



STATE OF ARIZONA

## Joint Committee on Capital Review

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### MINUTES OF THE MEETING

#### JOINT COMMITTEE ON CAPITAL REVIEW

December 13, 2022

The Chairman called the meeting to order at 10:12 a.m., Tuesday, December 13, 2022 in House Hearing Room 1. The following were present:

Members:	Senator Gowan, Vice-Chairman Senator Alston Senator Bowie Senator Kerr	Representative Cobb, Chairman Representative Bolding Representative Kavanagh Representative Longdon (Temporary member in place of Representative Schwiebert) Representative Osborne Representative Sierra Representative Toma
Absent:	Senator Gray Senator Leach Senator Rios	Representative Schwiebert

#### APPROVAL OF MINUTES

*Senator Gowan moved that the Committee approve the minutes of September 21, 2022. The motion carried.*

#### CONSENT AGENDA

The following items were considered without discussion:

(Continued)

**3. ARIZONA STATE LOTTERY COMMISSION - Review of FY 2023 Building Renewal Allocation Plan.**

A.R.S. § 41-1252 requires Committee review of expenditure plans for building renewal monies. The Arizona State Lottery Commission requested the Committee review its FY 2023 Building Renewal Allocation Plan totaling \$176,400 from the State Lottery Fund. The FY 2023 Capital Outlay Bill appropriated \$176,400 from the Lottery Fund to the State Lottery Commission to fund 100% of the building renewal formula in FY 2023 for capital improvement projects. The JLBC Staff provided options.

**4. DEPARTMENT OF PUBLIC SAFETY (DPS) - Review of the Southern Border Coordinated Response Center.**

A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated to capital projects. DPS requested Committee review of a \$15,000,000 appropriation from the Border Security Fund in FY 2023 for the purchase and renovation of a facility located in Tucson to be used as the southern border coordinated response center. The JLBC Staff provided options.

**5A. ARIZONA STATE UNIVERSITY (ASU) - Review of New Academic Buildings and Campus Renovation Projects.**

A.R.S. § 15-1683 requires Committee review of any university projects financed with system revenue bonds. An FY 2023 General Appropriation Act footnote also requires Committee review of any university capital projects funded from a one-time General Fund appropriation. ASU requested Committee review of \$201,500,000 to construct 2 new academic buildings and renovate existing buildings across multiple campuses. Of this amount, \$191,500,000 will be funded by system revenue bond issuances and \$10,000,000 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 projects are complete.*
- B. *ASU shall provide the final debt service schedule and interest rate for the projects as soon as they are available.*
- C. *On or before October 15 of each year until completion of the projects, ASU shall report to the JLBC Staff on the status and expenditures of the projects. The report shall include the project expenditures to date by building, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the projects.*

**5B. ARIZONA STATE UNIVERSITY (ASU) - Review of Student Housing Indirect Financing Project.**

A.R.S. § 15-1682.02 requires Committee review of any university projects using indirect debt financing (also known as third-party financing). ASU requested Committee review of a ground lease for the approximately \$54,000,000 Casa de Oro Residential Hall Phase II development at its West Campus. The proposed facility would provide approximately 500 beds. The JLBC Staff provided options and a potential provision:

Standard University Financing Provision

- 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.*

**6. UNIVERSITY OF ARIZONA (UA) - Review of Deferred Maintenance Projects.**

A.R.S. § 15-1671 requires Committee review of any non-debt financed university capital projects paid for with funds from the university's Capital Infrastructure Fund (CIF). These monies are from the \$1 billion capital investment program enacted in 2017. UA requested Committee review of its plan to use \$5,000,000 in cash from CIF to pay for deferred maintenance projects on its main campus. 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 operations and maintenance costs when the project is complete.*
- B. *On or before October 15 of each year until completion of the project, UA shall report to the JLBC Staff on the status and expenditures of the Deferred Maintenance project. The report shall include the project expenditures to date by type of building system, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.*

Senator Gowan moved that the Committee give a favorable review of the agency requests in consent agenda items 3 through 6 listed above with the applicable JLBC Staff provisions. The motion carried.

**REGULAR AGENDA**


**1. DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS (DEMA) - Review of the Architectural Design for the State Emergency Operations Center.**

Mr. Jordan Johnston, JLBC Staff, stated A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated to capital projects. DEMA requested Committee review of \$2,000,000 of the \$30,000,000 allocated from the Border Security Fund for the renovation and expansion of the State Emergency Operations Center (SEOC) located at the Papago Park Military Reservation. The requested review of up to \$2,000,000 would cover the architectural design costs for the SEOC renovation and expansion project. The JLBC Staff provided options.

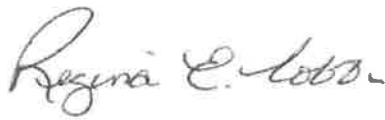
Senator Gowan moved that the Committee give a favorable review of the \$2,000,000 of the \$30,000,000 FY 2023 appropriation for the architectural design of the renovation and expansion of the State Emergency Operations Center. The remaining \$28,000,000 will be reviewed at a later date. The motion carried.

Without objection, the meeting adjourned at 10:19 a.m.

Respectfully submitted:

  
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Jennifer Burns, Secretary

*Rebecca Perrera*  
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Rebecca Perrera, Assistant Director

  
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Representative Regina Cobb, Chairman