

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

DON SHOOTER
CHAIRMAN 2011
PAULA A. ABOUD
ANDY BIGGS
RICH CRANDALL
LORI KLEIN
RICK MURPHY
DAVID SCHAPIRA

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
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CHAD CAMPBELL
STEVE COURT
NANCY McLAIN
JUSTIN OLSON
ANNA TOVAR

MINUTES OF THE MEETING

JOINT COMMITTEE ON CAPITAL REVIEW

September 28, 2011

The Chairman called the meeting to order at 3:18 p.m., Wednesday, September 28, 2011 in Senate Appropriations Room 109. The following were present:

Members:	Senator Shooter, Chairman	Representative Kavanagh, Vice-Chairman
	Senator Aboud	Representative Alston
	Senator Biggs	Representative Campbell
	Senator Crandall	Representative McLain
	Senator Klein	Representative Olson
	Senator Murphy	Representative Tovar
	Senator Schapira	

Absent: Representative Court

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of April 19, 2011, Chairman Don Shooter stated that the minutes would stand approved.

ARIZONA DEPARTMENT OF ADMINISTRATION

A. Review of FY 2012 Building Renewal Allocation Plan.

Ms. Leatta McLaughlin, JLBC Staff, presented the Arizona Department of Administration's (ADOA) FY 2012 Building Renewal Allocation Plan. In FY 2012, ADOA was appropriated \$6.5 million for Building Renewal projects. Of the \$6.5 million, ADOA plans to expend \$348,000 for emergency contingencies. The JLBC Staff presented options to the Committee.

Representative Kavanagh moved that the Committee give a favorable review of ADOA's FY 2012 \$6.5 million Building Renewal Allocation Plan with the provision that ADOA report any change in the spending plan to the JLBC Staff, including reallocations between projects and allocations from the contingency plan. The Committee also requires the following provisions for the emergency contingency allocation:

(Continued)

1. *ADOA notify the Chairman and JLBC Staff that they plan to spend less than \$50,000 on an emergency project. ADOA can proceed without Committee review.*
2. *If the emergency 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.*

The motion carried.

B. Consider Recommending FY 2011 and FY 2012 Rent Exemptions.

Mr. James Alcantar, JLBC Staff, presented ADOA's authorized rent exemptions. The JLBC Staff recommended the Committee recommend the ADOA request for a partial-rent exemption for the Department of Economic Security (DES) and corresponding \$1,900 rent increase to AHCCCS in FY 2011 and 2 partial-rent exemptions for the Department of Insurance and the Arizona Commission for the Deaf and the Hard of Hearing (ACDHH) for FY 2012 totaling \$44,600. This amount is less than originally written in the memo, as it took longer for the Department of Insurance to vacate their offices than anticipated.

Representative Kavanagh moved that the Committee recommend the proposed \$1,900 FY 2011 increased rent payment for AHCCCS and corresponding \$1,900 partial rent exemption for DES. The Committee also recommended the proposed \$34,500 FY 2012 partial rent exemption for ACDHH, and the proposed \$10,100 FY 2012 partial rent exemption for the Department of Insurance. The motion carried.

STATE DEPARTMENT OF CORRECTIONS - Review of FY 2012 Building Renewal Allocation Plan.

Mr. James Alcantar, JLBC Staff, presented the State Department of Corrections (ADC) FY 2012 Building Renewal Allocation Plan. On behalf of ADOA, ADC is requesting review of its \$4,630,500 FY 2012 Building Renewal Allocation Plan from the ADC Building Renewal Fund. The projects include locking systems, perimeter electronic security fences, and well and water systems, and include \$169,300 for emergency contingency. The JLBC Staff presented options to the Committee.

Representative Kavanagh moved that the Committee give a favorable review of ADC's FY 2012 \$4,630,500 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 allocations from the contingency plan. The Committee also requires the following provisions for the emergency contingency allocation:

1. *ADC notify the Chairman and JLBC Staff that they plan to spend less than \$50,000 on an emergency project. ADC can proceed without Committee review.*
2. *If the emergency 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.*
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.*

The motion carried.

(Continued)

ARIZONA DEPARTMENT OF TRANSPORTATION – Review of FY 2012 Building Renewal Allocation Plan.

Mr. Benjamin Beutler, JLBC Staff, presented the Arizona Department of Transportation's (ADOT) FY 2012 \$1,050,000 Building Renewal Allocation Plan, including \$1,000,000 from the State Highway Fund and \$50,000 from the State Aviation Fund. ADOT has allocated \$1,000,000 from the State Highway Fund among 68 projects, leaving a contingency balance of \$17,000 and \$80,000 for project management support. ADOT has also allocated \$50,000 from the State Aviation Fund for 4 projects. The JLBC Staff presented options to the Committee.

Representative Kavanagh moved that the Committee give a favorable review to ADOT's FY 2012 \$1,050,000 Building Renewal Allocation Plan, including the provision that ADOA report any project reallocations above \$100,000. The motion carried.

ARIZONA GAME AND FISH DEPARTMENT – Review of FY 2009 Yuma Office and FY 2012 Property and Dam Maintenance Projects.

Ms. Leatta McLaughlin, JLBC Staff, presented Arizona Game and Fish Department's (AGFD) FY 2009 \$954,000 request to remodel and expand the Yuma office, FY 2012 \$500,000 for property maintenance, and \$100,000 of their \$500,000 appropriation for dam maintenance. The JLBC Staff presented options to the Committee.

Representative Kavanagh moved that the Committee give a favorable review of AGFD's request to expend \$954,000 for the Yuma office remodel and expansion, \$500,000 for property maintenance and \$100,000 of their \$500,000 appropriation for dam maintenance projects. The motion carried.

ARIZONA STATE UNIVERSITY – Review of 6 Bond Projects.

Ms. Leatta McLaughlin, JLBC Staff, presented Arizona State University's (ASU) request to issue 2 bonds totaling \$99.7 million to fund 6 projects. This amount includes \$67.3 million for 3 projects, including a new business school facility at the Tempe Campus, a housing bond refund at the Tempe campus, and Information Technology upgrades at all campuses. The second issuance is a \$32.4 million University Lottery bond for 3 projects, which include academic and lab space renovations and infrastructure improvements at all campuses. The JLBC Staff presented options to the Committee.

Representative Kavanagh moved that the Committee give a favorable review to ASU's \$99.7 million in bond issuances to fund 6 projects, including the following provisions:

1. ASU submit a list of projects for the University Lottery bond projects.
2. All projects are ultimately approved by the Arizona Board of Regents.
3. 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.
4. ASU shall provide the final debt service schedule for the projects as soon as it is available.

The motion carried.

Without objection, the meeting adjourned at 3:34 p.m.

(Continued)

Respectfully submitted:

Mya Trivison, Secretary

Leatta McLaughlin, Assistant Director

Senator Don Shooter, 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>