



STATE OF ARIZONA

# Joint Committee on Capital Review

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## MINUTES OF THE MEETING

### JOINT COMMITTEE ON CAPITAL REVIEW

August 20, 2013

The Chairman called the meeting to order at 2:45 p.m., Tuesday, August 20, 2013 in House Hearing Room 4. The following were present:

Members:	Senator Shooter, Chairman	Representative Kavanagh, Vice-Chairman
	Senator Griffin	Representative Campbell
	Senator Landrum Taylor	Representative Forese
	Senator McComish	Representative Gowan
	Senator Melvin	Representative Gray
	Senator Pancrazi	Representative Sherwood
	Senator Tovar	

Absent: Representative Alston

### APPROVAL OF MINUTES

*Representative Kavanagh moved that the Committee adopt the minutes from June 12, 2013. The motion carried.*

### ARIZONA DEPARTMENT OF ADMINISTRATION - Review of FY 2014 Building Renewal Allocation Plan.

Mr. Jack Brown, JLBC Staff, stated that this item is a review of its FY 2014 Building Renewal Allocation Plan. Laws 2013, 1<sup>st</sup> Special Session, Chapter 8 appropriated \$9.0 million from the Capital Outlay Stabilization Fund to ADOA in FY 2014.

The JLBC Staff presented options to the Committee.

*Representative Kavanagh moved that the Committee give a favorable review to ADOA's FY 2014 \$9.0 million building renewal allocation plan. The favorable review includes the provision that ADOA shall report any change in the building renewal spending plan to the JLBC Staff, including reallocations between projects and non-emergency use of contingency monies. If there is significant change of scope in the reallocation reported by ADOA, the JLBC Staff shall recommend ADOA to request Committee review of the reallocation.*

(Continued)

*The favorable review also included the following provisions for the emergency contingency allocation of \$650,000:*

- 1. ADOA shall notify the Chairman and the JLBC Staff if they plan to spend less than \$50,000 on an emergency project. ADOA can proceed without Committee review.*
- 2. If the emergency project is \$50,000 or greater, ADOA will request JCCR review.*
- 3. The Chairman can allow ADOA to move forward with an emergency project of greater than \$50,000 without Committee review.*
- 4. The Chairman will notify ADOA if he does not agree that the project is an emergency and will request that ADOA not proceed with the project.*

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

The motion carried.

**ARIZONA DEPARTMENT OF CORRECTIONS - Review of Arizona State Prison Complex (ASPC) - Yuma Cheyenne Building Repair Plan.**

Ms. Micaela Larkin, JLBC Staff, stated that this item is a review of the Arizona Department of Corrections' appropriation of \$8.0 million for repairs at the Cheyenne unit of the Arizona Department of Corrections' Yuma Prison Complex.

The JLBC Staff presented options to the Committee.

*Representative Kavanagh moved that the Committee give a favorable review to ADC's proposed \$8.0 million building repair project plan for the Cheyenne unit with the provision that ADC shall report any change in the spending plan to the JLBC Staff. The motion carried.*

**ARIZONA DEPARTMENT OF CORRECTIONS - Review of FY 2014 Building Renewal Allocation Plan.**

Ms. Micaela Larkin, JLBC Staff, presented the Arizona Department of Corrections' (ADC) request for review of its FY 2014 Building Renewal Allocation Plan. They were appropriated \$5.0 million and intend to spend it on perimeter electronic security systems and the replacement of obsolete locking and control systems.

The JLBC Staff presented options to the Committee.

*Representative Kavanagh moved that the Committee give a favorable review to ADC's FY 2014 \$5.0 million building renewal allocation plan with the provision that ADC shall report any change in the spending plan to the JLBC Staff, including reallocations between projects and non-emergency use of contingency monies. If there is significant change of scope in the reallocation reported by ADC, the JLBC Staff shall recommend ADC request Committee review of the reallocation.*

*The favorable review also included the following provisions for the emergency contingency allocation of \$221,712:*

- 1. ADC shall notify the Chairman and JLBC Staff if they plan to spend less than \$50,000 on an emergency project. ADC can proceed without Committee review.*
- 2. If the emergency project is \$50,000 or greater, ADC will request JCCR review.*
- 3. The Chairman can allow ADC to move forward with an emergency project of greater than \$50,000 without Committee review.*

(Continued)

4. *The Chairman will notify ADC if he does not agree that the project is an emergency and will request that ADC not proceed with the project.*

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

The motion carried.

**ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND - Review of FY 2014 Residential Dormitory Renovation Plan.**

Mr. Tom Ritland, JLBC Staff, presented the Arizona State Schools for the Deaf and the Blind's (ASDB) review of the FY 2014 residential dormitory renovation plan. ASDB was appropriated \$1.0 million to fund the renovation of residential halls on the Tucson campus.

Mr. Robert Hill, ASDB Superintendent, responded to member questions.

*Representative Kavanagh moved that the Committee give a favorable review for ASDB's FY 2014 \$1.0 million Residential Dormitory Renovation Plan. The motion carried.*

**ARIZONA STATE PARKS BOARD - Review of FY 2014 State Parks Revenue Fund and State Lake Improvement Fund Capital Expenditures.**

Mr. Art Smith, JLBC Staff, presented the Arizona State Parks Board's FY 2014 capital projects totaling \$2.9 million. Of that amount, \$1.8 million would be used for new construction and building renewal, \$730,000 would be for Arizona Department of Environmental Quality compliance and \$325,000 would be used for miscellaneous repairs and replacement at parks that allow the use of motorized boats.

Mr. Bryan Martyn, Director, Arizona State Parks Board, responded to member questions.

*Representative Kavanagh moved that the Committee give a favorable review for the FY 2014 Arizona State Parks Board's proposal to expend \$2.9 million for FY 2014 capital projects.*

*The favorable review included a provision that the projects be ultimately approved by the Parks Board. In addition, the Committee adopted the following provisions for the \$325,000 emergency contingency allocation:*

1. *The Parks Board shall notify the Chairman and the JLBC Staff if they plan to spend less than \$50,000 on an emergency project. The Parks Board can proceed without Committee review.*
2. *If the emergency project is \$50,000 or greater, the Parks Board will request the Joint Committee on Capital Review (JCCR) to review the project.*
3. *The Chairman can allow the Parks Board to move forward with an emergency project of greater than \$50,000 without Committee review.*
4. *The Chairman will notify the Parks Board if he does not agree that the project is an emergency and will request that the Parks Board not proceed with the project.*

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

The motion carried.

(Continued)

**NORTHERN ARIZONA UNIVERSITY - Review of Housing Indirect Financing Projects Addendum.**

Mr. Art Smith, JLBC Staff, presented Northern Arizona University's (NAU) review of Housing Indirect Financing Projects Addendum (third party financing). At its April 2011 meeting, the Committee favorably reviewed a NAU proposal to enter into ground lease agreements with American Campus Communities (ACC) for development of additional new student housing facilities on the Flagstaff campus for a total of \$68.0 million. NAU requested Committee review of an addendum to the ground lease agreements for 2 additional residence wings on the Flagstaff campus for a total of \$24.7 million.

*Representative Kavanagh moved that the Committee give a favorable review to NAU's addendum to the ground lease agreement for 2 additional residence wings on the Flagstaff campus for a total of \$24.7 million, with the provision that the review does not constitute endorsement of any level of General Fund appropriations. The motion carried.*

**ARIZONA STATE UNIVERSITY - Review of 3 Bond Projects.**

Mr. Art Smith, JLBC Staff, presented Arizona State University's (ASU) review of \$33.3 million in University Lottery revenue bond issuances to fund 3 projects. The 3 projects include building renewal and campus infrastructure, classroom renovations and research laboratory renovations.

*Representative Kavanagh moved that the Committee give a favorable review for the \$33.3 million in University Lottery revenue bond issuances to fund building renewal and campus infrastructure, classroom renovations and research laboratory renovations with the following standard university financing provisions:*


Standard University Financing Provisions

- *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,*
- *ASU shall provide the final debt service schedules for the projects as soon as they are available.*

The motion carried.

Without objection, the meeting adjourned at 3:11 p.m.

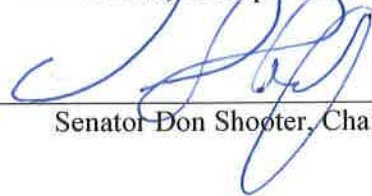
Respectfully submitted:



Tera Scherer, Secretary



Jack Brown, Principal Fiscal Analyst



Senator Don Shooter, Chairman