



STATE OF ARIZONA

## Joint Committee on Capital Review

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### MINUTES OF THE MEETING

#### JOINT COMMITTEE ON CAPITAL REVIEW

June 18, 2019

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Chairman David Gowan called the meeting to order at 10:07 a.m., Tuesday, June 18, 2019 in Senate Appropriations Room 109. The following were present:

Members:	Senator Gowan, Chairman	Representative Cobb, Vice-Chairman
	Senator Alston	Representative Fernandez
	Senator Bowie	Representative Friese
	Senator Bradley	Representative Kavanagh
	Senator Gray	Representative Lieberman
	Senator Kerr	
	Senator Leach	

Absent:	Representative Petersen
	Representative Toma

#### APPROVAL OF MINUTES

Representative Cobb moved that the Committee approve the minutes of April 24, 2018. The motion carried.

#### CONSENT AGENDA

The following items were considered without discussion:

#### **ARIZONA GAME AND FISH DEPARTMENT (AGFD) - Review of Headquarters Boat Storage Facility Improvements.**

A.R.S. § 41-1252 requires the Joint Committee on Capital Review to review expenditure plans for any capital project with an estimated cost of more than \$250,000. AGFD requested Committee review of

(Continued)

\$278,600 in Federal Funds for a project to provide its North Phoenix headquarters' boat storage facility with a shade canopy, electrical service, and resurfacing. The JLBC Staff provided options.

**ARIZONA STATE PARKS BOARD (ASPB) - Review of Pedestrian Bridge Replacement at Tonto Natural Bridge State Park.**

A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated to capital projects. The FY 2020 Capital Outlay Bill appropriated \$1,250,000 for the demolition of the existing pedestrian bridge and construction of the new pedestrian bridge at Tonto Natural Bridge State Park. ASPB requested Committee review of \$1,800,000 from the State Parks Revenue Fund (SPRF) for the construction of a new pedestrian bridge at Tonto Natural Bridge State Park. Of this amount, \$1,250,000 is allocated for the demolition of the existing pedestrian bridge and construction of the new bridge, as funded in the FY 2020 Capital Outlay Bill. The remaining \$550,000 is allocated for major project contingencies, such as unforeseen geological conditions, and would be funded from ASPB's existing operating budget. The JLBC Staff provided options and potential provisions:

- A. *On or before January 31, 2020 and July 31, 2020, ASPB shall report to the JCCR Chairman and the JLBC Staff on the status of the pedestrian bridge replacement project.*
- B. *Prior to the expenditure of the Major Project Contingencies allocation of \$550,000, ASPB shall report a proposed expenditure plan to the JCCR Chairman. The Chairman will notify ASPB if the expenditure plan will require full Committee review.*

Representative Cobb moved that the Committee give a favorable review with provisions as outlined in the JLBC Staff analysis, to the 2 consent agenda items listed above. The motion carried.

**REGULAR AGENDA**

**ARIZONA DEPARTMENT OF CORRECTIONS (ADC) - Review of Phase I Expenditures for Locking and Fire Safety Projects and Tucson HVAC Upgrade.**

Mr. Geoff Paulsen, JLBC Staff, stated A.R.S. § 41-1252 requires the Joint Committee on Capital Review (JCCR) to review the scope, purpose and estimated cost for capital projects with estimated costs exceeding \$250,000. ADC submitted its proposed expenditure plan of \$17,700,000 from non-appropriated funds in FY 2020 for the first phase of a locking and fire safety project, as well as \$300,000 from federal monies for an HVAC upgrade. The JLBC Staff provided options and potential provisions.

Mr. Charles Ryan, Director, ADC, responded to member questions.

Mr. Jake Gable, Finance Administrator, ADC, responded to member questions.

Mr. Mike Landry, Administrator, Engineering and Facilities Bureau, ADC, responded to member questions.

Representative Cobb moved that the Committee give a favorable review to the expenditure plans for both projects. The review included the following provisions:

- A. *The department shall submit quarterly updates on the status and progress of the project. Updates shall be submitted on or before September 1, December 1, March 1, and June 1. The Chairman will notify ADC whether the progress reports require JCCR review. The reports shall include the progress made since the last report, the current status of the project, total expenditures, and any changes to the scope, timeline or budget of the project.*
- B. *ADC shall submit to JLBC by October 1, 2019 a report on any components of fire alarm and suppression systems in state prisons that are inoperable and an estimated cost of repairing the systems by facility. The report shall also include:*
  - 1. *The current cost in terms of both dollars and full-time equivalent positions of any 24-hour fire watch personnel required by inoperable systems.*
  - 2. *A list of the state prison units that currently use "old technology" direct evaporative cooling systems and an estimated cost to replace those systems with indirect evaporative cooling.*
- C. *A favorable review of the proposal does not constitute endorsement of any General Fund commitment to pay for any Phase I project costs beyond \$17,700,000 million.*
- D. *The department shall comply with American Correctional Association (ACA) standards for all locks purchased and installed as part of this project.*

The motion carried.

**ARIZONA EXPOSITION & STATE FAIR BOARD (AESF) – Review of WPA Building Roof Repair Project.**

Mr. Henry Furtick, JLBC Staff, stated that A.R.S. § 41-1252 requires the JCCR to review expenditure plans for monies appropriated for capital projects. The FY 2020 Capital Outlay Bill appropriated \$400,000 from the Arizona Exposition and State Fair Fund to AESF for roof repairs to the 1938 Works Progress Administration (WPA) Civic Building on the state fair grounds. The JLBC Staff provided options and a potential provision.

Ms. Wanell Costello, Director, AESF, responded to member questions.

Ms. Nola Barnes, Assistant Director, General Services Division, ADOA, responded to member questions.

Representative Cobb moved that the Committee give a favorable review to AESF's plan to expend \$400,000 on roof repairs to the WPA Civic Building.

*The favorable review included the following provision:*

- A. *AESF shall report on or before January 31 and July 31 of each year to the Joint Committee on Capital Review and JLBC Staff on the status of the WPA Civic Building roof repairs as well as the overall redevelopment of the building.*

The motion carried.

**ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Review of FY 2020 Building Renewal Allocation Plan and Reallocation of FY 2019 Building Renewal Appropriation.**

Ms. Morgan Dorcheus, JLBC Staff, stated A.R.S. § 41-1252 requires JCCR review of expenditure plans for building renewal monies. ADOA requested the JCCR review its FY 2020 Building Renewal Allocation Plan and reallocation of the FY 2019 building renewal appropriation.

The FY 2020 Capital Outlay Bill appropriated a total of \$17,000,000 from the Capital Outlay Stabilization Fund (COSF) for building renewal. In addition, the FY 2020 Capital Outlay Bill appropriated \$5,100,000 from the Legislative, Executive and Judicial Public Buildings Land Fund for replacement of elevators and air handler units in the House, Senate, and Executive Tower buildings. ADOA requested a review of the full \$22,100,000 appropriation in FY 2020.

The Committee favorably reviewed ADOA's FY 2019 Building Renewal Allocation Plan at its July 2018 meeting. Pursuant to a Committee provision, ADOA also requested review of its plan to reallocate \$2,200,000 from the FY 2019 plan. The JLBC Staff provided options and potential provisions.

*Representative Cobb moved that the Committee give a favorable review of FY 2020 allocation plan and FY 2019 reallocation plan with the following provisions:*

- A. *ADOA shall report any reallocations between project categories to the JLBC Staff. If there is significant change of scope in the reallocation reported by ADOA, the JLBC Staff shall recommend ADOA request Committee review of the reallocation.*
- B. *The distribution of the emergency contingency allocation of \$500,000 be addressed as follows:*
  - 1. *ADOA shall notify the Chairman and the JLBC Staff that they plan to spend less than \$100,000 on an emergency project. ADOA can proceed without Committee review.*
  - 2. *The Chairman can allow ADOA to move forward with an emergency project of greater than \$100,000 without Committee review.*
  - 3. *The Chairman will notify ADOA if he does not agree that the project is an emergency and that the project will require full Committee review.*

*An "emergency" project is defined as unforeseen, critical in nature, and of immediate time sensitivity. Prior reviews also included this provision.*

- C. *If ADOA adds a new non-emergency project category not listed in this request, the department must submit a proposed expenditure plan for Committee review.*

The motion carried.

Without objection, the meeting adjourned at 12:21 p.m.

Respectfully submitted:



Kristy Paddack, Secretary



Jack Brown, Assistant Director



Senator David M. Gowan, Chairman

NOTE: A full video recording of this meeting is available at <http://www.azleg.gov/jlbc/meeting.htm>.