or JOC contractor after these selections are complete.
- For projects selected to use the CMAR delivery method, the construction manager will be at risk to provide the completed project within the agreed-upon GMP.

Fiscal Impact and Financing Plan

- The \$15.0 million project bundle will be funded with system revenue bonds and amortized over an approximate twenty-year term. The annual debt service will be funded by tuition.
- There are no expected increases in O&M costs associated with this project bundle.
- **Debt Ratio Impact:** The projected incremental debt ratio impact for this project bundle is 0.03 percent.

EXECUTIVE SUMMARY

Occupancy Plan

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

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 million or more, including information technology and third-party projects.
- ABOR Policy 7-107 (E) requires Amended CDP approval for new projects added outside of the regular CDP.

EXECUTIVE SUMMARY

Capital Project Information Summary

University: Arizona State University **Project Name:** Classroom and Academic Renovations

Project Description and Location: This project bundle encompasses the renovation of approximately 44,643 gross square feet of classroom and academic space, including faculty and student space at all campuses. The renovations will include HVAC, plumbing and electrical, flooring, ceiling, roof, elevator, window, door, internal wall and partition components, as well as upgrades to address life safety and Americans with Disabilities Act deficiencies.

Project Schedule:

Planning	April	2021
Design Start	April	2021
Construction Start	October	2021
Construction Completion	December	2024

Project Budget:

Total Project Cost	\$	15,000,000
Total Project Construction Cost	\$	10,500,000
Total Project Cost per GSF	\$	336
Construction Cost per GSF	\$	235

Estimated Annual O&M Cost:

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

Funding Sources:

Capital

A. System Revenue Bonds	\$	15,000,000
Debt Service Funding Sources:		Tuition
Operation/Maintenance	\$	0
Funding Sources:		Not applicable



STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

(602) 926-5491

azleg.gov

HOUSE OF
REPRESENTATIVES

REGINA E. COBB
VICE-CHAIRMAN
REGINALD BOLDING
RANDALL FRIESE
JOHN KAVANAGH
JOANNE OSBORNE
BEN TOMA

DATE: September 28, 2021

TO: Members of the Joint Committee on Capital Review

FROM: David Hoffer, Economist

SUBJECT: Arizona Game and Fish Department - Review of Patagonia Lake State Park Floating Restrooms and Pump Boat

Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for any capital project with an estimated cost of more than \$250,000. The Arizona Game and Fish Department (AGFD) requests Committee review of a \$454,600 project to build 3 floating restrooms and purchase 1 pumpout boat at Lake Patagonia State Park.

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 department reports that Lake Patagonia lacks restrooms on the lake.
- 2) The department plans to address this issue through a \$454,600 project by installing 3 floating restrooms and 1 pumpout boat on Lake Patagonia.
- 3) The project would be funded through Federal Funds and State Parks Board matching funds.

(Continued)

Analysis

Lake Patagonia, located in Santa Cruz County, has one available restroom facility at the marina for boaters and lake goers. The department proposes installing 3 floating restrooms and 1 pumpout boat on the lake so boats do not have to return to the marina for boaters to use the restroom. Floating restrooms are vessels that can provide 1-3 restroom facilities per vessel and do not discharge the waste into the water. The pumpout boat is used to collect and dispose of the waste in environmentally safe ways.

The department proposes a \$454,600 project which consists of \$150,000 for pumpout boat purchase and delivery and \$304,600 for floating restrooms purchase, delivery, and installation.

The project would be funded with \$329,600 from a federal Clean Vessel Act Grant which is administered through AGFD and \$125,000 from State Parks Board's State Lake Improvement Fund.

After completion, Arizona State Parks Board will take ownership of the equipment and infrastructure and provide long-term maintenance and operation.

DH:kp



September 15, 2021

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 Department's planned expenditures in support of constructing floating restrooms and a pumpout boat at Patagonia Lake State Park.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ty E. Gray".

Ty E. 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 LELAND S. "BILL" BRAKE, ELGIN | JAMES E. GOUGHNOUR, PAYSON
TODD G. GEILER, PRESCOTT | CLAY HERNANDEZ, TUCSON | KURT R. DAVIS, PHOENIX **DIRECTOR:** TY E. GRAY **DEPUTY DIRECTOR:** TOM P. FINLEY



Arizona Game and Fish Department

Capital Projects

Expenditure Plan Fiscal Year 2022

Project: Patagonia Lake State Park Floating Restrooms and Pumpout Boat

Funding Source: Clean Vessel Act (CVA) Grant and State Parks Board matching funds (SPBM)

Category: New Construction

Need: Congress passed the Clean Vessel Act of 1992 to establish grant funding for the construction, renovation, operation and maintenance of sewage disposal systems serving recreational boaters. The U.S. Fish and Wildlife Service administers the national CVA grant program through a competitive annual process among all states and territories. Funding comes from the Sport Fish Restoration and Boating Trust Fund, which is supported by excise taxes on sport fishing equipment, recreational boats and boat fuel. The Arizona Game and Fish Department administers the CVA grant program for this state.

The 2016 Watercraft Use Survey showed that there are nearly two million boat use days every year in Arizona, with nearly 10 million person use days a year. Convenient and reasonably priced sewage holding tank pump-out and sanitary waste dump station facilities are needed to support the recreational boating community in Arizona. Lake Patagonia is in need of floating restrooms and a pumpout boat to service those restrooms, especially because the majority of the watercraft used at this site are smaller "day use" boats that do not have on board marine sanitation facilities. The only currently available restroom facility at Lake Patagonia is located at the marina, requiring boaters to return there or utilize the nearest shoreline. The overboard discharge of sanitary waste from recreational boats is a serious threat to public health, the environment, and local water quality in Arizona's waters.

Solution: Arizona Game and Fish will Implement the purchase, installation, and inspection of three floating restrooms and one pumpout boat at Patagonia Lake State Park. After completion, Arizona State Parks and Trails shall take ownership of the equipment and infrastructure in order to provide long term maintenance and operation.

Cost Estimate - \$454,625

Pump Boat purchase and delivery	\$150,000
Floating restrooms Purchase delivery installation	\$304,625

Fund Sources

CVA \$329,625
SPBM \$125,000

Impact of Not Approving this Request: The Clean Vessel Act grant identified for this project will revert if not used, an immediate loss of \$329,625. Neither Arizona

State Parks and Trails nor the Arizona Game and Fish Department are currently able to fund the full cost of this project without grant funds, therefore the public, recreational users, and boaters in the lake will not have restrooms readily available.

Fiscal Year 2022 Capital Projects Expenditure Plan	
Project	Cost Estimate
Patagonia Lake State Park Floating Restroom and Pumpout Boat	\$454,625
TOTAL:	\$454,625