

STATE OF ARIZONA

# Joint Committee on Capital Review

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CHRISTINE WEASON

## JOINT COMMITTEE ON CAPITAL REVIEW

Thursday, June 20, 2002

1:30 p.m.

House Hearing Room 4

### AGENDA

- Call to Order
  - [Approval of Minutes of April 30, 2002](#)
  - DIRECTOR'S REPORT (if necessary).
1. EXECUTIVE SESSION – ARIZONA DEPARTMENT OF ADMINISTRATION/DEPARTMENT OF HEALTH SERVICES – Review of Selected Design-Build Proposal for Health Laboratory Lease-Purchase Project. ( As Permitted under A.R.S. § 38-431.03 and A.R.S. § 41-2514)
  2. [ARIZONA DEPARTMENT OF ADMINISTRATION/DEPARTMENT OF HEALTH SERVICES –](#)
    - A. [Review of Expenditure Plans for the Forensic Hospital Renovation and Sexually Violent Persons Program Security.](#)
    - B. [Report on Arizona State Hospital Construction Project.](#)
  3. [ARIZONA DEPARTMENT OF ADMINISTRATION –](#)
    - A. [Review of FY 2003 Building Renewal Allocation Plan.](#)
    - B. [Review of Scope, Purpose and Estimated Cost of Privatized-Lease-to-Own Backfill Projects.](#)
  4. [ARIZONA DEPARTMENT OF ADMINISTRATION/DEPARTMENT OF CORRECTIONS – Review of Scope, Purpose and Estimated Cost of Landfill Closure at ASPC Safford – Fort Grant Unit.](#)
  5. [DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS – Review of Scope, Purpose and Estimated Cost of Project Challenge Project.](#)

(Continued)

6. Arizona Department of Transportation –
  - A. Review of FY 2003 Construction Budget Operating Expenditure Plan.
  - B. Report on Executive Summary of Arizona 5-Year Transportation Facilities Construction Program.
7. ARIZONA DEPARTMENT OF ADMINISTRATION/ARIZONA PIONEERS' HOME – Review of Scope, Purpose and Estimated Cost of Arizona Pioneers' Home Plumbing Renovation Project.

6/14/02

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

Tuesday, April 30, 2002

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The Chairman called the meeting to order at 9:40 a.m. Tuesday, April 30, 2002 in House Hearing Room 4 and attendance was as follows:

Members: Representative Knaperek, Chairman  
Representative Gray  
Representative Lopez  
Representative Pearce  
Representative Weason  
Senator Solomon, Vice-Chairman  
Senator Bennett  
Senator Brown  
Senator Cirillo  
Senator Guenther  
Senator Hamilton  
Senator Verkamp

Absent: Representative Allen (Excused)  
Representative Chevront

Staff: Richard Stavneak  
Lorenzo Martinez  
Tony Vidale  
Tom Mikesell  
Jan Belisle, Secretary  
Jake Corey  
Tim Sweeney

Others: Bob Teel  
John Sempert  
Bruce Ringwald  
Emerson Styles  
Dave Harris  
Jay Ziemann  
John Arnold  
Chuck Ryan  
Helen Gouvert  
Mike Smarik  
Jim Buster  
Bob Rocha  
Greg Fahey  
Joy Hicks  
Jamie Hogue  
Eileen Klein  
Debbie Johnston  
ADOA  
ADOA  
ADOA  
ADOA  
ABOR  
Parks  
SFB  
DOC  
DOC  
DOC  
ADEQ  
ADEQ  
UofA  
House  
House  
House  
Senate

Representative Gray moved the Committee approve the minutes of March 7, 2002 as presented. The motion carried.

Lorenzo Martinez, JLBC Staff, gave an update to the Committee on the lease-purchase project for the UofA North Campus, which was reviewed at the last meeting. Under the existing budget, the UofA will be adding 12,500 square feet of additional shell space to the building. This change does not require any action by the Committee.

In response to Senator Cirillo, Mr. Martinez said the original scope included two stories and 22,000 square feet. A third story will be added with 12,500 square feet of shell space that will be available for build out as the campus expands.

**ARIZONA DEPARTMENT OF ADMINISTRATION/DEPARTMENT OF ENVIRONMENTAL QUALITY – Consider Approval of Land Acquisition for Air Monitoring Site.**

Tom Mikesell, JLBC Staff, presented the Arizona Department of Environmental Quality (ADEQ) request that the Committee consider approval of the purchase of property located at 4538 N. 17<sup>th</sup> Avenue in Phoenix for continued use as an air monitoring site. The City of Phoenix currently owns the site and would like to sell the property. The project will be funded with \$14,000 from the Air Quality Fund and \$6,000 from the Permits Administration Fund.

In response to Representative Gray, Mr. Mikesell stated that the \$2,600 for closing costs are estimates from ADEQ. The actual amount will not be known until the purchase is executed.

In response to Representative Gray, Robert Rocha, Arizona Department of Environmental Quality mentioned that the appraisal was conducted and estimates were given. Representative Gray stated that any remaining money should revert to the funds and that the department report back to the Committee on the actual closing costs.

In response to Senator Bennett, Mr. Rocha stated that the Phase I environmental site assessment was completed by an outside provider.

Senator Solomon moved the Committee approve the purchase of land at 4538 North 17<sup>th</sup> Avenue in Phoenix for use as an air monitoring site with \$14,000 from the Air Quality Fund and \$6,000 from the Permits Administration Fund, and that the department report back on the actual costs of the transaction when the purchase is complete, as well as reverting any remaining monies to the funds they came from. The motion carried.

**ARIZONA DEPARTMENT OF ADMINISTRATION/DEPARTMENT OF CORRECTIONS – Review of Scope, Purpose, and Estimated Cost of Department of Corrections Safety Improvements.**

Tony Vidale, JLBC Staff, presented the Arizona Department of Corrections (ADOC) request that the Committee give a favorable review of the expenditure of \$731,200 from the Corrections Fund appropriation of \$1,379,400 for the design and construction of a perimeter security system for 5 administrative buildings at 3 prison complexes. In addition, any remaining funds would be applied to procure an electrified fence system at the ASPC Florence central Unit. The estimated cost for the

(Continued)

design and construction of the electrified fence system is \$1,239,600, of which \$648,200 will come from the remaining safety improvements appropriation and \$591,400 will come from operating expense savings. The new lethal fence system would reduce staffing requirements by replacing visual surveillance provided by manned guard towers and reduce staff by 21 FTE Positions which will generate a savings of approximately \$735,000 annually.

Senator Cirillo expressed concern regarding the lock replacement and in response Chuck Ryan, Arizona Department of Corrections stated the replacement of the locks is in excess of \$17 million. Mr. Ryan indicated that some locks could be replaced with the \$600,000 but the monies would not go far.

In answer to Representative Gray, Mr. Vidale said \$24,000 was the actual costs to fund the assessment for designing and installing the security enhancements.

In response to Representative Weason, Mr. Ryan stated that the design flaw is having the administration buildings located outside the perimeter fencing at the complexes. The most recent escape was due to the lack of an adequate detection system. One escape occurred in 1998 from a Level 4 facility at the Winslow complex.

*Senator Solomon moved the Committee give a favorable review of the expenditure of \$1,379,400 from the Corrections Fund for Department of Corrections safety improvements. The motion carried.*

#### **SCHOOL FACILITIES BOARD – Review of FY 2002 Building Renewal May Allocation Plan.**

Jake Corey, JLBC Staff, presented the School Facilities Board (SFB) request that the Committee review the Building Renewal May allocation plan. The plan distributes \$672,100 of remaining FY 2002 building renewal monies to school districts in May 2002. The SFB plans to distribute these monies based upon each district's proportion of the original distribution in November 2001.

*Senator Solomon moved the Committee give a favorable review to the School Facilities Board May disbursements of the building renewal monies to the school districts. The motion carried.*

#### **ARIZONA STATE PARKS – Report on Kartchner Caverns State Park.**

Tim Sweeney, JLBC Staff, presented the Kartchner Caverns State Park quarterly report. Since the opening of the park in November 1999 approximately 400,000 visitors have visited the park. The bats have returned to the cave and most work in the lower caves will be suspended during the summer. The department is targeting November 2002 as a possible opening date for the lower cave. The original opening date was November 2003. The number of tourists allowed on each tour and the exact cost has yet to be determined.

In reply to questions, Jay Ziemann, Arizona State Parks stated when the big room is opened there will be a fee to tour the lower cave and a fee for the upper cave. The upper cave is currently open and has been open for approximately 2½ years. The current fee for the upper cave is \$12 plus a \$2 fee if the reservation system is used. The fee will probably be similar to tour the lower cave. The upper cave tour takes approximately 70 minutes; the lower cave trail is longer and will take approximately 1½ hours. It is difficult to schedule both tours on the same day.

(Continued)

Senator Solomon commented that it would be nice if the Committee had a chance to tour the cave. Mr. Ziemann indicated he would be happy to host the Committee on a tour.

No Committee action was required.

The meeting adjourned at 10:12 a.m.

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Jan Belisle, Secretary

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Lorenzo Martinez, Senior Fiscal Analyst

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Representative Laura Knaperek, Chairman

NOTE: A full tape recording of this meeting is available at the JLBC Staff Office, 1716 W. Adams.

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CHRISTINE WEASON

DATE: June 12, 2002

TO: Representative Laura Knaperek, Chairman  
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Gina Guarascio, Senior Fiscal Analyst

SUBJECT: ARIZONA DEPARTMENT OF ADMINISTRATION/DEPARTMENT OF HEALTH  
SERVICES - REVIEW OF EXPENDITURE PLANS FOR THE FORENSIC  
HOSPITAL RENOVATION AND SEXUALLY VIOLENT PERSONS PROGRAM  
SECURITY

**Request**

The Arizona Department of Administration (ADOA) and the Department of Health Services (DHS) request that the Committee review the expenditure plan for the forensic hospital renovation at the Arizona State Hospital (ASH), and review a change in the original scope of work related to the Sexually Violent Persons (SVP) population.

**Recommendation**

The JLBC Staff recommends a favorable review of the expenditure plan for the forensic hospital, as well as the release of \$11,585,100 to begin renovation of the forensic hospital. The Committee previously favorably reviewed a request for release of \$1,100,000 to proceed with design activities. JLBC Staff also recommends a favorable review and release of \$301,100 associated with the SVP construction project. These items are consistent with the overall budget for the State Hospital project.

**Analysis**

Laws 2000, Chapter 1, as amended by Laws 2000, 7<sup>th</sup> Special Session, Chapter 1, and Laws 2001, 2<sup>nd</sup> Special Session, Chapter 3, appropriated \$77.5 million from the Budget Stabilization Fund over 4 years for the demolition, construction and renovation of ASH. ADOA is to use the appropriations to provide at least 176 new civil beds at ASH, and to renovate and expand existing facilities to address physical plant needs for civil and forensic populations, an adolescent unit, and sexually violent offenders (SVP). The legislation also created the Arizona State Hospital Capital Construction Commission and charged them

(Continued)

with reviewing capital construction and renovation plans at ASH for the purpose of making recommendations to ADOA and JCCR. The Committee has previously reviewed other components of the ASH project, which include SVP dormitories and support space, infrastructure upgrades, and civil hospital adult and adolescent facilities.

Forensic Hospital Expenditure Plan

The forensic facilities are used to house mentally ill persons who have been committed to ASH through the criminal justice process. This population consists of pre-trial and post-trial persons. Pre-trial populations are committed to ASH for restoration to competency to stand trial. The post-trial population consists of persons who have been found “guilty except insane” and committed to ASH for treatment. The civil hospital provides treatment to mentally ill who are eligible for admission pursuant to statute.

ADOA is using the construction manager at risk (CMAR) construction method for the forensic hospital renovation. Statute provides that the construction manager at risk method use a separate RFP and contract for design services and a separate RFP and contract for construction services. Pursuant to the RFP, the forensic hospital will be a 200-bed facility. The forensic hospital has approximately 160 beds as currently configured. During the renovation process, the facility will continue to be occupied, which will require considerable project phasing. The final renovation will need to accommodate two components of the forensic population – pre-trial and post-trial. While both settings will be secure, space for the pre-trial residents will be more institutional than the setting for post-trial residents. Most of the units will consist of semi-private (2 bed) rooms, although isolation rooms will also be available. Each treatment unit will also consist of consultation, interview, multi-purpose, testing and evaluation rooms. Planned project completion is January 2005, although ADOA anticipates that the project may actually be completed as much as one year earlier.

The estimated costs of the project are summarized in the table below:

Professional Services	\$ 1,237,700
Renovation – Construction Manager at Risk	9,115,600
Security (including Fencing and Lighting)	900,000
Abatement	200,000
Moving Costs	291,400
Risk Management	59,000
Contingency	<u>881,400</u>
<b>Total:</b>	<b>\$12,685,100</b>

The amounts allocated for the renovation equate to per bed costs of \$63,400. By comparison, the average per bed cost for the new civil hospital facilities is \$150,000. The costs appear reasonable for this type of facility. JLBC Staff recommends a favorable review of this request.

Perimeter Fencing for the SVP Population

The Training and Education building is located adjacent to the facilities for the SVP population. Until construction of the new hospital is complete, a medical unit in this building serves both the SVP population and the forensic and civil populations at ASH. When the new hospital is complete, the medical unit in the Training and Education building will be used exclusively by the SVP population. In order to increase security, ADOA is requesting release of \$301,100 to enclose the Training and Education building in the secure perimeter of the SVP complex. JLBC Staff recommends a favorable review of this request.

(Continued)



Financial Considerations

As we noted above, the ASH project is funded from the Budget Stabilization Fund (BSF). The final \$17.5 million payment from the BSF is due in FY 2003. There is also another claim on the BSF monies. The 3<sup>rd</sup> Special Session budget legislation requires any remaining FY 2002 shortfall to be funded from the Budget Stabilization Fund. That shortfall is currently estimated to be \$74 million. As of now, there are sufficient monies to fund both the current \$74 million FY 2002 shortfall and the \$17.5 million ASH construction payment and still leave \$36 million in the BSF. There could potentially be a conflict, however, if the FY 2002 shortfall were to grow in June by more than \$36 million.

In the past, the BSF transfer to the ASH construction fund has taken place in July. Since it will take about two months to finalize the FY 2002 accounting, the calculation of the actual FY 2002 shortfall amount is to be made by September 1. If that timing continues to hold, the ASH project would receive its funding first.

RS/GG:jb

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CHRISTINE WEASON

DATE: June 13, 2002

TO: Representative Laura Knaperek, Chairman  
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Gina Guarascio, Senior Fiscal Analyst

SUBJECT: ARIZONA DEPARTMENT OF ADMINISTRATION/ DEPARTMENT OF HEALTH  
SERVICES - REPORT ON THE ARIZONA STATE HOSPITAL CONSTRUCTION  
PROJECT

**Request**

Pursuant to Laws 2000, Chapter 1, the Arizona Department of Administration (ADOA) and the Department of Health Services (DHS) are providing a quarterly status report on the Arizona State Hospital (ASH) demolition and construction project.

**Recommendation**

This item is for information only and no Committee action is required. Construction activity has begun for the new civil hospital and adolescent facility, sitework and infrastructure activities are on-going.

**Analysis**

Background

Laws 2000, Chapter 1, as amended by Laws 2000, 7<sup>th</sup> Special Session, Chapter 1, and Laws 2002, 2<sup>nd</sup> Special Session, Chapter 3, appropriated \$77.5 million from the Budget Stabilization Fund over 4 years for the demolition, construction and renovation of ASH. ADOA is to use the appropriations to provide at least 176 new civil beds at ASH, and to renovate and expand existing facilities to address physical plant needs for civil and forensic populations, an adolescent unit, and sexually violent offenders. The legislation also created the Arizona State Hospital Capital Construction Commission and charged them with reviewing capital construction and renovation plans at ASH for the purpose of making recommendations to ADOA and JCCR. ADOA and DHS are required to report at the end of each quarter to the Committee on the status of the ASH project. This report represents the seventh of these quarterly reports.

(Continued)

Quarterly Update and Status Report

The table below presents the amounts ADOA and DHS have budgeted for each portion of the ASH demolition and construction project.

	<b>Proposed Budget By Project</b>
SVP Program	\$ 5,869,200
Civil Hospital and Adolescent Facility	45,037,700
Sitework/Tunnels/Telephone/Data	12,364,900
Forensic Hospital	12,685,000
Contingency	<u>1,543,200</u>
<b>TOTAL</b>	<b>\$77,500,000</b>

The Committee favorably reviewed an expenditure plan for construction of 2 new 60-bed dormitories for the Sexually Violent Persons (SVP) program using the Inmate Construction program. Both dormitories are now complete.

The Committee has also favorably reviewed an expenditure plan to address infrastructure issues at ASH, including telecommunications expansion, repair of sewer lines, repairs to address water temperature control issues, as well as Central Plant repairs. Infrastructure rerouting is now about 95% complete. ADOA has completed all Central Plant upgrades.

Building shells are in place for all planned buildings. ADOA anticipates completion of the adolescent facility in July, with patient occupancy currently scheduled for mid-July. Completion of the new civil facility is now scheduled for the late fall of 2002, with patient occupancy planned for mid-December.

In August of 2001, JCCR favorably reviewed an expenditure plan for the renovation of Cholla Hall for use as a support building for the SVP program. Renovation of this facility is underway and is scheduled for completion in January of 2003.

ADOA is proceeding with work on the forensic hospital renovation. A construction manager at risk has been selected for the project, and design of the renovation is underway. ADOA's request for Committee review of the expenditure plan for the renovation is a separate item on this agenda.

RS/GG:jb

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CHRISTINE WEASON

DATE: June 13, 2002

TO: Representative Laura Knaperek, Chairman  
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Lorenzo Martinez, Senior Fiscal Analyst

SUBJECT: ARIZONA DEPARTMENT OF ADMINISTRATION - REVIEW OF FY 2003  
BUILDING RENEWAL ALLOCATION PLAN

## Request

The Arizona Department of Administration (ADOA) requests Committee review of its FY 2003 Building Renewal allocation plan of \$1,980,000 which consists of \$1,800,000 from the Capital Outlay Stabilization Fund (COSF) and \$180,000 from the Miners' Hospital Fund. Additional amounts of \$1,082,200 from COSF and \$6,100 from the Miners' Hospital Fund are available from the FY 2003 Capital Outlay Bill appropriations. Projects to be funded with the additional COSF amount have been identified should revenues to COSF be sufficient to meet the appropriated level.

## Recommendation

The JLBC Staff recommends a favorable review of the request. The \$1,800,000 COSF allocation will fund 15 projects within the ADOA Building System, with an additional 3 projects identified if COSF revenues meet the appropriated level (see Table 1). The \$180,000 Miners' Hospital Fund allocation will fund 3 projects at the Arizona Pioneers' Home (see Table 2). The JLBC Staff further recommends that funding for any new projects not listed in the allocation plan, reallocations between projects, and allocations from the reserve amounts be reported to the JLBC Staff prior to expenditure. JLBC Staff would then report to the Committee on significant changes, typically above \$50,000.

## Analysis

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.

Consistent with statute and prior year practice, ADOA employed the following priorities for the allocation of FY 2003 Building Renewal monies:

- 1) Fire and life safety projects.
- 2) Preservation of assets.
- 3) Projects critical to the continued operation of existing programs.

(Continued)

ADOA Building Renewal

Laws 2002, Chapter 343 (Capital Outlay Bill) appropriated \$2,882,200 from COSF to fund 15% of the Building Renewal formula in FY 2003 for the ADOA Building System. The formula was funded at 27% in FY 2002 and 23% in FY 2001. COSF receives revenues from rent charged to state agencies in state-owned buildings. Because of uncertainties related to the loss of rent due to the sale a state building (Centre Pointe) and state-owned space that will become vacant when ADOA relocates to the new Privatized Lease to Own building, ADOA anticipates that COSF will only have \$1,800,000 (of the \$2,882,200 appropriated) available for building renewal projects. Table 1 shows projects that will be funded from COSF, including additional projects if more than \$1,800,000 is available for building renewal.

**ADOA Building System Building Renewal**

**Table 1**

<b>Agency</b>	<b>Project</b>	<b>Allocation</b>
ADOA	Install new fire alarm system, 15 S. 15 <sup>th</sup> Ave., Capital Center	\$ 190,000
ADOA	HVAC repairs/replacement & restroom renovations, 1616 W. Adams	149,500
ADOA	HVAC repairs/replacement & restroom renovations, 1818 W. Adams	271,500
ADOA	Replace carpet 3 <sup>rd</sup> floor, 1789 W. Jefferson, Economic Security	85,000
ADOC	Supplemental funding to replace air handlers at SMU Unit	100,000
Supreme Court	Replace failed primary ductwork, HVAC system, Courts Building	50,000
DES	Statewide roof repairs	50,000
DES	Statewide HVAC replacements	60,000
DEMA	Replace boilers, Prescott and Belmont Armories	140,000
DHS	Replace air handlers at Granada Hall, Arizona State Hospital	135,000
DPS	Statewide Fire Alarm	25,000
DPS	Statewide roof repairs	35,000
DPS	Statewide HVAC replacements	13,500
DPS	Statewide Security Gate replacements	15,000
ADOA	Construction Project Management	25,000
ADOA	COSF Reserve for emergencies and existing projects	<u>455,500</u>
Total		\$1,800,000
<b>Other Projects if Funding Available</b>		
ADOC	Replace SMU-I Air Handlers (\$110,000 per 2 units)	\$ 760,000
ADOA	Replace fire alarm system, Law Building	200,000
ADOA	Replace carpet, 1789 W. Jefferson	200,000

The HVAC and restroom renovations at 1616 W. Adams and 1818 W. Adams are in combination with other renovations of state-owned space to be vacated when ADOA relocates to a new Privatized Lease to Own building in July 2002. Committee review of the vacated space renovations is the next item on the Committee's agenda.

Arizona Pioneers' Home Building Renewal

Chapter 343 also appropriated \$186,100 from the Miners' Hospital Fund to ADOA to fund 100% of the Building Renewal formula for the Arizona Pioneers' Home. Table 2 shows the 3 projects that will be funded from the Miners' Hospital Fund appropriation.

**Table 2**

<b>Arizona Pioneers' Home Building Renewal</b>	
<u>Project</u>	<u>Allocation</u>
Remodel/Refurbish Main Elevator	\$ 50,000
Nurse Call System	100,000
Repair Bathroom/Shower Floors	<u>30,000</u>
Total	\$180,000

The attached material submitted by ADOA lists each project and its estimated cost, along with other building renewal projects that were submitted by agencies. The projects are consistent with Building Renewal guidelines and appropriations.

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DATE: June 13, 2002

TO: Representative Laura Knaperek, Chairman  
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Lorenzo Martinez, Senior Fiscal Analyst

SUBJECT: ARIZONA DEPARTMENT OF ADMINISTRATION – REVIEW OF SCOPE,  
PURPOSE AND ESTIMATED COST OF PRIVATIZED-LEASE-TO-OWN  
BACKFILL PROJECTS

**Request**

The Arizona Department of Administration (ADOA) requests review of the expenditure plan for the renovation of state-owned space to be vacated when ADOA relocates to a Privatized-Lease-To-Own (PLTO) building. The vacated space will be backfilled with agencies currently leasing private space.

**Recommendation**

The JLBC Staff recommends a favorable review of the request.

**Analysis**

Laws 2000, Chapter 164, as amended by Laws 2001, Chapter 317 authorized ADOA to enter into PLTO agreements with private entities for the construction of 3 office buildings on the Capitol Mall. One of the new buildings will consolidate ADOA. State-owned space on the Capitol Mall vacated by ADOA will be backfilled with agencies currently leasing private space.

ADOA will vacate approximately 135,700 square feet in 7 buildings. The space being vacated will require tenant improvements such as locating new receptacles, relocating light fixtures, construction of new walls, and other minor mechanical work. There will also be more involved building renewal given that the buildings and many of the building systems are over 25 years old. *Table 1* lists the buildings, square footage to be vacated, and renovation completion date, along with the proposed backfill agencies and square foot allocations.

(Continued)

**Table 1**

<b>Building</b>	<b>Vacated Sq.Ft.</b>	<b>Finish Date</b>	<b>New Tenant</b>	<b>Sq.Ft.</b>
1700 W. Washington	44,706	3/2003	Commerce	27,684
			Housing	13,416
			Charter Schools	1,675
			SFB (expansion)	2,363
1616 W. Adams	23,182	12/2002	DJC	10,485
			Citizens Clean Elections	2,948
			Land (expansion)	6,278
			Vacant	2,523
1624 W. Adams	8,209	12/2002	DJC	8,209
15 S. 15 <sup>th</sup> Ave.	24,327	12/2002	Attorney General (expansion)	23,401
1831 W. Jefferson	18,631	2/2003	DOC	18,631
1818 W. Adams	14,678	1/2003	DHS	13,803
1400 W. Washington	1,967	12/2002	Auto Theft	1,940
<b>Totals</b>	<b>135,700</b>			<b>133,356</b>

Laws 2001, Chapter 237, as amended by Laws 2001, Chapter 3, 2<sup>nd</sup> Special Session (Capital Outlay Bill) appropriated \$426,100 from the Capital Outlay Stabilization Fund (COSF) and \$212,400 from the Certificates of Participation (COP) Fund in FY 2002 for ADOA to renovate the vacated space, relocate agencies and manage the project. Laws 2002, Chapter 343, appropriated \$2,753,000 from COSF and \$1,450,500 from the COP Fund in FY 2003 for ADOA to complete the projects. ADOA will also allocate a portion of Building Renewal appropriations in FY 2002 and FY 2003 in combination with the specific PLTO related appropriations. *Table 2* shows the appropriations by fiscal year.

**Table 2**

<b>Project Component</b>	<b>FY 2002</b>	<b>FY 2003</b>
Project Management	COP: \$162,400	COP: \$143,500
Backfill Renovations	COSF: \$213,700	COP: \$300,000
		COSF: \$2,753,000
Backfill Relocations	COP: \$50,000	COP: \$1,007,000
Building Renewal	COSF: \$427,400	COSF: \$ 421,000
Total	\$853,500	\$4,624,500
Fund Sources:	COP: \$212,400	COP: \$1,450,500
	COSF: \$641,100	COSF: \$3,174,000

The renovation appropriations were based on \$22.50 per square foot, which has been the historically funded rate for tenant improvements. The relocation appropriations will be used to relocate and reconfigure modular workstations, furniture, equipment, and voice and data cabling.

The attached material from ADOA contains additional detail on the project components.

RS/LM:jb

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CHRISTINE WEASON

DATE: June 11, 2002

TO: Representative Laura Knaperek, Chairman  
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Brad Regens, Senior Fiscal Analyst

SUBJECT: ARIZONA DEPARTMENT OF ADMINISTRATION/ARIZONA  
DEPARTMENT OF CORRECTIONS — REVIEW OF SCOPE, PURPOSE  
AND ESTIMATED COST OF LANDFILL CLOSURE AT ASPC SAFFORD –  
FORT GRANT UNIT

### Request

Pursuant to the requirement of A.R.S. § 41-1252, the Arizona Department of Administration (ADOA) and the Arizona Department of Corrections (ADC) request the Committee review the scope, purpose and estimated cost to close a landfill at the Arizona State Prison Complex Safford – Fort Grant Unit.

### Recommendation

The JLBC Staff recommends a favorable review of the request, as it is consistent with the intent of the authorizing legislation.

### Analysis

Laws 2001, Chapter 237 as amended by Laws 2001, Chapter 3, 2<sup>nd</sup> Special Session (Capital Outlay Bill) appropriated \$555,300 in FY 2002 from the Corrections Fund to ADOA to close the Fort Grant landfill in compliance with the Arizona Department of Environmental Quality (ADEQ) and federal government requirements.

ADC contracted with an environmental engineering firm to create a closure plan for the landfill. The plan, which was approved by ADEQ in November 2001, includes covering the 22-acre site with non-permeable soil, constructing drainage and diversionary structures, and limiting access

(Continued)



to the site by constructing a perimeter fence. After Committee review, the project is schedule to be completed within 5 months (July – November 2002). The proposed budget is shown in the following table.

<b>ADOA/ADC Budget for Fort Grant Landfill Closure</b>		
<u>Phase</u>	<u>Cost Estimate</u>	<u>% of Total Cost</u>
Architectural/Engineering Fees	\$ 50,000	9.0
Construction	425,000	76.5
Perimeter Fence	10,000	1.8
Archaeological Survey/Monitoring	10,000	1.8
ADOA Support	20,000	3.6
Contingency	<u>40,300</u>	7.3
TOTAL	\$555,300	

As the proposed project is consistent with the intent of the appropriation, the JLBC Staff recommends a favorable review of the ADOA/ADC Fort Grant landfill closure plan.

RS/BR:jb

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CHRISTINE WEASON

DATE: June 13, 2002

TO: Representative Laura Knaperek, Chairman  
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Steve Grunig, Fiscal Analyst

SUBJECT: DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS - REVIEW OF  
SCOPE, PURPOSE AND ESTIMATED COST OF OPERATIONAL SUPPORT  
BUILDING CONSTRUCTION AT THE PROJECT CHALLENGE CAMPUS

**Request**

Pursuant to A.R.S. § 41-1252(C), the Department of Emergency and Military Affairs (DEMA) requests that the Committee review its plan to spend \$250,000 appropriated from the General Fund to DEMA in FY 2002 for construction of an operational support building at the Project Challenge campus.

**Recommendation**

The JLBC Staff recommends a favorable review of the request. Of the \$250,000 appropriated, DEMA anticipates a total project cost of \$315,800. The remaining \$65,800 is provided by a private grant from the Lund Foundation.

**Analysis**

Laws 2001, Chapter 294, made a FY 2002 appropriation of \$250,000 from the General Fund to DEMA for construction of a dormitory and an operational support building at the Project Challenge campus. A.R.S. § 41-1252(C) requires that the Committee review the scope, purpose and estimated cost of this project.

(Continued)

Project Challenge was originally located on land owned by Arizona State University (ASU)-East. In FY 2001, the lease with ASU-East was terminated and Project Challenge relocated to land in Queen Creek.

The appropriation from Chapter 294 is insufficient to construct both an operational support building and additional facilities. During the first phase of campus construction, limited dormitory space was built. DEMA has chosen to construct the operational support building with the appropriated funds because there is a pressing need for support space and the dormitory space is considered adequate at this time. The 3,440 square foot operational support building will provide teacher and other personnel with office space for instructional preparation and counseling of students.

Under DEMA's proposed construction plan, the department would use the \$250,000 appropriation in addition to \$65,800 from a Lund Foundation grant. The total of \$315,800 is divided into the following categories:

<u>Item</u>	<u>Cost</u>
Engineering Services	\$ 25,000
Construction Costs	\$ 290,800
Total Project Cost	\$ 315,800

As the proposed project is consistent with the intent of the appropriation and the cost appears reasonable as compared to the national average for similar facilities, the JLBC Staff recommends that the Committee give a favorable review.

RS/SG:jb

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CHRISTINE WEASON

DATE: June 13, 2002

TO: Representative Laura Knaperek, 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 2003  
CONSTRUCTION BUDGET OPERATING EXPENDITURE PLAN

**Request**

In compliance with a Capital Outlay Bill footnote, the Arizona Department of Transportation (ADOT) requests that the Committee review its FY 2003 highway construction budget operating expenditure plan.

**Recommendation**

The JLBC Staff recommends a favorable review of ADOT's highway construction budget operating expenditure plan for FY 2003. ADOT has submitted a construction budget operating expenditure plan totaling \$148,903,100 in FY 2003.

The JLBC Staff further recommends that the Committee adopt the performance measures in this memo, and require that ADOT report on these performance measures as part of next year's Committee review of ADOT's highway construction budget operating expenditure plan for FY 2004. In the interim, we recommend that ADOT provide more detailed timelines on how the 5-year plan addresses the state's most critical transportation needs.

On page 3, you will find a list of performance measures and a description of how the 5-year construction plan addresses the state's most overcrowded freeways.

**Analysis**

ADOT expends large sums of monies within its capital budget for operating-type purposes related to capital construction. These expenditures are less visible than the operating budget. To improve its oversight of these operating expenditures in the capital budget, the Legislature imposed an FTE Position ceiling on capital funded personnel for the first time in FY 1997.

(Continued)

The Capital Outlay Bill (Laws 2002, Chapter 343) appropriated \$238,728,000 from the State Highway Fund to ADOT for highway construction in FY 2003. Allowable uses of the appropriation include the planning and construction of state highways, the acquisition of rights-of-way, the cost of field administration and field engineering on construction projects, and the payment of debt-service on bonds issued for highway construction. The act also specified that any balances and collections in the State Highway Fund in excess of the amounts otherwise appropriated to the department are available for highway construction.

The Capital Outlay Bill allows the department to utilize up to \$30,064,700 in Personal Services and Employee Related Expenditures, for up to 619 FTE Positions in FY 2003 for field administration and field engineering on construction projects. Prior to the expenditure of any highway construction monies for operating budget expenses, the act requires ADOT to submit related information to the JCCR for review.

ADOT's submittal indicates a planned FY 2003 operating budget within capital construction of \$148,903,100 based on its tentative 5-Year Highway Construction Program. Although FTE Positions are initially funded from the State Highway Fund, Other Funds are subsequently billed for portions of certain projects. The primary component of the budget is \$99,471,800 in consultant services (otherwise known as Professional and Outside Services). As described below, it is difficult to evaluate Professional and Outside Services and whether resources are being used efficiently.

The following table details ADOT's estimated operating expenditures:

**Construction Budget Operating Expenditure Plan**

<u>Category</u>	<u>Expenditures</u>			<u>FY 03 Increase/ (Decrease)</u>
	<u>FY 2001 Actual</u>	<u>FY 2002 Plan</u>	<u>FY 2003 Plan</u>	
FTE Positions - Authorized	665	19	619	0
Personal Services	\$ 20,852,000	\$24,673,000	\$24,654,800	\$ (18,200)
Employee Related Expenditures	5,287,800	5,409,900	5,409,900	0
Professional and Outside Services	92,754,000	99,471,800	99,471,800	0
Travel In-State	620,200	830,600	730,600	(100,000)
Travel Out of State	136,300	146,300	100,000	(46,300)
Other Operating Expenditures	16,533,000	15,258,700	15,258,700	0
Equipment	<u>4,398,900</u>	<u>3,404,900</u>	<u>3,277,300</u>	<u>(127,600)</u>
Total	\$140,582,200	\$149,195,200	\$148,903,100	\$(292,100)

ADOT's Expenditure Plan shows virtually no overall change, with an overall decrease of (0.2)% for FY 2003 below FY 2002. This reflects a continuing level of design work to support ADOT's highway construction activities. Professional and Outside Services accounts for 67% of ADOT's total expenditure plan for FY 2003, while Personal Services and Employee Related Expenditures accounts for another 20%.

**Performance Measures**

Last year the Committee adopted the performance measures in Tables 1-4, and required that ADOT report on these performance measures as part of this year's Committee review of the highway construction budget operating expenditure plan for FY 2003. To develop these performance measures, the JLBC Staff spoke with the National Conference of State Legislatures, researched other states performance measures, and worked with ADOT. Some states have highway construction

(Continued)

performance measures related to their accomplishments, such as the number of projects contracted or completed, the number of miles begun or completed, the dollar volume of construction contracts, the percent of projects completed, and the design costs as a percent of project values. The adopted performance measures serve more as indicators of the level and consistency of ADOT's use of consultant services, than as useful tools for predicting ADOT's future needs for consultant services. It is difficult to make useful comparisons of expenditures for consultant services to those for highway construction in a given fiscal year, due to the multi-year nature of highway construction projects from their design stage to their completion. However, if the level of highway construction is projected to remain relatively constant, one might expect the use of consultant services to also remain at a relatively constant level.

Field administration of construction projects in these performance measures refers to functions, such as project supervision, quality control, and related services, involved in the oversight of construction projects in the field whether performed by consultants or by ADOT staff.

**Table 1**

<b>PERFORMANCE MEASURES</b>	FY 2001	FY 2002	FY 2003
	Est./Actual	Estimate	Estimate
• Design Expenditures as % of Total Construction Operating Budget	59/49	51	51
• Professional and Outside Services \$ for Design Work by Consultants (\$ in millions)	85.4/68.1	75.6	75.7
• Projects Designed by Consultants	1,817/1,293	1,249	1,307
• Personal Services \$ for Design Work by ADOT Staff (\$ in millions)	2.2/1.1	1.2	1.2
• Projects Designed by ADOT Staff	653/584	612	612
• Field Administration of Projects as % of Total Construction Operating Budget	24/21	24	24
• Professional and Outside Services \$ for Field Administration of Projects by Consultants (\$ in millions)	19.8/16	21.1	21.4
• Projects Administered by Consultants	404/385	394	420
• Personal Services \$ for Field Administration of Projects by ADOT Staff (\$ in millions)	16.1/14	13.3	13.6
• Projects Administered by ADOT Staff	565/557	501	521
• Percent of state highway system with traffic volume from 0% to 80% of capacity during peak driving periods in Phoenix Metro area <sup>1/</sup>	NA/62	62	62
• Percent of state highway system with traffic volume from 0% to 80% of capacity during peak driving periods in Tucson Metro area <sup>1/</sup>	NA/73	73	73
• Percent of state highway system with traffic volume from 0% to 80% of capacity in balance of state	NA/97	97	97

<sup>1/</sup> Peak driving periods means from 6AM to 9AM and from 3PM to 7PM, Monday through Friday.

Tables 2, 3 and 4, describe how ADOT's 5-year plan addresses the state's most crowded freeways. All of the segments listed in this year's report were also listed in last year's report, and vice versa. We have asked ADOT to also provide us with narrative descriptions of how much is completed, what is currently being worked on, and the projected completion date for each project that has action scheduled in the 5-Year Plan.

(Continued)

**Table 2**

<b>PERFORMANCE MEASURES</b>	FY 2001 Est./Actual	FY 2002 Estimate	FY 2003 Estimate
• Percent of state highway system with traffic volume over 100% of capacity during peak driving periods in Phoenix Metro area <sup>1/</sup>	NA/12	12	12

<sup>1/</sup> Peak driving periods means from 6AM to 9AM and from 3PM to 7PM, Monday through Friday.

**Phoenix Metro Area Highway Segments Over 100% of Capacity During Peak Driving Periods**

<b>Action in 5-Year Plan</b>	<b>Route</b>	<b>Segment</b>	<b>ADOT Action</b>
Yes	US 60	19 <sup>th</sup> Ave-99 <sup>th</sup> Ave	8 intersection improvements (grade separations).
Yes	US 60	Priest-Gilbert	Widening & HOV lanes.
Yes	I-10	Baseline-40 <sup>th</sup> St	Right-of way study.
Yes	I-10	40 <sup>th</sup> St-24 <sup>th</sup> St	Probably in phase 2 of the above study.
Yes	SR 51	Northern-Thomas	HOV lanes from I-10 to Shea.
No	I-17	Greenway-Indian School	No plan.
No	I-10	7 <sup>th</sup> St-67 Ave	Probable spot studies in the future.
No	Loop 101	Guadalupe-Pima	Probable candidate for future HOV lanes.
No	Loop 202	24 <sup>th</sup> St-Loop 101	Possible spot improvements in the future.

HOV lanes - High Occupancy Vehicle lanes.

**Table 3**

<b>PERFORMANCE MEASURES</b>	FY 2001 Est./Actual	FY 2002 Estimate	FY 2003 Estimate
• Percent of state highway system with traffic volume over 100% of capacity during peak driving periods in Tucson Metro area <sup>1/</sup>	NA/6	6	6

<sup>1/</sup> Peak driving periods means from 6AM to 9AM and from 3PM to 7PM, Monday through Friday.

**Tucson Metro Area Highway Segments Over 100% of Capacity During Peak Driving Periods**

<b>Action in 5-Year Plan</b>	<b>Route</b>	<b>Segment</b>	<b>ADOT Action</b>
Yes	I-10	Ina Rd – Cortaro Rd	Widening project.
Yes	I-10	Prince Rd - 22 <sup>nd</sup> Ave	Widening projects and frontage roads.
Yes	Oracle Rd	Calle Concordia - 1 <sup>st</sup> Ave	Being scoped to widen from 4 to 6 lanes.
Yes	Oracle Rd	Magee Rd - River Rd	Additional shoulders from River Rd to Ina Rd.

**Table 4**

<b>PERFORMANCE MEASURES</b>	FY 2001 Est./Actual	FY 2002 Estimate	FY 2003 Estimate
• Percent of state highway system with traffic volume over 100% of capacity in balance of state	NA/1	1	1

**State Highway Segments Over 100% of Capacity in Balance of State**

<b>Action in 5-Year Plan</b>	<b>Route</b>	<b>Segment</b>	<b>ADOT Action</b>
Yes	SR 95	S. of Bullhead City (MP 236.2 - 242.8)	Acquire right-of-way.
Yes	SB 8	Yuma (MP 12 - 12.9)	Area service highway.
Yes	US 93	Hoover Dam Bypass (MP 0 – 1.7)	Design and construct bridge.
No	SR 77	Near Show Low (MP 342.7 - 343.3)	---
No	SR 84	W. of Casa Grande (MP 177 - 177.6)	---
No	SR 92	S. of Sierra Vista (MP 322.7 - 323.7)	---
No	SR 179	I-17 - Sedona (MP 306.2 - 307)	---
No	SR 260	Show Low - Hon Dah (MP 341.7 - 353.7)	---
No	SA 89	Cottonwood – Flagstaff (MP 361.6 - 362.7, 372.2 - 373.2, 390.4 - 397.8)	---
No	US 60	Miami - Globe (MP 242.8 - 243.5)	---
No	US 93	Hoover Dam Bypass (MP 1.7 - 16.1)	---
No	US 93	NW of Kingman (MP 64.8 - 67.1)	---

MP - Mile post.

SA – Alternate route.

SR - State route.

SB - Business route.

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CHRISTINE WEASON

DATE: June 13, 2002

TO: Representative Knaperek, 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 EXECUTIVE  
SUMMARY OF ARIZONA 5-YEAR TRANSPORTATION FACILITIES  
CONSTRUCTION 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 2003-FY 2007.

### Recommendation

This item is for information only, and no Committee action is required. JLBC Staff recommends ADOT provide an Executive Summary of its 5-Year Transportation Facilities Construction Program for FY 2004-FY 2008, when the department requests Committee review of its FY 2004 highway construction budget operating expenditure plan.

### Analysis

At the Committee's August 29, 2001 meeting, ADOT submitted an Executive Summary of their 5-Year Transportation Facilities Construction Program for FY 2002-FY 2006. This item was for information only, and no Committee action was required. However, the Committee did request that ADOT provide an Executive Summary of its 5-Year Transportation Facilities Construction Program for FY 2003-FY 2007, when the department requests Committee review of its FY 2003 highway construction budget operating expenditure plan.

ADOT submitted an Executive Summary of their tentative 5-Year Transportation Facilities Construction Program for FY 2003-FY 2007 on June 5, 2002. The department reports that the State Transportation Board is scheduled to meet June 21, 2002 to adopt the 5-Year Transportation Facilities Construction Program for FY 2003-FY 2007. The program includes a 5-year total of \$3,790,000,000 for the highway

(Continued)



program and \$550,700,000 for the aviation program. The last page of ADOT's Executive Summary includes a table, which shows the total \$3,790,000,000 of estimated highway program expenditures broken out by fiscal year for each county. Page iii of the Executive Summary includes a table which lists the estimated expenditures by fiscal year for 19 major highway projects (those over \$25,000,000), which total \$1,724,489,000 of estimated expenditures for the 5-year program. The following table shows the estimated revenues and expenditures for the tentative 5-year highway program.

<b>Tentative Highway Program</b>			
<b>Revenues</b>		<b>Expenditures</b>	
		<u>Statewide Program</u>	
State Highway Fund	\$ 521,000,000	Preservation	\$ 658,000,000
Regional Area Road Fund	435,000,000	Improvements	1,765,000,000
Federal Funds	1,767,000,000	Management	<u>339,000,000</u>
Bonds, Notes, & HELP Loans <sup>1/</sup>	<u>1,067,000,000</u>	Total Statewide Program	\$2,762,000,000
Total	\$3,790,000,000		
		<u>MAG Freeway System</u>	<u>\$1,028,000,000</u>
		Total	\$3,790,000,000

<sup>1/</sup> Bonds, Grant Anticipation Notes, and Highway Expansion and Extension Loan Program Loans.

The submitted material also includes information on project programming and financing for the highway program. ADOT reports that there were no major changes in priority between this year and last year. Please see our memo, which reviews ADOT's FY 2003 construction budget operating expenditure plan, for information on congestion performance measures and highway construction projects for road segments that are overcapacity.

ADOT's Executive Summary also includes their tentative 5-Year Aviation Program for FY 2003-FY 2007 which totals \$550,700,000, including revenues of \$443,000,000 from federal grants, \$75,800,000 from the state, and \$31,900,000 from local governments.

RS/BH:jb

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CHRISTINE WEASON

DATE: June 13, 2002

TO: Representative Laura Knaperek, Chairman  
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Beth Kohler, Fiscal Analyst

SUBJECT: ARIZONA DEPARTMENT OF ADMINISTRATION – REVIEW OF SCOPE,  
PURPOSE AND ESTIMATED COST OF ARIZONA PIONEERS’ HOME  
PLUMBING RENOVATION PROJECT

**Request**

The Arizona Department of Administration (ADOA) requests Committee review of the scope, purpose, and estimated cost of a plumbing project at the Arizona Pioneers’ Home.

**Recommendation**

The JLBC Staff recommends that the Committee give a favorable review of the request. A total of \$1,325,200 has been appropriated over 3 fiscal years for the project.

**Analysis**

Laws 2001, Chapter 237 appropriated \$325,200 from the Miners’ Hospital Fund in FY 2002 for plumbing renovations at the Arizona Pioneers’ Home. ADOA used a portion of these monies to assess the water and sewer lines and to develop a scope of work for the plumbing project. Laws 2002, Chapter 343 (the Capital Outlay bill) provided an additional \$200,000 from the State Charitable Fund and \$300,000 from the General Fund in FY 2003, and \$500,000 from the General Fund in FY 2004 for the project. Many of the plumbing lines are the original lines installed when the Pioneers’ Home was built in 1911 and are clay, galvanized, and lead pipes. These lines have deteriorated and need to be replaced. The project will replace the waste, water, and vent lines throughout the home and bring the plumbing up to current code standards.

(Continued)

The bid has been divided into 5 phases in order to correspond to funding that is available over 3 fiscal years (FY 2002, FY 2003, and FY 2004). The following table summarizes the estimated cost of the project:

	<u>Estimated Cost</u>
Architectural/Engineering Fees	\$110,000
Emergency Repairs	120,000
Construction Contract	875,200
Asbestos Abatement	40,000
ADOA Expenses	100,000
Contingency	<u>80,000</u>
Total	\$1,325,200

The project will take place over 18 months to allow the Pioneers' Home to remain in operation for residents during the construction. Construction documents are complete and bids are due by June 25, 2002. ADOA anticipates construction will begin in mid-July 2002 and will be completed in January 2004.

Given the scope and the timing of the appropriations, the cost estimates for the project appear reasonable.

RS/BK:jb