

STATE OF ARIZONA

## Joint Committee on Capital Review

STATE  
SENATE

RANDALL GNANT  
CHAIRMAN 1999  
GUS ARZBERGER  
RUSSELL W. "RUSTY" BOWERS  
JACK A. BROWN  
TOM SMITH  
RUTH SOLOMON  
JOHN WETTAW

1716 WEST ADAMS  
PHOENIX, ARIZONA 85007

PHONE (602) 542-5491

FAX (602) 542-1616

HOUSE OF  
REPRESENTATIVES

BOB BURNS  
CHAIRMAN 2000  
DEAN COOLEY  
LORI S. DANIELS  
KAREN S. JOHNSON  
BOB MCLENDON  
ANDY NICHOLS  
CHRISTINE WEASON

### MEETING NOTICE

DATE: February 21, 2000  
TIME: 8:00 a.m.  
PLACE: HOUSE HEARING ROOM 4

### TENTATIVE AGENDA

- Call to Order
- [Approval of Minutes of December 14, 1999.](#)
- EXECUTIVE SESSION – Acquisition of Real Property.\*
- DIRECTOR'S REPORT (if necessary).
- 1. ARIZONA DEPARTMENT OF ADMINISTRATION –
  - A. [Review Scope, Purpose, and Estimated Cost of Preliminary Sitework for the New Arizona State Hospital Facility.](#)
  - B. [ADOA Proposal for Capitol Mall Office Buildings.](#)
- 2. [DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS – Report on Clifton Flood Control Project.](#)

\* As permitted under A.R.S. § 38-431.03(A)(7).

The Chairman reserves the right to set the order of the agenda.  
02/15/00

**People with disabilities may request accommodations such as interpreters, alternative formats, or assistance with physical accessibility. Requests for accommodations must be made with 72 hours prior notice. If you require accommodations, please contact the JLBC Office at (602) 542-5491.**

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DATE: February 16, 2000

TO: Representative Robert "Bob" Burns, Chairman  
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Jennifer Vermeer, Assistant Director

SUBJECT: REVIEW SCOPE, PURPOSE, AND ESTIMATED COST OF PRELIMINARY  
SITWORK FOR THE NEW ARIZONA STATE HOSPITAL FACILITY

### **Request**

The Arizona Department of Administration (ADOA) requests review of the scope, purpose, and estimated cost of preliminary sitework and demolition for the new 176 civil hospital at the Arizona State Hospital (ASH).

### **Recommendation**

The JLBC Staff recommends a favorable review of the request. The JLBC Staff, further recommends that any transfers among the submitted cost categories in excess of \$100,000 be reported to the JLBC Staff prior to expenditure.

### **Analysis**

Laws 1999, Chapter 1 appropriated \$80,000,000 across 4 fiscal years from FY 2000 through FY 2003 from the ASH Capital Construction Fund for construction of new facilities at ASH. The project is intended to include a new 176-bed civil hospital, renovation of existing buildings for the ASH forensic population and a combination of renovation and new construction for the Sexually Violent Persons (SVP) program. Chapter 1 established the ASH Capital Construction Commission to review and make recommendations to the Joint Committee on Capital Review on construction and renovation plans for the project. A total of \$20,000,000 is appropriated in FY 2000.

(Continued)

ADOA requests approval of the expenditure of \$3,522,000 from the \$20,000,000 FY 2000 appropriation for preliminary sitework and demolition. The preliminary work would include asbestos abatement and demolition of buildings and utility tunnels that are in the "footprint" of the new building. In addition, the request includes monies to procure a consultant to begin work on request for proposals to begin planning for all 3 phases of the project (civil, forensic and SVP). The plan would be presented to the commission when it is appointed. The project has not been bid. The following lists the estimated costs of the various project components:

Asbestos abatement	\$800,000
Demolition	715,000
Tunnels	300,000
Engineering plans for the demolition	300,000
RFP consultant for design and planning	520,000
Sitework	300,000
Contingency (20%)	<u>587,000</u>
<b>Total</b>	<b>\$3,522,000</b>

The contingency allocation is typically set at 10%. The request above includes a contingency allocation of 20%. The higher allocation is due to uncertainty regarding the cost of demolishing the tunnels, which are in very poor condition. In addition, since the project has not been bid, there is some uncertainty regarding the other components of the request as well. As a result, the JLBC Staff recommends a favorable review, but recommends that ADOA report the costs to the JLBC Staff when bids have been received.

Chapter 1 specifies that the Commission shall review and make recommendations on capital construction and renovation plans at ASH. The Commission has not yet been appointed, but Chapter 1 requires that the Commission be appointed by May 1, 2000 and meet by May 31, 2000. The scope of the request is for preliminary work limited to activities that need to be completed in preparation for new construction or renovation. Since the request does not include any new construction or any monies to begin renovation of the buildings, it does not appear that the Commission would need to be in place for this phase of the ASH project to proceed. ADOA would like to begin the work now because even under the current schedule, the demolition will not be complete until December 2000. If the preliminary work is delayed until May, the demolition would not be complete until March or April of 2001.

RS:JV:jb

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DATE: February 16, 2000

TO: Representative Robert "Bob" Burns, Chairman  
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Lynne Smith, Senior Fiscal Analyst  
Lorenzo Martinez, Senior Fiscal Analyst

SUBJECT: ADOA PROPOSAL FOR CAPITOL MALL OFFICE BUILDINGS

### Request

The Arizona Department of Administration (ADOA) requests that the Committee review its proposal to negotiate a contract for Privatized Lease To Own (PLTO) development on the Capitol Mall. This contract is essentially a lease-purchase agreement to build two new office buildings on the Capitol Mall totaling 485,000 square feet.

### Recommendation

Given that the proposal would construct two major office buildings on the Capitol Mall and essentially commit the state to making lease payments for up to 25 years, the JLBC Staff recommends that the Committee take no action and that ADOA seek authorization from the full Legislature for these lease-purchase buildings. At this time, however, we believe that ADOA has submitted insufficient information for the Legislature to consider its proposal. The JLBC Staff further recommends that, if the Legislature authorizes the proposal, ADOA submit any lease-purchase agreement to JCCR for review and approval before the transaction takes effect.

### Analysis

At the August 5, 1999 JCCR meeting, ADOA submitted a report on its lease-purchase proposal. The proposal envisions selecting a private development company to build two state office buildings on state land within the Capitol Mall. The developer would plan and design in accordance with the State's requirements and then construct and operate the buildings. The State would lease the two office buildings from the developer for a specified period (20-25 years) in accordance with the terms the State presently uses for private office leases. The State would offset the annual lease payment to the development company by utilizing the aggregate appropriated funds in state agency budgets for private sector lease space. Exclusive of relocation costs, this would be the planned revenue stream for this project. ADOA states that it cannot release specific information because it has not completed the Request for Proposals (RFP) process. However, ADOA estimates that the

(Continued)

first year's annualized lease payment to the developer, based on an average of bids received to date, would be approximately \$7,135,300 in FY 2003, while the projected cost for private sector lease space that would no longer be needed would be \$7,396,500. At the conclusion of the specified term between the State and the developer, ownership of the two office buildings would be transferred to the State.

The Committee requested that if the department issued an RFP, it also solicit bids for a pay-as-you-go option. ADOA issued an RFP, including lease-purchase and pay-as-you-go options. The department received 7 proposals and is currently negotiating these proposals. The attached ADOA letter (Attachment 1) summarizes its progress. Because the RFP process has not been completed, ADOA has not yet provided sufficient information for the JLBC Staff to analyze the request. The attached July 29, 1999 JLBC Staff letter to the Committee (Attachment 2) summarizes the staff concerns and questions that need to be answered once the information is available. Specifically, we have requested the following information:

- a list of each agency that will occupy the new space, including square footage and lease payment by fund source for each year of the lease period;
- the lease payment obligation for each year of the lease period;
- a list of each agency that will occupy any state-owned space vacated by the relocated agencies, including square footage and lease payment by fund source for each year of the lease period;
- explanation for any increases in space for an agency;
- any relocation costs by fund source;
- any operation and maintenance costs by fund source for each year of the lease period;
- expected increase in building renewal expenses.

Since the proposal would finance two major office buildings and commit the state to up to 25 years of lease payments, the JLBC Staff recommends that the Committee take no action and that the department seek authorization from the full Legislature. The Senate Appropriations Committee has approved SB 1401, which authorizes the department's plan. If this bill (or similar legislation) is enacted, the department should then proceed with the required JCCR review and approval process.

RS:LS:LM:jb

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DATE: February 16, 2001  
TO: Representative  
Members, Joint  
THRU: Richard Stavne  
FROM: Brian Schmitz,  
SUBJECT: DEPARTMENT  
CONTROL PR

### **Request**

The Department of Emergency and Military Affairs (DEMA) provides an update on the status and

### **Recommendation**

No committee action is required.

### **Analysis**

Laws 1999, Chapter 181 appropriated funds to the Department of Emergency and Military Affairs (DEMA) for a series of legislative appropriations to fund the Clifton Flood Control Project from flooding.

Clifton, located on the San Francisco Bay, has been flooded for many years. In response to a major flood in 1999, the town of Clifton designed a control system to guard the town from flooding. The DEMA submission provides a timeline for the Clifton Flood Control Project.

Only a small part of the project (a levee gate) designed to protect the town from flooding in 1999. In 2000 and 2001, a revenue bond was issued to fund the levee. This is the last component of the project.

Because the state appropriations for the Clifton Flood Control Project and recreational park has been divided into two phases, Phase 1 and Phase 2 is estimated to be finished by 2003.

RS:BS:jb  
Attachments

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## MINUTES OF THE MEETING JOINT COMMITTEE ON CAPITAL REVIEW

December 14, 1999

The Chairman called the meeting to order at 2:40 p.m. Tuesday, December 14, 1999, in Senate Appropriations Room 109 and attendance was noted.

Members:	Senator Gnant, Chairman Senator Arzberger Senator Bowers Senator Brown Senator Smith Senator Solomon	Representative Burns, Vice-Chairman Representative Cooley Representative Weason Representative McLendon Representative Nichols
Absent:	Senator Wettaw	Representative Daniels Representative Johnson
Staff:	Richard Stavneak Jennifer Vermeer Lorenzo Martinez Lynne Smith	Adele Garcia Chris Earnest Indya Kincannon Paul Shannon
Others:	Greg Fahey, UofA Joel Valdez, UofA Charlene Ledet, UofA Dick Roberts, UofA Jim Hillyard, ADJC Dr. Philip Geiger, SFB	David Lujan, Atty. General's Office Bruce Ringwald, ADOA Tony Seese-Bieda, ABOR Dave Harris, ABOR Gene Messer, DHS Vicki Davis, DHS

SENATOR GNANT ASKED FOR CORRECTIONS OR ADDITIONS TO THE MINUTES OF OCTOBER 14, 1999. HEARING NONE, THE MINUTES WERE APPROVED AS PRESENTED.

**ARIZONA DEPARTMENT OF ADMINISTRATION** - Review Scope, Purpose and Expenditure Plan for the Construction of the Sexually Violent Persons Facility.

REPRESENTATIVE BURNS MOVED THE COMMITTEE GIVE A FAVORABLE REVIEW TO THE SCOPE, PURPOSE AND EXPENDITURE PLAN FOR THE CONSTRUCTION OF THE 60-BED SEXUALLY VIOLENT PERSONS FACILITY TO BE CONSTRUCTED AT THE ARIZONA STATE HOSPITAL AND THAT ANY TRANSFERS AMONG THE SUBMITTED COST CATEGORIES IN EXCESS OF \$100,000 BE REPORTED TO THE JLBC STAFF PRIOR TO EXPENDITURE. The motion carried.

**ARIZONA DEPARTMENT OF ADMINISTRATION** - Review the Scope of the Sexually Violent Persons Facility.

Representative Weason inquired why the sexually violent persons program currently does not have adequate space for support services, such as attorney/client visitation.

JLBC Staff analyst, Jennifer Vermeer indicated that the additional support space is required as a result of the growing population.

Representative Weason questioned whether the sexually violent person's facility revealed any type of "log-in" to verify that these facilities were continuously being used.

Jennifer Vermeer indicated that that type of information was not submitted. This type of space is part of their permanent base plan and part of the \$75 million proposed allocation for the Arizona State Hospital (ASH) Campus. What the Committee is reviewing is a temporary arrangement until a permanent plan for ASH is developed.

REPRESENTATIVE BURNS MOVED THE COMMITTEE GIVE A FAVORABLE REVIEW TO THE REVISED SCOPE OF THE SEXUALLY VIOLENT PERSONS FACILITY AUTHORIZED BY LAWS 1998, CHAPTER 1 TO INCLUDE MODULAR CONSTRUCTION FOR SUPPORT SPACE. The motion carried.

**ARIZONA STATE PARKS** - Kartchner Caverns State Park Quarterly Status Report.

Senator Gnant asked what the capacity of tour visitors per day was. JLBC Staff analyst, Chris Earnest responded that he did not know and that no one from State Parks was present to answer that question. Senator Gnant asked if Mr. Earnest if he knew roughly, the tour capacity.

Mr. Earnest indicated that Kartchner Caverns State Park is currently running tours every 20 minutes with a capacity of 14 persons per tour. Mr. Earnest indicated that Kartchner Caverns State Park is sold out until March 2000, at least.

Representative Weason questioned what the source of the Enhancement Fund was.

Mr. Earnest indicated that Enhancement Fund monies come from park entrance fees.

**ARIZONA DEPARTMENT OF JUVENILE CORRECTIONS** - Review Revised Scope of the Southwest Regional Juvenile Corrections Complex.

Senator Smith asked if the state had created additional expense by having the two facilities situated so far apart from one another that the administrative functions could not cover both facilities.

JLBC Staff analyst, Indya Kincannon pointed out that she had visited the site and it was her impression that Eagle Point and Sunrise Mountain are about a ½ mile from each other. Ms. Kincannon remarked that it was her understanding that the agency does not intend to hire any more staff, the additional space would alleviate the inadequacy of space in existing facilities.

Representative Weason expressed concerns about the Black Canyon plan to create an all-female juvenile unit. Representative Weason asked what would happen to the male juveniles.

Ms. Kincannon indicated that the male juveniles would be moved to the Buckeye facility.

Representative Weason asked about the mental health facility for girls and wanted to know why the state was only providing mental health services for females and not males.

Ms. Kincannon remarked that the males already have a mental health facility.

REPRESENTATIVE BURNS MOVED THE COMMITTEE GIVE A FAVORABLE REVIEW TO THE REVISED SCOPE OF THE SOUTHWEST REGIONAL JUVENILE CORRECTIONS COMPLEX AND THAT THE AGENCY SUBMIT A LONG RANGE PLAN FOR ALL BEDS, INCLUDING BUDGET IMPLICATIONS, TO THE JLBC BY JANUARY 21, 2000. The motion carried.

**ARIZONA BOARD OF REGENTS** - Review Revised Multi-Year Bonding Plan for the University of Arizona.

REPRESENTATIVE BURNS MOVED THE COMMITTEE GIVE A FAVORABLE REVIEW TO THE REVISIONS TO THE ARIZONA BOARD OF REGENTS MULTI-YEAR BONDING PLAN FOR THE UNIVERSITY OF ARIZONA. The motion carried.

**ARIZONA BOARD OF REGENTS** - Approval of University of Arizona Bond Projects.

REPRESENTATIVE BURNS MOVED THE COMMITTEE APPROVE THE ISSUANCE OF \$11,300,000 IN ACADEMIC REVENUE BONDS FOR IMPROVEMENTS TO THE MAIN LIBRARY AND AN ADDITIONAL ISSUANCE OF \$10,000,000 IN ACADEMIC REVENUE BONDS FOR PHASE V OF INFRASTRUCTURE IMPROVEMENTS AT THE UNIVERSITY OF ARIZONA. THE COMMITTEE FURTHER RECOMMENDED THAT ANY TRANSFERS AMONG THE SUBMITTED COST CATEGORIES IN EXCESS OF \$100,000 BE REPORTED TO THE JLBC STAFF PRIOR TO EXPENDITURE. The motion carried.

The Chairman adjourned the meeting at 2:50 p.m.

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Adele Garcia, Secretary

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Lorenzo Martinez, Senior Fiscal Analyst

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Senator Randall Gnant, Chairman

NOTE: A full tape recording of this meeting is on file in the JLBC Staff office at 1716 W. Adams.