

JCCR MEETING

At its September 19th meeting, the Joint Committee on Capital Review considered the following issues:

DEMA Yuma Armory Project – The JCCR favorably reviewed the Department of Emergency and Military Affairs (DEMA) plan for construction of an Army National Guard training and community center in Yuma. Of the \$2.9 million estimated cost of the project, \$371,000 will be funded from a FY 2002 General Fund appropriation. The remaining funding will consist of \$1.7 million from the federal government, \$400,000 from the sale of armory property to the City of Yuma, \$216,000 from the sale of closed armories, and \$150,000 from the City of Yuma.

ASH Construction Project Quarterly Report – The JCCR received the eighth quarterly status report on the \$77.5 million Arizona State Hospital construction project. The adolescent facility was completed in July and is now occupied and completion of the new civil hospital is scheduled for late fall of 2002, with patient occupancy planned for mid-December. Renovation of Cholla Hall for the Sexually Violent Persons program is underway and scheduled for completion in January 2003. Sitework and infrastructure activities on the campus are ongoing.

SFB Continuation of Presentation on the New Qwest Contract and the Status of Lease-to-Own Construction Financing – The Committee concluded discussion from the August 22nd JCCR meeting on the School Facilities Board (SFB) presentation of the revised networking and internet connectivity contract with Qwest.

The SFB presented to the Committee information on lease-to-own agreements for new school construction. The SFB will issue Certificates of Participation (COP) on behalf of school districts in a traditional lease-purchase. Districts will design and bid their own projects and receive funding from the SFB after submitting appropriate invoices. Members of the Committee expressed interest in a pilot test of combining multiple new school projects in one construction bid to determine if potential efficiencies and savings could be generated.

Given that the proceeds from the COP issuance will not be received until January 2003, the SFB reported plans to transfer \$113 million from the Deficiencies Correction Fund to the New School Facilities Fund. After the transfer, the balance in the New School Facilities Fund will be sufficient to cover the costs of new construction over the next 4 months.

UofA Prop 301 Lease-Purchase Project – The JCCR favorably reviewed the University of Arizona Meinel Optical Sciences Expansion Project with the stipulation that a favorable review does not constitute the Committee's endorsement of General Fund appropriations for operating costs when the project is complete. The project will be financed with \$17.2 million in Certificates of Participation (COP) and be repaid within 25 years using monies from Proposition 301 and the Indirect Cost Recovery Fund. The project will add and renovate classroom and study space, research laboratories, meeting space, and office space.

ASU-East Prop 301 Lease-Purchase Projects – As part of the Director's Report, the Committee was informed of changes in the scope of campus development projects at the ASU-East campus. The projects will be financed with a \$27.5 million Certificates of Participation (COP) issuance that will be repaid using Prop 301 monies. The Committee favorably reviewed these projects at its June 2001 meeting.

Prison Land Condemnation Termination – As part of the Director's Report, the Committee was informed that the state has terminated condemnation proceedings on a new prison site in Tucson. Of the initial \$2.1 million deposit, \$1.9 million has been returned to the state after accounting for legal and other related costs.

The state had originally intended to build a 4,200-bed prison complex on state trust land. At a public auction to acquire the land, the state was outbid by a private entity. The state initiated condemnation proceedings after attempts to negotiate a purchase price with the private entity were unsuccessful.