



STATE OF ARIZONA

# Joint Committee on Capital Review

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SENATE

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## MINUTES OF THE MEETING

### JOINT COMMITTEE ON CAPITAL REVIEW

December 16, 2020

The Chairman called the meeting to order at 10:24 a.m., Wednesday, December 16, 2020 via video conference. The following were present:

Members:	Senator Gowan	Representative Cobb, Chairman
	Senator Alston	Representative Fernandez
	Senator Bowie	Representative Friese
	Senator Bradley	Representative Kavanagh
	Senator Gray	Representative Lieberman
	Senator Kerr	Representative Toma
Absent:	Senator Leach	Representative Petersen

### APPROVAL OF MINUTES

Senator Gowan moved that the Committee approve the minutes of September 23, 2020. The motion carried.

Senator Gowan moved that items 2C - University of Arizona - Consider Approval of Chemistry Building Renovation Financing Project and 2D - University of Arizona - Review of Facilities Management Building Project be placed on the consent agenda. The motion carried.

### CONSENT AGENDA

The following items were considered without discussion:

#### ARIZONA STATE UNIVERSITY (ASU) - Review of Multipurpose Arena Construction Project.

Pursuant to A.R.S. § 15-1683, the Committee is required to review any university projects financed with system revenue bonds. ASU requested Committee review of its planned issuance of \$115,000,000 of

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system revenue bonds to fund construction of a Multipurpose Arena. 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 project is complete.*
- B. *ASU shall provide the final debt service schedule and interest rate for the project as soon as they are available.*
- C. *On or before October 15 of each year until completion of the project, ASU shall report to the JLBC Staff on the status and expenditures of the Multipurpose Arena construction project. The report shall include the project expenditures to date, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.*

Additional Provision

- D. *On or before October 15 of each year, ASU shall report to the JLBC Staff on the amount of each revenue source used for the Multipurpose Arena project debt service and provide an update on the terms and conditions of the Multipurpose Arena venue management contract. ASU shall continue to provide the report each year until notified by the Joint Committee on Capital Review Chairman.*

**UNIVERSITY OF ARIZONA (UA) - Consider Review and Approval of Grand Challenges Research Building and Applied Research Building Financing Projects.**

Pursuant to A.R.S. § 15-1671, the Committee is required to review non-debt financed expenditures and approve any debt financed university capital projects paid for with funds from the university's Capital Infrastructure Fund (CIF). UA requested Committee review of \$16,300,000 in cash expenditures and approval of \$183,700,000 in bond issuances to construct new research facilities, for total project costs of \$200,000,000. Of this amount, \$99,000,000 is for the Grand Challenges Building, \$85,000,000 is for the Applied Research Building, and \$16,000,000 is for utility infrastructure upgrades. The JLBC Staff provided options and potential provisions:

Standard University Financing Provisions

- A. *A favorable review and approval 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. *UA shall provide the final debt service schedules and interest rates for the projects as soon as they are available.*
- C. *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 Grand Challenges Research Building and Applied Research Building project. The report shall include each project's expenditures to date, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.*

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

Pursuant to A.R.S. § 15-1671, the Committee is required to review non-debt financed expenditures for capital projects paid for with funds from the university's Capital Infrastructure Fund (CIF). UA requested Committee review of \$600,000 in cash expenditures 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.*

**UNIVERSITY OF ARIZONA (UA) - Consider Approval of Chemistry Building Renovation Financing Project.**

Pursuant to A.R.S. § 15-1671, the Committee is required to approve any debt financed university capital projects paid for with funds from the university's Capital Infrastructure Fund (CIF). UA requested approval of \$42,000,000 in bond issuances to renovate the Chemistry Building. The JLBC Staff provided options and potential provisions:

Standard University Financing Provisions

- A. *An approval 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. *UA shall provide the final debt service schedule and interest rate for the project as soon as they are available.*
- C. *On 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 Chemistry Building Renovation project. The report shall include the project expenditures to date, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.*

**UNIVERSITY OF ARIZONA (UA) - Review of Facilities Management Building Project.**

Pursuant to A.R.S. § 15-1683, the Committee is required to review any university projects financed with system revenue bonds. UA requested review of \$15,500,000 in bond issuances to fund construction of a Facilities Management building. In addition to system revenue bonds, UA will fund construction with \$8,500,000 in land sale proceeds, for a total project cost of \$24,000,000. 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 project is complete.*

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- B. *UA shall provide the final debt service schedule and interest rate for the project as soon as they are available.*
- C. *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 Facilities Management Relocation and Consolidation Facility project. The report shall include the project expenditures to date, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.*

**ARIZONA STATE PARKS BOARD (ASPB) - Review of Alamo Lake State Park Wastewater Treatment Project.**

A.R.S. § 41-1252 requires the Committee to review the scope, purpose and estimated cost for capital improvements. ASPB requested review of its proposal to use \$325,000 from the non-appropriated State Lake Improvement Fund (SLIF) to replace the main sewer pipe at the Alamo Lake State Park wastewater treatment facility. The JLBC Staff provided options and a potential provision:

- A. *On or before January 31, 2021 and July 31, 2021, ASPB shall report to the JCCR Chairman and the JLBC Staff on the status of the Alamo Lake State Park wastewater treatment project.*

**ARIZONA GAME AND FISH DEPARTMENT (AGFD) - Review of Building Renewal Reallocation Plan.**

A.R.S. § 41-1252 requires the Committee to review expenditure plans for monies appropriated for building renewal. AGFD requested Committee review of its reallocation plan of \$523,600 in FY 2020 and FY 2021 building renewal monies for new building renewal projects. (See *Table 1*) The JLBC Staff provided options and a potential provision:

- A. *The AGFD shall report any change in the building renewal spending plan to the Joint Committee on Capital Review Chairman and the JLBC Staff. If there is significant change of scope in the reallocation reported by AGFD, the Chairman may require further Committee review.*

<b>Table 1</b>	
<b>Building Renewal Reallocation Plan - New Projects</b>	
<u>Regional Office Projects</u>	
Ben Avery Clay Target Center - Pavement Repair	\$125,000
Pinetop - Staff Office Renovations	8,700
Pinetop - Re-roofing Project	47,500
Flagstaff - Fleet Parking Automatic Gate Controller Replacement	8,900
Flagstaff - Parking Lot Repairs	35,000
Mesa - Office Exterior LED Lighting Upgrade	22,500
Tucson - Security Camera System Replacement	<u>32,000</u>
Subtotal	\$279,600
<u>Wildlife Area Projects</u>	
Canyon Creek Hatchery - Pavement Repair	\$120,000
Robbins Butte - Domestic Well Renovation/Deepening	52,000
Sipe - Generator Replacement	47,000
Tonto Creek Hatchery - Pavement Repair	<u>25,000</u>
Subtotal	\$244,000
<b>Total</b>	<b>\$523,600</b>

(Continued)

**ARIZONA STATE LOTTERY COMMISSION - Review of FY 2021 Building Renewal Allocation Plan.**

A.R.S. § 41-1252 requires the Committee to review expenditure plans for building renewal monies. The Arizona State Lottery Commission requested Committee review of its FY 2021 Building Renewal Allocation Plan for \$146,700 from the State Lottery Fund. The JLBC Staff provided options and a potential provision:

- A. *The commission shall report any change in the building renewal spending plan to the Joint Committee on Capital Review Chairman and the JLBC Staff. If there is significant change of scope in the reallocation reported by the commission, the Chairman may require further Committee review.*

Senator Gowan moved that the Committee give a favorable review, or approval, as applicable, including provisions as outlined in the JLBC Staff analysis, to the 8 consent agenda items listed above. The motion carried.

**REGULAR AGENDA**

**ARIZONA DEPARTMENT OF CORRECTIONS (ADC) - Lewis/Yuma Capital Project: Review of FY 2021 Budget Funding and Quarterly Project Report.**

Mr. Geoff Paulsen, JLBC Staff, stated A.R.S. § 14-1252 requires the Committee to review expenditure plans for monies appropriated for capital projects. The FY 2021 Capital Outlay Bill appropriated \$30,000,000 for the Lewis and Yuma Lock, HVAC, and Fire Systems project. At the September meeting, the Committee reviewed \$14,100,000 for the project. ADC requested review of an additional \$8,900,000 to continue work on the project. The JLBC Staff provided options and potential provisions.

Pursuant to a provision from the June 2019 Committee meeting, ADC also submitted its quarterly report detailing its progress on the Lewis and Yuma Lock, HVAC, and Fire Systems project.

Mr. David Shinn, Director, ADC, responded to member questions.

Senator Gowan moved that the Committee give a favorable review to the additional funding and quarterly report, including the following provisions:

- A. *The department shall comply with American Correctional Association (ACA) standards for all locks purchased and installed as part of this project.*
- B. *In future quarterly reports, the department shall address the number and location of locks that have been repurposed and installed on non-cell doors.*

The motion carried.

Without objection, the meeting adjourned at 10:53 a.m.

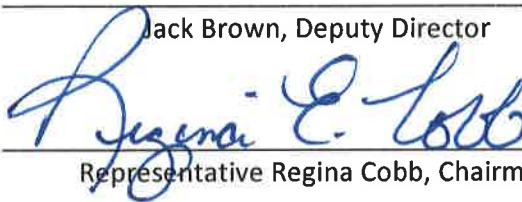
Respectfully submitted:



Kristy Paddack, Secretary

*Jack Brown*

Jack Brown, Deputy Director



Representative Regina Cobb, Chairman