



STATE OF ARIZONA

Joint Committee on Capital Review

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MINUTES OF THE MEETING

JOINT COMMITTEE ON CAPITAL REVIEW

June 13, 2023

The Chairman called the meeting to order at 10:41 a.m., Tuesday, June 13, 2023 in House Hearing Room 1. The following were present:

Members:	Senator Kavanagh, Chairman	Representative Livingston, Vice-Chairman
	Senator Alston	Representative Austin
	Senator Bennett	Representative Biasiucci
	Senator Borrelli	Representative Cano
	Senator Diaz	Representative Gress
	Senator Epstein	Representative Salman
Absent:	Senator Hoffman	Representative Chaplik

APPROVAL OF MINUTES

Representative Livingston moved that the Committee approve the minutes of May 4, 2023. The motion carried.

The following items were held from the agenda without discussion:

1A. ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Review of 1616 and 1688 West Adams Building Renovation Plan (For Discussion Only).

1B. ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Review of 1624 West Adams Demolition Plan.

2. ARIZONA DEPARTMENT OF ADMINISTRATION and ARIZONA DEPARTMENT OF TRANSPORTATION - Review of Electric Vehicle Charging Station Projects (For Discussion Only).

4A. ARIZONA STATE PARKS BOARD - Review of Verde River Park (For Discussion Only).

(Continued)

CONSENT AGENDA

The following items were considered without further discussion:

1C. ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Review of FY 2024 Building Renewal Allocation Plan.

A.R.S. § 41-1252 requires Committee review of expenditure plans for building renewal monies. ADOA requested the Committee review its FY 2024 Building Renewal Allocation Plan. The FY 2024 budget appropriates a total of \$39,124,700 for building renewal. Of this amount, \$25,124,700 is from the General Fund and \$14,000,000 is from the Capital Outlay Stabilization Fund. The JLBC Staff provided options and a potential provision:

- A. *Prior to expending the emergency contingency allocation of \$971,200, ADOA shall report the use of the funds to JLBC Staff.*

3. ARIZONA GAME AND FISH DEPARTMENT (AGFD) - Review of FY 2024 Capital Projects.

A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated for building renewal and capital projects. AGFD requested Committee review of \$3,126,400 of FY 2024 funding, of which \$1,776,400 is for 31 building renewal projects and \$1,350,000 is for capital projects. The JLBC Staff provided options.

4B. ARIZONA STATE PARKS BOARD (ASPB) - Review of FY 2024 Capital Improvement Projects - State Parks Revenue Fund.

A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated for building renewal and capital projects. ASPB requested Committee review of \$3,034,400 of FY 2024 funding from the State Parks Revenue Fund for capital projects and statewide building renewal. The JLBC Staff provided options.

5. ARIZONA DEPARTMENT OF TRANSPORTATION (ADOT) - Review of Capital Projects.

A.R.S. § 41-1252 requires Committee review of expenditure plans for capital projects. ADOT requested Committee review of a \$12,600,000 appropriation from the FY 2024 Capital Outlay Bill for 4 different capital projects, funded by the State Highway Fund listed below. The JLBC Staff provided options.

- \$3,400,000 for the new maintenance facility in Keams Canyon,
- \$2,600,000 for vehicle fueling facilities replacement (Springerville, Holbrook and Chambers),
- \$4,100,000 for the North Tucson MVD renovation, and
- \$2,500,000 for water conservation projects.

6A. ARIZONA STATE UNIVERSITY (ASU) - Review of Interdisciplinary Science and Technology Building 12 Project.

A.R.S. § 15-1683 requires Committee review of any university projects financed with system revenue bonds. A FY 2023 General Appropriation Act footnote also requires Committee review of any university capital projects funded by a one-time General Fund appropriation. ASU requested Committee review of

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\$187,000,000 to construct a new Interdisciplinary Science and Technology Building (ISTB) 12 on the Polytechnic (East) Campus. Of this amount, \$156,000,000 will be funded by system revenue bonds and \$31,000,000 will be funded with cash from the university's FY 2023 one-time General Fund appropriation. The JLBC Staff provided options and potential 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. *ASU shall provide the final debt service schedule and interest rate for the project as soon as they are available.*
- C. *On or before October 15 of each year until completion of the project, ASU shall report to the JLBC Staff on the status and expenditures of the project. The report shall include the project expenditures to date, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.*

6B. ARIZONA STATE UNIVERSITY (ASU) - Review of Student Housing, Dining, and Academic Building Project.

A.R.S. § 15-1682.02 and A.R.S. § 15-1683 require Committee review of any university projects using indirect debt financing (also known as third-party financing) and any projects financed with system revenue bonds. Arizona State University (ASU) requested Committee review of a ground lease for the approximately \$140,000,000 student housing, dining, academic development on its Tempe Campus and \$27,000,000 in system revenue bonds issuances. The JLBC Staff provided options and potential 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. *ASU shall provide the final debt service schedule and interest rate for the project as soon as they are available.*
- C. *On or before October 15 of each year until completion of the project, ASU shall report to the JLBC Staff on the status and expenditures of the project. The report shall include the project expenditures to date, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.*

Representative Livingston moved that the Committee give a favorable review of the agency requests in consent agenda items 1C, 3, 4B, 5, 6A and 6B. The motion carried.

REGULAR AGENDA

7. ARIZONA DEPARTMENT OF CORRECTIONS (ADC) - Review of FY 2024 Litigation-Related Building Renewal Projects.

Geoffrey Paulson, JLBC Staff, stated that A.R.S. § 41-1252 requires Committee review of expenditure plans for building renewal monies. The FY 2024 Capital Outlay Bill appropriated a total of \$39,806,400 to ADC for general building renewal. ADC requested review of \$6,142,300 to complete projects related to the *Jensen v. Thornell* inmate health care litigation.

Representative Livingston moved that the Committee give a favorable review of the building renewal expenditure plan totaling \$6,142,300 to complete projects related to the Jensen v. Thornell inmate health care litigation. The motion carried.

Without objection, the meeting adjourned at 10:44 a.m.

Respectfully submitted:



Jennifer Burns, Secretary

Rebecca Perrera

Rebecca Perrera, Assistant Director



Senator John Kavanagh, Chairman