

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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CHAIRMAN 2003
TIMOTHY S. BEE
JACK A. BROWN
ROBERT CANNELL, M.D.
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JOINT COMMITTEE ON CAPITAL REVIEW

March 26, 2003

8:00 a.m.

Senate Appropriations Room 109

AGENDA

- Call to Order
 - DIRECTOR'S REPORT (if necessary).
 - [Approval of Minutes of December 19, 2002](#)
 - 1. [ADOPTION OF COMMITTEE RULES AND REGULATIONS.](#)
 - 2. [ARIZONA DEPARTMENT OF ADMINISTRATION – Consider Approval of FY 2004 and FY 2005 Rental Rates for State-Owned Space.](#)
 - 3. [SCHOOL FACILITIES BOARD –](#)
 - A. [Review of FY 2003 Building Renewal Allocation Plan.](#)
 - B. [Report on Arizona State Schools for the Deaf and the Blind Deficiencies Assessment.](#)
 - 4. [JOINT COMMITTEE ON CAPITAL REVIEW – Consider Adoption of FY 2004 Capital Outlay Recommendations.](#)
- * Committee may recess until 8:00 a.m. Thursday, March 27, 2003 if it is unable to complete its business.**

The Chairman reserves the right to set the order of the agenda.
3/21/03

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) 542-5491.

STATE OF ARIZONA

Joint Committee on Capital Review

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MARION L. PICKENS

MINUTES OF THE MEETING JOINT COMMITTEE ON CAPITAL REVIEW

Thursday, December 19, 2002

The Chairman called the meeting to order at 1:40 p.m. Thursday, December 19, 2002 in House Hearing Room 4 and attendance was as follows:

Members:	Representative Knaperek, Chairman Representative Gray Representative Pearce Representative Pickens	Senator Solomon, Vice-Chairman Senator Brown Senator Cirillo Senator Guenther Senator Hamilton
Absent:	Representative Allen Representative Chevront Representative Lopez	Senator Bennett Senator Verkamp
Staff:	Richard Stavneak Lorenzo Martinez Brad Regens Tony Vidale Tim Sweeney	Jan Belisle, Secretary Jake Corey Jill Young Bob Hull
Others:	Patsy Osmon Joy Hicks Ed Boot John Arnold Candy Cooley Dave Harris Mernoy Harrison Steve Miller Jay Ziemann Charles Haverstick Tom Kirk Jack Jones Bruce Ringwald Emerson Stiles Roger Berna Mike Smarik Paul Davenport	Senate House SFB SFB SFB ABOR ASU ASU Parks ADOT ADOT ADOA ADOA ADOA ADOA DOC Press

Senator Solomon moved the Committee approve the minutes of September 19, 2002 as presented. The motion carried.

ARIZONA DEPARTMENT OF TRANSPORTATION –

A. Review of FY 2003 Building Renewal Allocation Plan.

Bob Hull, JLBC Staff presented the Arizona Department of Transportation (ADOT) request that the Committee review the FY 2003 Building Renewal Allocation Plan. ADOT allocated \$1,634,000 among 58 projects including a contingency amount of \$120,000. Eight of the projects total \$50,000 or more. The projects are consistent with Building Renewal guidelines and appropriations.

Charles Haverstick and Tom Kirk were asked to come forward.

Representative Knaperek asked them to relay to the director, that the rubberized asphalt will definitely improve the quality of life, and that the work of department is greatly appreciated.

In response to Representative Gray, Chairman Knaperek stated that Scottsdale paid for the art work along their section of road.

Senator Solomon moved the Committee give a favorable review to the Arizona Department of Transportation FY 2003 building renewal expenditure plan and requested that funding for any new projects not listed in the allocation plan, reallocations between projects, and allocations from any contingency amounts be reported to JLBC Staff prior to expenditure. The JLBC Staff would report to the Committee on significant changes, typically above \$50,000. The motion carried.

B. Review of Scope, Purpose, and Estimated Cost of West Phoenix Motor Vehicle Division Service Center.

Bob Hull, JLBC Staff presented the Arizona Department of Transportation request that the Committee review the scope, purpose and estimated cost to remodel and furnish the West Phoenix Motor Vehicle Division (MVD) service center. The total allocation for the project is \$1,331,000. The average cost of \$111 per square foot is reasonable compared to recent average costs of \$150 to \$156 per square foot for new MVD service centers.

Senator Solomon moved the Committee give a favorable review to the scope, purpose, and estimated cost of West Phoenix Motor Vehicle Division service center. The motion carried.

ARIZONA DEPARTMENT OF ADMINISTRATION/DEPARTMENT OF CORRECTIONS – Review of Scope, Purpose and Estimated Cost of Ft. Grant Landfill Closure.

Tony Vidale, JLBC Staff, presented the Department of Corrections (ADC) request that the Committee review the scope, purpose and estimated cost of the Ft. Grant landfill closure. Laws 2001, Chapter 3, 2nd Special Session appropriated \$555,300 in FY 2002 from the Corrections Fund to Arizona Department of Administration (ADOA) to close the Fort Grant landfill in compliance with Arizona Department of Environmental Quality (ADEQ) and federal government requirements. ADC discovered that the Land Department owned the land and was leasing it to ADC. ADC was unable to proceed with the closure until the State Land Department agreed to a restrictive covenant, which was approved in 2001. The state will be in violation of the law governing solid waste landfills if the landfill is not closed. ADEQ is responsible for enforcing this law. ADEQ has not cited ADC for non-compliance because the department has been attempting to move forward with closure.

Senator Solomon moved the Committee give a favorable review to the scope, purpose and estimated cost of Ft. Grant Landfill closure. The motion carried.

(Continued)

ARIZONA BOARD OF REGENTS/ARIZONA STATE UNIVERSITY – Review of Arizona Biodesign Institute – Phase I Bond Project.

Lorenzo Martinez, JLBC Staff, presented the Arizona Board of Regents and Arizona State University request that the Committee review the construction project for Phase I of the Arizona Biodesign Institute to be financed with an issuance of system revenue bonds. The bond issuance will be paid back over a 25 year period at an estimated interest rate of 5.5%.

Each university may issue bonds, as long as their debt ratio does not exceed 8%. Once these bonds are issued, ASU's debt ratio would be 4.7%.

In response to Representative Pearce, Steve Miller Assistant Vice President for Institutional Advancement, Arizona State University stated that this project would be built on ASU property.

Senator Solomon moved the Committee give a favorable review of the bond project for Phase I of the Arizona Biodesign Institute with the stipulation that a favorable review did not constitute endorsement of General Fund appropriations for operating expenses when the project is complete.

Representative Gray requested the motion include a stipulation that public art not be funded with bond proceeds.

Senator Solomon moved the original motion with the stipulation that no bond proceeds would be used for art work. The motion carried.

SCHOOL FACILITIES BOARD –

A. Review of New School Construction Report.

Jake Corey, JLBC Staff, presented the School Facilities Board request that the Committee review its demographic assumptions, proposed construction schedule, and new school construction cost estimates for FY 2004. For new school construction projects the board expects to approve in the current year, the board estimates student enrollment growth of 9.8% for grades P-8 and 13.2% for grades 9-12. Historical growth rates in those districts are 6.6% for grades P-8 and 6.2% for grades 9-12. The higher projections are likely due to expected residential housing development. The board's estimated construction schedule does not correspond to the estimated cash flow in funding those projects.

Ms. Candy Cooley, School Facilities Board explained how the calculation is done to determine the square footage per student.

In response to Representative Gray, Ms. Cooley stated that school districts are checked for space availability. The school districts are reviewed to see if they meet the minimum guidelines. If the district chooses to build above the minimum standard with their own funding, they are allowed to do that.

Chairman Knaperek requested the School Facilities Board (SFB) work with JLBC Staff to submit additional information to the Committee at its next meeting.

B. Report on FY 2004 Instructions to the Treasurer.

Jake Corey, JLBC Staff presented the report on School Facilities Board FY 2004 instructions to the Treasurer. The board reported it would instruct the Treasurer to transfer a total of \$530 million in FY 2004. This amount

(Continued)

includes \$280 million for the Deficiencies Correction Fund and \$250 million for the New School Facilities Fund. The board will not instruct the Treasurer to transfer any amount to the Building Renewal Fund in FY 2004 as the Building Renewal formula is suspended in that year.

In response to Senator Cirillo, Mr. Corey stated the FY 2003 original instructions to the Treasurer for new school construction was \$311 million and the original request for building renewal was \$128 million.

No Committee action was required.

C. Review of Lease-to-Own New School Construction Projects

Jake Corey, JLBC Staff presented the School Facilities Board request that the Committee review its list of potential new school construction projects to be financed with a lease-to-own agreement. The legislation authorized the board to enter into lease-to-own agreements in FY 2003, however, limits those agreements to \$400 million. The board is retroactively making some of its FY 2002 cash expenditures a part of the lease-to-own agreement. The intent of the legislation was to finance FY 2003 new school construction costs. The SFB is including FY 2002 cash expenditures in the agreement so as to free up some of its previously committed cash funds. The SFB will use the freed up monies to pay cash for FY 2003 costs, including land purchases, which the board can not include in the agreement. The SFB estimates its FY 2003 cash requirements to be \$96 million.

In reply to questions, Mr. Ed Boot, School Facilities Board stated that approximately 60% of the schools are entirely built with Student First monies. There are 38% that are built with additional sums. In most cases districts are putting in between 5% - 10% of the amount that is awarded by the state. Recently, there has been negative publicity regarding lease-to-own. In most cases, the school districts have been very cooperative with the School Facilities Board in making this program work by putting up leases for their land and working with the SFB in assessing themselves.

Senator Solomon moved the Committee give a favorable review of the revised list of potential new school construction projects to be financed with a lease-to-own agreement. The motion carried.

D. Report on Lease-to-Own Building.

Jake Corey, JLBC Staff stated that at the request of the Chairman at the September 2002 Committee meeting, the School Facilities Board is presenting research into bundling new school construction projects that are being financed using lease-to-own financing. The state would not realize any savings from bundling projects as any remaining monies would still need to be distributed to school districts according to the new school construction formula in A.R.S. § 15-2041. The board will bundle projects in 2 districts to determine if any savings are achieved.

No Committee action was required.

ARIZONA DEPARTMENT OF ADMINISTRATION – Report on Active Office Lease Costs.

The Arizona Department of Administration (ADOA) submitted the FY 2002 report of new office leases that exceed \$17.50 per square foot. ADOA reports that the Lease Cost Review Board (LCRB) has estimated the average cost for leasing privately owned space would be \$8.25 per square foot in FY 2004. In FY 2002, ADOA approved 21 new office leases that exceeded \$17.50 per square foot. The 21 leases exceeding \$17.50 generally reflect the lack of available space in non-metropolitan areas or the special terms of the lease.

There was no discussion on the item and no Committee action is required.

ARIZONA STATE PARKS – Report on Kartchner Caverns Park.

Tim Sweeney, JLBC Staff, presented the Arizona State Parks Board quarterly project status and financial reports on Kartchner Caverns State Park. Between April 2002 and September 2002 approximately 70,000 visitors attended the park and total park revenues were approximately \$1.0 million.

Jay Ziemann, State Parks stated the Kartchner Caverns State Park hosted its 500,000th visitor and has generated \$8 million in user fees and \$6 million from concession sales. The humidity and environmental health of the cave is in good health.

In answer to questions, Mr. Ziemann stated that bats continue to use the Big Room as a maternity ward and have done this for many years. The bats do stay in one area that is closed during the summer. Mr. Ziemann was not aware of a misting system at Carlsbad Caverns. Carlsbad Caverns does not close due to the bats.

Chairman Knaperek expressed thanks to the State Parks for the work that has been done at Kartchner Caverns Park. She also extended thanks to the staff and members for serving on the Committee.

No Committee action was required.

The meeting adjourned at 2:50 p.m.

Jan Belisle, Secretary

Lorenzo Martinez, Assistant Director

Representative Laura Knaperek, Chairman

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DATE: March 21, 2003

TO: Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Lorenzo Martinez, Assistant Director

SUBJECT: ADOPTION OF COMMITTEE RULES AND REGULATIONS

The Committee will consider the attached rules and regulations for adoption at its March 26th meeting. The rules and regulations are the same as the Committee used in the last biennium except for an expansion or clarification of items listed in Rule 6. The current Rule 6 delineates several existing responsibilities. The expanded items reflect the Committee's new major statutory responsibilities enacted during the 45th Legislature.

RS/LM:jb
Attachment

JOINT COMMITTEE ON CAPITAL REVIEW
RULES AND REGULATIONS

RULE 1*

NAME OF COMMITTEE AND METHOD OF APPOINTMENT

The name of the Committee is the Joint Committee on Capital Review, hereinafter referred to as the Committee, consisting of fourteen members designated or appointed as follows:

1. The Chairman of the Senate and House of Representatives Appropriations Committees.
2. The Majority and Minority Leaders of the Senate and House of Representatives.
3. Four members of the Senate and four members of the House of Representatives who are members of their Appropriations Committees and who are appointed to the Committee by the President of the Senate and the Speaker of the House of Representatives, respectively.

RULE 2*

CHAIRMAN OF THE COMMITTEE

The Chairman of the Senate Appropriations Committee shall have a term as Chairman of the Joint Committee on Capital Review from the first day of the First Regular Session to the first day of the Second Regular Session of each legislature and the Chairman of the House of Representatives Appropriations Committee shall have a term as Chairman from the first day of the Second Regular Session to the first day of the next legislature's First Regular Session.

RULE 3

QUORUM

A majority of the members of the Committee shall constitute a quorum for the transaction of business.

RULE 4

MEETINGS OF THE COMMITTEE

The Committee shall meet as often as the members deem necessary.

RULE 5

COMMITTEE PROCEEDINGS

The Committee proceedings shall be conducted in accordance with Mason's Manual of Legislative Procedure, except as otherwise provided by these rules.

* Revised September 21, 1989

RULE 6*

STATUTORY POWER AND DUTIES OF THE COMMITTEE

The Committee shall:

1. Develop and approve a uniform formula for computing annual building renewal funding needs and a uniform format for the collection of data for the formula.
2. Approve building systems for the purposes of computing and funding building renewal and for preparing capital improvement plans.
3. Review the state capital improvement plan and make recommendations to the Legislature concerning funding for land acquisition, capital projects and building renewal. The recommendations should give priority to funding fire and life safety projects.
4. Review the expenditure of all monies appropriated for land acquisition, capital projects and building renewal.
5. Review the scope, purpose and estimated cost of the project prior to the release of monies for construction of new capital projects.
6. Approve transfers within a budget unit of monies appropriated for land acquisition, capital projects or building renewal.
7. Review and approve the acquisition of real property or buildings by the Arizona Department of Administration AND ARIZONA DEPARTMENT OF TRANSPORTATION.
8. REVIEW THE ACQUISITION OF REAL PROPERTY OR BUILDINGS BY THE DEPARTMENT OF ECONOMIC SECURITY.
9. Determine the rental fee charged to state agencies for using space in a building leased to the state.
10. Approve expenditures from the Corrections Fund by the Director of the Department of Administration for major maintenance, construction, lease, purchase, renovation or conversion of Corrections facilities.
11. ~~Approve the issuance of bonds authorized to be issued by the Arizona Board of Regents.~~ REVIEW ARIZONA BOARD OF REGENTS, COMMUNITY COLLEGE AND GAME AND FISH BOND PROJECTS.
12. REVIEW SCHOOL FACILITIES BOARD BUILDING RENEWAL CALCULATIONS AND DISTRIBUTIONS.
13. REVIEW SCHOOL FACILITIES BOARD AND SCHOOL DISTRICT LEASE-TO-OWN PROJECTS.
14. The Committee shall have other duties and responsibilities as outlined in statute or determined by the Chairman, consistent with law.

RULE 7**

STAFF

The Joint Legislative Budget Committee Staff shall provide staff assistance to the Committee as directed by the Committee.

* Revised February 9, 2001

** Previously this was Rule 9. All following rules were renumbered to conform September 21, 1989.

RULE 8* ***

AGENDA FOR MEETINGS

An agenda for each Committee Meeting shall be prepared by the Director, and, whenever possible, mailed or delivered to members of the Committee, not less than one week prior to the meeting. The Director must have at least two weeks prior notice for any state agency-requested items that appear on the agenda, unless the Chairman of the Committee approves of a later submission.

RULE 9** ***

ORDER OF BUSINESS

The Order of Business at a committee meeting shall be determined by the Chairman of the Committee. It shall normally be as follows:

- Call to order and roll call
- Approval of minutes
- Director's Remarks (if any)
- Review of capital projects
- Other Business - For information only
- Adjournment

RULE 10

ADOPTION AND AMENDMENT OF THE RULES AND REGULATIONS

These rules and regulations shall be adopted and may be amended by a majority vote of the Committee members.

- * Revised February 4, 1987
- ** Revised March 24, 1995
- *** Revised February 17, 1997

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DATE: March 21, 2003
TO: Senator Bob Burns, Chairman
Members, Joint Committee on Capital Review
THRU: Richard Stavneak, Director
FROM: Tony Vidale, Fiscal Analyst
SUBJECT: ARIZONA DEPARTMENT OF ADMINISTRATION – CONSIDER APPROVAL OF
FY 2004 AND FY 2005 RENTAL RATES FOR STATE-OWNED SPACE

Request

The Arizona Department of Administration (ADOA) requests the Committee determine the FY 2004 and FY 2005 rental rates for state-owned office and storage space. Based on actions of the Lease Cost Review Board (LCRB), the Director of ADOA recommends the following FY 2004 and FY 2005 rental rates (per square foot):

Table with 6 columns: FY 2003 Office, FY 2003 Storage, FY 2004 Office, FY 2004 Storage, FY 2005 Office, FY 2005 Storage. Values: \$15.50, \$6.00, \$15.50, \$6.00, \$15.50, \$6.00

The LCRB also estimates that the state's average cost for leasing privately-owned office space will be \$18.25 per square foot in both FY 2004 and FY 2005.

Recommendation

The JLBC Staff recommends that the Committee approve the recommendations of ADOA. The ADOA proposal represents no change from the FY 2003 rental rates for state-owned space. The JLBC chairmen's proposed budget for FY 2004 is based on these rates.

Analysis

Pursuant to A.R.S. § 41-792.01(D), the Committee determines the rental rate for state-owned office and storage space after considering the recommendation of the Director of ADOA. Rent paid for state-owned space is deposited in the Capital Outlay Stabilization Fund (COSF). The monies in COSF are available for appropriation for utility payments on ADOA office buildings, Building Renewal, operating costs of the Building and Planning Services and Construction Services sections of the ADOA General Services Division, and specific capital projects. Agencies pay their rent from a variety of sources, including federal and other non-appropriated funds.

(Continued)

The state began charging agencies for occupying state-owned space in an attempt to hold agencies accountable for their space usage, to encourage the efficient use of space, and to generate monies to maintain state buildings. Rent is paid on buildings located on the Capitol Mall and Tucson Mall.

The recommended rates reflect the LCRB belief that the state rental rate should be 85% to 95% of private sector rates in order to encourage state building use and to allow the state to manage state-owned buildings effectively. In addition, keeping pace with private sector rates lessens the funding requirement if an agency must relocate from state space to private space (given that state space is effectively 100% occupied). The recommended office rates are approximately 85% of the estimated rates for private space in both FY 2004 and FY 2005. There has been no significant change in the private sector market for private space that would justify an increase to the state rate.

RS/TV:jb

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DATE: March 20, 2003

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

THRU: Richard Stavneak, Director

FROM: Jake Corey, Fiscal Analyst

SUBJECT: SCHOOL FACILITIES BOARD – REVIEW OF FY 2003 BUILDING RENEWAL
ALLOCATION PLAN

Request

Pursuant to A.R.S. § 15-2031, the School Facilities Board (SFB) requests that the Committee review its proposal to distribute \$38.3 million of Building Renewal Fund monies for FY 2003.

Recommendation

The JLBC Staff recommends a favorable review of the proposed distribution of monies.

The board plans to distribute half of the \$38.3 million on March 21, 2003, and will distribute the remaining half in May 2003. The board requested Committee review of the distribution in December; however, the previous chairman of the Committee elected not to hear the item in order to allow the new Committee to address the item. Earlier this month, SFB voted to proceed with the distribution of the first half on March 21, 2003.

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

The board originally instructed the Treasurer to transfer \$128.3 million to the fund for distribution in FY 2003. Laws 2002, Chapter 330, however, directed the Treasurer to disregard any instructions from SFB and instead transfer \$38.3 million to the fund. Chapter 330 also suspended the building renewal

(Continued)

formula, which determines the amount distributed to each district, in FY 2003 and FY 2004. As a result of Chapter 330, SFB Staff initially considered the November and May distribution dates to be suspended as well. The board considered the item at its December meeting and voted to distribute one half of the \$38.3 million immediately after review by the Committee and the remaining half in May 2003. Since the Committee did not meet in January or February, the board voted at their March meeting to distribute the first half on March 21, 2003. The proposed allocation to each district appears in the attached document.

To determine individual district distributions, SFB has taken the district proportion of the \$113.1 million total calculated amount and has applied these ratios to the \$38.3 million figure. The \$113.1 million total calculated amount, however, does not correspond to the \$128.3 million amount the board instructed the Treasurer to transfer in FY 2003. This is due to a new statutory provision (A.R.S. § 15-2031I), which was added by Laws 2002, Chapter 330. The provision prohibits districts from receiving Building Renewal Fund monies for any building that is being replaced with monies from the Deficiencies Correction Fund until the fiscal year following completion of the building. (A.R.S. § 15-2021D gives the board the authority to distribute Deficiencies Correction monies to replace a building if the board determines in its assessment that it is more cost effective than repairing the existing building.) Excluding these buildings from receiving Building Renewal Fund monies, therefore, reduces the formula generated amount by \$(15.2) million.

In FY 2002, school districts spent \$64.8 million from their local building renewal funds. The FY 2002 year end balance for all districts was \$143.8 million. Of the 214 districts that receive building renewal funds, however, 26 did not report their expenditures to SFB. The actual FY 2002 expenditures, therefore, are likely to be higher than \$64.8 million and the actual year end balance is likely to be lower than \$143.8 million.

RS/JC:jb
Attachment

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DATE: March 21, 2003

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

THRU: Richard Stavneak, Director

FROM: Jake Corey, Fiscal Analyst

SUBJECT: SCHOOL FACILITIES BOARD – REPORT ON ARIZONA STATE SCHOOLS FOR
THE DEAF AND THE BLIND DEFICIENCIES ASSESSMENT

Request

The School Facilities Board (SFB) is reporting to the Committee its findings in regard to its assessment of deficiencies at the Arizona State Schools for the Deaf and the Blind (ASDB).

Recommendation

This item is for information only and no Committee action is required. Laws 2002, Chapter 330 required SFB to assess ASDB facility deficiencies by December 31, 2002. The SFB estimates a total cost of between \$21,531,800 and \$22,867,800 to correct all existing deficiencies at ASDB. Pursuant to Laws 2002, Chapter 330, any monies to correct deficiencies at ASDB are subject to legislative appropriation. Therefore, SFB has not included these costs in its instructions to the Treasurer to transfer \$280 million to the Deficiencies Correction Fund in FY 2004.

A summary of the report is included with the JLBC analysis. The full report is available on request.

Analysis

Pursuant to A.R.S. § 15-2002, SFB adopted minimum facility guidelines for ASDB on June 7, 2001, addressing both quantity and quality of school buildings and facilities. The SFB has assessed the facilities at ASDB against the standards established by the minimum guidelines to identify existing deficiencies.

Facility Deficiencies

The SFB estimates a total cost of between \$19,227,300 and \$20,563,300 to correct facility deficiencies at ASDB. This includes between \$14,746,500 and \$14,935,500 to correct deficiencies located at the

(Continued)

Phoenix campus, which houses the Phoenix Day School for the Deaf, and between \$4,480,800 and \$5,627,800 to correct deficiencies at the Tucson campus, which houses the Arizona School for the Deaf and the Arizona School for the Blind. The SFB notes in the assessment that these are the estimates to correct the deficiencies in 2003, and that each subsequent year costs would increase by 8%.

Attachment 1 provides a list of the existing facility deficiencies, the estimated cost to correct each deficiency, and the priority level of each project. The listed project cost is the SFB estimated maximum cost. (The full report provides an estimated cost range for most projects.) Priority levels range from 1-5, with 1 being the highest priority and 5 the lowest.

As indicated on the attachment, the single largest cost of \$14,014,500 would be to correct space deficiencies at the Phoenix campus. The SFB estimate is based on adding 135,445 square feet at \$103.47 per square foot. The \$103.47 number is the current figure used in the new school facilities funding formula for grades 7-8. The SFB is using this figure as a middle estimate since it would be providing space for grades at all levels of the new school facilities formula (K-6, 7-8, 9-12). The actual cost would depend on the specific space provided. The SFB estimates adding classroom space, library and media center space, physical education space, administrative space, ASDB program space, and student health center space at the Phoenix campus.

In addition, SFB recommends installing a central emergency communication system at the Tucson campus, as none currently exists. The SFB estimates a cost of between \$2,000,000 and \$2,680,000 to install the system.

The SFB also recommends replacing 2 buildings on the Tucson campus, the vocational education building at an estimated cost of \$761,500 and the student health center at an estimated cost of \$484,800. Statue allows SFB to provide monies for new construction if the board determines in its assessment that new construction is more cost effective than correcting deficiencies in the existing building. The above costs include monies for demolition of the existing buildings as well as monies for new construction.

The other major facility deficiency cost, between \$1,218,500 and \$1,572,500, would be to replace multiple air conditioning systems at both campuses.

Equipment Deficiencies

The SFB estimates a total cost of \$2,304,500 to correct equipment deficiencies at ASDB. *Attachment 2* provides a summary of the costs to correct existing equipment deficiencies.

General classroom equipment includes seats, work surfaces, storage, erasable surfaces, and projection surfaces. Specialized classroom equipment consists of visual and audio devices and equipment to assist students at ASDB in the academic environment. Transportation equipment includes buses. Technology equipment includes computers and video conferencing capabilities.

The report also indicates a deficiency of learning resource center equipment, including seats, work stations, encyclopedias, and dictionaries. The SFB does not provide a cost estimate to purchase these items.

RS/JC:jb
Attachment

STATE OF ARIZONA

Joint Committee on Capital Review

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DATE: March 21, 2003

TO: Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Lorenzo Martinez, Assistant Director

SUBJECT: CONSIDER ADOPTION OF FY 2004 CAPITAL OUTLAY RECOMMENDATIONS

The Committee is being asked to consider the adoption of the Capital Outlay Budget for FY 2004. The attached materials include a comparison of the JLBC and Executive Capital Outlay recommendations and the detail on the Capital recommendations from the Capital Outlay tab of the JLBC Chairmen's Proposal for the FY 2004 Budget.

RS/LM:jb

**FY 2004
COMPARISON OF MAJOR POLICY ISSUES
CAPITAL OUTLAY**

MAJOR ISSUES	JLBC BUDGET	EXECUTIVE BUDGET
Total Budget (Pg. CB-1)	<u>FY 2004</u> <ul style="list-style-type: none"> \$500,000 GF Total \$275.1M OF Total 	<u>FY 2004</u> <ul style="list-style-type: none"> \$30,100 GF Total \$164.2M OF Total
BUILDING RENEWAL		
ADOA Building System (Pgs. CB-3, 4)	<ul style="list-style-type: none"> Provides 5 FTE Positions and \$3.5M from the Capital Outlay Stabilization Fund (COSF) to fund 18.5% of formula for ADOA. <p style="margin-left: 40px;">ADOA \$3,500,000 State Fair Board No recommendation Game and Fish No recommendation Lottery No recommendation</p>	<ul style="list-style-type: none"> Provides 2 FTE Positions and \$1.9M from COSF to fund 10% of formula for ADOA and \$693,600 from Other Funds for agencies with own funding source. <p style="margin-left: 40px;">ADOA \$1,894,900 State Fair Board \$332,400 (28%) Game and Fish \$323,300 (100%) Lottery \$37,900 (100%)</p>
ADOT Building System (Pg. CB-5)	<ul style="list-style-type: none"> Provides \$1.6M from the State Highway Fund and \$32,000 from the State Aviation Fund to fund 50% of formula. 	<ul style="list-style-type: none"> Provides \$1.0M from the State Highway Fund to fund 32% of formula, and \$64,000 from the State Aviation Fund to fund 100% of formula.
NEW PROJECTS – ADOA Building System		
ADOA-Health Laboratory Lease-Purchase (Pgs. DHS-11, CB-3)	<ul style="list-style-type: none"> Transfers funding for the lease-purchase payment to the DHS operating budget, which includes \$2.4M from the General Fund. 	<ul style="list-style-type: none"> Provides \$2.4M from COSF for the lease-purchase payment.
ADOA-DHS Privatized Lease to Own (Pgs. CB-3, 4)	<ul style="list-style-type: none"> Provides 3 FTE Positions and \$580,000 from the Capital Outlay Stabilization Fund for Project Management and Relocation expenses related to relocating DHS functions from private space to the new DHS privatized lease-to-own building on the Capitol Mall. 	<ul style="list-style-type: none"> Same proposal, but funds \$291,800 from COSF and recommends ADOA use \$288,400 from prior years' non-lapsing appropriations for relocation costs. The JLBC budget proposal recommends these non-lapsing appropriations revert to the General Fund.
Game and Fish Projects (Pgs. CB-3, 4)	<ul style="list-style-type: none"> No recommendation. 	<ul style="list-style-type: none"> Provides \$783,300 from the Game and Fish Fund, \$1.3M from the Game and Fish Capital Improvement Fund and \$100,000 from the Waterfowl Conservation Fund for projects related to facility renovation and expansion, shooting range development, and waterfowl wetland acquisitions. <p style="margin-left: 40px;">Canyon Creek Hatchery \$360,000 Shooting Range Development \$100,000 Bellemont Shooting Range \$500,000 Pinetop Warehouse and Paving \$310,000 Headquarters Security System \$200,000 Lake Havasu Shooting Range \$300,000 Migratory Waterfowl Habitat \$100,000</p>

NEW PROJECTS – ADOT Building System

Highway Construction (Pgs. CB-5, 6, 7, 8)	<ul style="list-style-type: none"> Provides \$254.2M from the State Highway Fund for highway construction in the following amounts: <table border="0"> <tr> <td>Statewide Highway Construction</td> <td align="right">\$113.2M</td> </tr> <tr> <td>Debt Service</td> <td align="right">\$62.2M</td> </tr> <tr> <td>Controlled Access Highways</td> <td align="right">\$78.7M</td> </tr> </table> 	Statewide Highway Construction	\$113.2M	Debt Service	\$62.2M	Controlled Access Highways	\$78.7M	<ul style="list-style-type: none"> Provides \$156.6M from the State Highway Fund. <table border="0"> <tr> <td>Statewide Highway Construction</td> <td align="right">\$31.3M</td> </tr> <tr> <td>Debt Service</td> <td align="right">\$62.2M</td> </tr> <tr> <td>Controlled Access Highways</td> <td align="right">\$63.1M</td> </tr> </table> 	Statewide Highway Construction	\$31.3M	Debt Service	\$62.2M	Controlled Access Highways	\$63.1M
Statewide Highway Construction	\$113.2M													
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Debt Service	\$62.2M													
Controlled Access Highways	\$63.1M													
Airport Planning and Development (Pgs. CB-5, 6)	<ul style="list-style-type: none"> Provides \$15.2M for the airport construction program. 	<ul style="list-style-type: none"> No recommendation. 												

ADVANCE APPROPRIATIONS

ADOA-Pioneers' Home Renovations (Pg. CB-3)	<ul style="list-style-type: none"> Funds \$500,000 from the General Fund to complete plumbing renovations at the Arizona Pioneers' Home. 	<ul style="list-style-type: none"> Recommends retaining \$30,100 of the advance appropriation from the General Fund and funding the remaining \$469,900 from the Legislative, Executive, and Judicial Public Buildings Land Fund.
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