

## JCCR MEETING

At its September 25<sup>th</sup> meeting, the Joint Committee on Capital Review considered the following issues:

**Maricopa Community College District Bond Project** – The JCCR favorably reviewed the Performing Arts Center (PAC) project at Paradise Valley Community College, which will be financed with the issuance of \$7.8 million in revenue bonds. The total project cost of \$8.7 million includes \$925,000 financed with operating funds. The bond issuance will be repaid over a 20-year period with student fees. The Committee also requested the district report back by December 31, 2003 on the feasibility of achieving economies of scale in the design of future district PACs.

**ADOA Miners' Fund Capital Appropriation Transfer** – The JCCR approved the transfer of \$52,500 from the completed Stair Tower/Life Safety Upgrade project at the Arizona Pioneers' Home to FY 2003 Building Renewal funding. The \$52,500 will supplement \$150,100 from building renewal to refurbish the existing passenger elevator at the Pioneers' Home to meet life safety code requirements. The total cost to refurbish the elevator is \$202,600. Both projects were funded from the Miners' Hospital Fund.

**ADOA FY 2004 Building Renewal Allocation Plan** – The JCCR favorably reviewed the Arizona Department of Administration (ADOA) FY 2004 Building Renewal Allocation Plan totaling \$3.5 million for 24 projects. All 24 projects within the ADOA building system will be funded from the Capital Outlay Stabilization Fund (COSF). The \$3.5 million appropriation represents 18.5% of the Building Renewal formula in FY 2004.

**UofA Lease Purchase and Bond Projects** – The JCCR favorably reviewed the issuance of Certificates of Participation (COPs) in the amount of \$187.7 million for construction of the Institute for Biomedical Science and Biotechnology Building, Medical Research Building, and Chemistry Building Expansion at the University of Arizona (UofA). The COPs will be repaid over a 28-year period using some of the COP issuance to make interest only payments on the debt service through FY 2007, after which General Fund appropriations from Laws 2003, Chapter 267 will be used to make the payments.

The Committee also approved the issuance of revenue bonds in the amount of \$41.5 million for the Arizona Health Sciences Center Drachman Hall and infrastructure improvement projects. The bond issuance will be \$17.8 million for Drachman Hall and \$23.7 million for the infrastructure improvement projects. The bonds for Drachman Hall will be repaid over a 25-year period from tuition collections, and the bonds for the infrastructure improvement projects will be repaid over an 18-year period using Proposition 301 monies.

The Committee also stipulated that the UofA submit information on any allocations from contingency amounts that

exceed the greater of \$100,000 or 10% of the contingency amount.

**DEMA Project Challenge Construction** – The JCCR favorably reviewed the scope, purpose, and estimated cost of the construction of a classroom building and operational support building at the Project Challenge campus. The Department of Emergency and Military Affairs (DEMA) estimates the total cost of the project to be \$600,000, which includes construction of a 5,000 square foot classroom building and a 3,000 square foot operational support building. The project will be funded from a \$250,000 FY 2002 General Fund appropriation and a \$350,000 private grant from the Lund Foundation.

**ADOT Asbestos and Lead Inspections** – The JCCR favorably reviewed the scope, purpose, and estimated cost to contract for the testing of Arizona Department of Transportation (ADOT) buildings and structures for asbestos and lead-based paint. A total of \$1.3 million was appropriated from the State Highway Fund (\$700,000 in FY 2002 and \$600,000 in FY 2003) to complete the project. The Committee also requested that ADOT report back on corrective measures taken to improve tracking of capital appropriations to ensure compliance with JCCR review requirements.

**ADOT 5-Year Construction Summary** – ADOT provided the Committee with an Executive Summary of its 5-Year Transportation Facilities Construction Program for FY 2004 – FY 2008. The Executive Summary includes a 5-year total of \$3.9 billion for the highway program and \$609 million for the aviation program. The program addresses 13 of the 21 most congested highway segments in the state. The Committee requested ADOT provide an updated Executive Summary for FY 2005 – FY 2009 when it submits the FY 2005 highway construction budget Professional and Outside Services expenditure plan.

**GITA/ADOA Reports on Telecommunications Privatization** – The Government Information Technology Agency (GITA) and ADOA submitted reports to the Committee on the status of privatizing the state's telecommunications services. GITA reports a draft version of a telecommunication privatization request for proposal (RFP) is being circulated among stakeholders for comment and GITA will continue to meet with those stakeholders to refine the document. The next report to the Committee will include a draft version of the RFP. GITA also reports expenditures of \$1,400 for the costs of a procurement specialist and temporary clerical help. The ADOA report raised concerns about not requiring vendors to provide up-front cost data, risk sharing with vendors, inter-operability among systems, and project timeline.