



STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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HOUSE OF
REPRESENTATIVES

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MINUTES OF THE MEETING

JOINT COMMITTEE ON CAPITAL REVIEW

April 5, 2017

Chairman Lesko called the meeting to order at 9:04 a.m., Wednesday, April 5, 2017 in Senate Appropriations Room 109. The following were present:

Members:	Senator Lesko, Chairman	Representative Shooter, Vice-Chairman
	Senator Allen	Representative Allen
	Senator Cajero-Bedford	Representative Alston
	Senator Farley	Representative Cardenas
	Senator Hobbs	Representative Carter
	Senator Kavanagh	Representative Leach
	Senator Yee	Representative Rios

Absent:

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of December 14, 2016, Chairman Debbie Lesko stated that the minutes would stand approved.

ADOPTION OF COMMITTEE RULES AND REGULATIONS

Mr. Richard Stavneak, JLBC Staff, stated that the Committee Rules and Regulations remain the same as last session, along with 2 technical changes to Rule 6 to conform to statute.

Senator Kavanagh moved that the Committee adopt the JLBC Committee Rules and Regulations. The motion carried.

(Continued)

NORTHERN ARIZONA UNIVERSITY (NAU) - Review of Student Housing Indirect Financing Project.

Mr. Matt Beienburg, JLBC Staff, stated pursuant to A.R.S. § 15-1682.02 and A.R.S. § 15-1683, the Committee is required to review any university projects using indirect debt financing (also known as third-party financing) and any university project financed with revenue bonds, respectively. NAU requested Committee review of a \$58,790,000 project for Honors College student housing and academic and administrative spaces and utilities infrastructure at the Flagstaff campus. The JLBC Staff presented options to the Committee.

Ms. Katy Yanez, Associate Vice President for Government Affairs and Business Partnerships, NAU, responded to member questions.

Representative Shooter moved that the Committee give a favorable review to NAU's \$58,790,000 Honors College construction project, including the issuance of \$14,800,000 in system revenue bonds, with the following standard university financing provisions:

Standard University Financing Provisions

- A. *A favorable review by the Committee does not constitute endorsement of General Fund appropriations to offset any revenues that may be required for debt service, or any operations and maintenance costs when the project is complete.*
- B. *NAU shall provide the final debt service schedules for the project as soon as they are available.*

The motion carried.

ARIZONA GAME AND FISH DEPARTMENT (AGFD) - Review of FY 2017 Building Renewal Allocation Plan.

Mr. Ben Murphy, JLBC Staff, stated A.R.S. § 41-1252 requires the Committee to review expenditure plans for building renewal monies prior to expenditure. AGFD requests the Committee review its FY 2017 Building Renewal Allocation Plan for \$104,100. The FY 2017 Capital Outlay Bill (Laws 2016, Chapter 126) appropriated a total of \$530,000 from the Game and Fish Fund for building renewal. The department is requesting Committee review of a Tucson Regional Office roofing replacement project with a total cost of \$104,100. The JLBC Staff presented options to the Committee.

Representative Shooter moved that the Committee give a favorable review to the expenditure of \$104,100 from the Game and Fish Fund for AGFD's FY 2017 Building Renewal Allocation for the Tucson Regional Office roofing replacement project with the following provisions:

- A. *The distribution of the emergency allocation of \$75,000 favorably reviewed at the September 21, 2016 JCCR meeting shall continue to be addressed as follows:*
 - 1. *AGFD shall notify the Chairman and JLBC Staff that they plan to spend monies on an emergency project. The Chairman can allow AGFD to move forward with an emergency project without Committee review.*
 - 2. *The Chairman will notify the AGFD if she does not agree that a project is an emergency and that the project will require full Committee review.*

(Continued)

An "emergency" project is defined as unforeseen, critical in nature, and of immediate time sensitivity.

- B. In accordance with A.R.S. § 41-1252, if AGFD adds a new non-emergency project not listed in this request, the department must submit the proposed project and expenditure plan for Committee review.

The motion carried.

DEPARTMENT OF JUVENILE CORRECTIONS (DJC) - Review of FY 2017 Building Renewal Allocation Plan.

Mr. Chris Gustafson, JLBC Staff, stated that A.R.S. § 41-1252 requires Committee review of expenditure plans for building renewal monies. DJC requests the Committee review its FY 2017 Building Renewal Allocation Plan. The FY 2017 Capital Outlay Bill (Laws 2016, Chapter 126) appropriated a total of \$1,100,000 for building renewal from the Criminal Justice Enhancement Fund.

DJC is requesting a review of the remaining \$776,300 of the department's appropriation for building renewal projects in FY 2017 for Roof Repair, Floor Covering Systems, HVAC Replacement and Shower Door Replacement at the Adobe Mountain Juvenile Facility. At its September 2016 meeting, the Committee favorably reviewed \$350,000. The JLBC Staff presented options to the Committee.

Mr. Jeff Hood, Interim Director, DJC, responded to member questions.

Senator Lesko moved that the item be held with the intent on coming back before Legislative session ends. The motion carried.

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Consider Recommending FY 2017 Partial Rent Exemption.

Mr. Geoffrey Paulsen, JLBC Staff, stated that A.R.S. § 41-792.01D authorizes the Director of ADOA, on recommendation from the Committee, to grant a full or partial exemption from the payment of state-owned rental fees if the agency has vacated its space or if an agency does not have the financial resources to make the payment. ADOA requested that the Committee recommend a partial exemption to the Department of Revenue of \$(28,275) and a corresponding rent payment of \$28,275 for the Attorney General. The JLBC Staff recommended the agency's request.

Senator Kavanagh moved that the Committee recommend:

- A partial rent exemption of \$(28,275) in FY 2017 for the Department of Revenue.
- A corresponding rent payment of \$28,275 in FY 2017 for the Attorney General.

The motion carried.

Without objection, the meeting adjourned at 9:58 a.m.

Respectfully submitted:



Kristy Paddack, Secretary



Jack Brown, Assistant Director



Senator Debbie Lesko, Chairman