

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

RUSSELL K. PEARCE
CHAIRMAN 2009
PAULA ABOUD
AMANDA AGUIRRE
SYLVIA ALLEN
JORGE LUIS GARCIA
CHUCK GRAY
AL MELVIN

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 926-5491

FAX (602) 926-5416

<http://www.azleg.gov/jlbc.htm>

HOUSE OF
REPRESENTATIVES

JOHN KAVANAGH
CHAIRMAN 2010
RICH CRANDALL
DAVID LUJAN
JOHN MCCOMISH
NANCY MCLAIN
DAVID SCHAPIRA
KYRSTEN SINEMA

MINUTES OF THE MEETING JOINT COMMITTEE ON CAPITAL REVIEW

Tuesday, September 22, 2009

The Chairman called the meeting to order at 1:00 pm., Tuesday, September 22, 2009 in Senate Appropriations Room 109. The following were present:

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

Absent:	Representative McLain
	Representative Sinema

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee, Chairman Russell Pearce stated the minutes of June 16, 2009 would stand approved.

DEPARTMENT OF VETERANS' SERVICES - Review of the Tucson Veterans' Home.

Ms. Amy Upston, JLBC Staff, stated that this item is a review of the construction of a new Veterans' Home in Tucson. The FY 2007 Capital Outlay Bill appropriated \$10 million from the General Fund for the construction of a Veterans' Home in Tucson. The JLBC Staff presented options to the Committee.

Colonel Joey Strickland, Director, Department of Veterans' Services, responded to member questions.

Representative Kavanagh moved that the Committee give a favorable review of the estimated General Fund cost of \$10 million (\$28.5 million Total Fund cost) for Department of Veterans' Services to construct a new Veterans' Home in Tucson. The motion carried.

(Continued)

ARIZONA DEPARTMENT OF ADMINISTRATION

A. Review of the Department of Health Services' Arizona State Hospital Forensic Unit Project.

Mr. Art Smith, JLBC Staff, stated that this item is a review of Department of Health Services' (DHS) Arizona State Hospital (ASH) Forensic Unit project. At its June 2009 meeting, DHS requested review of the scope of work for the entire project, but instead the JCCR gave a favorable review for renovating ASH's 24th Street entrance with the provision that ADOA seek JCCR review before beginning the rest of the project. The JLBC Staff presented options to the Committee.

Mr. John Cooper, Chief Executive Officer, Arizona State Hospital, responded to member questions.

Mr. Roger Berna, General Manager, Construction Services, Arizona Department of Administration, responded to member questions.

Representative Kavanagh moved that the Committee give a favorable review to ADOA's request for the construction of a new Forensic Unit at DHS' Arizona State Hospital in Phoenix with an estimated cost of \$32.2 million. The motion carried.

B. Review of FY 2010 Building Renewal Projects.

Ms. Leatta McLaughlin, JLBC Staff, stated that this item is a review of the ADOA's building renewal projects. In FY 2010 ADOA was appropriated \$1 million for building renewal. In prior years, ADOA has submitted specific lists of projects for Committee review. However, due to the limited funding of \$1 million this year, ADOA believes that they cannot commit to a specific list of projects so their plan is to expend the \$1 million on emergencies as the need arises. The JLBC Staff recommended a favorable review.

Representative Kavanagh moved that the Committee give a favorable review for ADOA to expend \$1 million on building renewal emergency projects as the need arises with the following provisions:

- 1. ADOA notify the Chairman and JLBC Staff as they identify specific projects.*
- 2. The Chairman will notify ADOA if he does not agree that the project is an emergency and will request that the Committee review the project.*

The motion carried.

C. Consider Recommending FY 2010 Quarterly Rent Payments and Rent Exemption.

Mr. Dan Hunting, JLBC Staff, stated that this item is a request from ADOA to allow several small agencies to adjust their rent payments for FY 2010. Statute allows ADOA to make these adjustments upon recommendation of this Committee. The JLBC Staff recommended the 4 rent adjustments.

Representative Kavanagh moved that the Committee recommend the FY 2010 proposed payment plans for the Office of Pest Management, the Board of Homeopathic and Integrated Medicine Examiners, and the Board of Equalization to make payments at the end of each quarter in FY 2010 instead of 1 annual payment due by the beginning of FY 2010. Additionally he moved that the Committee recommend the FY 2010 rent exemption for the Personnel Board. The motion carried.

NORTHERN ARIZONA UNIVERSITY - Review of Health and Learning Center, Police Relocation, and Utility Extensions Bond Projects.

Ms. Leah Kritzer, JLBC Staff, stated that this item includes 3 Northern Arizona University (NAU) projects. NAU is proposing to spend a total of \$114.3 million in system revenue bonds, of which \$107 million would be for a Health and Learning Center, \$750,000 for the relocation of the NAU Police Department, and \$6.5 million for a utilities extension project. The JLBC Staff presented options to the Committee.

Mr. John Haeger, President, NAU, responded to member questions.

Ms. Christy Farley, Associate Vice President, Government Affairs, NAU, responded to member questions.

Representative Kavanagh moved that the Committee give a favorable review to NAU's request for a \$114.3 million system revenue bond with the standard university financing provisions listed below.

Standard University Financing Provisions:

- *NAU shall report to the Committee before expenditure of any allocations that exceed the greater of \$1,000,000 or 10% of the reported contingency amount total for add-alternates that do not expand the scope of the project. NAU shall also report to the Committee before any reallocation exceeding \$1,000,000 among the individual planned renovations, renewals, or extensions.*
- *NAU 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, NAU 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.*
- *NAU shall not use bonding to finance any costs whose typical life span is less than the bond repayment period. The exceptions to this stipulation are circumstances where such repairs are required to complete a major renovation.*

Senator Gray requested a roll call vote.

The motion carried by a roll call vote of 8-3-0-2. (Attachment 1)

Without objection, the meeting adjourned at 2:52 p.m.

Respectfully submitted:

Sandy Schumacher, Secretary

Leatta McLaughlin, Principal Fiscal Analyst

Senator Russell Pearce, 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>.

JOINT COMMITTEE ON CAPITAL REVIEW

Meeting Date: 9/22/09

ITEM # 3

ITEM # _____

	PRESENT	ABSENT	PASS	AYE	NAY	PRESENT	ABSENT
SEN. ABOUD	✓	—		✓			
SEN. AGUIRRE	✓	—		✓			
SEN. ALLEN	✓	—					
REP. CRANDALL	✓	—		✓			
SEN. GARCIA	✓	—		✓			
SEN. C. GRAY	✓	—			✓		
REP. LUJAN	✓	—		✓			
REP. MCCOMISH	✓	—		✓			
REP. MCLAIN	—	✓					
SEN. MELVIN	✓	—		✓			
REP. SCHAPIRA	✓	—		✓			
REP. SINEMA	—	✓					
REP. KAVANAGH	✓	—			✓		
SEN. PEARCE	✓	—			✓		
TOTALS	<u>11</u>	<u>3</u>		<u>8</u>	<u>3</u>		

	PASS	AYE	NAY	PRESENT	ABSENT
SEN. ABOUD					
SEN. AGUIRRE					
SEN. ALLEN					
REP. CRANDALL					
SEN. GARCIA					
SEN. C. GRAY					
REP. LUJAN					
REP. MCCOMISH					
REP. MCLAIN					
SEN. MELVIN					
REP. SCHAPIRA					
REP. SINEMA					
REP. KAVANAGH					
SEN. PEARCE					
TOTALS					