

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

ROBERT L. BURNS
CHAIRMAN 2007
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AMANDA AGUIRRE
MARSHA ARZBERGER
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JIM WARING

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

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<http://www.azleg.gov/jlbc.htm>

HOUSE OF
REPRESENTATIVES

RUSSELL K. PEARCE
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DAVID SCHAPIRA

JOINT COMMITTEE ON CAPITAL REVIEW

Thursday, October 18, 2007

1:30 p.m.

Senate Appropriations Room 109

MEETING NOTICE

- Call to Order
- [Approval of Minutes of August 16, 2007.](#)
- DIRECTOR'S REPORT (if necessary).
- 1. [ARIZONA DEPARTMENT OF ADMINISTRATION - Review of the Arizona Department of Corrections Door and Lock Replacement Plan.](#)
- 2. ARIZONA DEPARTMENT OF TRANSPORTATION
 - A. [Review of FY 2008 Building Renewal Allocation Plan.](#)
 - B. [Report on 5-Year Transportation Program.](#)
- 3. [SCHOOL FACILITIES BOARD - Review of FY 2008 Building Renewal Distributions.](#)

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

10/11/07

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

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**MINUTES OF THE MEETING
JOINT COMMITTEE ON CAPITAL REVIEW**

Thursday, August 16, 2007

The Chairman called the meeting to order at 1:40 p.m., Thursday, August 16, 2007 in Senate Appropriations Room 109. The following were present:

| | | |
|----------|-------------------------|--------------------------------------|
| Members: | Senator Burns, Chairman | Representative Pearce, Vice-Chairman |
| | Senator Aboud | Representative Boone |
| | Senator Johnson | Representative Groe |
| | Senator Verschoor | Representative Kavanagh |
| | | Representative Lujan |
| | | Representative Schapira |
| Absent: | Senator Aguirre | Representative Lopes |
| | Senator Arzberger | |
| | Senator Waring | |

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee, Chairman Robert Burns stated the minutes of June 19, 2007 would stand approved.

ARIZONA STATE PARKS BOARD – Review of State Lake Improvement Fund Projects.

Mr. Matt Busby, JLBC Staff, issued a handout (*Attachment A*) outlining the presentation for the review of State Lake Improvement Fund (SLIF) projects. JLBC Staff recommends a favorable review to the improvements in existing facilities at Lake Havasu Park. For the Contact Point project, the Committee could provide a favorable review given that there are available SLIF monies and this project is an allowable use in statute, or the Committee could provide an unfavorable review due to insufficient information regarding the need, the affect on boat densities, and the financial impact of the project. As an alternative, the Parks Board could return to the Committee after conducting a small-scale study to assess the need for the project included how the project could affect the boat densities on the lake, revenue, and long-term financing plans. The Committee may be in a better position to assess the merits of designating \$1.5 million for the planning and design once it receives the information from the study.

Discussion ensued on the Contact Point project.

Mr. Jay Ziemann, Assistant Director, Arizona State Parks, responded to member questions. Mr. Bill Mulcahy, Director, Lake Havasu City Parks and Recreation Department and Mr. Brian Tassinari, Williams and Associates, spoke in support of the Contact Point project.

During discussion on the Contact Point project, the Committee requested information on the following:

- How much tax revenue is generated into the State Lake Improvement Fund by the boating at Lake Havasu State Park?
- How much additional revenue would be generated by developing the site?
- Does the board have a list of other projects in the state that could receive funding if the Contact Point project did not get the \$1.5 million?
- What is the status of the Town of Buckeye Recreational Lake and Bullhead City Non-Motorized Boat Launch Ramp projects that were unfavorably reviewed by the Committee at its November 15, 2006 meeting?

The Committee was interested in having the study address the effect on boat densities on the lake, long-term financing plans, and consideration of any private interest in the construction and operation of the project. The Committee was also interested in the study including a review of the option to allow a private sector firm to construct and operate a marina on a long term basis. The Parks Board had discussed contracting out only the operation of a state-constructed marina.

Representative Pearce moved that the Committee give a favorable review to the use of \$952,100 from the State Lake Improvement Fund (SLIF) for improvements to existing facilities at Lake Havasu State Park and \$1,500,000 from SLIF for planning activities related to the Contact Point recreation area, including the following provisions:

- *The Parks Board submit to the Committee the Request for Proposals (RFP) on the study for development of the Contact Point recreation area prior to its release.*
- *The favorable review does not constitute an endorsement of General Fund support of the project in the future.*

The motion carried.

SCHOOL FACILITIES BOARD – Review of FY 2008 New School Construction Report.

Ms. Leatta McLaughlin, JLBC Staff, issued a handout (*Attachment B*) and presented the School Facilities Board (SFB) FY 2008 New Construction Report. SFB is annually required by statute to submit to the Committee its demographic assumptions, proposed construction schedule, and cost estimates. This item was originally presented at the November 2006 meeting, however, action was deferred until SFB completed its construction approval cycle for FY 2007 which was completed in June. Each year SFB analyzes district-submitted capital plans. The districts that submit their capital plan are usually the fast-growing districts asking for new schools. After SFB analyzed the capital plans, they found that actual student growth in the high-growing districts was 7.6% in FY 2006. SFB expects growth to be 6.3% in FY 2007 and 7% in FY 2008.

Discussion ensued on this item.

Mr. John Arnold, Executive Director, School Facilities Board, responded to member questions.

Representative Pearce moved that the Committee give a favorable review to the School Facilities Board FY 2008 new school construction report. The motion carried.

ARIZONA STATE UNIVERSITY – Review of Revised Scope of Academic Renovations and Deferred Maintenance Phase IIB Bond Project.

Ms. Leah Ruggieri, JLBC Staff, presented the Arizona State University (ASU) request for a review of the scope and cost revision for a project included in the Academic Renovations and Deferred Maintenance Phase IIB Bond project that was originally favorably reviewed by the Committee in January 2007. The favorable review included a provision that ASU submit for review any significant scope and cost increases for any of the projects. The bond project that has changed is the Nursing Backfill Renovation project. The project was originally estimated to cost \$5 million and would accommodate the Office of Sustainability Initiatives and the Global Institute of Sustainability programs. The project cost has now increased to \$8 million to expand usable

space for those programs and make additional upgrades to the workspace in order to create a more collaborative work environment. The overall cost increase would not affect the bond issuance total of \$10 million because the original bond allocation had \$3 million in unallocated monies. JLBC Staff recommends a favorable review of the ASU request with the standard university financing provisions.

Discussion ensued on this item.

Mr. Scott Cole, Executive Vice President, Arizona State University, responded to member questions.

Representative Pearce moved the JLBC Staff recommendation that the Committee give a favorable review to the scope revision for the Nursing Backfill Renovation project within the Academic Renovation and Deferred Maintenance Phase IIB with the following standard university financing provisions:

- *ASU shall report to the Committee before expenditure of any allocations that exceed the greater of \$500,000 or 10% of the reported contingency amount total for add alternates that do not expand the scope of the project.*
- *ASU shall submit for Committee review any allocations that exceed the greater of \$500,000 or 10% of the reported contingency amount total for add alternates that expand the scope of the project. In case of an emergency, ASU may immediately report on the scope and estimated cost of the emergency rather than submit the item for review. The JLBC Staff will inform the university if they do not agree with the change of scope as an emergency.*
- *A favorable review by the Committee does not constitute endorsement of General Fund appropriations to offset any auxiliary revenues that may be required for debt service, or any operations and maintenance costs when the project is complete. Auxiliary funds derive from substantially self-supporting university activities, including student housing.*
- *ASU shall not use bonding to finance any repairs whose typical life span is less than the bond repayment period. Such repairs include, but are not limited to new flooring and painting. The exceptions to this stipulation are circumstances where such repairs are required to complete a major renovation.*
- *ASU shall submit to the Committee an expenditure plan for the \$280,000 unallocated to specific projects in Academic Renovations and Deferred Maintenance Phase IIB.*

The motion carried.

ARIZONA DEPARTMENT OF ADMINISTRATION – Review of FY 2008 Building Renewal Allocation Plan.

Mr. Lorenzo Martinez, JLBC Staff, presented the review of the Arizona Department of Administration (ADOA) FY 2008 Building Renewal Allocation Plan. ADOA was appropriated \$7.2 million from the Capital Outlay Stabilization Fund for building renewal which funds 26% of the building renewal formula. ADOA is allocating \$6.1 million to 25 projects and \$1.1 million for emergency and contingency projects. JLBC Staff recommends a favorable review of the plan with provisions outlined in the recommendation memo.

Discussion ensued on this item.

Ms. Lynne Smith, Assistant Director, General Services Division, ADOA and Mr. Bruce Meyers, ADOA, responded to member questions.

Representative Pearce moved the JLBC Staff recommendation that the Committee give a favorable review to the FY 2008 Building Renewal Allocation Plan with the following provisions:

- *ADOA allocate contingency monies or reallocate funding from other projects to address health and safety issues in the restroom facilities at the 1616 West Adams building. ADOA and the Arizona State Land Department are requested to report jointly by September 14, 2007 on the scope, estimated cost, and funding plan for the project.*
- *JLBC Staff, the staff of the Governor's Office of Strategic Planning and Budgeting, and ADOA jointly submit a plan for the ADOA Managed Buildings Condition Assessment project.*
- *ADOA submit for Committee review any reallocation above \$100,000 between the individual projects.*
- *ADOA submit for Committee review any new non-emergency projects above \$25,000 that are funded from the \$1.1 million allocated for emergency projects and contingencies.*
- *ADOA report to JLBC Staff within 3 days, any expenditures for emergency projects above \$25,000 that are funded from the \$1.1 million allocated for emergency projects and contingencies. The report would include the scope, estimated cost, nature of emergency and reason why project could not await Committee review.*

The motion carried.

The Committee also requested information on the following items:

1. Information on the age and warranties of the roof and chiller system of the Supreme Court building and whether the manufacturer has been pursued for repair costs given the system has never performed to specifications.
2. What type of building assessment activities does ADOA do now?
3. Does ADOA have a process for identifying and addressing problems such as the Land Department building restroom problems?

Without objection, the meeting adjourned at 4:10 p.m.

Respectfully submitted:

Yvette Medina, Secretary

Lorenzo Martinez, Assistant Director

Senator Robert Burns, Chairman

NOTE: A full audio recording of this meeting is available at the JLBC Staff Office, 1716 W. Adams. A full video recording of this meeting is available at <http://www.azleg.gov/jlbc/meeting.htm>.

**Arizona State Parks Board –
Review of State Lake Improvement
Fund Projects**

JCCR Meeting

August 16, 2007

JLBC

State Lake Improvement Fund

- Provides funding to state agencies, counties, and local governments for capital and land acquisition projects on waters where gasoline-powered boats are permitted.
- 2 main sources of revenue:
 - Percentage of gasoline tax
 - Percentage of watercraft license fees
- Parks Board plans to use \$2.4 million in FY 08 for 2 projects at Lake Havasu.
- \$4 million of SLIF grants were already awarded last November.

Lake Havasu State Park

- Replacement of water mains.
- Provide electricity and potable water to campsites.
- Total SLIF funds to be used - \$952,100
 - \$500,000 is a new request of SLIF monies.
 - JCCR reviewed \$250,000 in 2006.
 - \$202,100 is reallocated from unused 2001 Lake Havasu Projects.

Contact Point Recreation Area

- 4 miles south of Lake Havasu State Park.
- Proposal includes a new marina and fueling station, day use area, and boat launches.
- A new park may relieve congestion at current park, but would also increase the number of boaters on the lake.
- As many as 300 boats have been turned away on holiday weekends when parking reached capacity.

Lake Havasu – Boat Area



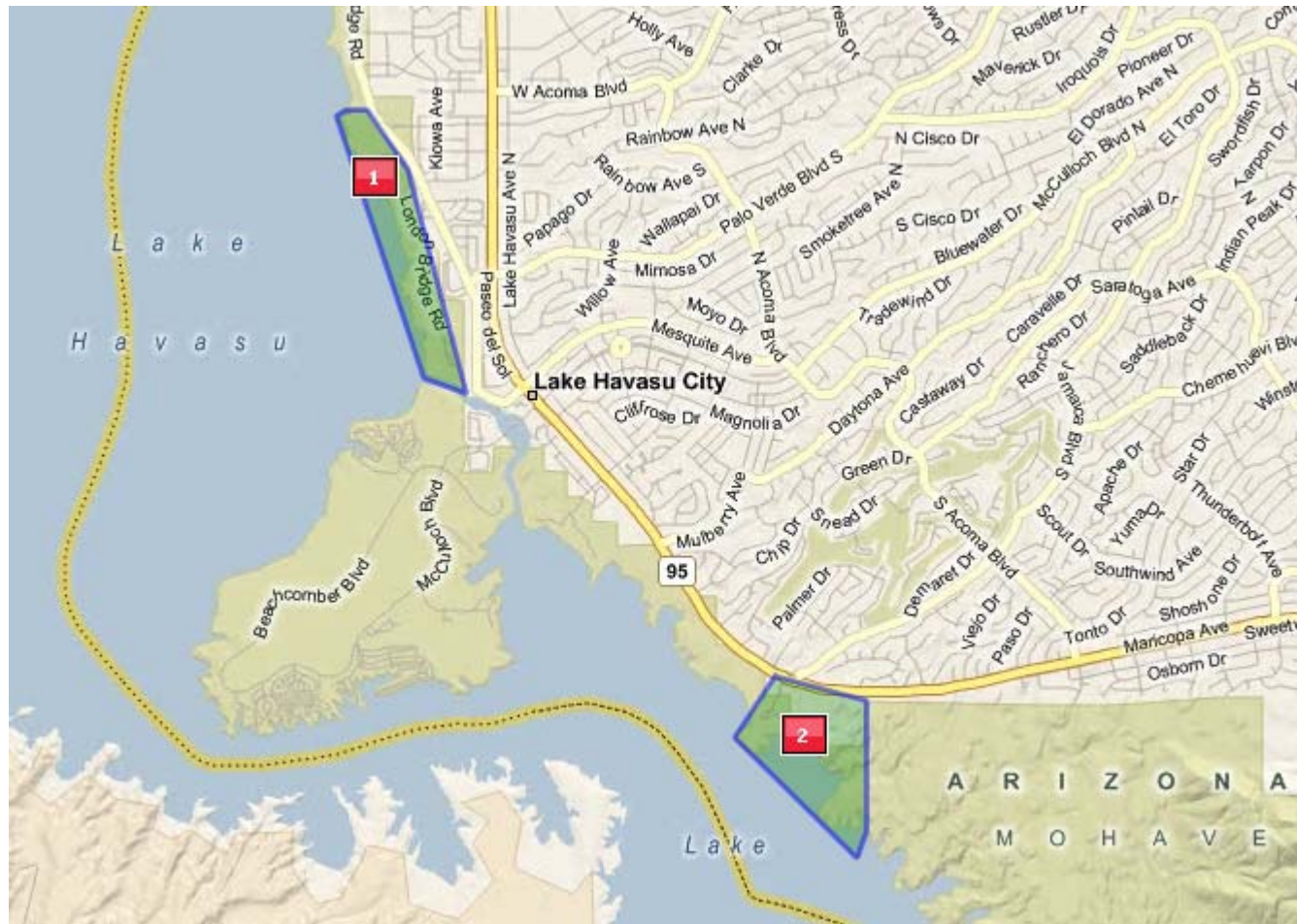
Lake Havasu – Boat Area



Lake Havasu – Parking Area



Locations of State Parks at Lake Havasu



- 1** Current State Park
- 2** Proposed New Park

Contact Point Recreation Area

- Estimated cost of planning and design - \$1.5 million
 - Parks estimates the total cost of construction could be \$19 million.
 - Given the current funding structure of SLIF, the project would take several years to complete.
 - Possibility of local stakeholders contributing to development costs.
 - Little information is available about the financial impact of a new park or the effect on the boat densities on the lake.

FY 2008 New Construction Report

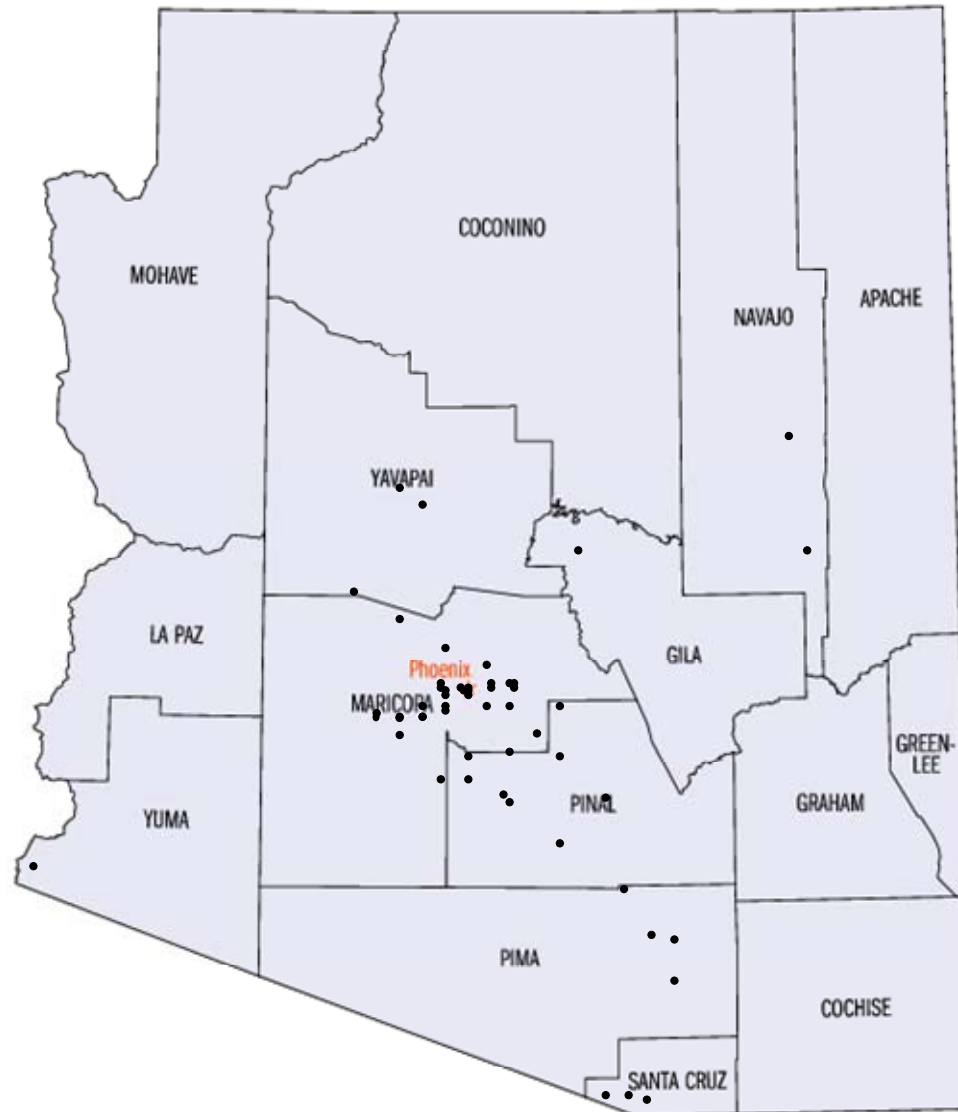
School Facilities Board

August 16, 2007

JLBC

FY 2008 New Construction Projects

85 projects at
47 school districts



The Projected FY 2008 Cash Shortfall is \$(73.0) M

(\$ in Million)

| | <u>FY 2007</u> | <u>FY 2008</u> |
|---------------------------|----------------|-----------------|
| Total Revenue | \$332.8 | \$375.7 |
| Expenditures | \$370.1 | \$410.7 |
| FY07 Deferred to FY08 | <u>(38.0)</u> | <u>38.0</u> |
| Total Expenditures | \$332.1 | \$448.7 |
| Cash Balance | \$ 0.7 | \$(73.0) |

**FY 2007 SFB Approved Funding per
Square Foot Exceeded Statutory Formula--
Statute Allows SFB to Exceed Formula**

| | <u>Statutory Cost/Sq. Ft.</u> | <u>Avg. Cost Above Formula/Sq. Ft.</u> |
|-------------|-----------------------------------|--|
| Elementary | \$131.13 | \$ 31.54 |
| High School | \$160.26 | \$ 6.02 |

New Construction Cost Pressures

1. Caseload Increases

- 85 projects in FY 2008 vs. 75 in FY 2007 and 77 in FY 2006

2. Construction Inflation

- 12.2% adopted at the October JLBC meeting
- In FY 2007, SFB funded 86% of their projects over the statutory funding amount, for total additional funding of \$33.4 M

3. Minimum adequacy guidelines expanded

- Now includes funding for 7 areas: indoor flooring, gym flooring, millwork, exterior lighting, canopies, playground structures and canopies, and landscaping

SFB Adopted Several New Safety Standards --Plan to Seek Additional Legislative Funding for Items 7-10

1. Exterior Security Lighting
2. Administrative Office Locations
3. Classroom Door Locks
4. Student Interior Restroom Configuration
5. Vestibule Entry
6. Windows Next to Doors
7. Perimeter Fencing
8. Security Alarms
9. Security Cameras
10. In-Classroom Telephones

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DATE: October 11, 2007

TO: Senator Bob Burns, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Martin Lorenzo, Fiscal Analyst

SUBJECT: Arizona Department of Administration – Review of the Arizona Department of Corrections Door and Lock Replacement Plan

Request

Laws 2006, Chapter 345 (the FY 2007 Capital Outlay Bill) appropriated \$5.2 million from the General Fund to the Arizona Department of Administration (ADOA) for the replacement of cell doors and locks throughout the Arizona state prison system. As a result, the ADOA, pursuant to A.R.S. § 41-1252, requests Committee review of the scope, purpose and cost of the \$5.2 million project to replace doors and locks at the Arizona State Prison Complex (ASPC) Tucson, Rincon Unit.

This is the same memo as was prepared for the cancelled September meeting.

Recommendation

The JLBC Staff recommends that the Committee give a favorable review of the department's request. Based on the scope of the project, as outlined in the solicitation, ADOA has selected the lowest bidder to complete the project. While ADOA selected the lowest bidder, we were unable to independently verify the reasonableness of the cost estimate.

Analysis

Background

Laws 2001, Chapter 3 (FY 2002 Capital Outlay Bill) appropriated \$1.0 million from the General Fund to ADOA to fund an assessment of the Arizona Department of Corrections door and lock replacement needs throughout the Arizona state prison system. Through services provided by a private vendor, a complete assessment was completed in FY 2002. At that time, the assessment

(Continued)

estimated a range of costs totaling between \$32 million and \$38.5 million to replace doors, locks, and monitoring panels that exceeded their useful life expectancy or posed security risks. Based on a re-assessment and competitive bid completed on a single project (Rincon Unit) in FY 2007, ADOA estimates the total cost of the project may now exceed \$60 million. At this time, it is unclear if extrapolating the costs increases realized in the Rincon Unit is an accurate representation of the cost of the entire project.

Proposed Plan

Laws 2006, Chapter 345 (the FY 2007 Capital Outlay Bill) appropriated \$5.2 million from the General Fund to ADOA for the replacement of cell doors and locks throughout the state prison system. ADOA identified the highest priority project to be the ASPC Tucson, Rincon Unit. As a result, a re-assessment of the Rincon Unit was completed, yielding recommendations that included the replacement of a control room panel and 408 doors located in the unit. The doors to be replaced are approximately 20 years old and are primarily manually locked swing type doors. These doors are reaching the end of their lifespan and deemed not appropriate for the security classification of the inmates housed at the facility. The facility primarily houses close custody inmates which represents a security classification between medium and maximum security. The recommended replacement doors are to be remote-locking, sliding doors which would provide improved security and safety.

As a result of the competitive bid process (5 bids received) and the selection of the lowest bidder, ADOA estimates the total cost to implement the recommendations at the Rincon Unit to be \$5.2 million and take approximately 14 months to complete. The high bid was approximately \$400,000 higher than the low bid. A breakdown of these costs is identified in *Table 1*.

| Table 1 | |
|--|---------------------------|
| ASPC Tucson, Rincon Unit | |
| Door and Lock Replacement Project | |
| | <u>Cost</u> |
| Construction/Contract Services | \$4,484,000 ^{1/} |
| Architectural & Engineering Fees | 354,700 |
| Project Support | 221,300 |
| Contingency | <u>140,000</u> |
| Total | \$5,200,000 |
| <hr/> ^{1/} Low bid. | |

Future Projects

In addition to any monies remaining from the Rincon Unit project, Laws 2007, Chapter 257 (FY 2008 Capital Outlay Bill) appropriated another \$5.2 million in FY 2008 for the continued replacement of cell doors and locks throughout the state prison system. The Arizona Department of Corrections has identified an additional 6 projects at 5 complexes where the security control systems, doors and locks are in the most need of replacement. Costs associated with the projects were not provided, however, the projects identified are anticipated to address the most critical problems, in high-custody level locations, with minimal disruption to operations. These projects would be reviewed by the Committee at a later date.

Janet Napolitano
Governor



William Bell
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

100 North 15th Avenue
PHOENIX, ARIZONA 85007
(602) 542-1776

August 31, 2007



The Honorable Robert Burns, Chairman
Joint Committee on Capital Review
Arizona House of Representatives
1700 West Washington
Phoenix, Arizona 85007

Re: Request for placement on the Joint Committee on Capital Review agenda

Dear Senator Burns:

The Arizona Department of Administration (ADOA) requests to be placed on the agenda for the next Joint Committee on Capital Review (JCCR). ADOA is requesting review of the \$5,200,000 project to replace doors and locks for the Arizona Department of Corrections, ASPC Tucson, at the Rincon unit.

Additional information on the proposed project is attached. If you have any questions or would like further information, please contact Lynne Smith, Assistant Director, ADOA General Services Division, at (602) 542-1427.

Sincerely,

A handwritten signature in black ink, appearing to read "William Bell".

William Bell, Director
Arizona Department of Administration

Attachment

cc: The Honorable Russell Pearce, Vice-Chairman, Joint Committee on Capital Review
Richard Stavneak, Director, Joint Legislative Budget Committee Staff
Lorenzo Martinez, Assistant Director, Joint Legislative Budget Committee Staff
James Apperson, Director, Office of Strategic Planning and Budgeting
Marcel Benberou, Assistant Director, Governor's Office of Strategic Planning and Budgeting
Matt Gottheiner, Senior Budget Analyst, Governor's Office of Strategic Planning and Budgeting
Dora Schriro, Director, ADC
Scott Smith, Deputy Director, ADOA
Paul Shannon, Budget Manager, ADOA
Lynne Smith, Assistant Director, ADOA

Arizona Department of Corrections Door and Lock Replacement Project

Historical Background

Laws 2001, First Regular Session, Chapter 237 (HB 2632) appropriated \$18,538,600 in FY 2002 and \$1,848,600 in FY 2003 to conduct an assessment and survey of all detention locking systems at Arizona prison complexes statewide and then to design and administer the construction of any observed deficiencies as part of a two-phase professional services contract.

An RFP was issued for competitive sealed proposals for architectural/engineering service. A five-member selection committee reviewed the three proposals received and recommended the firm of Arrington-Watkins Architects, who was then awarded a contract for these services on August 7, 2001.

The facilities assessment and expenditure plan was completed and submitted to JLBC Staff on April 15, 2002. JCCR deferred hearing this request due to the then ongoing State budget deficit.

Laws 2001, Second Special Session, Chapter 3 (HB 2015) reduced all funding to \$1,000,000 but did not eliminate the requirement to complete the assessment and expenditure plan. From this abbreviated appropriation, Arrington-Watkins Architects completed the phase-one facilities assessment. The legislative authorization to proceed with phase two was put on hold with the remaining monies reverted to the General Fund to supplement the budget shortfall.

In 2002, the total estimated costs for door and lock replacement statewide was in excess of \$38,000,000, a number which has increased due to escalation in material and labor costs as well as the consolidation of major detention equipment manufacturers by mergers and acquisitions, creating a less competitive supplier market. In today's dollars, work identified in the 2002 assessment, as well as replacement of additional deteriorated locks, could easily exceed \$60,000,000.

This extremely rough estimate of at least \$60,000,000 in statewide costs is based upon the cost increase (52%) experienced in the recently bid Rincon project. The original Rincon Unit estimate of \$2,926,000 called for the complete replacement of all 408 detention doors and locks in the nine housing buildings contained within the secure perimeter of the Unit. In contrast, some other projects from the 2002 report originally called for only a partial replacement of the existing equipment. The scope of these other projects may need to increase as a result of normal wear and tear that has occurred since the 2002 assessment was completed. The replacement of these additional deteriorated doors and locks could escalate the total statewide costs well above the \$60,000,000 rough estimate.

Current Status

At present, ADOA is requesting review of the door and lock replacement project for the Rincon Unit. Laws 2006, Second Regular Session, Chapter 345 (HB 2865) appropriated \$5,200,000 in FY 2006-2007 for the first part of a phased implementation of the construction of the identified

improvements. This required reactivating the design contract and updating the Arrington-Watkins assessment report. The reactivation of the designer's contract and the reevaluation of the Rincon Unit, which ADC has identified as the highest priority project, have been accomplished.

The Rincon project has been bid and the successful bidder is Lang Wyatt Construction of Tucson in the amount of \$4,439,000. Construction duration is estimated to be fourteen months from the contract award date. Professional service fees to date are \$354,655 for a total current project commitment of \$4,793,655.

Laws 2007, First Regular Session, Chapter 257 (2783) appropriated an additional \$5,200,000 for FY 2007-2008. These funds, along with remaining FY 2006-2007 funds, will be dedicated to the next priorities requested by ADC and as identified in the 2002 report.

ADC has prioritized and identified the next six of the most critical housing units in their system that meet the deficiency criteria identified in the assessment report. Because of the critical nature and deteriorating condition of these locking systems, further delay increases the chance of a serious safety breach for both staff and the public; therefore, ADC has recommended the following projects in descending order:

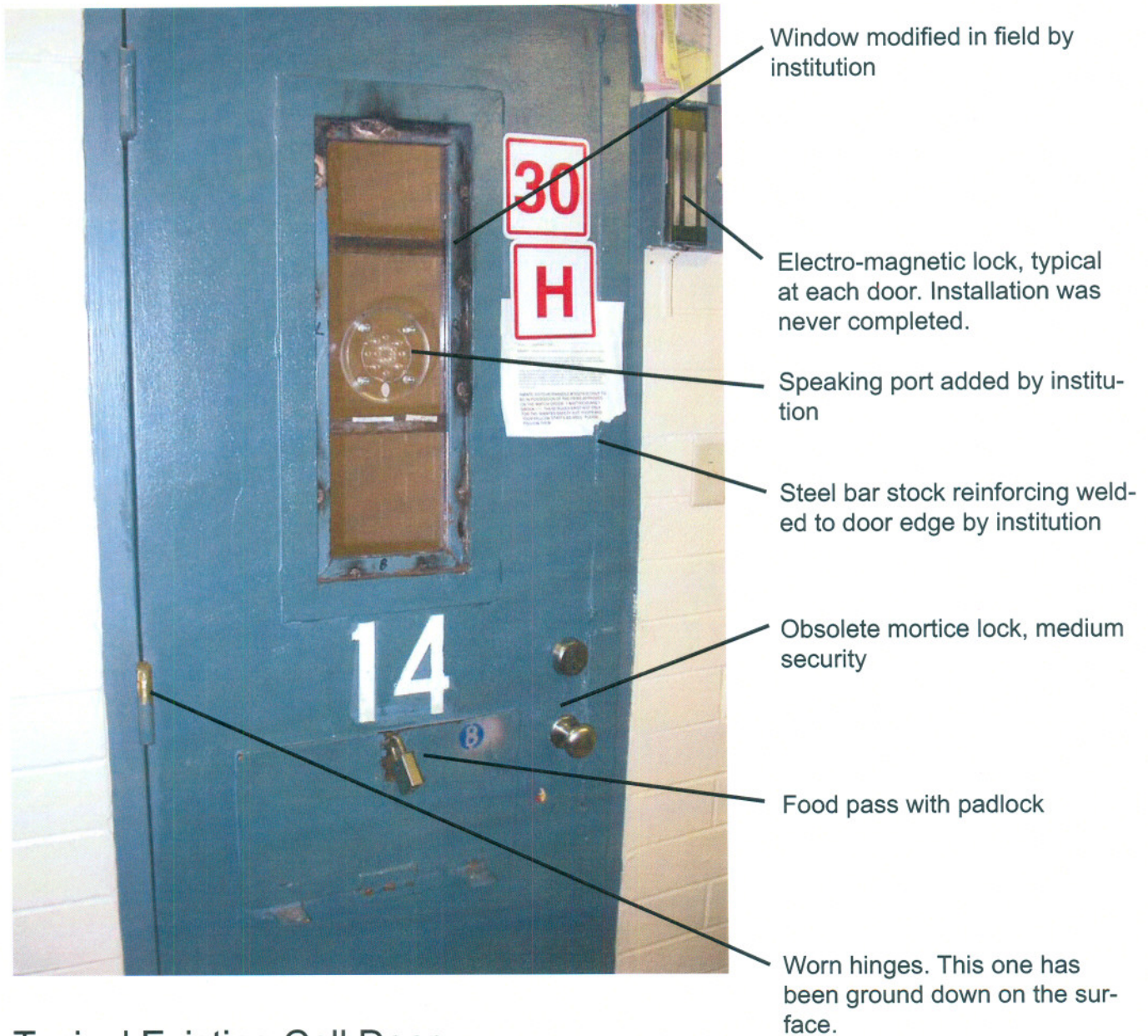
- ASPC Eyman SMU II – Replace Security Control System Software (Level 5)
- ASPC Tucson – Cimarron Unit - Inmate Housing Unit Doors/Locks (Level 4)
- ASPC Safford/Ft. Grant – CDU Doors/Locks (Level 4/5)
- ASPC Douglas CDU – Inmate Housing Unit Doors/Locks (Level 4/5)
- ASPC Florence Central Unit – CB-2 Doors/Locks (Level 4/5)
- ASPC Florence Central Unit – CB-1 Doors/Locks (Level 4/5)

These identified institutions do not require that existing beds be totally vacated. Inmates will be moved within the institution in order to complete the construction in these units, eliminating costly inmate relocations or bed rentals. This plan will address some of the most critical problems, in high-custody level institutions, with minimal disruption to operations.

Request

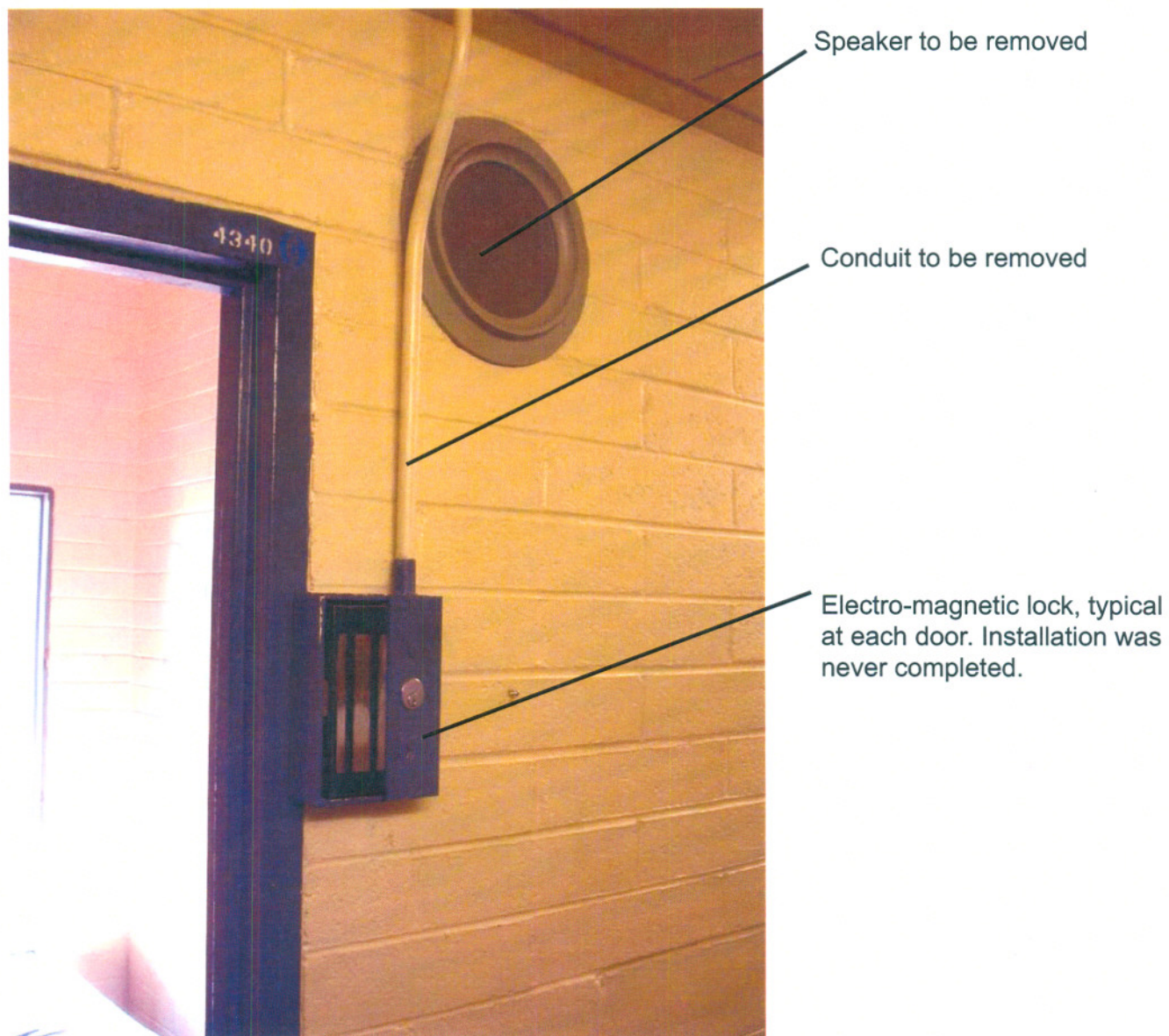
ADOA requests favorable review by the JCCR of the scope, purpose and cost of the first construction phase of the Lock Replacement project in order to proceed with construction as required under A. R. S. § 41-1252.

RINCON - Inmate Housing Buildings 1 through 8



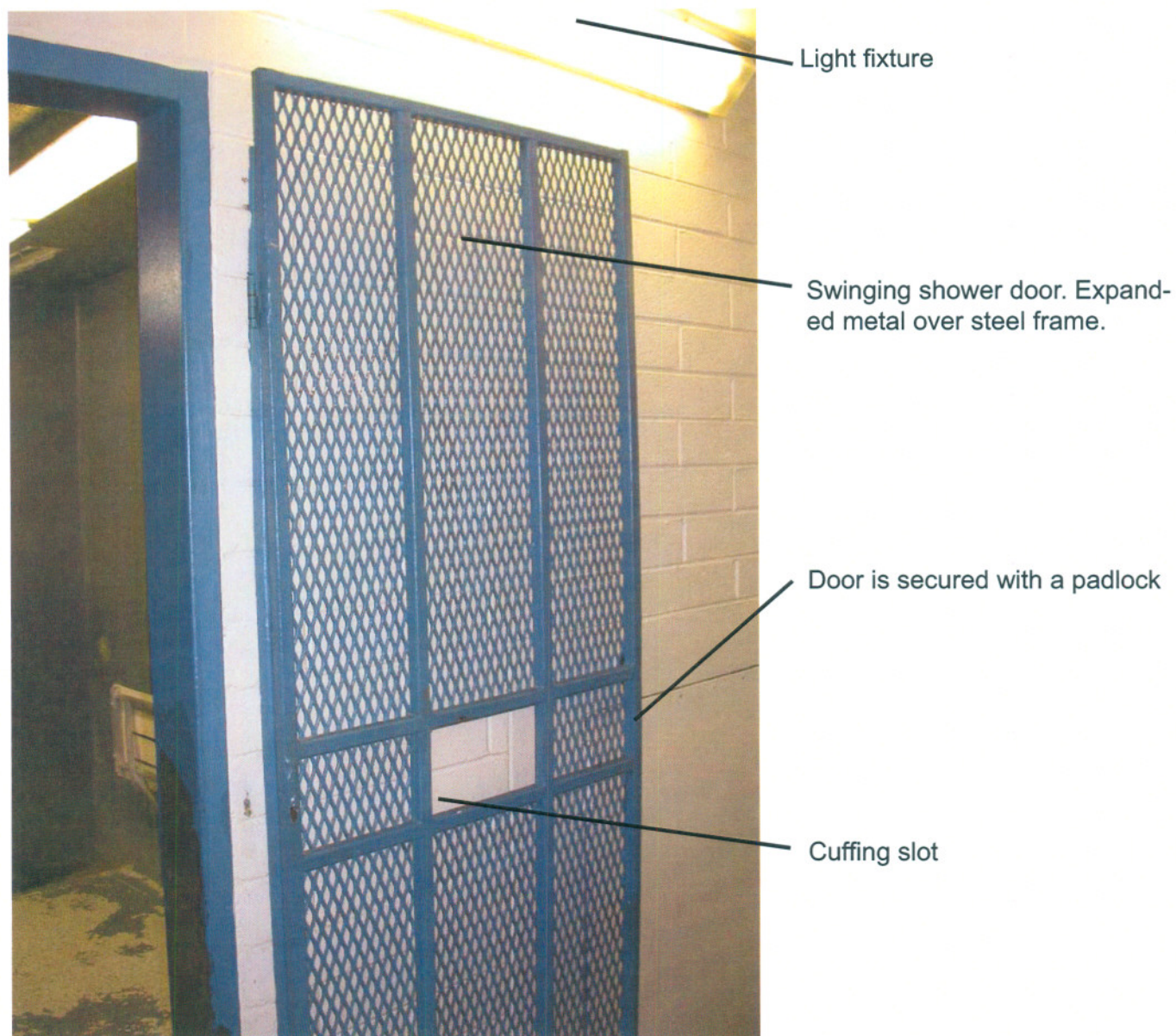
Typical Existing Cell Door

RINCON - Inmate Housing Buildings 1 through 8



Typical Existing Cell Door

RINCON - Inmate Housing Buildings 1 through 8



Typical Existing Shower Door

RINCON - Inmate Housing Buildings 1 through 8

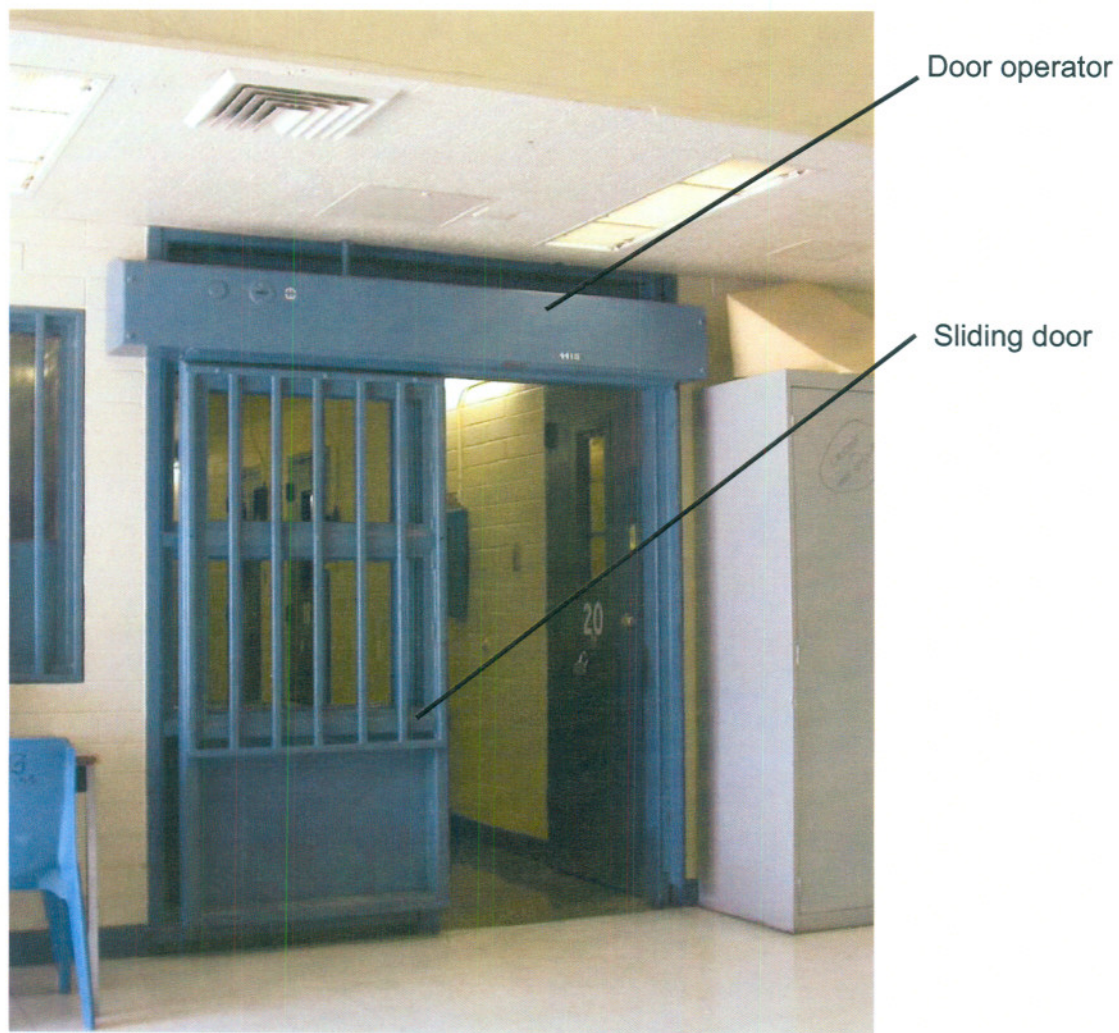


Light fixtures will need to be removed to provide space for door operator cover

Cell door

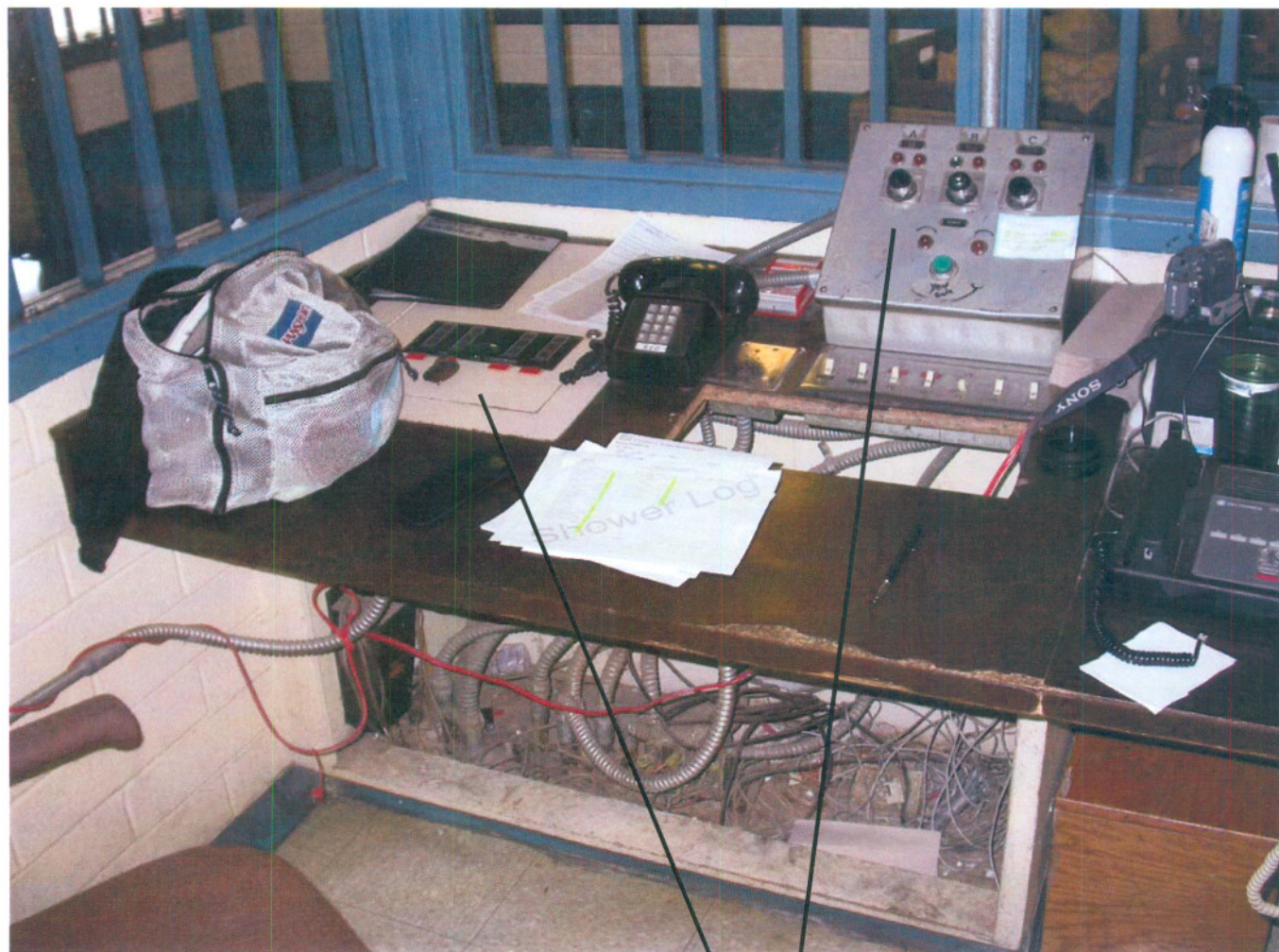
Typical Wing Corridor

RINCON - Inmate Housing Buildings 1 through 8



Typical Existing Door to Wing

RINCON - Inmate Housing Buildings 1 through 8



Wing door and yard gate control panel

Fire alarm panel

Typical Control Room

RINCON - Inmate Housing Buildings 1 through 8



CCTV - only occurs in buildings
with exterior gate control

Millwork countertop

Typical Control Room

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DATE: October 11, 2007

TO: Senator Bob Burns, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Bob Hull, Principal Research/Fiscal Analyst

SUBJECT: Arizona Department of Transportation – Review of FY 2008 Building Renewal Allocation Plan

Request

Laws 1986, Chapter 85 established the Joint Committee on Capital Review and charged it with developing a Building Renewal Formula to guide the Legislature in appropriating monies for the maintenance and repair of state buildings. A.R.S. § 41-1252 requires JCCR review of the expenditure plan for Building Renewal monies. The Arizona Department of Transportation (ADOT) requests that the Committee review its \$3,918,200 FY 2008 Building Renewal allocation plan, including \$3,777,100 from the State Highway Fund and \$141,100 from the State Aviation Fund.

This is the same memo as was prepared for the cancelled September meeting.

Recommendation

The JLBC Staff recommends that the Committee give a favorable review of the plan with the following provisions:

- ADOT report to JLBC Staff any allocations for FY 2008 projects from the \$141,100 contingency amount. JLBC Staff will report to the Committee on significant allocations, typically those above \$50,000.
- ADOT submit any new projects for Committee review prior to implementing.
- ADOT submit any project reallocations above \$100,000 for Committee review.

ADOT has allocated \$3,636,000 from the State Highway Fund among 215 projects leaving a contingency amount of \$141,100. ADOT has allocated \$141,100 from the State Aviation Fund for 6 projects. All of the projects fit within the guidelines for building renewal projects.

(Continued)

Analysis

The Capital Outlay Bill (Laws 2007, Chapter 257) appropriated a total of \$3,918,200 to ADOT for building renewal in FY 2008, including \$3,777,100 from the State Highway Fund and \$141,100 from the State Aviation Fund. The FY 2008 Building Renewal appropriations represent 50% of the amount generated by the revised Building Renewal Formula for the ADOT Building System and 100% for the Grand Canyon Airport for FY 2008. 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 215 projects:

| <u>Category</u> | <u>Projects</u> | <u>State Highway Fund</u> | <u>% of Total</u> |
|--|------------------------|----------------------------------|--------------------------|
| Fire/Life/Safety | 20 | \$ 384,500 | 10.2% |
| Roofs Repair/Replacement | 83 | 959,700 | 25.4 |
| Exterior Preservation (Doors, Windows, Siding) | 14 | 311,700 | 8.2 |
| Building Systems (HVAC, Electrical, Plumbing) | 68 | 1,214,600 | 32.2 |
| Interior Finishes (Paint, Carpet, Tile) | 14 | 153,700 | 4.1 |
| Remodel | 4 | 172,800 | 4.6 |
| Americans with Disabilities Act | 9 | 187,000 | 4.9 |
| Infrastructure (Sewers, Parking) | 3 | 252,000 | 6.7 |
| Contingencies | | <u>141,100</u> | <u>3.7</u> |
| Total | 215 | \$3,777,100 | 100.0% |

For the Committee's information, the following 13 State Highway Fund projects require \$50,000 or more:

| <u>Project</u> | <u>Allocation</u> |
|---|--------------------------|
| Relocate & add catwalk - Wash rack, Williams Maintenance Yard | \$ 50,000 |
| Install catwalks for heat pumps - Training building, 1130 N. 22 nd Ave Phoenix | 80,000 |
| Replace roof - Truck barn, St. David Maintenance Yard | 80,000 |
| Replace roof - Yuma MVD Office | 60,000 |
| Consultant project managers - Central Region Projects ^{1/} | 50,000 |
| Repair structural frame - Traffic Signal Warehouse, 2104 S. 22 nd Ave Phoenix | 95,000 |
| Install "Energy Star" windows - Training building, 1130 N. 22 nd Ave Phoenix | 60,000 |
| Install new chiller and surge tank - Traffic Operations Center, 2302 W. Durango, Phoenix | 240,000 |
| Repair emergency backup generator - Williams Maintenance Yard | 60,000 |
| Upgrade air conditioning - SE Mesa MVD Office, 1840 S. Mesa Drive | 85,300 |
| Install enclosure panels - Wash rack facility, Wickenburg Maintenance Yard | 97,800 |
| ADA improvements - Tuba City MVD | 50,000 |
| Replace water line - Needle Mountain Maintenance Yard | <u>220,000</u> |
| Subtotal | \$1,228,100 |

^{1/} ADOT uses project management consultants in the Metro Phoenix region, and their own project management staff for the northern and southern regions. Project managers coordinate project work and requirements including design, procurement, asbestos regulations, safety codes, inspection, bill payment, and documentation.

ADOT expects to allocate the \$141,100 of Building Renewal monies from the State Aviation Fund for 6 projects at the Grand Canyon Airport, including replacing or repairing doors, heating, lighting, plumbing and flooring in Grand Canyon Airport buildings. The \$141,100 includes 1 project costing \$50,000 to upgrade lighting at the Grand Canyon Airport terminal.

The JLBC Staff recommends a favorable review of the FY 2008 expenditure plan. The attached material submitted by ADOT lists each project and its estimated cost. The projects are consistent with Building Renewal guidelines and appropriations.

RS/BH:ym



Janet Napolitano
Governor

Victor M. Mendez
Director

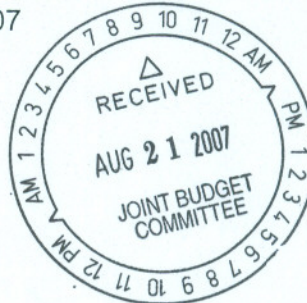
Arizona Department of Transportation

Office of the Director

206 South Seventeenth Avenue Phoenix, Arizona 85007-3213

August 15, 2007

Richard Travis
Deputy Director



The Honorable Robert Burns, Chairman
Joint Committee on Capital Review
1716 West Adams
Phoenix, Arizona 85007

Dear Senator Burns:

We respectfully request that ADOT's planned FY2008 Building Renewal projects be placed on the September JCCR meeting agenda for review and approval.

The following summary outlines the scope of work:

State Highways Fund Building Renewal Projects

| | |
|---|------------|
| Category 1 – Fire/Life/Safety | \$ 384,500 |
| Category 2 – Roof Repairs/Replacement | 959,737 |
| Category 3 – Preservation of Asset | 311,700 |
| Category 4 – Major Building Systems | 1,214,562 |
| Category 5 – Interior Building Finishes | 153,730 |
| Category 6 – Major Renovation | 172,819 |
| Category 7 – ADA Compliance | 187,000 |
| Category 8 – Infrastructure | 252,000 |
| Contingency | 141,052 |

Sub total \$3,777,100

Aviation Fund Building Renewal Projects

| | |
|--|-----------|
| Category 3 – Preservation of Asset | \$ 10,700 |
| Category 4-Major Building Systems | 90,400 |
| Category 5- Interior Building Finishes | 40,000 |

Sub total \$141,100

Total \$3,918,200.

Your favorable review and approval of this request is appreciated.

Sincerely,

Victor M. Mendez

cc: Representative Russell Pearce, Vice-Chairman
Richard Stavneak, JLBC
Bob Hull, JLBC
James Apperson, OSPB
Marcel Benberou, OSPB

STATE OF ARIZONA
FY 2008 CAPITAL IMPROVEMENT PLAN
DEPARTMENT OF TRANSPORTATION FY 2008 FINAL BUILDING RENEWAL PROJECT LIST - BY CATEGORY

| Project Description | Estimated Cost |
|---------------------|----------------|
|---------------------|----------------|

STATE HIGHWAY FUND

CATEGORY 1 - FIRE/LIFE SAFETY

| | |
|--|-------------------|
| Little Antelope Wash Rack - Reinstall catwalk | \$ 35,000 |
| Williams Maint Yard Wash Rack - Relocate catwalk & add catwalk at end to eliminate head bump hazard | \$ 50,000 |
| Show Low Maintenance Yard - Design and install fire code compliant hookup for a vaulted fire hydrant | \$ 40,000 |
| St. Johns Maintenance Yard #3314 - Replace unsafe access stairs to upper offices and storage | \$ 20,000 |
| Show Low Training Trailer - Replace steps | \$ 3,500 |
| Kayenta Maintenance Office - Install eyewash/shower and all related plumbing | \$ 10,000 |
| Seligman Spreader Rack - Repair structural deficiencies | \$ 13,000 |
| Kingman Spreader Rack - Repair structural deficiencies | \$ 18,000 |
| Recker Road Storage Bldg - Determine mezzanine load limit | \$ 5,000 |
| Prescott Valley Maintenance Yard - Replace fence w/ gate for FD access; relocate water tee for fire code | \$ 10,000 |
| Payson Equipment Services Shop - Design correction to fire wall deficiency & access to roof equipment | \$ 15,000 |
| Holbrook Equipment Services Shop - Replace and upgrade current HVAC system to address vent problems | \$ 45,000 |
| Tucson Equipment Services Shop - Install bird control in truck & car wash area | \$ 28,000 |
| HRDC - Install catwalks for suspended AHUs above classrooms | \$ 80,000 |
| Casa Grande MVD - Connect fire sprinkler system into fire alarm system | \$ 2,000 |
| Douglas MVD - Connect fire sprinkler system into fire alarm system | \$ 2,000 |
| Safford MVD - Connect fire sprinkler system into fire alarm system | \$ 2,000 |
| Tucson East MVD - Connect fire sprinkler system into fire alarm system | \$ 2,000 |
| Tucson North MVD - Connect fire sprinkler system into fire alarm system | \$ 2,000 |
| Yuma MVD - Connect fire sprinkler system into fire alarm system | \$ 2,000 |
| TOTAL | \$ 384,500 |

CATEGORY 2 - ROOFS

| | |
|---|-----------|
| Materials Group Tucson Regional Lab (2183) - Replace/recoat roof sections, abate asbestos | \$ 20,000 |
| Young Maintenance Office (2093) - Replace roof | \$ 5,000 |
| Young Maintenance Truck Barn (2094) - Replace roof | \$ 3,500 |
| Young Maintenance Pumphouse (2213) - Replace roof | \$ 3,000 |
| Tonto Basin Wellhouse (2425) - Replace roof | \$ 1,500 |
| Superior Maintenance Sign Shed (2391) - Replace roof, abate asbestos as needed | \$ 12,000 |
| Superior Maintenance Tool/Storage Shed (2392) - Replace roof | \$ 14,000 |
| Superior Maintenance Ramada (2396) - Replace roof | \$ 5,000 |
| Globe District Office (2077) - Replace roof section, abate asbestos as needed | \$ 10,000 |
| El Capitan Rest Area Ramada (2410) - Replace roof | \$ 3,000 |
| Fish Creek Maintenance Truck Barn (2090) - Replace roof | \$ 40,000 |
| Fish Creek Maintenance Pumphouse (2215) - Replace roof | \$ 3,000 |
| Parker Creek Maintenance Fuel Island (2423) - Replace roof | \$ 6,000 |
| Parker Creek Maintenance Pumphouse (2214) - Replace roof | \$ 2,000 |
| Globe Maintenance Storage/Truck Barn - Install foam roof | \$ 25,000 |
| Holbrook Signing & Striping Storage - Design for roof support system replacement | \$ 15,000 |
| Mesa Salt River Complex Storage Bldg 1345 - Reroof with single ply roof system | \$ 4,837 |
| Wickenburg Tire Storage Bldg (1649) - Replace roof | \$ 8,000 |
| St. David Maintenance Pumphouse (2209) - Replace roof | \$ 3,000 |
| St. David Maintenance Truck Barn (2115) - Replace roof | \$ 80,000 |
| Safford Maintenance Public Rest Room (2208) - Replace roof | \$ 2,000 |
| Safford Maintenance Fuel Island (2482) - Replace roof | \$ 5,200 |
| Three Way Maintenance Pumphouse (2206) - Replace roof | \$ 2,000 |
| San Simon Rest Area Residence (2111) - Replace roof section | \$ 4,000 |

STATE OF ARIZONA
FY 2008 CAPITAL IMPROVEMENT PLAN
DEPARTMENT OF TRANSPORTATION FY 2008 FINAL BUILDING RENEWAL PROJECT LIST - BY CATEGORY

| Project Description | Estimated Cost |
|--|----------------|
| Willcox Maintenance Fuel Island (2442) - Replace roof | \$ 4,000 |
| Safford Construction Storage/Canopy (2492) - Replace roof | \$ 45,000 |
| Ajo Maintenance Sign Shed (2366) - Replace roof | \$ 12,000 |
| Coolidge Maintenance Sign Shed (2386) - Replace roof | \$ 4,500 |
| Sacaton Residence EB (2048) - Replace roof | \$ 12,000 |
| Casa Grande Construction Modular Office (2066) - Replace roof section | \$ 6,000 |
| Casa Grande Construction Storage Ramada (2370) - Replace roof | \$ 10,000 |
| Casa Grande Maintenance Storage/Rest Room (2068) - Replace roof, abate asbestos | \$ 12,500 |
| Casa Grande Maintenance Wash Rack Shed (2373) - Replace roof | \$ 2,000 |
| Casa Grande Maintenance Fuel Island (2374) - Replace roof | \$ 3,200 |
| Casa Grande Maintenance Storage (2378) - Replace roof | \$ 2,500 |
| Casa Grande Maintenance Canopy (2380) - Replace roof | \$ 3,200 |
| Oracle Maintenance Storage (2603) - Replace roof | \$ 4,000 |
| Oracle Maintenance Storage (2604) - Replace roof | \$ 2,500 |
| Tucson Traffic Operations (2187) - Replace roof section, abate asbestos | \$ 17,000 |
| Tucson Landscaping Storage (2555) - Replace roof | \$ 2,500 |
| Tucson Maintenance Storage (2557) - Replace roof, abate asbestos | \$ 9,000 |
| Tucson Maintenance Ice House/Vending (2558) - Replace roof | \$ 3,000 |
| Tucson District Parking Canopy (2609) - Replace roof | \$ 6,000 |
| Tucson Maintenance Guardshack (2195) - Replace roof | \$ 2,000 |
| Tucson Construction Survey Storage (2527) - Replace roof | \$ 6,000 |
| Tucson ITG Office (2177) - Replace roof, abate asbestos | \$ 27,000 |
| Oracle Maintenance Office - Remove failing ridge vents and seal roof | \$ 18,900 |
| Sentinel Rest Area Pumphouse (2219) - Replace roof, abate asbestos | \$ 17,000 |
| Dateland Well Canopy (2307) - Replace roof | \$ 4,000 |
| Parker Maintenance Rest Room (2564) - Replace roof, abate asbestos | \$ 7,000 |
| Bouse Wash Rest Area Pumphouse (2223) - Replace roof | \$ 6,000 |
| Quartzsite Maintenance Pump Shed (2250) - Replace roof | \$ 2,000 |
| Quartzsite Maintenance Fuel Island (2253) - Replace roof | \$ 3,200 |
| Bouse Wash Rest Area Residence (2013) - Replace roof | \$ 17,000 |
| Bouse Storage Yard Shed (2228) - Replace roof | \$ 2,000 |
| Tonopah Maintenance Storage Shed (2316) - Replace roof | \$ 2,000 |
| Tonopah Maintenance Storage Shed (2317) - Replace roof | \$ 6,000 |
| Gila Bend Maintenance Office (2055) - Replace roof section | \$ 4,000 |
| Gila Bend Paint Dock (2355) - Replace roof | \$ 2,000 |
| Gila Bend Maintenance Storage (2360) - Replace roof | \$ 4,000 |
| Sentinel Rest Area EB Rest Rooms (2053) - Replace roof | \$ 3,000 |
| Sentinel Rest Area WB Rest Rooms (2054) - Replace roof | \$ 3,000 |
| Gila Bend Maintenance Quonset Storage (2359) - Replace roof | \$ 20,000 |
| Douglas Equipment Services Shop - Install foam roof to seal building for leaks | \$ 6,000 |
| Globe Equipment Services Shop - Recoat foam roof | \$ 15,000 |
| Holbrook Equipment Services Shop - Correct storage area canopy structural deficiencies | \$ 20,000 |
| Sierra Vista MVD (2114) - Roof repairs, abate asbestos | \$ 45,000 |
| Nogales POE Scalehouse (2169) - Replace roof | \$ 20,000 |
| Ehrenberg POE EB Office (2000) - Replace roof | \$ 5,000 |
| Yuma MVD Inspection Canopy (2279) - Replace roof | \$ 24,000 |
| Yuma MVD Level II Inspection (2222) - Replace roof | \$ 5,000 |
| Yuma MVD Storage Shed (2280) - Replace roof | \$ 4,000 |
| Yuma I-8 POE WB Office/Weigh Station (2017/2273) - Replace roof, abate asbestos | \$ 10,000 |
| Yuma MVD Office (2026) - Replace roof | \$ 60,000 |
| Ehrenberg POE Inspection Booth (2231) - Replace roof | \$ 3,000 |
| Ehrenberg POE Inspection Booth (2232) - Replace roof | \$ 3,000 |

STATE OF ARIZONA
FY 2008 CAPITAL IMPROVEMENT PLAN
DEPARTMENT OF TRANSPORTATION FY 2008 FINAL BUILDING RENEWAL PROJECT LIST - BY CATEGORY

| Project Description | Estimated Cost |
|---|-------------------|
| Claypool MVD (2076) - Replace roof | \$ 20,000 |
| Tucson North MVD (2185) - Repair/Replace roof | \$ 5,000 |
| Yuma I-8 POE EB Office/Weigh Station (2016/2272) - Replace roof | \$ 24,200 |
| San Simon POE WB Logging Station (2447) - Replace roof | \$ 3,000 |
| Nogales MVD roof beams and fascia - Repair/replace deteriorating wood | \$ 18,500 |
| Surprise MVD - Repair roof | \$ 25,000 |
| Consultant Project Managers | \$ 50,000 |
| TOTAL | \$ 959,737 |

| CATEGORY 3 - PRESERVATION OF ASSET | |
|---|-------------------|
| Traffic Signal Warehouse - Repair structural frame | \$ 95,000 |
| Little Antelope Fuel Island - Repaint fuel island | \$ 2,200 |
| Springerville Maint Crew Ready Room - Install rain gutters | \$ 3,000 |
| Ganado Resident Housing - Install insulated doors and dual pane low e windows | \$ 8,500 |
| Holbrook District Office - Replace 18 single pane windows with energy efficient double pane windows | \$ 48,500 |
| 48th St Construction Office Modular - Replace missing west side skirting by cleanout and electrical panel | \$ 3,500 |
| Peerless Bldg - Install "Energy Star" windows | \$ 40,000 |
| HRDC Bldg - Install "Energy Star" windows | \$ 60,000 |
| Administration Bldg - Correct exiting deficiencies on exterior doors | \$ 20,000 |
| Surprise MVD - Paint exterior roof trim | \$ 4,000 |
| Chandler MVD - Repaint exterior stucco walls | \$ 12,000 |
| Yuma B-8 POE - Repaint exterior | \$ 4,000 |
| Casa Grande MVD - Replace rain gutters | \$ 3,000 |
| San Simon POE - Paint all building exteriors | \$ 8,000 |
| TOTAL | \$ 311,700 |

| CATEGORY 4 - MAJOR BUILDING SYSTEMS | |
|---|------------|
| Materials Group Tucson Regional Lab Bldg - Upgrade electrical service | \$ 40,000 |
| Engineering Bldg - Repair HVAC system | \$ 40,000 |
| Central Materials Lab Bldg - Repair HVAC system | \$ 25,000 |
| Traffic Operations Center - Install new chiller and surge tank | \$ 240,000 |
| Central Materials Lab Bldg - Convert T12 light fixtures to T8 | \$ 6,000 |
| Little Antelope Truck Barn - Replace two unserviceable heaters | \$ 4,300 |
| Little Antelope Residence and Mobile Office - Replace three unserviceable furnaces | \$ 9,900 |
| Flagstaff District-wide - Reconfigure plumbing on all deicing tanks | \$ 40,000 |
| Williams Maintenance Yard - Repair emergency backup generator | \$ 60,000 |
| Globe Maintenance Office and Truck Barn - Upgrade electrical service | \$ 35,000 |
| Roosevelt Maintenance Yard Washrack - Provide utilities for consent ordered wash equip | \$ 25,000 |
| Young Maintenance Yard - Provide utilities for consent ordered wash equipment | \$ 25,000 |
| Holbrook District Offices - Convert T12 light fixtures to T8 fixtures | \$ 10,000 |
| Chambers Equipment Storage Bldg #3331 - Replace unit heaters | \$ 5,000 |
| Winslow Equipment Storage - Upgrade HVAC system current system is ineffective and outdated | \$ 15,000 |
| Wikieup Maintenance Yard Fuel Island - Upgrade electrical on fuel island (replace screw in type fuse box) | \$ 6,000 |
| Wikieup Roadway Maint Office Bldg #3040 - Replace aged HVAC system with new energy efficient unit | \$ 11,500 |
| Avondale Construction - Convert T12 light fixtures to T8 | \$ 1,500 |
| Phoenix Construction Survey Office - Convert T12 light fixtures to T8 | \$ 1,000 |
| Durango Roadway Maintenance Yard - Convert T12 light fixtures to T8 | \$ 1,500 |
| Aqua Fria Roadway Maintenance Yard - Convert T12 light fixtures to T8 | \$ 1,500 |
| Wickenburg Roadway Maint Yard - Convert T12 light fixtures to T8 | \$ 1,500 |
| Three Way Maint Yard Washrack - Provide utilities for consent ordered wash equipment | \$ 25,000 |

STATE OF ARIZONA
FY 2008 CAPITAL IMPROVEMENT PLAN
DEPARTMENT OF TRANSPORTATION FY 2008 FINAL BUILDING RENEWAL PROJECT LIST - BY CATEGORY

| Project Description | Estimated Cost |
|---|---------------------|
| Tucson District Conference Room - Replace aging HVAC unit | \$ 10,000 |
| Tucson Grant Rd. Maintenance Office - Replace failing, inefficient HVACs (4 on west side) | \$ 40,000 |
| Tucson District Offices - Convert inefficient T12 light fixtures to T8 type | \$ 2,000 |
| Tucson Grant Rd Maintenance Office - Convert inefficient T12 light fixtures to T8 type | \$ 2,000 |
| Casa Grande Maint Truck Barn & Yard - Assess and design upgrade for electrical service | \$ 15,000 |
| Tonopah Maint Yard Washrack - Provide utilities for consent ordered wash equipment | \$ 25,000 |
| Yuma Construction Lab - Replace unserviceable HVAC units | \$ 46,000 |
| Yuma Equipment Storage Building - Install two evaporative coolers | \$ 15,000 |
| Quartzsite Roadway Maintenance Office - Replace aging HVAC unit | \$ 25,000 |
| Yuma Traffic Operations - Replace unserviceable evap coolers | \$ 14,000 |
| Ehrenberg Rest Area Residence #1 - Replace HVAC | \$ 8,500 |
| Burnt Well Rest Area EB Residence - Replace HVAC | \$ 7,500 |
| Bouse Wash Rest Area Residence - Replace HVAC | \$ 7,500 |
| Yuma District Yard Offices - Convert inefficient T12 light fixtures to T8 type | \$ 15,700 |
| Buckeye Construction Office - Convert T12 light fixtures to T8 | \$ 1,000 |
| Flagstaff Equipment Services Shop - Replace 19 aging standing pilot natural gas unit heaters | \$ 31,000 |
| Payson Equipment Services Shop - Design access to inaccessible unit heaters and AHU | \$ 7,500 |
| Payson Equipment Services Shop - Design correction to heat from existing radiant floor heating system | \$ 10,000 |
| Yuma Equipment Services Shop - Replace unserv skylight & install efficient light fixtures | \$ 35,000 |
| Casa Grande Equipment Services Shop - Upgrade plumbing (lavatory drain to sewer) | \$ 10,000 |
| Douglas Equipment Shop - Assess unserviceable hydraulic hoist for contamination & remove | \$ 30,000 |
| AZ Highways Magazine Bldg - Convert T12 light fixtures to T8 | \$ 2,000 |
| ADOT Statewide - Install emergency exit signs and lights | \$ 5,000 |
| ADOT Statewide - Repair HVAC systems | \$ 5,000 |
| ADOT Statewide - Repair electrical systems | \$ 2,500 |
| ADOT Statewide - Convert T12 light fixtures to T8 and other lamping conversions | \$ 2,000 |
| ADOT Statewide - Install "Energy Star" thermostats | \$ 2,000 |
| Administration Bldg - Convert T12 light fixtures to T8 | \$ 10,000 |
| Old MVD Office Modulares - Convert T12 light fixtures to T8 | \$ 2,000 |
| Yuma I-8 POE - Design waste water drainage for fruit inspection tables | \$ 10,000 |
| San Simon POE - Design waste water drainage for fruit inspection tables | \$ 10,000 |
| Yuma I-8 POE - Install restroom HVAC | \$ 6,000 |
| Ajo MVD Office - Design for upgrade of electrical service | \$ 12,000 |
| East Tucson MVD - Perform electrical repairs | \$ 7,242 |
| Tucson Regional MVD - Perform electrical repairs | \$ 16,655 |
| Tucson CDL/Construction - Design to upgrade electrical service | \$ 7,500 |
| Central Forms Warehouse - Repair evap cooler system | \$ 5,000 |
| MVD Customer Service Centers Statewide - Perform HVAC and chiller repairs | \$ 20,000 |
| West Phoenix MVD - Energy efficiency review | \$ 6,000 |
| South Mountain MVD - Energy efficiency review | \$ 4,000 |
| Avondale MVD - Energy efficiency review | \$ 4,000 |
| Surprise MVD - Convert T12 light fixtures to T8 | \$ 1,000 |
| Sun City MVD - Convert T12 light fixtures to T8 | \$ 1,000 |
| Phoenix Motorcycle Testing MVD - Convert T12 light fixtures to T8 | \$ 1,000 |
| SE Mesa MVD South Offices - Perform HVAC upgrade | \$ 85,265 |
| TOTAL | \$ 1,214,562 |

CATEGORY 5 - INTERIOR BUILDING FINISHES

| | |
|--|-----------|
| St. Johns Maintenance Yard Storage Shed #3398 - Replace flooring | \$ 2,500 |
| St. Johns Maintenance Yard #3314 - Remove/replace flooring in upstairs and downstairs offices | \$ 12,500 |
| Winslow Equipment Storage - Replace VCT flooring throughout building to eliminate tripping hazards | \$ 12,000 |

STATE OF ARIZONA
FY 2008 CAPITAL IMPROVEMENT PLAN
DEPARTMENT OF TRANSPORTATION FY 2008 FINAL BUILDING RENEWAL PROJECT LIST - BY CATEGORY

| Project Description | Estimated Cost |
|--|-------------------|
| Equipment Services Phoenix Annex - Repaint interior and replace blinds | \$ 4,000 |
| Equipment Services Phoenix Gatehouse - Repaint interior and replace blinds | \$ 1,500 |
| Equipment Services Phoenix Towers Bldg - Remove carpet and replace with VCT | \$ 6,000 |
| Kingman MVD - Replace unserviceable carpet | \$ 18,000 |
| Sanders Port of Entry Offices & Lobby - Replace flooring, including asbestos abatement | \$ 25,000 |
| Claypool MVD - Replace aging floor covering | \$ 29,180 |
| Nogales POE NAFTA modular office - replace floor tile | \$ 7,000 |
| Claypool MVD - Repaint interior | \$ 15,050 |
| Kearny MVD - Repaint interior | \$ 9,000 |
| Three Way MVD - Repaint interior | \$ 9,000 |
| Tucson Regional MVD - Replace carpet in limited locations | \$ 3,000 |
| TOTAL | \$ 153,730 |

| | |
|---|-------------------|
| CATEGORY 6 - RECONFIGURE OR REMODEL | |
| Marble Canyon Visitor Ctr - Paint bldg int & ext, replace w/water pumps, upgrade controls & latrine water sys | \$ 25,000 |
| Gray Mountain Deicer Storage Building - Reconfigure interior wall for improved operations | \$ 25,000 |
| Seligman Wash Rack - Add a crossover catwalk at the end of the wash bay | \$ 25,000 |
| Wickenburg Maintenance Washrack Facility - Install missing enclosure panels on gantries | \$ 97,819 |
| TOTAL | \$ 172,819 |

| | |
|---|-------------------|
| CATEGORY 7 - ADA | |
| Phoenix Landscape Maintenance Office 1600 NW Grand Ave - Install ADA parking space | \$ 3,000 |
| Safford District Office - Install ADA parking per ADOT Bldg Inspector | \$ 1,000 |
| Safford Construction Yard - Install ADA parking per ADOT Bldg Inspector | \$ 1,000 |
| Tuba City MVD - Reconfigure counters to add ADA compliant customer counters | \$ 25,000 |
| Tuba City MVD - Replace ADA ramp, sidewalk, install door operators/actuators, and ADA parking for two | \$ 50,000 |
| Bullhead City MVD - install ramp, door operators/actuators, and new sidewalk to north of building | \$ 45,000 |
| Lake Havasu City MVD - Install ADA compliant door operators/actuators | \$ 12,000 |
| Window Rock MVD - Replace old worn out counters and install ADA compliant counters | \$ 25,000 |
| Flagstaff MVD - Install ADA door operators, intercom systems, handicapped parking area | \$ 25,000 |
| TOTAL | \$ 187,000 |

| | |
|--|-------------------|
| CATEGORY 8 - INFRASTRUCTURE | |
| Page Maintenance Yard - Replace pumps, all seals, and rods for septic lift station | \$ 15,000 |
| Needle Mountain Maintenance Yard - Replace failing water line | \$ 220,000 |
| Equipment Services Fleet Management Yard Phoenix - Rewire yard security lights | \$ 17,000 |
| TOTAL | \$ 252,000 |

| | |
|--|---------------------|
| TOTAL OF ALL PROJECTS REQUESTED | \$ 3,636,048 |
| CONTINGENCY | \$ 141,052 |
| TOTAL AUTHORIZED FUNDS | \$ 3,777,100 |

| | |
|--|---------------------|
| RECAP | |
| CATEGORY 1 - FIRE/LIFE/SAFETY | \$ 384,500 |
| CATEGORY 2 - ROOFS | \$ 959,737 |
| CATEGORY 3 - PRESERVATION OF ASSET | \$ 311,700 |
| CATEGORY 4 - MAJOR BUILDING SYSTEMS | \$ 1,214,562 |

STATE OF ARIZONA
 FY 2008 CAPITAL IMPROVEMENT PLAN
 DEPARTMENT OF TRANSPORTATION FY 2008 FINAL BUILDING RENEWAL PROJECT LIST - BY CATEGORY

| Project Description | Estimated Cost |
|---|----------------|
| CATEGORY 5 - INTERIOR BUILDING FINISHES | \$ 153,730 |
| CATEGORY 6 - RECONFIGURE OR REMODEL | \$ 172,819 |
| CATEGORY 7 - ADA COMPLIANCE | \$ 187,000 |
| CATEGORY 8 - INFRASTRUCTURE | \$ 252,000 |
| CONTINGENCY | \$ 141,052 |
| TOTAL | \$ 3,777,100 |

| |
|---|
| <p align="center"> STATE OF ARIZONA FY 2008 CAPITAL IMPROVEMENT PLAN DEPARTMENT OF TRANSPORTATION FY 2008 FINAL BUILDING RENEWAL PROJECT LIST - BY CATEGORY </p> |
|---|

| Project Description | Estimated Cost |
|---------------------|----------------|
|---------------------|----------------|

| |
|----------------------------|
| STATE AVIATION FUND |
|----------------------------|

| | |
|---|--|
| CATEGORY 3 - PRESERVATION OF ASSET | |
|---|--|

| | |
|---|---------------|
| Grand Canyon Airport Bldg #3577 - Replace worn roll-up door w/insulated doors, lights & auto opener | \$ 10,700 |
| TOTAL | 10,700 |

| | |
|--|--|
| CATEGORY 4 - MAJOR BUILDING SYSTEMS | |
|--|--|

| | |
|--|------------------|
| Grand Canyon Airport Terminal - Replace unsafe terminal fire place | \$ 15,000 |
| Grand Canyon Airport Terminal - Upgrade unserviceable lighting | \$ 50,000 |
| Grand Canyon Airport Admin Office - Convert T12 light fixtures to T8 | \$ 3,000 |
| Grand Canyon Airport Terminal - Repair water treatment plant equipment | \$ 22,400 |
| TOTAL | \$ 90,400 |

| | |
|--|--|
| CATEGORY 5 - INTERIOR BUILDING FINISHES | |
|--|--|

| | |
|---|------------------|
| Grand Canyon Airport Terminal - Replace worn out flooring | \$ 40,000 |
| TOTAL | \$ 40,000 |

| | |
|--|--|
| TOTAL OF ALL PROJECTS REQUESTED | |
|--|--|

| | |
|-------------------------------|-------------------|
| CONTINGENCY | \$ - |
| TOTAL AUTHORIZED FUNDS | \$ 141,100 |

| |
|--------------|
| RECAP |
|--------------|

| | |
|--|-------------------|
| CATEGORY 3 - PRESERVATION OF ASSET | \$ 10,700 |
| CATEGORY 4 - MAJOR BUILDING SYSTEMS | \$ 90,400 |
| CATEGORY 5 - INTERIOR BUILDING FINISHES | \$ 40,000 |
| TOTAL | \$ 141,100 |

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
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DAVID SCHAPIRA

DATE: October 11, 2007

TO: Senator Bob Burns, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Bob Hull, Principal Research/Fiscal Analyst

SUBJECT: Arizona Department of Transportation – Report on 5-Year Transportation Program

Request

In compliance with a Committee request, the Arizona Department of Transportation (ADOT) has submitted an Executive Summary of their 5-Year Transportation Facilities Construction Program for FY 2008-FY 2012.

This is the same memo as was prepared for the cancelled September meeting.

Summary

The entire 5-Year Program costs \$6.6 billion. Of this amount, \$3.4 billion will be spent on 39 major projects above \$25 million (see *Table 8*). During the 5 years, the annual spending level ranges between \$1.2 billion and \$1.6 billion. During the 5 years, the amount of outstanding Highway User Revenue Fund (HURF) bonds ranges between \$1.7 billion and \$1.9 billion.

Laws 2007, Chapter 267, extended the allowable repayment period for highway bonds from 20 years to 30 years. This is estimated to provide ADOT with an additional \$500 million in bonding capacity. The FY 2008-FY 2012 highway program does not include the use of any of the \$500 million of additional bonding capacity. In addition, the 5-year highway program does not include the \$62 million for the Statewide Transportation Acceleration Needs (STAN) Account from the FY 2008 budget to accelerate certain highway projects. The \$62 million includes \$10 million for the Transportation Acceleration Interest Reimbursement Account in FY 2008 for approved interest costs and \$10 million for the Roads of Regional Significance Congestion Mitigation Account in FY 2008 for transportation projects of high growth jurisdictions. The Maricopa Association of Governments (MAG) has allocated the \$10 million of the Transportation Acceleration Interest Reimbursement Account to the I-10 widening project in the Southwest Valley. Three Southwest Valley cities would receive \$7 million to reimburse their share of the interest and the remaining \$3 million would be used to offset the Regional Transportation Plan's share of the interest for this project.

(Continued)

A portion of the extra \$500 million bonding and the new \$62 million STAN funding is expected to be allocated as part of next year's FY 2009-FY 2013 5-Year Program. During the next year, however, ADOT could accelerate some of this funding into FY 2008.

ADOT has reported that the program addresses all of the 20 "over capacity" highway segments.

Recommendation

This item is for information only and no Committee action is required.

Since the full Legislature neither appropriates the entire funding of the 5-year program nor approves the individual projects, the Committee has traditionally requested information on the program to ensure some legislative oversight. Over the years, the Committee has requested that ADOT include an Executive Summary of the program and a progress report on congestion performance measures. To further legislative oversight, the JLBC Staff recommends that:

1. ADOT provide an Executive Summary of its 5-Year Transportation Facilities Construction Program for FY 2009-FY 2013, due by July 31, 2008. The Executive Summary should include all the information and tables submitted this year, plus a narrative description of how much of the estimated \$500 million of additional bonding capacity from 30 year highway bonds is included in the FY 2009-FY 2013 highway program.
2. The Committee adopt the highway congestion performance measures, shown in *Tables 5, 6, and 7*.
3. ADOT report to the Committee on spending plans for the \$62 million appropriated to the Statewide Transportation Acceleration Needs (STAN) Account of the State Highway Fund in FY 2008 by December 15, 2007.

Analysis

Expenditures

The 5-Year Transportation Facilities Construction Program for FY 2008-FY 2012 includes a 5-year total of \$6.6 billion for the highway program and \$0.7 billion for the aviation program. The 5-year program shows estimated expenditures on an obligation basis in the fiscal year that the project begins. Expenditures do not represent cash flow, since projects typically take multiple years to complete. Once a project begins, it no longer appears in future 5-Year plans. Expenditures exclude debt service, which is netted out of revenue.

Table 1 compares the estimated expenditures for this year's 5-year highway program to last year's program. The overall 5-year highway program increases from \$5.84 billion to \$6.57 billion, \$732 million, or 12.5%, which is mainly due to a large increase in Maricopa Regional Area Road Fund (MRARF) bond proceeds, as shown in *Table 4*. This includes the following increases:

- The statewide highway program grows from \$2.6 billion to \$2.72 billion, an increase of \$123 million, or 4.7%.
- The Maricopa Association of Governments (MAG) freeway system increases from \$3.24 billion to \$3.85 billion, \$609 million, or 18.8%.

(Continued)

| Table 1 | | |
|---|--------------------------------|--------------------------------|
| ADOT's 5-Year Highway Program Estimated Expenditures | | |
| | <u>FY's 2007 - 2011</u> | <u>FY's 2008 - 2012</u> |
| <u>Statewide Program</u> | | |
| Preservation | \$ 892,000,000 | \$ 1,022,141,000 |
| Improvements | 1,325,000,000 | 1,316,290,000 |
| Management | 379,000,000 | 380,581,000 |
| Total Statewide Program | \$2,596,000,000 | \$2,719,012,000 |
| <u>MAG Freeway System</u> | <u>\$3,243,000,000</u> | <u>\$3,851,668,000</u> |
| Total | <u>\$5,839,000,000</u> | <u>\$6,570,680,000</u> |

Table 8 lists the estimated expenditures by fiscal year for 39 major highway projects (those over \$25 million), which total \$3.4 billion of estimated expenditures in this year's 5-year highway program. Table 9 compares the 39 major highway projects costing \$3.4 billion in this year's 5-year highway program to the 33 major highway projects costing \$3.1 billion in last year's program. Eleven projects are listed as major highway projects in last year's program but not in this year's program, as shown in Table 2. These projects may not yet be completed, since projects typically take multiple years to complete. Also, some of last year's major projects may still be in this year's 5-year program, either as redefined projects or with expenditures below the \$25 million major project level.

| Table 2 | |
|---|--|
| Major Highway Projects (Over \$25,000,000) Removed This Year | |
| | <u>Status</u> |
| <u>North Valley</u> | |
| I-17 – L101 to Carefree Highway, widen & HOV | Redefined as 2 projects |
| I-17 – Jomax/Dixileta Interchanges | Advertised 12/06 |
| L303 (Estrella) – Happy Valley Rd to I-17, interim roadway | Redefined as 2 projects |
| <u>East Valley</u> | |
| SR 51 – Shea Blvd to L101, HOV | Advertised 4/07 |
| L101 (Pima) – Princess Dr to L202, HOV | Advertised 5/07 |
| L202 (Red Mountain) – I-10/SR 51 Interchange to L101 eastbound, widen | To be reprogrammed into a larger project |
| <u>South Valley</u> | |
| L202 – South Mountain Freeway | Redefined as 2 projects |
| <u>Balance of State</u> | |
| Safford US 191 – MP 151 to Threeway, widen | Advertised 4/07 |
| Globe US 60 – Florence Junction to Queen Creek, widen | Advertised 6/07 |
| SR 93 – Wickenburg By-Pass | Advertised 6/07 |
| Flagstaff SR 179 – N Forest Boundary to Sedona, roundabouts & straighten | Advertised 6/07 |
| ROW – Right of Way SR – State Route HOV – High Occupancy Vehicle Lane MP – Mile Post | |

There are 17 new major projects totaling \$1.83 billion in this year's 5-year program, as shown in Table 3. The 17 new major projects include 6 new major projects in the North Valley (\$641.5 million), 3 each in the East Valley (\$159.8 million) and West Valley (\$207.8 million), 2 each in the Southwest Valley (\$650 million) and Tucson (\$151 million), and 1 in the balance of the state (\$25 million).

(Continued)

| Table 3 | |
|--|--------------------------------|
| New Major Highway Projects (Over \$25,000,000) | |
| | <u>FY's 2008 - 2012</u> |
| <u>North Valley</u> | |
| I-17 – L101 to Jomax Rd, widen | \$ 95,000,000 |
| I-17 – Jomax Rd to Carefree Hwy, widen | 95,000,000 |
| I-17 – Carefree Hwy to Anthem Way, widen (STAN advanced) | 30,500,000 |
| L303 (Estrella) – Happy Valley Rd to Lake Pleasant Rd, interim roadway | 177,000,000 |
| L303 (Estrella) – Lake Pleasant Rd to I-17, ROW & interim roadway | 174,000,000 |
| L303 (Estrella) – US 60 (Grand Ave) to I-17, ROW | 70,000,000 |
| <u>East Valley</u> | |
| L202 (Red Mountain) – 48 th St to Rural Rd, widen | 46,300,000 |
| L202 (Red Mountain) – Rural Rd to L101, widen | 61,600,000 |
| L202 (Red Mountain) – SR 51 to 48 th St, widen | 51,900,000 |
| <u>Southwest Valley</u> | |
| L202 (South Mountain) – 51 st Ave to I-10, new freeway | 450,000,000 |
| L202 (South Mountain) – I-10 to 51 st Ave, ROW | 200,000,000 |
| <u>West Valley</u> | |
| I-10 – Verrado Way to Sarival Rd, widen (STAN advanced) | 43,200,000 |
| L303 (Estrella) – I-10/L303, interchange | 135,000,000 |
| SR 85 – Southern Ave to I-10, widen | 29,600,000 |
| <u>Tucson</u> | |
| Tucson I-10 – I-8 to Picacho Peak, widen | 126,000,000 |
| Tucson I-10 – Valencia Rd, interchange | 25,000,000 |
| <u>Balance of State</u> | |
| Cottonwood SR 260 – Western Dr to Thousand Trails, widen | 25,000,000 |
| ROW – Right of Way SR – State Route | |

Of the 39 major projects in this year's 5-year highway program, 4 major projects were advanced using the \$307 million appropriated to the STAN Account of the State Highway Fund in FY 2007, as shown in *Tables 8 and 9*. Two of the 4 major projects advanced using STAN monies are new to this year's 5-year highway program, as shown in *Table 3*. In addition, 2 other major projects were begun in FY 2007 using the \$307 million appropriated to STAN in FY 2007.

Revenues

Table 4 compares ADOT's estimated revenues on an obligation basis in order to match the obligation basis expenditures for this year's and last year's 5-year highway programs. ADOT shows the 5-year highway program revenues in current fiscal year dollars, and therefore does not show the actual funds collected over that time period. In addition, debt service payments are deducted from revenue and are not displayed as expenditures.

For these reasons, the 5-year highway program revenues do not match ADOT's estimated cash flow revenue tables (*see green Attachment A*), which are in current fiscal year dollars but are not net of debt service. This disconnect causes confusion when trying to compare ADOT's 5-year program obligation basis revenue to their cash flow revenue tables.

The main reasons for changes in revenues between the FY 2007-2011 and FY 2008-2012 programs are as follows:

(Continued)

- State Highway Fund decreases from \$769 million to \$591 million. ADOT reports that the \$(178) million decrease, or (23)%, is due to several variables. The \$591 million is the revenues needed to match the total program, which is shown on an obligation basis. ADOT assumes that all bonds, Federal Funds and MRARF funds will be spent prior to State Highway Fund monies. Therefore, the State Highway Fund number of \$591 million becomes the “balance” needed to match the total program amount.

On a cash flow basis, HURF revenues increase from \$7,601 million to \$8,061 million, an increase of \$460 million or 6%, and appropriated debt service for HURF bonds decreases from \$590 million to \$529 million, a decrease of \$(61) million or (10)%. Both of these factors increase the monies available to fund highway construction on a cash flow basis. On the other hand, ADOT’s operating budget increases from \$2.1 billion to \$2.2 billion, an increase of \$103 million or 5%, and their capital outlay budget increases from \$70 million to \$84 million, an increase of \$14 million or 20%. These spending increases partially offset the 2 positives above and decrease the monies remaining to fund highway construction by a like amount.

- MRARF decreases from \$460 million to \$329 million. ADOT reports that the \$(131) million decrease, or (28)%, is due to debt service increases for higher levels of MRARF bonding in order to maximize funding from the Maricopa ½ cent sales tax. The increase in debt service on MRARF bonds is partially offset by higher MRARF revenue.
- Federal Funds increases from \$2.16 billion to \$2.37 billion. ADOT reports that the \$202 million increase, or 9.4%, is based on updated estimates. The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), the federal transportation program, is authorized through FY 2009. ADOT estimates that Federal Funds would continue in FY 2010 at the FY 2009 level, and increase by 3.9% in each of FY 2011 and FY 2012, based on past experience with federal continuing resolutions and program reauthorization levels. ADOT estimates total Federal Fund revenues of \$2.5 billion, including \$345 million of debt service, on a cash flow basis for the 5 years FY 2008-FY 2012.
- Proceeds from bonds, notes, and Highway Expansion and Extension Loan Program (HELP) loans increase from \$2.45 billion to \$3.29 billion. ADOT reports that the \$838 million increase, or 34%, is due to increased MRARF bonding. ADOT estimates total MRARF bond proceeds on a cash flow basis increasing from \$1.47 billion in last year’s program to \$2.31 billion in the current program, an increase of \$835 million.

Table 4

ADOT's 5-Year Highway Program Estimated Revenues ^{1/}

| | <u>FY's 2007 - 2011</u> | <u>FY's 2008 - 2012</u> |
|--|--------------------------------|--------------------------------|
| State Highway Fund ^{2/} | \$ 769,000,000 | \$ 591,361,000 |
| Maricopa Regional Area Road Fund ^{3/} | 460,000,000 | 328,534,000 |
| Federal Funds ^{4/} | 2,163,000,000 | 2,365,445,000 |
| Bonds, Notes, & HELP Loans ^{5/} | <u>2,447,000,000</u> | <u>3,285,340,000</u> |
| Total | <u>\$5,839,000,000</u> | <u>\$6,570,680,000</u> |

^{1/} Estimated revenues are in current fiscal year dollars and net of debt service.

^{2/} Net of HURF bonds debt service.

^{3/} Net of MRARF bonds debt service.

^{4/} Net of Grant Anticipation Notes debt service.

^{5/} Proceeds from bonds, Grant Anticipation Notes, and Highway Expansion and Extension Loan Program Loans.

(Continued)

Statewide Transportation Acceleration Needs (STAN) Account

In addition to the \$6.6 billion 5-year highway program, the General Appropriation Act includes \$62 million for the STAN Account of the State Highway Fund from the State Highway Fund. This amount is not reflected in the above estimates. ADOT cannot estimate the impact of the \$62 million on the department's highway construction program until they determine which projects will be accelerated and when.

Bonding

Highlights of ADOT's bonding plans include the following.

- 1) HURF bonds outstanding begin at \$1.74 billion in FY 2008 and increase to approximately \$1.91 billion in FY 2012. Laws 2007, Chapter 267, extended the allowable repayment period for highway bonds from 20 years to 30 years. This is estimated to provide ADOT with an additional \$500 million in bonding capacity. The FY 2008-FY 2012 highway program does not include the use of any of the \$500 million of additional bonding capacity. By statute, ADOT's annual revenue which is available to pay debt service on HURF bonds must be more than 3 times the HURF bonds' annual debt service over the life of the bonds. ADOT estimates a coverage level ranging from a low of 4.67 in FY 2008 to a high of 5.07 in FY 2011. ADOT's HURF bonds are rated high quality by Moody's and highest quality by Standard & Poor's. Senior and subordinate HURF bonds are rated Aa1 and Aa2 respectively by Moody's and AAA for each by Standard & Poor's.
- 2) Maricopa Regional Area Road Fund (MRARF) Bonds outstanding increase from \$357 million in FY 2008 to \$2.04 billion in FY 2012, due to large MRARF bond issues and small repayments in the early years of the second 20-year Maricopa freeway program. MRARF bonds are limited by the revenue generated by the ½ cent sales tax. ADOT does not have a current rating for MRARF bonds, since they have not yet issued any MRARF bonds under the ½ cent sales tax extension. ADOT plans to issue MRARF bonds in FY 2008. Previously, MRARF bonds were rated high quality by Moody's and upper medium to high quality by Standard & Poor's. Senior and subordinate MRARF bonds were rated Aa2 and Aa3 respectively by Moody's and AA and A respectively by Standard & Poor's.
- 3) Grant Anticipation Notes (GANS) outstanding begin at \$313 million in FY 2008 and increase to \$416 million in FY 2010 before decreasing to \$255 million in FY 2012. GANS are monies borrowed by ADOT, which are repaid from future Federal Funds. GANS are limited by future Federal Funds. ADOT has issued senior GANS, which are rated high quality by both Moody's Standard & Poor's. GANS are rated Aa3 by Moody's and AA- by Standard & Poor's.
- 4) State Transportation Board Funding Obligations (BFO's) outstanding remain constant at \$200 million from FY 2008 through FY 2012. BFO's are loans totaling \$200 million from the General Fund operating balance to the department, as authorized by statute. BFO's are statutorily capped at \$200 million. The \$200 million includes \$60 million to the State Highway Fund and \$140 million to the HELP Fund.
- 5) HELP Fund loans outstanding decrease from \$41 million in FY 2008 to \$0 in FY 2012, since ADOT does not try to project which future projects might be accelerated through the use of HELP loans. The HELP Fund is a state infrastructure bank which was capitalized with Federal Funds, State Highway Fund monies, and \$140 million of BFO's. The HELP Fund provides loans to political subdivisions, Indian tribes, and state agencies for eligible transportation projects. HELP Fund loans are repaid from future programmed funds for those projects.

(Continued)

Congestion Performance Measures

ADOT lists 20 “over capacity” highway segments, including 13 in the Phoenix area, 4 in the Tucson area, and 3 in the balance of the state. *(After the green pages, see Attachments B, C and D for maps of the Phoenix area, Tucson area, and balance of the state showing highway segments listed in the congestion performance measures.)* All of the 20 “over capacity” highway segments have some action in the 5-Year Program, which was approved by the State Transportation Board on June 15, 2007. ADOT’s definition of “over capacity” highway segments includes those segments that are “over capacity” for 3 hours during either the morning or afternoon commute for the Phoenix and Tucson areas. The Phoenix area maps in *Attachment B* show the duration of congestion for the morning or afternoon commute in 1-hour intervals for various highway segments. The maps show varying lengths of congested highway segments on most Phoenix area freeways, with heavier congestion during the afternoon commute than the morning. ADOT reports that more detailed “over capacity” information is not available for the Tucson area.

Table 5

| | | | | FY 2005 Actual | FY 2006 Actual | FY 2008 Estimate |
|--|-------------------------|-----------------------------------|---|-------------------|-------------------|---------------------|
| PHOENIX AREA | | | | | | |
| <ul style="list-style-type: none"> Percent of state highway system with traffic volume over 100% of capacity during 3 hours of the morning or afternoon commute in Phoenix Metro area | | | | 14 | 14 | 8 |
| Phoenix Metro Area Highway Segments Over 100% of Capacity During Peak Driving Periods | | | | | | |
| Action in 5-Yr Program | Route | Segment | ADOT Action | | | |
| Yes | I-10 | Agua Fria (L101) - I-17 | General purpose lanes; completion FY 12 | | | |
| Yes | I-10 | Baseline Rd - 40 th St | Collector distributor roads; completion FY 16 | | | |
| Yes | I-10 | Sarival Rd - Agua Fria (L101) | HOV/general purpose lanes; completion FY 10 | | | |
| Yes | Loop 101 | Red Mtn (L202) - Baseline | HOV lanes; completion FY 09 | | | |
| Yes | Loop 101 | Baseline - Santan (L202) | HOV lanes; completion FY 09 (STAN advanced) | | | |
| Yes | I-17 | Carefree Hwy - Loop 101 | HOV/general purpose lanes; completion FY 10 | | | |
| Yes | US 60 (Grand Ave) | I-10 - Agua Fria (L101) | General purpose lanes; completion FY 12 | | | |
| Yes | US 60 (Superstition) | I-10 - Price (L101) | General purpose lanes; completion FY 10 | | | |
| Yes | US 60 (Superstition) | Ellsworth Rd - Meridian Rd | HOV/general purpose lanes; completion FY 19 | | | |
| Yes | SR 51 | Loop 101 - Shea Blvd | HOV/ramp; completion FY 09 | | | |
| Yes | Loop 101 | Princess Dr - Red Mtn (L202) | HOV lanes; completion FY 09 | | | |
| Yes | Loop 202 | Rural Rd - Pima (L101) | General purpose lanes; completion FY 11 | | | |
| Yes | Loop 202 | Pima (L101) - Gilbert Rd | HOV lanes; completion FY 11 | | | |
| Completed Projects | | | | | | |
| | US 60 (Superstition) | Val Vista Dr - Ellsworth Rd | HOV/general purpose lanes; opened June 07 | | | |

(Continued)

| Table 6 | | | | | |
|---|--------------|----------------------------------|---|---------|----------|
| TUCSON AREA | | | FY 2005 | FY 2006 | FY 2008 |
| | | | Actual | Actual | Estimate |
| • Percent of state highway system with traffic volume over 100% of capacity during 3 hours of the morning or afternoon commute in Tucson Metro area | | | 10 | 10 | 10 |
| Tucson Metro Area Highway Segments Over 100% of Capacity During Peak Driving Periods | | | | | |
| Action in | | | | | |
| <u>5-Yr Program</u> | <u>Route</u> | <u>Segment</u> | <u>ADOT Action</u> | | |
| Yes | I-10 | Prince Rd - 29 th Ave | Widening project; completion FY 09 | | |
| Yes | I-10 | Ruthruaff Rd - Prince Rd | Widening from 6 to 8 lanes; completion FY 11 | | |
| Yes | I-10 | Cortaro, interchange | Reconstruct interchange; design FY 08; completion FY 13 | | |
| Yes | Oracle Rd | Calle Concordia - Tangerine Rd | Widening from 4 to 6 lanes; completion FY 08 | | |

| Table 7 | | | | | |
|---|--------|---------------------------------------|---|-------------------|---------------------|
| BALANCE OF STATE | | | FY 2005 Actual | FY 2006 Actual | FY 2008 Estimate |
| • Percent of state highway system with traffic volume over 100% of capacity in balance of state | | | 1 | 1 | 1 |
| State Highway Segments Over 100% of Capacity in Balance of State | | | | | |
| Action in 5-Yr Program | Route | Segment | ADOT Action | | |
| Yes | SR 195 | Yuma Area Service Highway (MP 0 - 26) | Design area service highway; completion FY 10 | | |
| Yes | US 93 | Hoover Dam Bypass (MP 1.7 - 16.1) | Widen bridge approach from 2 to 4 lanes; completion FY 08 | | |
| Yes | SR 179 | I-17 - Sedona (MP 304.5 - 313.4) | Needs study; completion FY 09 | | |
| | | MP - Mile post | SR - State route | | |

Aviation

ADOT's Executive Summary also includes their 5-Year Aviation Program for FY 2008-FY 2012 which totals \$760.7 million, including revenues of \$601 million from federal grants, \$117.3 million from the state, and \$42.4 million from local governments. Last year's 5-Year Aviation Program totaled \$716.9 million, including revenues of \$589 million from federal grants, \$96.1 million from the state, and \$31.8 million from local governments. The aviation program provides for planning, construction, development, and improvement of state, county, city, and town airports.

RS/BH:ym
Attachments

MAJOR PROJECTS (Over \$25,000,000)

| <u>Projects</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> | <u>FY 2011</u> | <u>FY 2012</u> | <u>Total</u> |
|--|----------------|----------------|----------------|----------------|----------------|---------------|
| I-17 – L101 to Jomax Rd, widen | \$95,000,000 | | | | | \$ 95,000,000 |
| I-17 – Jomax Rd to Carefree Hwy, widen | 95,000,000 | | | | | 95,000,000 |
| I-17 – Carefree Hwy to Anthem Way, widen (STAN advanced) | | \$30,500,000 | | | | 30,500,000 |
| US 60 – L303 (Estrella) to 99th Ave, widen | | 34,300,000 | | | | 34,300,000 |
| US 60 – L101 (Agua Fria) to McDowell Rd, widen | | | \$27,165,000 | | | 27,165,000 |
| I-10 – L101 (Agua Fria) to I-17, widen | | | 68,000,000 | | | 68,000,000 |
| I-10 – 40 th St to Baseline, widen collector distributor road | | | 121,135,000 | \$117,565,000 | \$85,000,000 | 323,700,000 |
| I-10 – SR 51 to 40 th St, widen collector distributor road | | | | | 120,000,000 | 120,000,000 |
| I-10 – L202 (Santan) to Riggs Rd, widen & HOV | | | 65,000,000 | | | 65,000,000 |
| I-10 – Verrado Way to Sarival Rd, widen (STAN advanced) | | 43,200,000 | | | | 43,200,000 |
| I-10 – Sarival Rd to Dysart Rd, widen & HOV (city advanced) | 44,000,000 | 35,000,000 | | | | 79,000,000 |
| I-10 – Dysart Rd to L101 (Agua Fria), widen & HOV (city advanced) | 51,000,000 | | | | | 51,000,000 |
| L101 (Pima) – Tatum Blvd to Princess Dr, HOV (STAN advanced) | 30,000,000 | | | | | 30,000,000 |
| L101 (Price) – Baseline to L202, HOV (STAN advanced) | 35,500,000 | | | | | 35,500,000 |
| L202 (Red Mountain) – L101 to Gilbert Rd, HOV | | 29,000,000 | | | | 29,000,000 |
| L202 (South Mountain) – 51 st Ave to I-10, new freeway | 30,000,000 | | 230,000,000 | 190,000,000 | | 450,000,000 |
| L202 (South Mountain) – I-10 to 51 st Ave, ROW | | | 40,000,000 | 80,000,000 | 80,000,000 | 200,000,000 |
| L202 (Red Mountain) – 48 th St to Rural Rd, widen | | | 46,300,000 | | | 46,300,000 |
| L202 (Red Mountain) – Rural Rd to L101, widen | | 61,600,000 | | | | 61,600,000 |
| L202 (Red Mountain) – SR 51 to 48 th St, widen | | | 51,900,000 | | | 51,900,000 |
| L303 (Estrella) – Happy Valley Rd to Lake Pleasant Rd, interim roadway | 177,000,000 | | | | | 177,000,000 |
| L303 (Estrella) –Lake Pleasant Rd to I-17, ROW & interim roadway | 40,000,000 | 134,000,000 | | | | 174,000,000 |
| L303 (Estrella) – I-10 to US 60 (Grand Ave), new freeway | | | | 129,800,000 | 190,000,000 | 319,800,000 |
| L303 (Estrella) – Happy Valley Rd/I-17, interchange | 34,000,000 | | | | | 34,000,000 |
| L303 (Estrella) – I-10/L303, interchange | | | | 135,000,000 | | 135,000,000 |
| L303 (Estrella) – US 60 (Grand Ave) to I-17, ROW | | | | | 70,000,000 | 70,000,000 |
| Tucson I-10 – I-8 to Picacho Peak, widen | | | 126,000,000 | | | 126,000,000 |
| Tucson I-10 – Twin Peaks, interchange | 28,000,000 | | | | | 28,000,000 |
| Tucson I-10 – Ruthrauff Rd to Prince Rd, widen | | 21,000,000 | 14,000,000 | 18,000,000 | | 53,000,000 |
| Tucson I-10 – Ina Rd, interchange | 3,000,000 | | 17,764,000 | 17,400,000 | | 38,164,000 |
| Tucson I-10 – Valencia Rd, interchange | | | | | 25,000,000 | 25,000,000 |
| Tucson I-19 – Valencia Rd to Ajo Way, widen | | 9,000,000 | | 29,000,000 | | 38,000,000 |
| Kingman US 93 – Hoover Dam to MP 17, widen | 40,000,000 | 40,000,000 | | | | 80,000,000 |
| SR 85 – Gila Bend, widen | | | 40,000,000 | | | 40,000,000 |
| SR 85 – Southern Ave to I-10, widen | | 29,600,000 | | | | 29,600,000 |
| Yuma SR 195 – Yuma Area Service Highway, new roadway | 25,000,000 | | | | | 25,000,000 |
| Prescott SR 260 – Doubtful Canyon Section, widen | | 40,000,000 | | | | 40,000,000 |
| Prescott SR 260 – Little Green Valley, widen | 27,125,000 | | | | | 27,125,000 |
| Cottonwood SR 260 – Western Dr to Thousand Trails, widen | 25,000,000 | | | | | 25,000,000 |

ROW – Right of Way SR – State Route HOV – High Occupancy Vehicle Lane MP – Mile Post

MAJOR PROJECTS (Over \$25,000,000)

Table 9

Projects

FY's 2007 - 2011

FY's 2008 - 2012

| | | |
|--|----------------|---------------|
| I-17 – L101 to Carefree Highway, widen & HOV | \$ 194,400,000 | |
| I-17 – L101 to Jomax Rd, widen | | \$ 95,000,000 |
| I-17 – Jomax Rd to Carefree Hwy, widen | | 95,000,000 |
| I-17 – Carefree Hwy to Anthem Way, widen (STAN advanced) | | 30,500,000 |
| I-17 – Jomax/Dixileta Interchanges | 40,000,000 | |
| SR 51 – Shea Blvd to L101, HOV | 61,400,000 | |
| US 60 – L303 (Estrella) to 99th Ave, widen | 25,900,000 | 34,300,000 |
| US 60 – L101 (Agua Fria) to McDowell Rd, widen | 29,865,000 | 27,165,000 |
| I-10 – L101 (Agua Fria) to I-17, widen | 71,740,000 | 68,000,000 |
| I-10 – 40 th St to Baseline, widen collector distributor road | 394,250,000 | 323,700,000 |
| I-10 – SR 51 to 40 th St, widen collector distributor road | 140,000,000 | 120,000,000 |
| I-10 – L202 (Santan) to Riggs Rd, widen & HOV | 44,310,000 | 65,000,000 |
| I-10 – Verrado Way to Sarival Rd, widen (STAN advanced) | | 43,200,000 |
| I-10 – Sarival Rd to Dysart Rd, widen & HOV (city advanced) | 90,020,000 | 79,000,000 |
| I-10 – Dysart Rd to L101 (Agua Fria), widen & HOV (city advanced) | 53,805,000 | 51,000,000 |
| L101 (Pima) – Princess Dr to L202, HOV | 65,000,000 | |
| L101 (Pima) – Tatum Blvd to Princess Dr, HOV (STAN advanced) | 28,000,000 | 30,000,000 |
| L101 (Price) – Baseline to L202, HOV (STAN advanced) | 32,500,000 | 35,500,000 |
| L202 (Red Mountain) – I-10/SR 51 Interchange to L101 eastbound, widen | 64,800,000 | |
| L202 (Red Mountain) – L101 to Gilbert Rd, HOV | 31,500,000 | 29,000,000 |
| L202 – South Mountain Freeway | 639,300,000 | |
| L202 (South Mountain) – 51 st Ave to I-10, new freeway | | 450,000,000 |
| L202 (South Mountain) – I-10 to 51 st Ave, ROW | | 200,000,000 |
| L202 (Red Mountain) – 48 th St to Rural Rd, widen | | 46,300,000 |
| L202 (Red Mountain) – Rural Rd to L101, widen | | 61,600,000 |
| L202 (Red Mountain) – SR 51 to 48 th St, widen | | 51,900,000 |
| L303 (Estrella) – Happy Valley Rd to I-17, interim roadway | 210,000,000 | |
| L303 (Estrella) – Happy Valley Rd to Lake Pleasant Rd, interim roadway | | 177,000,000 |
| L303 (Estrella) – Lake Pleasant Rd to I-17, ROW & interim roadway | | 174,000,000 |
| L303 (Estrella) – I-10 to US 60 (Grand Ave), new freeway | 195,000,000 | 319,800,000 |
| L303 (Estrella) – Happy Valley Rd/I-17, interchange | 30,000,000 | 34,000,000 |
| L303 (Estrella) – I-10/L303, interchange | | 135,000,000 |
| L303 (Estrella) – US 60 (Grand Ave) to I-17, ROW | | 70,000,000 |
| Safford US 191 – MP 151 to Threeway, widen | 33,146,000 | |
| Tucson I-10 – I-8 to Picacho Peak, widen | | 126,000,000 |
| Tucson I-10 – Twin Peaks, interchange | 28,000,000 | 28,000,000 |
| Tucson I-10 – Ruthrauff Rd to Prince Rd, widen | 53,000,000 | 53,000,000 |
| Tucson I-10 – Ina Rd, interchange | 38,164,000 | 38,164,000 |
| Tucson I-10 – Valencia Rd, interchange | | 25,000,000 |
| Tucson I-19 – Valencia Rd to Ajo Way, widen | 38,000,000 | 38,000,000 |
| Globe US 60 – Florence Junction to Queen Creek, widen | 60,000,000 | |
| Kingman US 93 – Hoover Dam to MP 17, widen | 80,000,000 | 80,000,000 |
| SR 85 – Gila Bend, widen | 160,747,000 | 40,000,000 |
| SR 85 – Southern Ave to I-10, widen | | 29,600,000 |
| SR 93 – Wickenburg By-Pass | 29,000,000 | |
| Flagstaff SR 179 – N Forest Boundary to Sedona, roundabouts & straighten | 30,200,000 | |
| Yuma SR 195 – Yuma Area Service Highway, new roadway | 77,911,000 | 25,000,000 |
| Prescott SR 260 – Doubtful Canyon Section, widen | 42,155,000 | 40,000,000 |
| Prescott SR 260 – Little Green Valley, widen | 27,125,000 | 27,125,000 |
| Cottonwood SR 260 – Western Dr to Thousand Trails, widen | | 25,000,000 |

ROW – Right of Way SR – State Route HOV – High Occupancy Vehicle Lane MP – Mile Post

| | | Table 1 | | | | | |
|--|------------|------------|------------|------------|------------|-----|--|
| ADOT's Projected Revenue Sources for FY 2008-2012 (\$ in Million) | | | | | | | |
| | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | | |
| HURF | \$ 1,458.1 | \$ 1,533.2 | \$ 1,608.7 | \$ 1,687.5 | \$ 1,773.9 | (1) | |
| Maricopa 1/2 cent sales tax (MRARF) | 235.3 | 249.9 | 266.2 | 284.0 | 303.1 | (2) | |
| Federal Funds | 473.0 | 491.0 | 491.0 | 510.0 | 530.0 | (3) | |
| HURF Bond Proceeds | 305.0 | 125.0 | 60.0 | 15.0 | 250.0 | | |
| RARF Bond Proceeds | 370.0 | 560.0 | 220.0 | 555.0 | 600.0 | | |
| Grant Anticipation Loan Proceeds (GANS) | 68.0 | 22.0 | 152.0 | 0.0 | 0.0 | | |
| Highway Expansion and Extension Loan Program (HELP) | 2.5 | 0.9 | 0.0 | 0.0 | 0.0 | | |
| STANI Funds | 195.8 | 123.7 | 0.0 | 0.0 | 0.0 | | |
| Other Income | 98.5 | 50.3 | 52.3 | 34.7 | 35.0 | (4) | |
| | | | | | | | |
| (1) Represents estimated total HURF, including City, County and DPS shares | | | | | | | |
| (2) Represents estimate of ADOT's share of Maricopa County Regional Area Road Funds | | | | | | | |
| (3) Represents estimate of ADOT's share of Federal Highway Funds, excluding "pass-through" funds for repayment of certain GANS | | | | | | | |
| (4) Includes Interest Income, MVD Fees, Local/Private Contributions, Miscellaneous and Other Income | | | | | | | |

| | | Table 2 | | | | | |
|--|----------|----------|----------|----------|----------|-----|--|
| ADOT's Budgeting Assumptions for FY 2008-2012 (\$ in Million) | | | | | | | |
| | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | | |
| ADOT's Operating Budget - SHF | \$ 406.8 | \$ 423.1 | \$ 440.0 | \$ 457.6 | \$ 475.9 | (1) | |
| ADOT's Capital Outlay & Building Renewal - SHF | 24.1 | 15.0 | 15.0 | 15.0 | 15.0 | | |
| DPS Transfer from HURF | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | | |
| DPS Transfer from State Highway Fund | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | | |
| Vehicle License Tax Transfer to General Fund | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| Appropriated Debt Service - SHF Statewide Bonds | 90.2 | 96.7 | 99.9 | 101.0 | 141.0 | | |
| Debt Service - HURF MAG/PAG Controlled Access Bonds | 61.2 | 61.2 | 61.7 | 61.2 | 33.7 | | |
| Debt Service - MRARF Bonds | 29.0 | 78.3 | 97.8 | 149.5 | 208.2 | | |
| Debt Service - GANS | 51.6 | 44.7 | 53.5 | 90.8 | 104.6 | | |
| Debt Service - HELP Loans | 66.2 | 38.8 | 3.0 | 0.0 | 0.0 | | |
| Debt Service - Board Funding Obligations (BFO's) | 66.2 | 0.0 | 0.0 | 0.0 | 72.0 | (2) | |
| | | | | | | | |
| | | | | | | | |
| (1) Includes SHF funded project costs previously charged to Capital Budget | | | | | | | |
| (2) Does not include BFO payments payable from HELP fund of approx. \$156 million in FY 2008 | | | | | | | |
| | | | | | | | |

| | Table 3 | | | | |
|--|----------|----------|----------|----------|----------|
| ADOT's Bonding Plans for FY 2008-FY 2012 (\$ in Million) | | | | | |
| | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 |
| HURF Bonds Outstanding - Beginning of FY | \$ 1,491 | \$ 1,735 | \$ 1,796 | \$ 1,788 | \$ 1,731 |
| HURF Bonds Issued | \$ 305 | \$ 125 | \$ 60 | \$ 15 | \$ 250 |
| HURF Bonds Repaid | \$ 61 | \$ 64 | \$ 68 | \$ 72 | \$ 75 |
| HURF Bonds Outstanding - End of FY | \$ 1,735 | \$ 1,796 | \$ 1,788 | \$ 1,731 | \$ 1,906 |
| | | | | | |
| MRARF Bonds Outstanding - Beginning of FY | \$ - | \$ 357 | \$ 883 | \$ 1,058 | \$ 1,541 |
| MRARF Bonds Issued | \$ 370 | \$ 560 | \$ 220 | \$ 555 | \$ 600 |
| MRARF Bonds Repaid | \$ 13 | \$ 34 | \$ 45 | \$ 72 | \$ 104 |
| MRARF Bonds Outstanding - End of FY | \$ 357 | \$ 883 | \$ 1,058 | \$ 1,541 | \$ 2,037 |
| | | | | | |
| GANS Outstanding - Beginning of FY | \$ 282 | \$ 313 | \$ 305 | \$ 416 | \$ 344 |
| GANS Issued | \$ 68 | \$ 22 | \$ 152 | \$ - | \$ - |
| GANS Repaid | \$ 37 | \$ 30 | \$ 41 | \$ 72 | \$ 89 |
| GANS Outstanding - End of FY | \$ 313 | \$ 305 | \$ 416 | \$ 344 | \$ 255 |
| | | | | | |
| HELP Loans Outstanding - Beginning of FY | \$ 104 | \$ 41 | \$ 3 | \$ - | \$ - |
| HELP Loans Issued | \$ 3 | \$ 1 | \$ - | \$ - | \$ - |
| HELP Loans Repaid | \$ 66 | \$ 39 | \$ 3 | \$ - | \$ - |
| HELP Loans Outstanding - End of FY | \$ 41 | \$ 3 | \$ - | \$ - | \$ - |
| | | | | | |
| BFO's Outstanding - Beginning of FY | \$ 200 | \$ 200 | \$ 200 | \$ 200 | \$ 200 |
| BFO's Loans Issued | \$ 200 | \$ - | \$ - | \$ - | \$ 200 |
| BFO's Loans Repaid | \$ 200 | \$ - | \$ - | \$ - | \$ 200 |
| BFO's Loans Outstanding - End of FY | \$ 200 | \$ 200 | \$ 200 | \$ 200 | \$ 200 |
| | | | | | |

| | | Table 4 | | | | | | | |
|--|--|----------|----------|----------|----------|----------|-----|--|--|
| ADOT's 5-Year Plan and Estimated Debt Service Payments (\$ in Million) | | | | | | | (1) | | |
| | | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | | | |
| Construction | | \$ 376 | \$ 220 | \$ 305 | \$ 189 | \$ 226 | | | |
| Pavement Preservation Maintenance | | \$ 131 | \$ 127 | \$ 127 | \$ 132 | \$ 137 | | | |
| Other | | \$ 182 | \$ 136 | \$ 141 | \$ 140 | \$ 150 | | | |
| Maricopa Area Life Cycle Program | | \$ 9 | \$ - | \$ - | \$ - | \$ - | | | |
| Maricopa Transportation Program - Phase I | | \$ 894 | \$ 705 | \$ 791 | \$ 792 | \$ 661 | | | |
| Debt Service | | \$ 298 | \$ 281 | \$ 313 | \$ 403 | \$ 560 | | | |
| Total | | \$ 1,891 | \$ 1,469 | \$ 1,677 | \$ 1,656 | \$ 1,734 | | | |
| | | | | | | | | | |
| (1) Reflects final program adopted by Transportation Board | | | | | | | | | |
| | | | | | | | | | |

| | | Table 5 | | | | | |
|--|----------|----------|----------|----------|----------|-----|--|
| ADOT's Estimated Debt/Revenue Ratio (\$ in Million) | | | | | | | |
| | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | | |
| Outstanding Debt - Fiscal Year End | | | | | | | |
| HURF | \$ 1,735 | \$ 1,796 | \$ 1,788 | \$ 1,731 | \$ 1,906 | | |
| RARF | \$ 357 | \$ 883 | \$ 1,058 | \$ 1,541 | \$ 2,037 | | |
| GANS | \$ 313 | \$ 305 | \$ 416 | \$ 344 | \$ 255 | | |
| BFO's | \$ 200 | \$ 200 | \$ 200 | \$ 200 | \$ 200 | | |
| Total | \$ 2,605 | \$ 3,184 | \$ 3,462 | \$ 3,816 | \$ 4,398 | | |
| Revenues: | | | | | | | |
| HURF | \$ 708 | \$ 748 | \$ 784 | \$ 822 | \$ 863 | (1) | |
| RARF | \$ 235 | \$ 250 | \$ 266 | \$ 284 | \$ 303 | | |
| Federal | \$ 628 | \$ 652 | \$ 652 | \$ 677 | \$ 704 | (2) | |
| Total | \$ 1,571 | \$ 1,650 | \$ 1,702 | \$ 1,783 | \$ 1,870 | | |
| Debt / Revenue Ratio | 1.7 | 1.9 | 2.0 | 2.1 | 2.4 | | |
| (1) Represents estimated ADOT share of HURF Funds | | | | | | | |
| (2) Represents total estimated Federal Funds flowing to ADOT and available for Debt Service Coverage | | | | | | | |
| | | | | | | | |
| | | | | | | | |

| | Table 6 | | | | | |
|--|------------|------------|------------|------------|------------|------------|
| Changes in Revenues and Expenditures Between FY 2007 - 2011 and FY 2008 - 2012 (\$ in Million) | | | | | | |
| | FY | FY | Gross | Plus | Minus | Net |
| | 2007 - 11 | 2008 - 12 | Difference | FY 2007 | FY 2012 | Difference |
| Revenues | | | | | | |
| HURF | \$ 7,600.8 | \$ 8,061.4 | \$ 460.6 | \$ 1,398.8 | \$ 1,773.9 | \$ 85.5 |
| Maricopa 1/2 cent sales tax (MRARF) | \$ 1,164.3 | \$ 1,338.5 | \$ 174.2 | \$ 205.4 | \$ 303.1 | \$ 76.5 |
| Federal Funds | \$ 2,418.0 | \$ 2,495.0 | \$ 77.0 | \$ 453.0 | \$ 530.0 | \$ - |
| HURF Bond Proceeds | \$ 855.0 | \$ 755.0 | \$ (100.0) | \$ 313.0 | \$ 250.0 | \$ (37.0) |
| RARF Bond Proceeds | \$ 1,470.0 | \$ 2,305.0 | \$ 835.0 | \$ 400.0 | \$ 600.0 | \$ 635.0 |
| Grant Anticipation Loan Proceeds (GANS) | \$ 122.0 | \$ 242.0 | \$ 120.0 | \$ - | \$ - | \$ 120.0 |
| Highway Expansion and Extension Loan Program (HELP) | \$ 27.4 | \$ 3.4 | \$ (24.0) | \$ 21.0 | \$ - | \$ (3.0) |
| STANI Funds | \$ - | \$ 319.5 | \$ 319.5 | \$ - | \$ - | \$ 319.5 |
| Other Income | \$ 207.8 | \$ 270.8 | \$ 63.0 | \$ 51.5 | \$ 35.0 | \$ 79.5 |
| Expenditures | | | | | | |
| ADOT's Operating Budget - SHF | \$ 2,099.6 | \$ 2,203.4 | \$ 103.8 | \$ 391.8 | \$ 475.9 | \$ 19.7 |
| ADOT's Capital Outlay & Building Renewal - SHF | \$ 70.2 | \$ 84.1 | \$ 13.9 | \$ 10.2 | \$ 15.0 | \$ 9.1 |
| DPS Transfer from HURF | \$ 50.0 | \$ 50.0 | \$ - | \$ 10.0 | \$ 10.0 | \$ - |
| DPS Transfer from State Highway Fund | \$ 50.0 | \$ 50.0 | \$ - | \$ 10.0 | \$ 10.0 | \$ - |
| Vehicle License Tax Transfer to General Fund | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Appropriated Debt Service - SHF Statewide Bonds | \$ 590.0 | \$ 528.8 | \$ (61.2) | \$ 88.0 | \$ 141.0 | \$ (114.2) |
| Debt Service - HURF MAG/PAG Controlled Access Bonds | \$ 303.8 | \$ 279.0 | \$ (24.8) | \$ 56.9 | \$ 33.7 | \$ (1.6) |
| Debt Service - MRARF Bonds | \$ 332.5 | \$ 562.8 | \$ 230.3 | \$ 31.8 | \$ 208.2 | \$ 53.9 |
| Debt Service - GANS | \$ 280.9 | \$ 345.2 | \$ 64.3 | \$ 64.4 | \$ 104.6 | \$ 24.1 |
| Debt Service - HELP Loans | \$ 162.8 | \$ 108.0 | \$ (54.8) | \$ 35.8 | \$ - | \$ (19.0) |
| Board Funding Obligations | \$ 66.3 | \$ 138.2 | \$ 71.9 | \$ - | \$ 72.0 | \$ (0.1) |

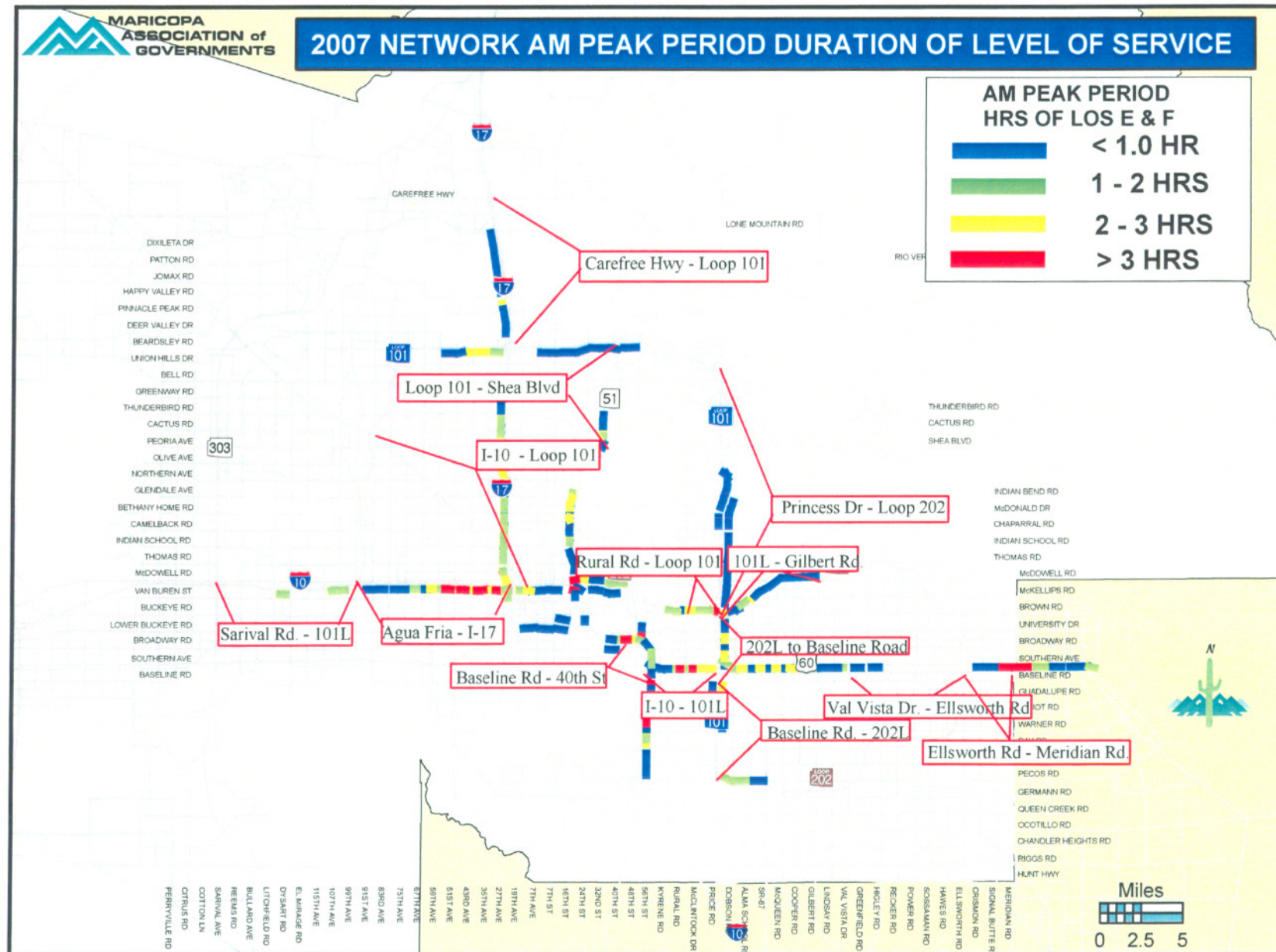
| | Table 7 | | | | |
|--|----------|----------|----------|----------|----------|
| Bonds, Notes, HELP Loans and Revenues and Debt Service (\$ in Million) | | | | | |
| | | | | | |
| Bonds, Notes and HELP Loans | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 |
| HURF Bonds | \$ 305.0 | \$ 125.0 | \$ 60.0 | \$ 15.0 | \$ 250.0 |
| RARF Bonds | \$ 370.0 | \$ 560.0 | \$ 220.0 | \$ 555.0 | \$ 600.0 |
| GAN Notes | \$ 68.0 | \$ 22.0 | \$ 152.0 | \$ - | \$ - |
| Sub-Total | \$ 743.0 | \$ 707.0 | \$ 432.0 | \$ 570.0 | \$ 850.0 |
| HELP Loans | \$ 2.5 | \$ 0.9 | \$ - | \$ - | \$ - |
| Total | \$ 745.5 | \$ 707.9 | \$ 432.0 | \$ 570.0 | \$ 850.0 |
| | | | | | |
| Revenues and Debt Service Payments: | | | | | |
| State Highway Funds | \$ 707.6 | \$ 747.6 | \$ 784.0 | \$ 822.0 | \$ 863.5 |
| State Highway Fund Debt Service | \$ 151.4 | \$ 157.9 | \$ 161.6 | \$ 162.2 | \$ 174.7 |
| | | | | | |
| Regional Area Road Funds | \$ 235.3 | \$ 249.9 | \$ 266.2 | \$ 284.0 | \$ 303.1 |
| Regional Area Road Fund Debt Service | \$ 29.0 | \$ 78.3 | \$ 97.8 | \$ 149.5 | \$ 208.2 |
| | | | | | |
| Federal Funds | \$ 473.0 | \$ 491.0 | \$ 491.0 | \$ 510.0 | \$ 530.0 |
| GAN Debt Service | \$ 51.6 | \$ 44.7 | \$ 53.5 | \$ 90.8 | \$ 104.6 |
| | | | | | |
| | | | | | |

| | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|--------------|
| | Table 8 | | | | | |
| Obligation Basis to Cash Basis "Crosswalk" (\$ in Million) | | | | | | |
| | | | | | | |
| | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | Total |
| Highway Program: | | | | | | |
| Obligation Basis | | | | | | |
| Estimated Net Revenues Available for Construction | \$ 1,592.9 | \$ 1,188.6 | \$ 1,362.9 | \$ 1,252.0 | \$ 1,174.3 | \$ 6,570.7 |
| Programmed Obligations | \$ 1,592.9 | \$ 1,188.6 | \$ 1,362.9 | \$ 1,252.0 | \$ 1,174.3 | \$ 6,570.7 |
| Difference | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | | | | | | |
| Highway Program: | | | | | | |
| Cash Basis | | | | | | |
| Estimated Net Revenues Available for Construction | \$ 1,715.4 | \$ 1,519.3 | \$ 1,196.0 | \$ 1,236.3 | \$ 1,465.9 | \$ 7,132.9 |
| Estimated Program Expenditures | \$ 2,001.3 | \$ 1,571.4 | \$ 1,150.5 | \$ 1,282.1 | \$ 1,278.7 | \$ 7,284.0 |
| Difference | \$ (285.9) | \$ (52.1) | \$ 45.5 | \$ (45.8) | \$ 187.2 | \$ (151.1) |
| | | | | | | |

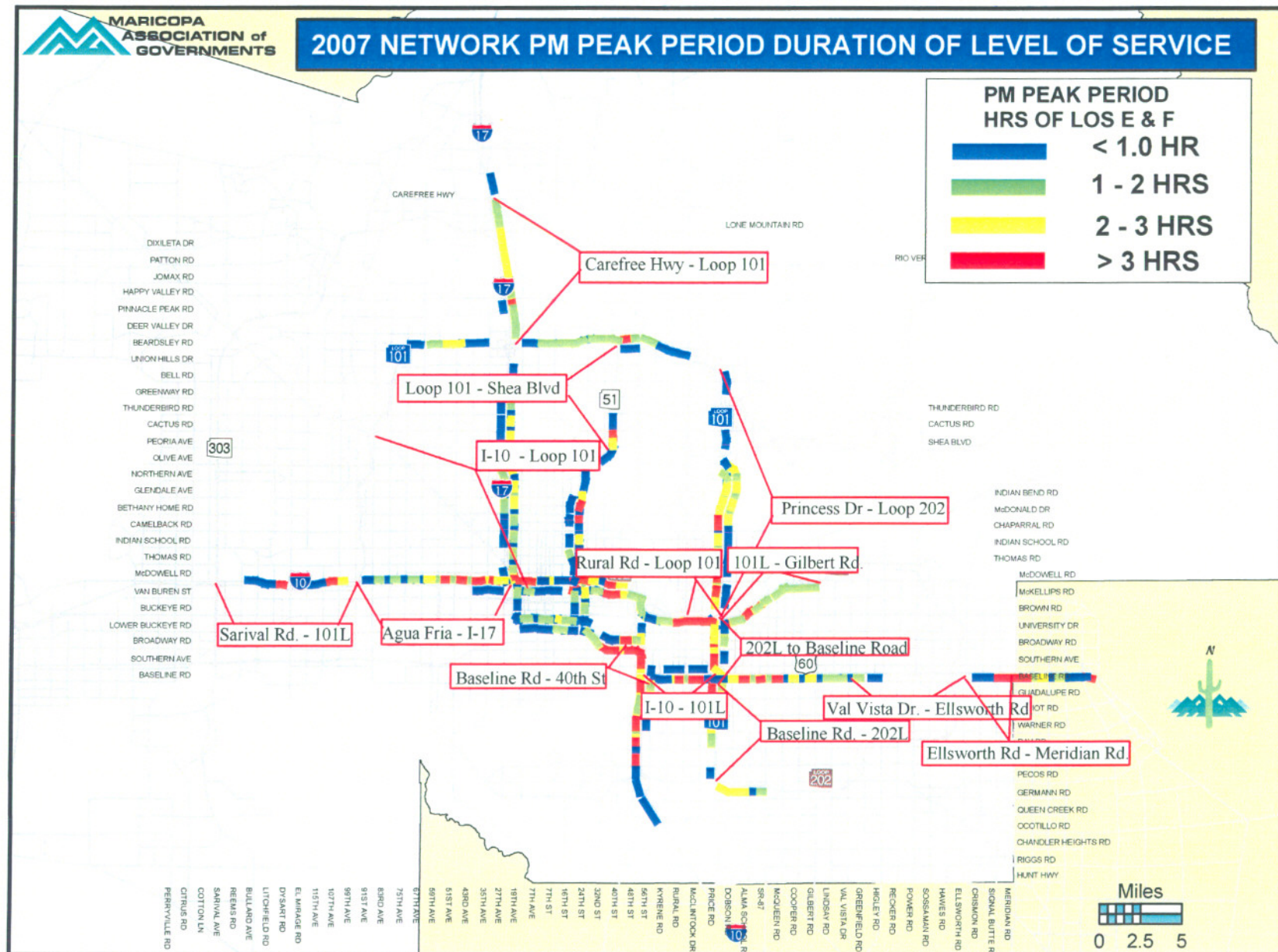
| | Table 8 | | | | |
|--|------------|-----------|------------|-----------|----------|
| Obligation Basis to Cash Basis "Crosswalk" (\$ in Million) | | | | | |
| | | | | | |
| | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 |
| Statewide Program: | | | | | |
| Obligation Basis | | | | | |
| Estimated Net Revenues Available for Construction | \$ 570.0 | \$ 570.0 | \$ 632.0 | \$ 472.0 | \$ 688.0 |
| Programmed Obligations | \$ 690.0 | \$ 484.0 | \$ 572.0 | \$ 460.0 | \$ 513.0 |
| Difference | \$ (120.0) | \$ 86.0 | \$ 60.0 | \$ 12.0 | \$ 175.0 |
| Statewide Program: | | | | | |
| Cash Basis | | | | | |
| Estimated Net Revenues Available for Construction | \$ 570.0 | \$ 570.0 | \$ 632.0 | \$ 472.0 | \$ 688.0 |
| Estimated Program Expenditures | \$ 721.0 | \$ 575.0 | \$ 540.0 | \$ 530.0 | \$ 506.0 |
| Difference | \$ (151.0) | \$ (5.0) | \$ 92.0 | \$ (58.0) | \$ 182.0 |
| Maricopa County (MAG) Program: | | | | | |
| Obligation Basis | | | | | |
| Estimated Net Revenues Available for Construction | \$ 1,145.4 | \$ 949.3 | \$ 564.0 | \$ 764.3 | \$ 777.9 |
| Programmed Obligations | \$ 902.9 | \$ 704.6 | \$ 790.9 | \$ 792.0 | \$ 661.3 |
| Difference | \$ 242.5 | \$ 244.7 | \$ (226.9) | \$ (27.7) | \$ 116.6 |
| Maricopa County (MAG) Program: | | | | | |
| Cash Basis | | | | | |
| Estimated Net Revenues Available for Construction | \$ 1,145.4 | \$ 949.3 | \$ 564.0 | \$ 764.3 | \$ 777.9 |
| Estimated Program Expenditures | \$ 1,281.3 | \$ 996.4 | \$ 610.5 | \$ 752.1 | \$ 772.7 |
| Difference | \$ (135.9) | \$ (47.1) | \$ (46.5) | \$ 12.2 | \$ 5.2 |

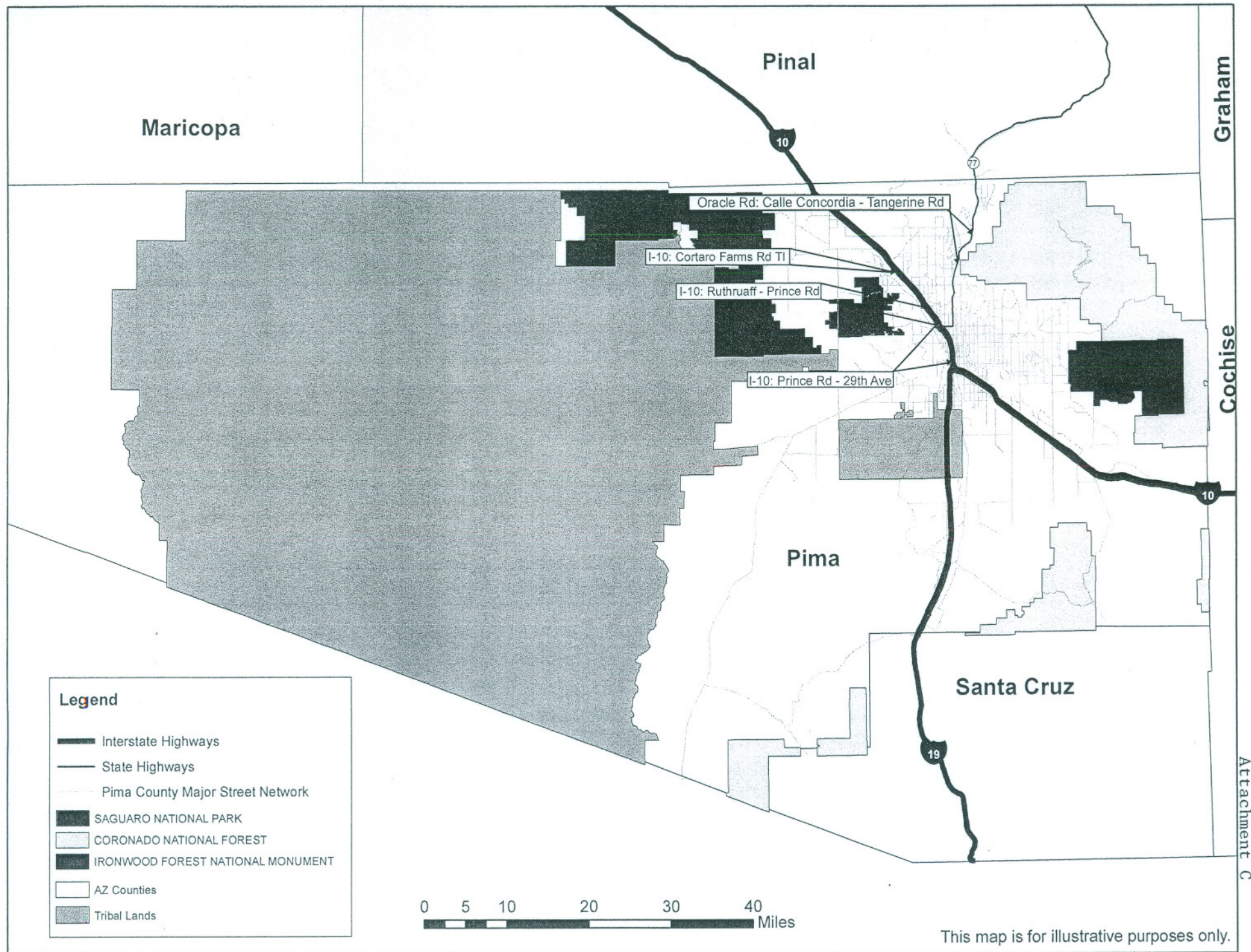
| | Table 9 | | | | |
|---|----------|----------|----------|----------|----------|
| Comparison of HURF Bonding Level to Statutory and Rating Agency Requirements | | | | | |
| | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 |
| Estimated State Highway Funds | \$ 707.6 | \$ 747.6 | \$ 784.0 | \$ 822.0 | \$ 863.5 |
| Estimated State Highway Fund Debt Service | \$ 151.4 | \$ 157.9 | \$ 161.6 | \$ 162.2 | \$ 174.7 |
| Estimated Coverage Level | 4.67 | 4.73 | 4.85 | 5.07 | 4.94 |
| Statutory Level | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Rating Agency Senior Coverage Level Requirement | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Rating Agency Subordinated Coverage Level Requirement | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Note: Estimated State Highway Fund Debt Service does not include anticipated debt service on future debt that will be Programmed to take advantage of new capacity created by lengthening bond term from 20 to 30 years. | | | | | |
| | | | | | |
| | | | | | |

2007 NETWORK AM PEAK PERIOD DURATION OF LEVEL OF SERVICE

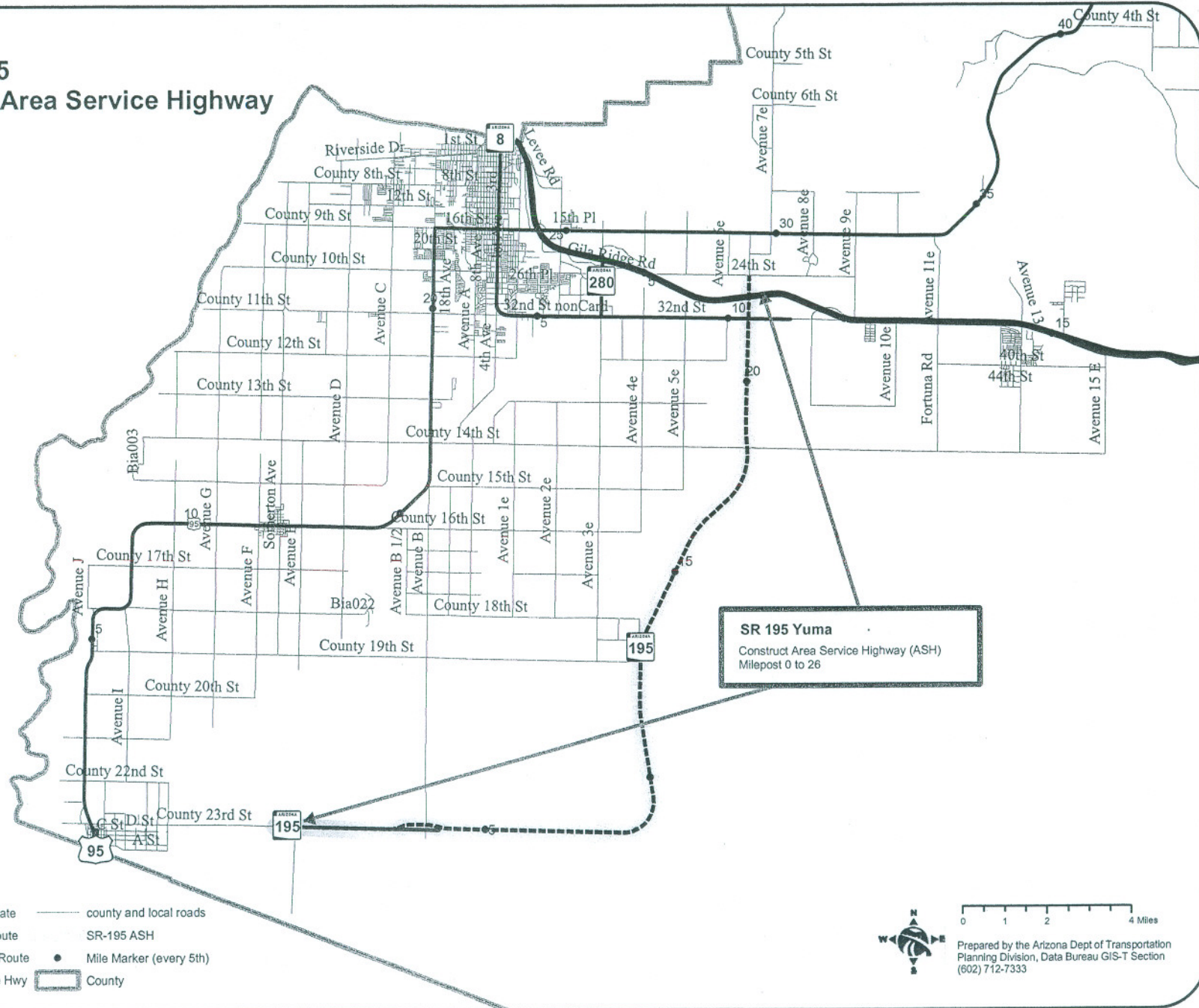


2007 NETWORK PM PEAK PERIOD DURATION OF LEVEL OF SERVICE





SR-195 Yuma Area Service Highway











US-93

US 93
Hoover Dam to MP 17
Construct roadway widening

MOHAVE

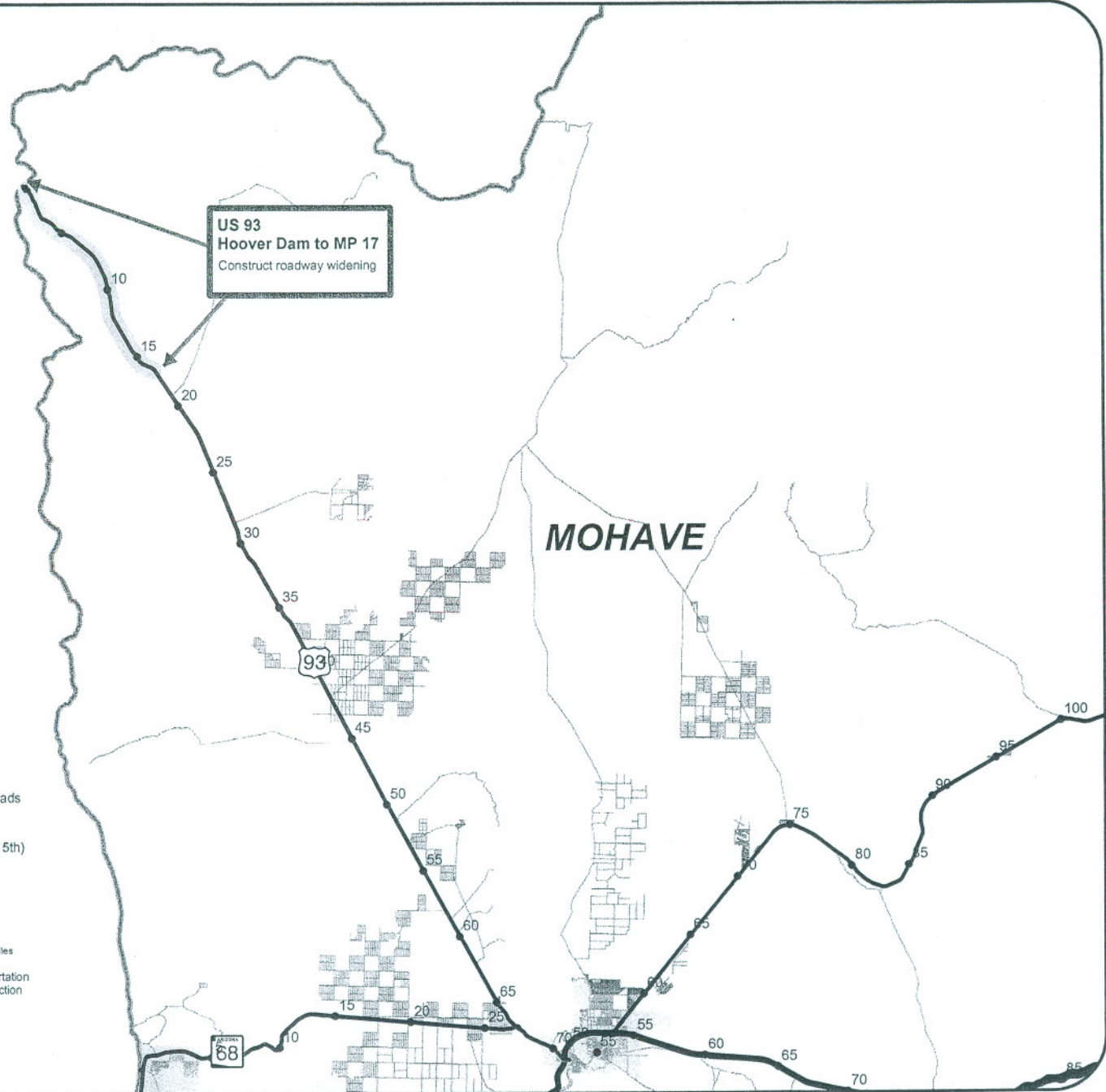
Legend

-  Interstate
-  US Route
-  State Route
-  Future Hwy
-  county and local roads
-  US-93
-  Mile Marker (every 5th)
-  County

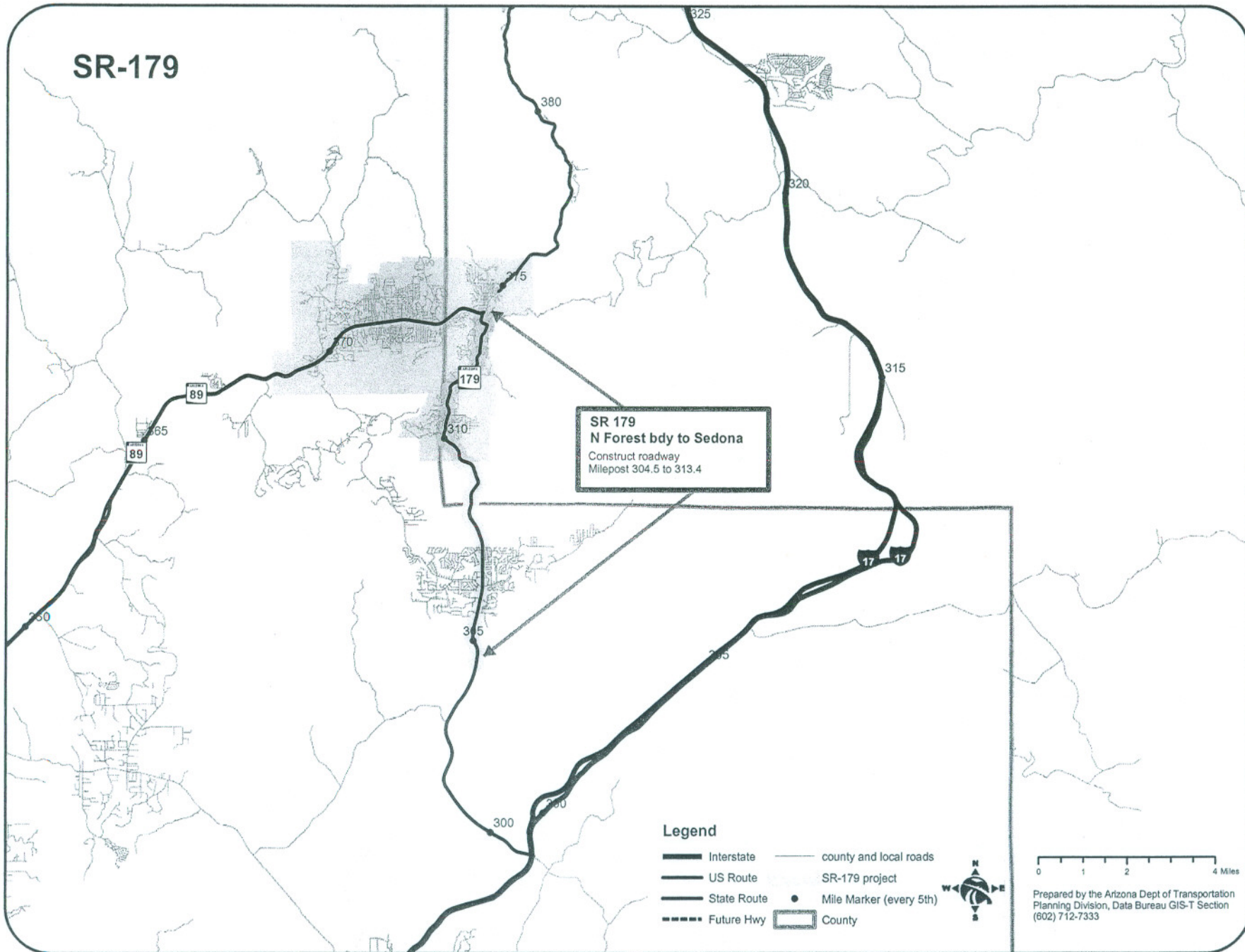


0 3 6 9 12 Miles

Prepared by the Arizona Dept of Transportation
Planning Division, Data Bureau GIS-T Section
(602) 712-7333



SR-179





Janet Napolitano
Governor

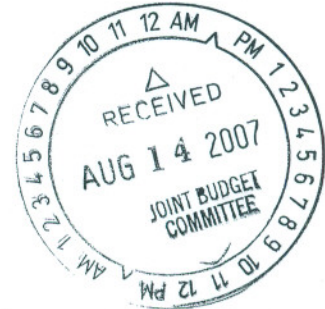
Victor M. Mendez
Director

Arizona Department of Transportation Transportation Services Group

206 South Seventeenth Avenue Phoenix, Arizona 85007-3213

August 10, 2007

John A. Bogert
Chief of Staff



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

Dear Mr. Stavneak:

The attached material responds to an action item that was approved by the Joint Committee on Capital Review at its September 21, 2006 meeting.

The Committee instructed ADOT to provide an Executive Summary of its 5-Year Transportation Facilities Construction Program for FY 2008 - 2012 by July 31, 2007 along the information included in Tables 1-9. In addition, the Committee asked for information relative to the funding of the Program.

All requested material is provided today with the exception of Table 5 (Phoenix Metro Area Highway Segments Over 100% During Peak Driving Periods). The information for this table is provided by MAG. Because of staffing issues, MAG has indicated that it will be another 2-3 weeks before they will be able to issue their report. We felt it best not to delay the delivery of our response any further and will forward an updated table once we have received the most current information.

If you have questions, please feel free to contact me at 712-8981.

Sincerely,

Melissa Wynn
Manager, Strategic Planning & Budgeting

cc: Senator Bob Burns, Chairman
Representative Russell Pearce, Vice-Chair
Bob Hull, JLBC
James Apperson, OSPB
Marcel Benberou, OSPB



Arizona Department of Transportation

Five-Year Transportation Facilities Construction Program FY 2008-2012

Executive Summary

**Prepared by:
Arizona Department of Transportation**

Introduction

The statutory authority for the Arizona Department of Transportation (ADOT) is found in Title 28 of the Arizona Revised Statutes. ADOT has exclusive control and jurisdiction over all state owned transportation systems including state highways, routes, and airports.

Construction Program

One of ADOT's statutory responsibilities is the development of a Five-Year Transportation Facilities Construction Program, a public document that provides the location, description of work, and expected costs of transportation construction projects under the state's purview.

Approval authority for the Five-Year Facilities Construction Program is vested in the Arizona State Transportation Board, a seven-member statutory entity whose members are appointed by the Governor, subject to Senate confirmation for a six-year term. Each member represents one of six districts in the state, with one at-large member. The Transportation Board establishes the policies and the relative weights given to criteria to guide the development, or modification of the Five-Year Transportation Facilities Construction Program, awards all construction contracts for transportation facilities, and monitors the status of these projects.

In developing the Five-Year Program, the Priority Planning Advisory Committee (PPAC), a statutory committee appointed by the ADOT Director, recommends transportation facilities construction projects and annually prepares and updates a long-range statewide transportation facilities construction program with which the Five-Year Program is aligned. The PPAC also recommends changes to the Five-Year Construction Program for the Board's consideration.

Development of the Construction Program

In order for a project to be included in the Five-Year Transportation Facilities Construction Program, it first must be selected for scoping. Requests for scoping are generally initiated from the Department district engineers, but may come from other sources (e.g., political subdivisions). Scoping involves identifying transportation issues, concerns, and possible solutions. The assessment also provides estimated costs for construction and design, right-of-way needs, and environmental requirements.

A Technical Advisory Committee (TAC) is selected to review programming and scoping requests. Regional meetings are held throughout the state to gather input from ADOT district engineers, Councils of Governments (COGs), Metropolitan Planning Organizations (MPOs), and concerned citizens.

Program Modifications

The program is continuously reviewed. Several committees review any requests involving changes to budget, schedule, and scope. The Project Review Board (PRB) reviews all requests for project modifications. The Deputy State Engineer for Development chairs the PRB.

Financial Resources

The cornerstone of highway financing in Arizona is the Highway User Revenue Fund (HURF). The State of Arizona taxes motor fuels and collects a variety of fees and charges relating to the registration of motor vehicles. These revenues are deposited in the HURF. A portion of the HURF is then distributed to cities, towns, counties, and the Department of Public Safety. The remainder is deposited in the State Highway Fund.

The Maricopa County Regional Transportation Plan is funded by three sources: the Maricopa County transportation excise tax, state highway funds that are dedicated to Maricopa County, and federal funds. On November 2, 2004, voters in Maricopa County approved Proposition 400 which extended the transportation excise tax (also known as the "half-cent sales tax"), for an additional twenty years to 2026. Per ARS 42-610E, 56.2 percent of all sales tax collections is distributed to freeways and state highways; 10.5 percent is distributed to arterial street improvements; and 33.3 percent is distributed to the public transportation fund.

ADOT also receives funds from the Federal Highway Trust Fund under the Transportation Equity Act for the 21st Century (TEA-21) to develop and maintain federal-aid eligible highways on the state highway system.

All of these funding sources are further leveraged by the issuance of revenue bonds. Bonding has enabled ADOT to accelerate certain construction projects.

Plan Adoption

In accordance with A.R.S. 28-6953, the State Transportation Board adopted the FY 2008-2012 Five-Year Transportation Facilities Construction Program on June 15, 2007.

Highway Program
FY 2008-2012
(In millions of dollars)

| | |
|--------------------------|-----------------|
| System Preservation | \$ 1,022 |
| System Improvements | \$ 1,316 |
| <u>System Management</u> | <u>\$ 381</u> |
| Total Statewide Program | <u>\$ 2,719</u> |

| | |
|---------------------------|-----------------|
| <u>MAG</u> | |
| Proposition 200 (1985) | \$ 9 |
| Proposition 400 (2004) | \$ 3,576 |
| System wide | <u>\$ 267</u> |
| Total MAG Area Life Cycle | <u>\$ 3,852</u> |
| Total Highway Program | <u>\$ 6,571</u> |

The following table reflects the sources of funds (estimated), in constant dollars:

| | |
|---------------------------------------|-----------------|
| State Highway Funds ^{1/} | \$ 591 |
| Regional Area Road Fund ^{1/} | \$ 329 |
| Federal Funds ^{1/} | \$ 2,366 |
| Proceeds from Bonds and Notes | <u>\$ 3,285</u> |
| Total Proceeds | <u>\$ 6,571</u> |

^{1/} Net of Debt Service Repayments

Summary of Major Projects

The following table includes a summary of select major projects over \$25 million:

Select Major Projects Over \$25 Million
Dollars in Thousands (\$000)

| Route | Location | Type Of Work | Cost |
|-------|--|---|-----------|
| 10 | 40TH ST - BASELINE RD | Construct CD Roads | \$323,700 |
| 10 | JCT I 8 TO PICACHO PEAK TI | Widen roadway | \$126,000 |
| 10 | SR 51 TO 40TH ST | Construct CD Road | \$120,000 |
| 10 | SARIVAL RD TO DYSART RD | Construct HOV/GPL (City Advancement) | \$79,000 |
| 10 | SR 101L (AGUA FRIA) TO I-17 | Construct general purpose lanes | \$68,000 |
| 10 | SR 202L (SANTAN) TO RIGGS RD | Construct HOV and general purpose lane | \$65,000 |
| 10 | RUTHRAUFF RD - PRINCE RD | Construct mainline widening to 8 lanes | \$53,000 |
| 10 | DYSART RD TO 101L (AGUA FRIA) | Construct HOV/GPL (City Advancement) | \$51,000 |
| 17 | JOMAX ROAD TO CAREFREE HIGHWAY (SR 74) | Widen roadway | \$95,000 |
| 17 | SR 101L TO JOMAX ROAD | Widen roadway | \$95,000 |
| 17 | SR 74 TO ANTHEM WAY | Construct GPL (STAN Advancement) | \$30,500 |
| 19 | VALENCIA RD TO AJO WAY (JCT SR 86) | Widen Roadway | \$38,000 |
| 85 | SR 85 IMPROVEMENTS | Construction | \$40,000 |
| 93 | HOOVER DAM TO MP 17 | Construct roadway widening | \$80,000 |
| 195 | YUMA AREA SERVICE HWY | Construct New Roadway | \$25,000 |
| 260 | DOUBTFUL CANYON SECTION | Reconstruct Roadway | \$40,000 |
| 260 | WESTERN DRIVE TO THOUSAND TRAILS | Construct new 2 lane west bound roadway | \$25,000 |
| 202L | 51ST AVE TO I-10 WEST | Construct roadway | \$450,000 |
| 202L | I-10 EAST/SANTAN TI TO 51ST AVE | R/W acquisition | \$200,000 |
| 202L | RURAL RD TO SR 101L, EB & WB | Construct GPL | \$61,600 |
| 202L | SR 51 TO 48TH STREET, EB | Widen roadway | \$51,900 |
| 303L | I-10 TO US 60 (GRAND AVE) | Construct roadway | \$319,800 |
| 303L | HAPPY VALLEY RD TO LAKE PLEASANT RD | Construct interim roadway | \$177,000 |
| 303L | LAKE PLEASANT RD TO I-17 | R/W acquisition & Construct roadway | \$174,000 |
| 303L | I-10/303L TI, PHASE I (I-10 REALIGNMENT) | Construct TI | \$135,000 |
| 303L | US 60 (GRAND AVE) TO I-17 | R/W acquisition | \$70,000 |

The following major projects (over \$25 million) were removed from the FY 2008-2012 Five-Year Plan:

- I-17 - Jomax/Dixileta Traffic Interchange: advertised December 2006; estimated completion is August 2008.
- SR51 - Shea Blvd to SR 101L HOV: advertised April 2007; estimated completion is July 2008.
- US 60 - Florence Jct to Queen Creek Widening: advertised June 2007; estimated completion is June 2009.
- SR 93 - Wickenburg By-Pass Construction: advertised June 2007; estimated completion is December 2009.
- SR 179 - N Forest Boundary to Sedona Roundabouts: advertised June 2007; estimated completion is June 2009.
- SR 191 - Milepost 151 to Threeway Widening: advertised April 2007; estimated completion is August 2008.
- Loop 101 - Princess Drive to Loop 202 HOV: advertised May 2007; estimated completion is December 2008.
- Loop 202 - I-10/SR51 Interchange to Loop 101 Eastbound Widening: currently being reprogrammed as a Design-Build project.

A breakdown of the proposed expenditures by county is summarized on the last two pages of this document (Attachment A).

Aviation

The State Transportation Board is also responsible for approval of the Five-Year Aviation Program. For the period 2008-2012, the Five-Year Aviation Program totals \$760.7 million. Of this amount, \$601 million comes from federal grant sources, \$117.3 million from the State of Arizona and \$42.4 million from local governments. The primary source of the federal funds is taxes on airline tickets and is distributed by the Federal Aviation Administration. State monies are primarily derived from the flight property tax, aircraft in-lieu taxes, and taxes on aviation fuel.

Summary

The Five-Year Construction process is a continual process. As the new Five-Year program is adopted, the process for the next five-year program has already begun. The effort to improve the programming process continues each year. Increasing technology has enabled the Department to upgrade models to better forecast risk and uncertainties that could impact revenues or construction related costs. Finally, every effort is made to include public involvement in the programming process.

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
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CHAIRMAN 2007
PAULA ABOUD
AMANDA AGUIRRE
MARSHA ARZBERGER
KAREN S. JOHNSON
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HOUSE OF
REPRESENTATIVES

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DAVID LUJAN
DAVID SCHAPIRA

DATE: October 11, 2007

TO: Senator Bob Burns, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Leatta McLaughlin, Fiscal Analyst

SUBJECT: School Facilities Board – Review of FY 2008 Building Renewal Distributions

Request

The School Facilities Board (SFB) requests Committee review of its plan to distribute \$86.3 million of Building Renewal Fund monies in FY 2008 pursuant to A.R.S. § 15-2031.

Recommendation

The Committee has at least the following 2 options:

1. A favorable review. The proposed distribution of monies complies with statutory requirements.
2. An unfavorable review. The Legislature may wish to revisit the current level of building renewal funding in light of the state budget shortfall.

The Board is required to distribute building renewal money to districts in 2 equal installments of \$43.1 million in November 2007 and May 2008. Each district must submit a 3-year building renewal plan before the district can be awarded any of their building renewal distribution. To date, SFB has not received any plans, which are due by October 15.

While the statutory formula calculation generated \$190.2 million, the board was actually appropriated \$86.3 million for building renewal in FY 2008, which was unchanged from the FY 2007 appropriated amount.

Analysis

The Building Renewal Fund is established by A.R.S. § 15-2031 to provide funding for school districts to maintain the adequacy of existing school facilities. Building renewal monies are intended for major renovations and repairs, systems upgrades to extend the life of a building, infrastructure, and relocation and placement of portable buildings. Statute requires the Committee to review the Board's plan for

(Continued)

distributing Building Renewal Funds to school districts prior to their being allocated. A.R.S. § 15-2031E requires these amounts be distributed in 2 equal installments in November and May, after Committee review.

Statute provides a calculation to determine the amount of building renewal monies for each school building. The main components of the formula are the school building's square footage, age, and prior renovations. The formula is updated annually and reflects the JLBC adopted inflation adjustment. Based on the current formula calculation, the building renewal amount is \$190.2 million. This amount was then reduced by a uniform percentage to achieve the \$86.3 million appropriation level. The distributions are divided evenly between November and May. SFB will begin to make these allocations available to districts in November but will withhold a district's allocation until a 3-year building renewal plan is approved.

Recent Legislation

The SFB Budget Reconciliation Bill (Laws 2007, Chapter 266) requires school districts to use Building Renewal monies on primary projects, unless only secondary projects exist. Primary projects are defined to include projects associated with instructional space and that fall below the minimum school facility adequacy guidelines adopted by SFB, while secondary projects includes all other projects. The bill requires school districts to include information in their annual Building Renewal report to SFB on whether prior year Building Renewal project expenditures were on primary or secondary projects. Upon receipt on of this report, SFB shall forward this information to JLBC Staff and the Governor's Office of Strategic Planning and Budgeting Staff.

RS/LMc:ym



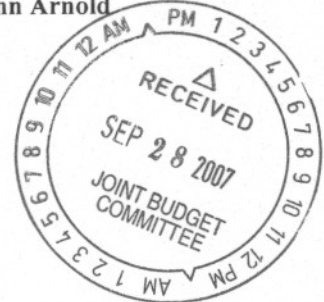
STATE OF ARIZONA
SCHOOL FACILITIES BOARD

Governor of Arizona
Janet Napolitano

Interim Director
John Arnold

September 27, 2007

Honorable Robert Burns
State Senate
1700 W. Washington
Phoenix, AZ 85007



Dear Senator Burns:

A.R.S. §15-2031 subsection G requires that the School Facilities Board submit an annual report to the President of the Senate, the Speaker of the House of Representatives, the Arizona State Library, Archives and Public Records and the Governor by October 1 that includes the computation of the amount of monies to be distributed from the Building Renewal Fund for the current fiscal year. The Joint Committee on Capital Review is required to review the School Facilities Board's calculation of the Building Renewal Fund distributions. After the Joint Committee on Capital review reviews the distributions computed by the School Facilities Board, the School Facilities Board shall distribute the monies from the Building Renewal Fund to school districts in two equal installments in November and May of each year.

Laws 2007, Chapter 255, §90 (HB 2781) appropriated \$86,283,500 from the General Fund to the Building Renewal Fund for fiscal year 2008. Attached is a district-by-district distribution.

Please feel free to contact me should you or any members of the committee have questions.

Respectfully,

John Arnold
Director

xc: Janet Napolitano, Governor
Tim Bee, President of the Senate
Jim Weiers, Speaker of the House
GladysAnn Wells, Library and Archives and Public Records
✓ Richard Stavneak, JLBC Director
Jim Apperson, OSPB Director
Lauren Kielsmeier, Office of the Governor
George Cunningham, Office of the Governor

FY 2008 BUILDING RENEWAL DISTRIBUTION

| Description | Formula Amount | Adopted Amount ¹ |
|---|----------------|-----------------------------|
| Agua Fria Union High School District | \$752,373 | \$341,275 |
| Aguila Elementary District | \$12,970 | \$5,883 |
| Ajo Unified District | \$261,302 | \$118,526 |
| Alhambra Elementary District | \$1,913,886 | \$868,136 |
| Alpine Elementary District | \$822 | \$373 |
| Altar Valley Elementary District | \$102,158 | \$46,339 |
| Amphitheater Unified District | \$4,807,990 | \$2,180,897 |
| Antelope Union High School District | \$215,303 | \$97,661 |
| Apache Elementary District | \$5,072 | \$2,301 |
| Apache Junction Unified District | \$931,303 | \$422,438 |
| Arlington Elementary District | \$3,839 | \$1,741 |
| Ash Creek Elementary District | \$28,239 | \$12,809 |
| Ash Fork Unified District | \$44,763 | \$20,305 |
| Avondale Elementary District | \$466,596 | \$211,647 |
| Bagdad Unified District | \$159,583 | \$72,387 |
| Balsz Elementary District | \$472,338 | \$214,252 |
| Beaver Creek Elementary District | \$73,402 | \$33,295 |
| Benson Unified District | \$375,240 | \$170,208 |
| Bicentennial Union High School District | \$116,451 | \$52,822 |
| Bisbee Unified District | \$929,843 | \$421,775 |
| Blue Elementary District | \$1,929 | \$875 |
| Blue Ridge Unified District | \$869,193 | \$394,265 |
| Bonita Elementary District | \$39,820 | \$18,062 |
| Bouse Elementary District | \$928 | \$421 |
| Bowie Unified District | \$167,763 | \$76,097 |
| Buckeye Elementary District | \$152,643 | \$69,239 |
| Buckeye Union High School District | \$132,154 | \$59,945 |
| Bullhead City Elementary District | \$554,515 | \$251,527 |
| Camp Verde Unified District | \$198,944 | \$90,241 |
| Canon Elementary District | \$30,987 | \$14,056 |
| Cartwright Elementary District | \$2,166,902 | \$982,904 |
| Casa Grande Elementary District | \$914,497 | \$414,815 |
| Casa Grande Union High School District | \$331,699 | \$150,458 |
| Catalina Foothills Unified District | \$883,272 | \$400,651 |
| Cave Creek Unified District | \$691,816 | \$313,807 |
| Cedar Unified District | \$179,163 | \$81,268 |
| Champie Elementary District | \$0 | \$0 |
| Chandler Unified District | \$3,678,564 | \$1,668,591 |
| Chevelon Butte School District | \$0 | \$0 |
| Chinle Unified District | \$867,492 | \$393,493 |
| Chino Valley Unified District | \$448,130 | \$203,271 |
| Chloride Elementary District | \$78,057 | \$35,407 |
| Clarkdale-Jerome Elementary District | \$57,574 | \$26,115 |

| Description | Formula Amount | Adopted Amount ¹ |
|---|----------------|-----------------------------|
| Clifton Unified District | \$222,279 | \$100,825 |
| Cochise Elementary District | \$73,423 | \$33,305 |
| Coconino Accommodation District | \$1,384 | \$628 |
| Colorado City Unified District | \$12,992 | \$5,893 |
| Colorado River Union High School District | \$524,961 | \$238,122 |
| Concho Elementary District | \$2,000 | \$907 |
| Congress Elementary District | \$8,696 | \$3,945 |
| Continental Elementary District | \$75,223 | \$34,121 |
| Coolidge Unified District | \$772,844 | \$350,561 |
| Cottonwood-Oak Creek Elementary District | \$388,730 | \$176,327 |
| Crane Elementary District | \$554,453 | \$251,499 |
| Creighton Elementary District | \$1,386,353 | \$628,848 |
| Crown King Elementary District | \$10,426 | \$4,729 |
| Deer Valley Unified District | \$4,283,166 | \$1,942,838 |
| Double Adobe Elementary District | \$674 | \$306 |
| Douglas Unified District | \$1,554,994 | \$705,343 |
| Duncan Unified District | \$277,026 | \$125,659 |
| Dysart Unified District | \$666,028 | \$302,109 |
| Eagle Elementary District | \$0 | \$0 |
| Elfrida Elementary District | \$54,911 | \$24,908 |
| Eloy Elementary District | \$406,853 | \$184,548 |
| Empire Elementary District | \$0 | \$0 |
| Flagstaff Unified District | \$3,574,956 | \$1,621,595 |
| Florence Unified School District | \$467,611 | \$212,107 |
| Flowing Wells Unified District | \$1,824,554 | \$827,615 |
| Forrest Elementary District | \$0 | \$0 |
| Fountain Hills Unified District | \$359,627 | \$163,126 |
| Fowler Elementary District | \$252,605 | \$114,581 |
| Fredonia-Moccasin Unified District | \$199,405 | \$90,450 |
| Ft Huachuca Accommodation District | \$0 | \$0 |
| Ft Thomas Unified District | \$145,529 | \$66,012 |
| Gadsden Elementary District | \$248,963 | \$112,929 |
| Ganado Unified District | \$410,582 | \$186,240 |
| Gila Bend Unified District | \$262,291 | \$118,975 |
| Gilbert Unified District | \$3,965,041 | \$1,798,537 |
| Glendale Elementary District | \$1,865,623 | \$846,244 |
| Glendale Union High School District | \$5,164,322 | \$2,342,529 |
| Globe Unified District | \$911,365 | \$413,394 |
| Graham County Special Services | \$3,007 | \$1,364 |
| Grand Canyon Unified District | \$170,869 | \$77,506 |
| Greenlee Alternative School District | \$783 | \$355 |
| Greenlee County Accommodation District | \$0 | \$0 |
| Hackberry School District | \$5,832 | \$2,646 |
| Hayden-Winkelman Unified District | \$430,026 | \$195,059 |
| Heber-Overgaard Unified District | \$190,192 | \$86,271 |

| Description | Formula Amount | Adopted Amount ¹ |
|--|----------------|-----------------------------|
| Higley Unified District | \$255,390 | \$115,845 |
| Hillside Elementary District | \$13,187 | \$5,982 |
| Holbrook Unified District | \$798,920 | \$362,389 |
| Humboldt Unified District | \$670,259 | \$304,028 |
| Hyder Elementary District | \$21,681 | \$9,835 |
| Indian Oasis-Baboquivari Unified District | \$416,406 | \$188,881 |
| Isaac Elementary District | \$1,188,579 | \$539,138 |
| J O Combs Elementary District | \$64,108 | \$29,079 |
| Joseph City Unified District | \$488,998 | \$221,809 |
| Kayenta Unified District | \$755,829 | \$342,843 |
| Kingman Elementary District | \$1,177,152 | \$533,954 |
| Kirkland Elementary District | \$24,579 | \$11,149 |
| Klondyke Elementary District | \$0 | \$0 |
| Kyrene Elementary District | \$2,779,332 | \$1,260,701 |
| Lake Havasu Unified District | \$1,170,755 | \$531,053 |
| Laveen Elementary District | \$257,163 | \$116,649 |
| Liberty Elementary District | \$233,007 | \$105,692 |
| Litchfield Elementary District | \$646,122 | \$293,080 |
| Littlefield Elementary District | \$32,085 | \$14,554 |
| Littleton Elementary District | \$282,913 | \$128,329 |
| Madison Elementary District | \$1,272,950 | \$577,408 |
| Maine Consolidated District | \$40,481 | \$18,362 |
| Mammoth-San Manuel Unified District | \$918,314 | \$416,546 |
| Marana Unified District | \$2,494,253 | \$1,131,390 |
| Maricopa County Regional District | \$212,054 | \$96,187 |
| Maricopa County Regional Special Services District | \$0 | \$0 |
| Maricopa Unified School District | \$480,123 | \$217,783 |
| Mary C O'Brien Accommodation District | \$83,650 | \$37,943 |
| Mayer Unified District | \$153,123 | \$69,457 |
| McNary Elementary District | \$8,523 | \$3,866 |
| McNeal Elementary District | \$1,204 | \$546 |
| Mesa Unified District | \$17,131,624 | \$7,770,880 |
| Miami Unified District | \$572,987 | \$259,906 |
| Mingus Union High School District | \$335,925 | \$152,375 |
| Mobile Elementary District | \$55,829 | \$25,324 |
| Mohave County Accommodation District | \$0 | \$0 |
| Mohave Union High School District | \$925,579 | \$419,841 |
| Mohave Valley Elementary District | \$276,498 | \$125,419 |
| Mohawk Valley Elementary District | \$61,624 | \$27,952 |
| Morenci Unified District | \$456,045 | \$206,861 |
| Morristown Elementary District | \$6,950 | \$3,153 |
| Murphy Elementary District | \$502,617 | \$227,986 |
| Naco Elementary District | \$34,091 | \$15,464 |
| Nadaburg Elementary District | \$33,819 | \$15,340 |
| Navajo County Accommodation District | \$1,905 | \$864 |

| Description | Formula Amount | Adopted Amount ¹ |
|---|----------------|-----------------------------|
| Nogales Unified District | \$1,589,887 | \$721,170 |
| Oracle Elementary District | \$138,523 | \$62,834 |
| Osborn Elementary District | \$670,126 | \$303,968 |
| Owens-Whitney Elementary District | \$44,788 | \$20,316 |
| Page Unified District | \$1,260,979 | \$571,978 |
| Palo Verde Elementary District | \$39,320 | \$17,836 |
| Paloma Elementary District | \$21,059 | \$9,552 |
| Palominas Elementary District | \$137,418 | \$62,333 |
| Paradise Valley Unified District | \$6,189,862 | \$2,807,712 |
| Parker Unified School District | \$1,061,968 | \$481,707 |
| Patagonia Elementary District | \$29,040 | \$13,172 |
| Patagonia Union High School District | \$0 | \$0 |
| Payson Unified District | \$691,056 | \$313,462 |
| Peach Springs Unified District | \$135,481 | \$61,454 |
| Pearce Elementary District | \$63,304 | \$28,715 |
| Pendergast Elementary District | \$896,608 | \$406,700 |
| Peoria Unified District | \$4,641,205 | \$2,105,244 |
| Phoenix Elementary District | \$1,564,548 | \$709,677 |
| Phoenix Union High School District | \$8,178,331 | \$3,709,679 |
| Picacho Elementary District | \$41,044 | \$18,618 |
| Pima Accommodation District | \$5,131 | \$2,328 |
| Pima Unified District | \$218,835 | \$99,263 |
| Pinal County Special Education Program | \$0 | \$0 |
| Pine Strawberry Elementary District | \$50,954 | \$23,113 |
| Pinon Unified District | \$140,118 | \$63,557 |
| Pomerene Elementary District | \$45,162 | \$20,485 |
| Prescott Unified District | \$1,792,142 | \$812,913 |
| Quartzsite Elementary District | \$145,817 | \$66,143 |
| Queen Creek Unified District | \$315,535 | \$143,126 |
| Ray Unified District | \$259,335 | \$117,634 |
| Red Mesa Unified District | \$346,979 | \$157,389 |
| Red Rock Elementary District | \$28,496 | \$12,926 |
| Redington Elementary District | \$0 | \$0 |
| Riverside Elementary District | \$64,776 | \$29,382 |
| Roosevelt Elementary District | \$2,387,190 | \$1,082,826 |
| Round Valley Unified District | \$828,044 | \$375,599 |
| Rucker Elementary District | \$0 | \$0 |
| Sacaton Elementary District | \$171,673 | \$77,871 |
| Saddle Mountain Unified District | \$122,957 | \$55,773 |
| Safford Unified District | \$727,013 | \$329,772 |
| Sahuarita Unified District | \$620,213 | \$281,328 |
| Salome Consolidated Elementary District | \$20,237 | \$9,179 |
| San Carlos Unified District | \$306,509 | \$139,032 |
| San Fernando Elementary District | \$0 | \$0 |
| San Simon Unified District | \$163,192 | \$74,024 |

| Description | Formula Amount | Adopted Amount ¹ |
|--|----------------|-----------------------------|
| Sanders Unified District | \$337,215 | \$152,960 |
| Santa Cruz Elementary District | \$69,091 | \$31,340 |
| Santa Cruz Valley Unified District | \$420,539 | \$190,756 |
| Santa Cruz Valley Union High School District | \$426,265 | \$193,353 |
| School Facilities Board | \$0 | \$0 |
| Scottsdale Unified District | \$6,212,928 | \$2,818,175 |
| Sedona-Oak Creek Joint Unified District | \$329,692 | \$149,548 |
| Seligman Unified District | \$215,643 | \$97,815 |
| Sentinel Elementary District | \$2,709 | \$1,229 |
| Show Low Unified District | \$614,753 | \$278,851 |
| Sierra Vista Unified District | \$1,294,706 | \$587,277 |
| Skull Valley Elementary District | \$2,626 | \$1,191 |
| Snowflake Unified District | \$597,789 | \$271,156 |
| Solomon Elementary District | \$161,623 | \$73,312 |
| Somerton Elementary District | \$216,888 | \$98,380 |
| Sonoita Elementary District | \$18,716 | \$8,490 |
| St David Unified District | \$137,329 | \$62,292 |
| St Johns Unified District | \$471,196 | \$213,734 |
| Stanfield Elementary District | \$199,302 | \$90,403 |
| Sunnyside Unified District | \$3,000,309 | \$1,360,936 |
| Superior Unified District | \$102,635 | \$46,555 |
| Tanque Verde Unified District | \$219,057 | \$99,364 |
| Tempe Elementary District | \$3,519,046 | \$1,596,234 |
| Tempe Union High School District | \$4,197,367 | \$1,903,919 |
| Thatcher Unified District | \$274,068 | \$124,317 |
| Tolleson Elementary District | \$146,636 | \$66,514 |
| Tolleson Union High School District | \$1,000,583 | \$453,863 |
| Toltec Elementary District | \$140,220 | \$63,604 |
| Tombstone Unified District | \$188,624 | \$85,559 |
| Tonto Basin Elementary District | \$21,187 | \$9,610 |
| Topock Elementary District | \$33,046 | \$14,990 |
| Tuba City Unified District | \$1,165,135 | \$528,504 |
| Tucson Unified District | \$20,523,841 | \$9,309,584 |
| Union Elementary District | \$10,670 | \$4,840 |
| Vail Unified District | \$522,057 | \$236,804 |
| Valentine Elementary District | \$12,997 | \$5,895 |
| Valley Union High School District | \$167,149 | \$75,818 |
| Vernon Elementary District | \$8,963 | \$4,065 |
| Walnut Grove Elementary District | \$0 | \$0 |
| Washington Elementary District | \$6,034,492 | \$2,737,237 |
| Wellton Elementary District | \$149,332 | \$67,737 |
| Wenden Elementary District | \$82,370 | \$37,363 |
| Whiteriver Unified District | \$505,439 | \$229,267 |
| Wickenburg Unified District | \$304,244 | \$138,005 |
| Willcox Unified District | \$612,519 | \$277,838 |

| Description | Formula Amount | Adopted Amount ¹ |
|---------------------------------------|----------------------|-----------------------------|
| Williams Unified District | \$206,006 | \$93,444 |
| Williamson Valley Elementary District | \$0 | \$0 |
| Wilson Elementary District | \$447,776 | \$203,110 |
| Window Rock Unified District | \$1,149,100 | \$521,230 |
| Winslow Unified District | \$727,466 | \$329,977 |
| Yarnell Elementary District | \$1,115 | \$506 |
| Yavapai Accommodation District | \$285 | \$129 |
| Young Elementary District | \$25,024 | \$11,351 |
| Yucca Elementary District | \$21,461 | \$9,735 |
| Yuma County Accommodation District | \$0 | \$0 |
| Yuma Elementary District | \$1,876,430 | \$851,146 |
| Yuma Union High School District | \$1,752,692 | \$795,019 |
| TOTAL | \$190,219,962 | \$86,283,500 |

¹ Laws 2007, Ch. 255, Section 90 (HB 2781)