

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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HOUSE OF
REPRESENTATIVES

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NANCY MCLAIN
DAVID SCHAPIRA
KYRSTEN SINEMA

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

Tuesday, March 23, 2010

The Vice-Chairman called the meeting to order at 8:05 a.m., Tuesday, March 23, 2010 in House Hearing Room 4. The following were present:

Members:	Representative Crandall	Senator Pearce, Vice Chairman
	Representative Lujan	Senator Aboud
	Representative McComish	Senator Aguirre
	Representative McLain	Senator Allen
	Representative Schapira	Senator Garcia
		Senator Melvin
Absent:	Representative Kavanagh, Chairman	Senator Gray
	Representative Sinema	

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee, Vice Chairman Russell Pearce stated the minutes of January 26, 2010 would stand approved.

ARIZONA GAME AND FISH DEPARTMENT - Review of Flagstaff Area Shooting Range Land Acquisition.

Mr. Ted Nelson, JLBC Staff, stated that this item is a request from the Arizona Game and Fish Department to purchase 162 acres of land for the Flagstaff Area Shooting Range at the appraised value of \$1,120,000. The JLBC Staff recommended a favorable review.

Senator Melvin moved that the Committee give a favorable review. The motion carried.

ARIZONA BOARD OF REGENTS - Review of Phoenix Biomedical Campus Projects.

Ms. Kim Cordes-Sween, JLBC Staff, stated that this item is for review of the Phoenix Biomedical Campus projects, which includes the construction of a Health Sciences and Education Building and renovation of the Arizona Biomedical Collaborative 1 building at an issuance cost of \$172.9 million. The JLBC Staff presented options to the Committee.

The Arizona Board of Regents (ABOR) gave a handout to the Committee members regarding the Health Sciences Education Building. (*Attachment 1*)

(Continued)

Mr. Jaime Molera, Public Affairs Representative, Molera Alvarez Group; Mr. Dave Harris, Senior Project Manager, Arizona Biomedical Collaborative; Mr. Lorenzo Martinez, Assistant Executive Director, Capital Resources, ABOR; and Mr. Kurt Freund, Managing Director, RBC Capital Markets, responded to member questions.

Senator Aguirre requested that ABOR research the possibility of receiving grant monies through the Department of Commerce for the project to be completed as a green building.

Representative McComish moved that the Committee give a favorable review to ABOR's Phoenix Biomedical Campus projects with the provision that ABOR or the universities would not request review of any of their remaining Chapter 287 bonding authority for the next 18 months. This provision is consistent with ABOR's position to seek no additional lottery bonding projects through August 2011. The favorable review is also contingent upon the following standard university financing provisions:

- *ABOR shall report to the Committee before expenditure of any allocations that exceed the greater of \$5,000,000 or 10% of the reported contingency amount total for add-alternates that do not expand the scope of the project.*
- *ABOR shall submit for Committee review any allocations that exceed the greater of \$1,000,000 or 10% of the reported contingency amount total for add-alternates that expand the scope of the project. In case of an emergency, ABOR may immediately report on the scope and estimated cost of the emergency rather than submit the item for review. JLBC Staff will inform the university if they do not concur with the emergency nature of the change in scope.*
- *A favorable review by the Committee does not constitute endorsement of General Fund appropriations to offset any revenues that may be required for debt service, or any operations and maintenance costs when the project is complete.*
- *ABOR shall provide final debt service schedules for the Phoenix Biomedical Campus as soon as they are available.*

The motion carried.

Without objection, the meeting adjourned at 9:15 a.m.

Respectfully submitted:

Sandy Schumacher, Secretary

Leatta McLaughlin, Principal Fiscal Analyst

Representative John Kavanagh, 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>.

Health Sciences Education Building



Health Sciences Education Building

- **EDUCATION** building on the Phoenix Biomedical Campus with classrooms and educational areas for tri-university programs, including:
 - The University of Arizona College of Medicine – Phoenix in partnership with Arizona State University
 - University of Arizona College of Pharmacy
 - Arizona State University College of Nursing and Healthcare Innovation
 - Northern Arizona University allied health programs
- Funds may not start flowing until 2016; money from lottery – NOT general fund
- Funds may not start until 2016, but construction can start immediately – meaning new jobs and new state revenue now
- Allows the state to produce more physicians – which is critical since Arizona is far behind the national average in doctors per capita
- Huge economic impact for the state – \$2.1 billion annually
- **IMPACT** of construction jobs – 5,300 on-site and 1,800 indirect jobs
- Then, creation of high-paying faculty, research and related jobs – more than 2,000 faculty and staff on the campus
- **PRESENCE** and growth of the medical school and academic campus are vital for growth of biosciences industry in Arizona
- ROI of academic health centers is tremendous – between 2 and 7 times the investment. College of Medicine already has more research dollars per faculty member than the national average
- **RESEARCH** also leads to spin-off companies that create additional revenue and help all Arizonans live healthier, more productive lives
- **COLLABORATION** is key to success, financially and structurally. Education building will house more than 4,400 students in the University of Arizona College of Medicine – Phoenix in partnership with Arizona State University, the UA College of Pharmacy, Northern Arizona University health-related programs and the ASU College of Nursing and Healthcare Innovation
- First building of its kind, designed to promote team-building among the disciplines and benefit from the efficiencies of shared space
- **CONSTRUCTION** would add \$642 million in Gross Domestic Product and \$208 million in personal earnings

Health Sciences Education Building -- Phoenix Biomedical Campus

The Arizona Board of Regents:

University of Arizona, Arizona State University, Northern Arizona University

Project Description

Education building for the University of Arizona College of Medicine – Phoenix in partnership with Arizona State University, UA College of Pharmacy, ASU College of Nursing and Healthcare Innovation and Northern Arizona University Allied Health programs.

Size: 265,000 GSF (151,000 Net Assignable SF)

Number of Stories: 6

Project Budget

HSEB Project cost: \$164M (Direct construction cost: \$115M)

Phase 1 Vivarium: \$ 15M

ABC1 renovations: \$ 8M

Total Capital Cost: \$187M

Funding Sources

Lottery (SPEED) Revenue Bonding (80%)	\$136,480,000
University (SPEED) Revenue Bonding (20%)	\$ 34,120,000
City of Phoenix	\$ 1,400,000
Federal Grant	\$ 15,000,000
Total	\$187,000,000

Site

- Downtown Phoenix bounded by 5th Street and 7th Street to the west and east, and by Fillmore and Van Buren to the north and south
- HSEB building and related development located on existing surface parking lots and adjacent open space, consistent with the 2007 Master Plan.

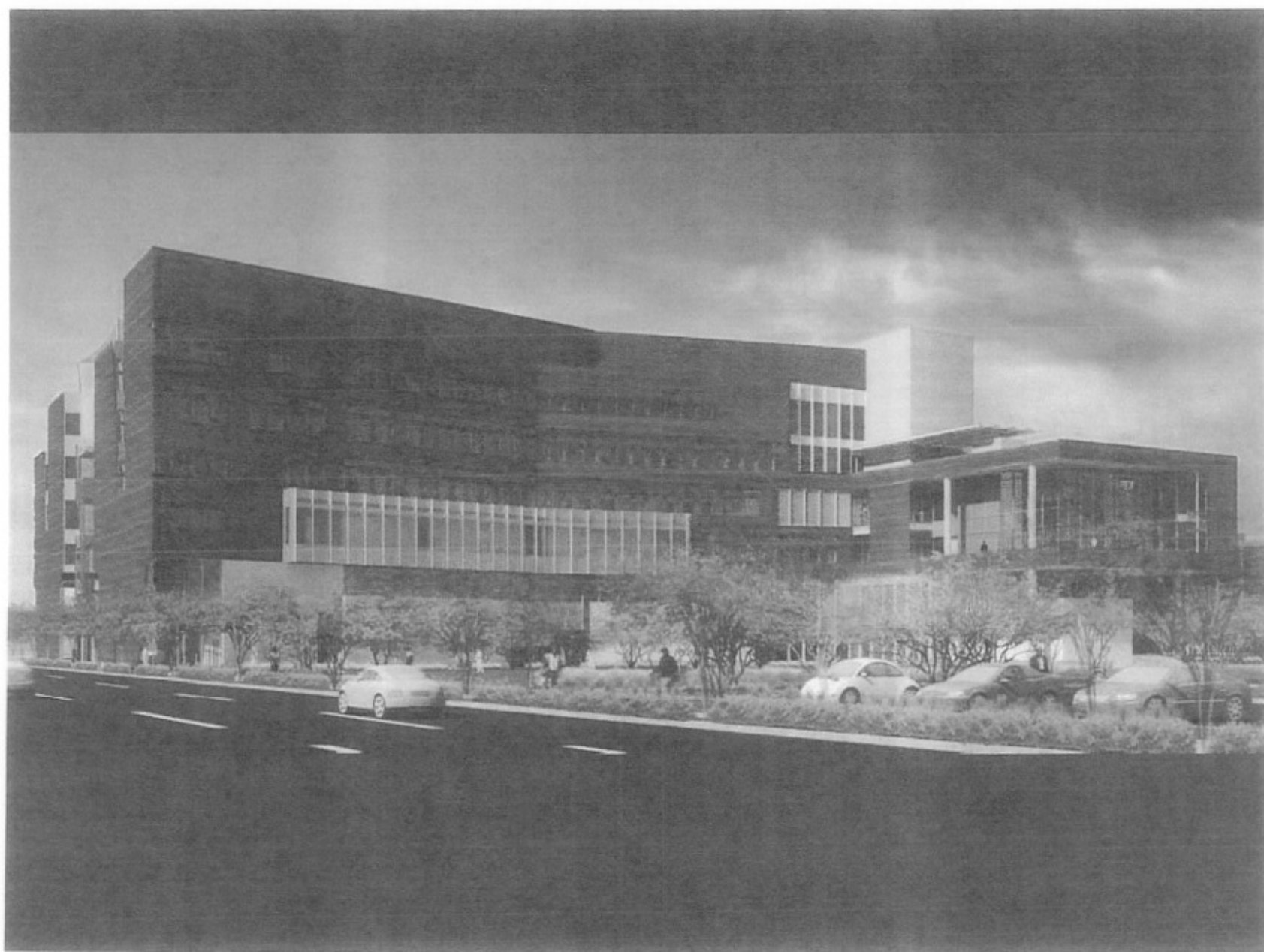
HSEB Academic Programs with Class Sizes

- University of Arizona College of Medicine in partnership with Arizona State University
120 students per class
- University of Arizona College of Pharmacy
80 students per class
- Arizona State University College of Nursing and Health Innovation
2000+ students
- Arizona State University Department of Biomedical Informatics
390 undergraduate and graduate students
- Northern Arizona University College of Human and Health Services
340 students in PT, OT, PA

HSEB Space Program

- Administrative and Faculty Offices
- Lecture Halls, Learning Studios, Classrooms – 10 classrooms, 20 small group rooms, 6 learning labs
- Student and Faculty Services – offices, lounges and locker areas
- Clinical Skills Suite – 37 educational rooms
- Simulation Suite – 28 simulation and educational rooms
- Gross Anatomy – 2 40-unit rooms
- Class Laboratories -- 6 class labs for up to 60 students
- Learning Resource Center – 44 study rooms for 1-8 people
- Building Support – security, loading dock and storage





Project Description

Size: 265,000 GSF (151,000 Net Assignable SF)

Building Occupancy: B/A3 (Non-separated Mixed use)

Number of Stories: 6 above grade + basement +
partial roof top mechanical

Construction Type: 1B

Fully Sprinklered

Project Budget

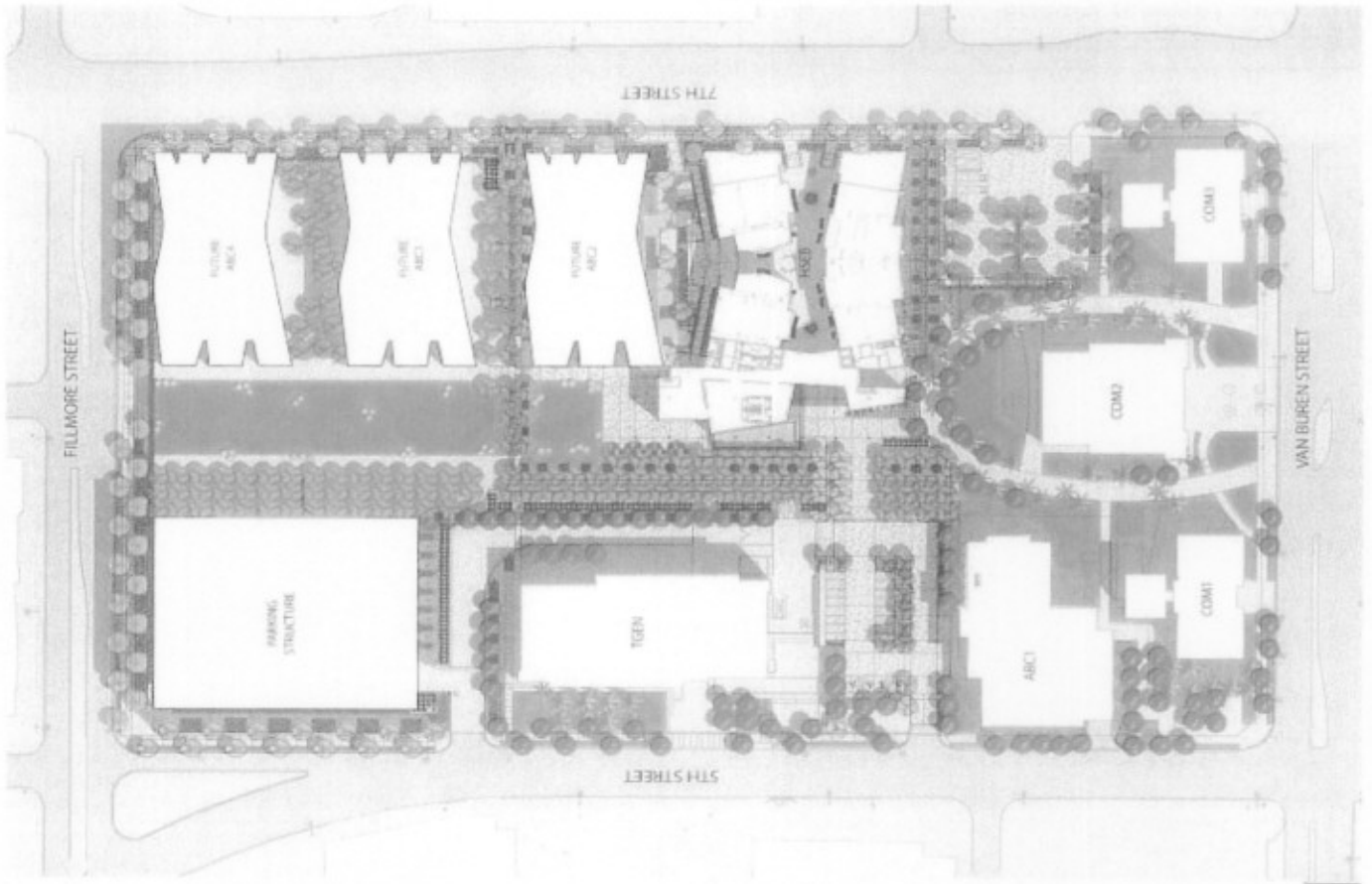
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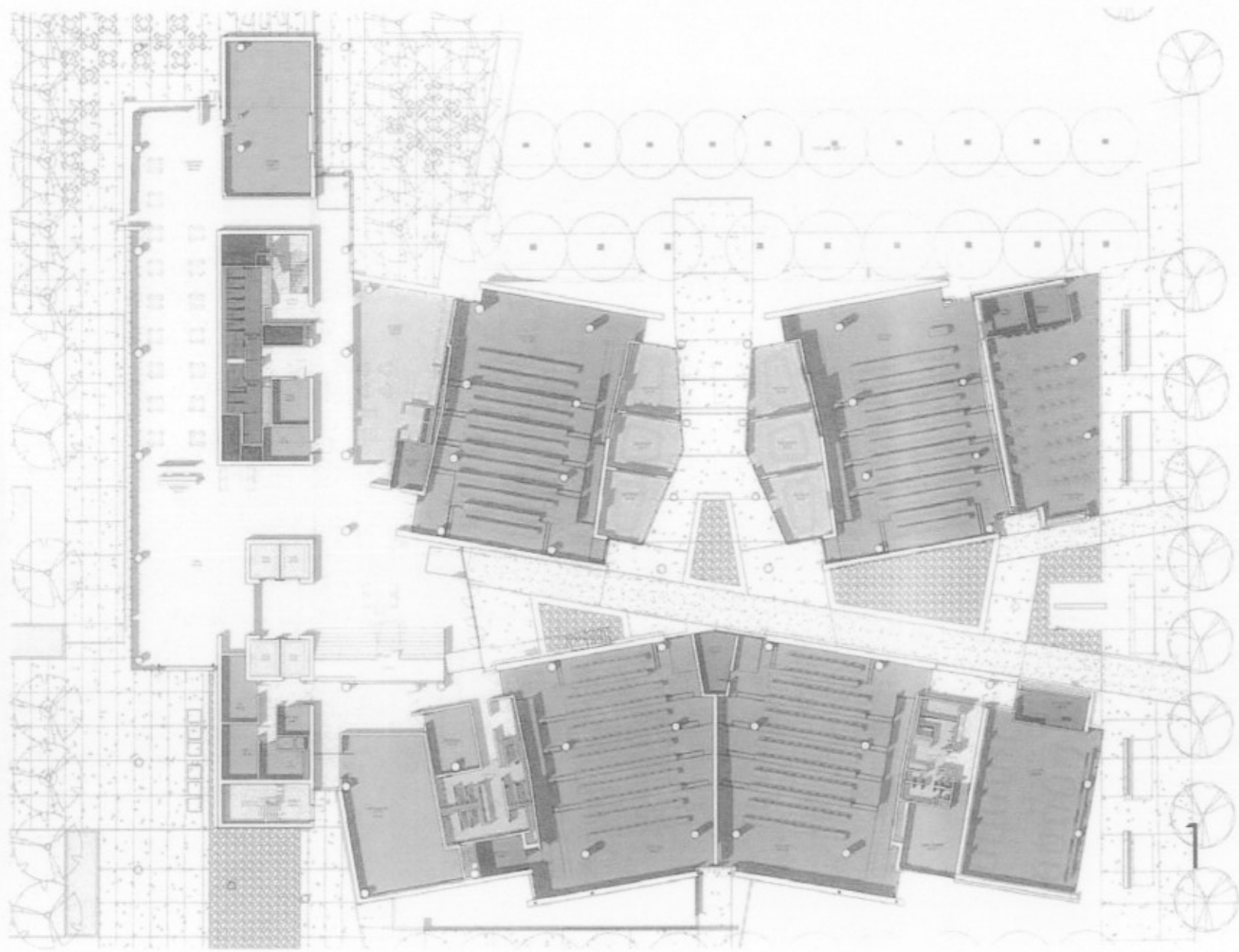
Aerial View looking Northwest

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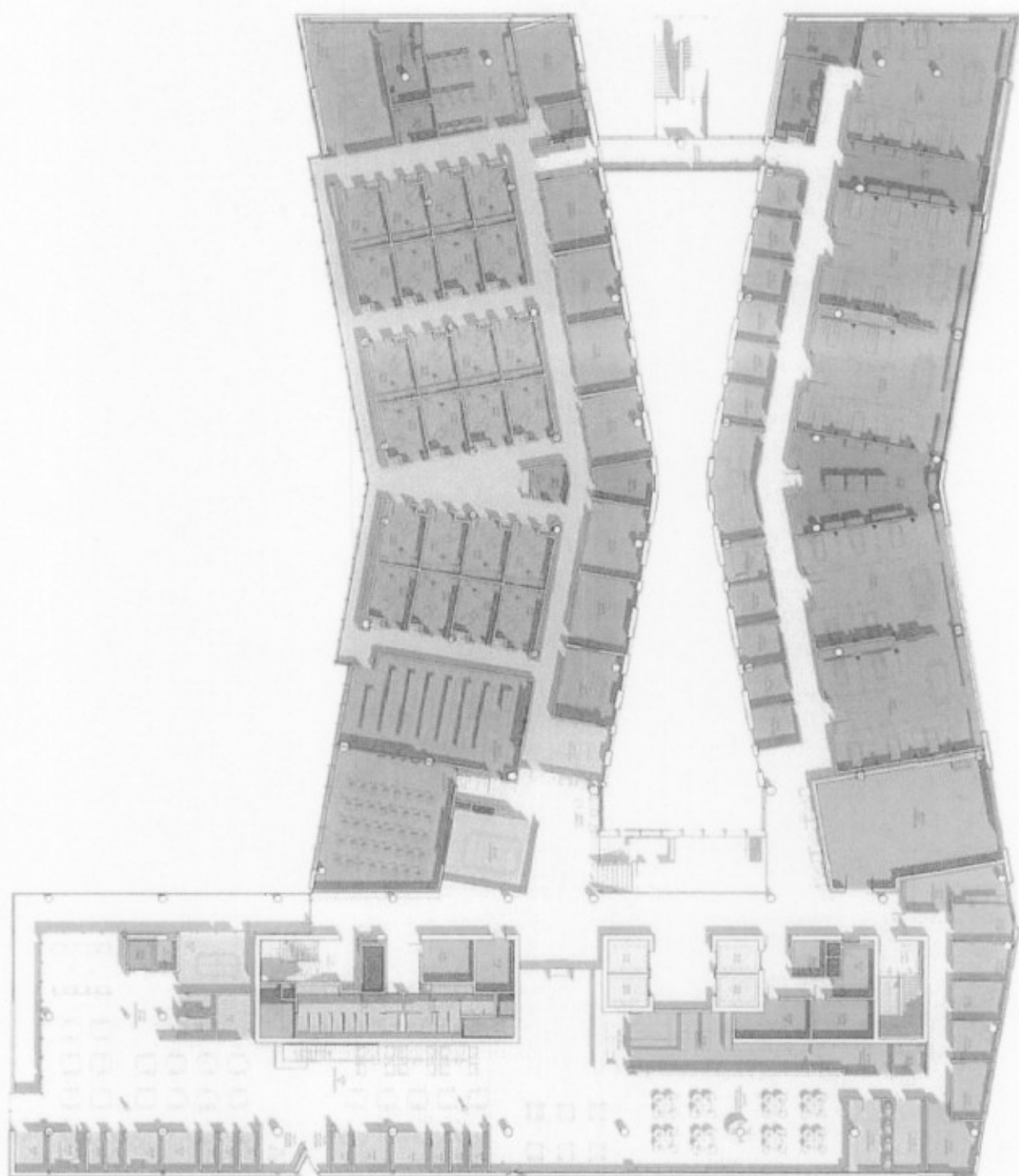
HSEB Space Program

- Administrative and Faculty Offices
- Lecture Halls, Learning Studios and Classrooms
- Student and Faculty Services
- Clinical Skills Suite
- Simulation Suite
- Gross Anatomy
- Class Laboratories
- Learning Resource Center
- Building Support





Lecture Hall- 1st Floor





Learning Resource Center – 4th Floor