

JOINT COMMITTEE ON CAPITAL REVIEW

Tuesday, January 21, 2025

9:30 a.m.

Senate Hearing Room 109



STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

JOHN KAVANAGH
CHAIRMAN
LELA ALSTON
DAVID C. FARNSWORTH
MARK FINCHEM
LAUREN KUBY
JANAE SHAMP
PRIYA SUNDARESHAN

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

(602) 926-5491

azjlb.gov

HOUSE OF
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STACEY TRAVERS
MICHAEL WAY

JOINT COMMITTEE ON CAPITAL REVIEW

Tuesday, January 21, 2025

9:30 A.M.

Senate Appropriations, Room 109

MEETING NOTICE

- Call to Order
- [Approval of Minutes of December 18, 2024.](#)
- 1. [*ADOPTION OF COMMITTEE RULES AND REGULATIONS.](#)
- 2. [UNIVERSITY OF ARIZONA](#)
 - [*A. Review of the Center for Applied Molecular and Immunological Therapies \(CAMI\) Building.](#)
 - [*B. Consider Approval of Deferred Maintenance Projects.](#)
 - [*C. Review of UA Health Sciences Building 201 Renovation.](#)
 - [*D. Review of Arizona Public Media Building.](#)
- * Consent Agenda - These items will be considered in one motion and no testimony will be taken.

The Chairman reserves the right to set the order of the agenda.

01/15/2025

JB

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) 926-5491.



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MINUTES OF THE MEETING

JOINT COMMITTEE ON CAPITAL REVIEW

December 18, 2024

The Chairman called the meeting to order at 12:53 p.m. Wednesday, December 18, 2024 in Senate Hearing Room 109. The following were present:

Members:	Senator Kavanagh, Vice-Chairman	Representative Livingston, Chairman
	Senator Bennett	Representative Biasiucci
	Senator Diaz	Representative Carbone
	Senator Fernandez (Temporary member in place of Senator Alston)	Representative Stahl-Hamilton (Temporary member in place of Representative Austin)
Absent:	Senator Alston	Representative Austin
	Senator Borrelli	Representative Blattman
	Senator Hoffman	Representative Chaplik
	Senator Epstein	Representative Contreras

APPROVAL OF MINUTES

Senator Kavanagh moved that the Committee approve the minutes of November 13, 2024. The motion carried.

Chairman Livingston announced that the following consent and regular agenda items were being held:

- 6A. UNIVERSITY OF ARIZONA (UA) - Review of the Center for Applied Molecular and Immunological Therapies (CAMI) Building.
- 6B. UNIVERSITY OF ARIZONA (UA) - Consider Approval of Deferred Maintenance Projects.
- 6C. UNIVERSITY OF ARIZONA (UA) - Review of UA Health Sciences Building 201 Renovation.
- 6D. UNIVERSITY OF ARIZONA (UA) - Review of Arizona Public Media Building.

CONSENT AGENDA

The following items were considered without further discussion:

1. ARIZONA DEPARTMENT OF AGRICULTURE (AZDA) - Review of Rio Rico Building Purchase.

The Arizona Department of Agriculture (AZDA) requested Committee review of its purchase of 141 Paseo De Yucatan Drive in Rio Rico pursuant to A.R.S. § 41-1252. AZDA plans to spend a total of \$4,200,000 from the Federal-State Inspection Fund to purchase and renovate this building to address its increased inspection workload over the last 5 years. The JLBC Staff provided options.

2. ARIZONA DEPARTMENT OF CORRECTIONS (ADC) - Review of FY 2024 HVAC Funding.

A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated for capital projects. The Arizona Department of Corrections (ADC) requested review of \$9,800,000 from its FY 2024 appropriation to replace evaporative cooling systems with air conditioning. The JLBC Staff provided options.

3. ARIZONA EXPOSITION AND STATE FAIR BOARD (AESF) - Review of State Fair Capital Projects.

A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated for building renewal and capital projects. In addition, a FY 2025 budget footnote allows the Arizona Exposition and State Fair (AESF) Board to spend up to \$3,771,400 of its own monies for enhanced state fair operations on capital projects. AESF requested Committee review of \$2,770,000 from the Arizona Exposition and State Fair Fund for major repair and maintenance projects. The JLBC Staff provided options.

4. DEPARTMENT OF FORESTRY AND FIRE MANAGEMENT (DFFM) - Review of Arizona Interagency Dispatch Center Project.

A.R.S. § 41-1252 requires Committee review of capital projects with estimated costs exceeding \$250,000. The Arizona Department of Forestry and Fire Management (DFFM) requests Committee review of \$4,175,400 from the General Fund to construct a new Arizona Interagency Dispatch Center (AIDC). The JLBC Staff provided options.

5. ARIZONA STATE UNIVERSITY (ASU) - Review of Campus Renovation Projects.

A.R.S. § 15-1683 requires Committee review of any university projects financed with system revenue bonds. Arizona State University (ASU) requested Committee review of \$100,000,000 in system revenue bond issuances for building and infrastructure improvements, and classroom and laboratory renovations across all campuses. ASU will fund debt service payments with tuition revenues. The JLBC Staff provided options and potential 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. *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 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, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the projects.*

Senator Kavanagh moved that the Committee:

- *Give a favorable review of consent agenda item 1 with a provision that AZDA provide end of the calendar quarter reports to the Chairman and JLBC Staff on the status of selling the current property until a final sale. Prior to depositing any sale proceeds into a state fund, AZDA shall request Committee review of their expenditure plan for these monies.*
- *Give a favorable review of consent agenda items 2, 3, 4, and 5 with applicable provisions.*

The motion carried by voice vote.

Without objection, the meeting adjourned at 12:55 p.m.

Respectfully submitted:

Jennifer Burns

Jennifer Burns, Secretary

Richard Stavneak

Richard Stavneak, Director

David Livingston

Representative David Livingston, Chairman



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DATE: January 16, 2025

TO: Members of the Joint Committee on Capital Review

FROM: Richard Stavneak, Director

SUBJECT: Adoption of Committee Rules and Regulations

The Committee will consider the attached rules and regulations for adoption at its January 21st meeting. There are 2 technical changes to the rules from the prior session. The revised rule language is capitalized and underlined below and in the attachment.

We have revised Rule 6 (5) to match the existing statutory language that review of new capital projects is required if a project has a cost of MORE THAN \$250,000. The old rule language could be interpreted to apply to projects only with a specific cost of \$250,000.

We have revised Rule 6 (14) to update the old School Facilities Board reference to its current name, the School Facilities OVERSIGHT Board.

RS:jb
Attachment

JOINT COMMITTEE ON CAPITAL REVIEW

RULES AND REGULATIONS

RULE 1

NAME OF COMMITTEE AND METHOD OF APPOINTMENT

The name of the Committee is the Joint Committee on Capital Review, hereinafter referred to as the Committee, consisting of fourteen members designated or appointed as follows:

1. The Chairman of the Senate and House of Representatives Appropriations Committees.
2. The Majority and Minority Leaders of the Senate and House of Representatives.
3. Four members of the Senate and four members of the House of Representatives who are members of their Appropriations Committees and who are appointed to the Committee by the President of the Senate and the Speaker of the House of Representatives, respectively.

RULE 2

CHAIRMAN OF THE COMMITTEE

The Chairman of the Senate Appropriations Committee shall have a term as Chairman of the Joint Committee on Capital Review from the first day of the First Regular Session to the first day of the Second Regular Session of each legislature and the Chairman of the House of Representatives Appropriations Committee shall have a term as Chairman from the first day of the Second Regular Session to the first day of the next legislature's First Regular Session.

RULE 3

QUORUM

A majority of the members of the Committee shall constitute a quorum for the transaction of business.

RULE 4

MEETINGS OF THE COMMITTEE

The Committee shall meet as often as the members deem necessary.

RULE 5

COMMITTEE PROCEEDINGS

The Committee proceedings shall be conducted in accordance with Mason's Manual of Legislative Procedure, except as otherwise provided by these rules.

RULE 6

STATUTORY POWER AND DUTIES OF THE COMMITTEE

The Committee shall:

1. Develop and approve a uniform formula for computing annual building renewal funding needs and a uniform format for the collection of data for the formula.
2. Approve building systems for the purposes of computing and funding building renewal and for preparing capital improvement plans.
3. Review the state capital improvement plan and make recommendations to the Legislature concerning funding for land acquisition, capital projects and building renewal. The recommendations should give priority to funding fire and life safety projects.
4. Review the expenditure of all monies appropriated for land acquisition, capital projects and building renewal.
5. Review the scope, purpose and estimated cost of the project prior to the release of monies for construction of A new capital project that has an estimated cost of MORE THAN \$250,000.
6. Approve transfers within a budget unit of monies appropriated for land acquisition, capital projects or building renewal.
7. Review and approve the acquisition of real property or buildings by the Arizona Department of Administration and Arizona Department of Transportation.
8. Review the acquisition of real property or buildings by the Department of Economic Security.
9. Approve the acquisition of real property or buildings by the Department of Child Safety.
10. Determine the rental fee charged to state agencies for using space in a building owned by the state.
11. Along with the Legislature, approve expenditures from the Corrections Fund by the Director of the Department of Administration for major maintenance, construction, lease, purchase, renovation or conversion of Corrections or state operated juvenile facilities.
12. Review Arizona Board of Regents, Community College and Game and Fish bond projects.
13. Review of Arizona Board of Regents indirect debt financing projects.
14. Review School Facilities OVERSIGHT Board and school district lease-to-own projects.
15. The Committee shall have other duties and responsibilities as outlined in statute or determined by the Chairman, consistent with law.

RULE 7

STAFF

The Joint Legislative Budget Committee Staff shall provide staff assistance to the Committee as directed by the Committee.

RULE 8

AGENDA FOR MEETINGS

An agenda for each Committee Meeting shall be prepared by the Director, and, whenever possible, mailed or delivered to members of the Committee, not less than one week prior to the meeting. The Director must have at least three weeks prior notice for any state agency-requested items that appear on the agenda, unless the Chairman of the Committee approves of a later submission.

RULE 9

ORDER OF BUSINESS

The Order of Business at a committee meeting shall be determined by the Chairman of the Committee. It shall normally be as follows:

- Call to order and roll call
- Approval of minutes
- Director's Remarks (if any)
- Review of capital projects
- Other Business - For Information Only
- Adjournment

RULE 10

ADOPTION AND AMENDMENT OF THE RULES AND REGULATIONS

These rules and regulations shall be adopted and may be amended by a majority vote of the Committee members.



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DATE: January 16, 2025

TO: Members of the Joint Committee on Capital Review

FROM: Grace Timpany, Fiscal Analyst

SUBJECT: University of Arizona – Review of the Center for Applied Molecular and Immunological Therapies (CAMI) Building

Request

A.R.S. § 15-1683 requires Committee review of any university projects financed with system revenue bonds. The University of Arizona (UA) requests Committee review of \$75,000,000 in bond issuances to construct a new research facility for the Center for Advanced Molecular and Immunological Therapies (CAMI) at UA's Phoenix Biomedical Core (PBC) campus. UA intends to fund debt service with indirect cost recovery (university research) funds.

In addition to bond proceeds, UA plans to utilize \$150,000,000 of monies allocated from American Rescue Plan Act (ARPA) funds, \$61,000,000 from tuition, gifts and other university funds, and \$4,000,000 from Maricopa County ARPA funds, for total project costs of \$290,000,000.

This request was originally on the December 2024 agenda, but the item was held for later consideration. Our analysis remains the same as in December.

Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the request.
2. A favorable review of the request with the expectation that UA will not seek JCCR review of any additional bond financing of this project if additional resources above \$75,000,000 are needed. (Vice-Chairman's Option)
3. An unfavorable review of the request.

Under any option, the Committee may also consider the following standard university financing 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. 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 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.

Key Points

- 1) UA plans to construct a 7-story, 205,000 square foot research and academic facility at the Phoenix Biomedical Campus on the southwest corner of Fillmore and 7th Street.
- 2) The total cost of the project is expected to be \$290.0 million. Of this, UA plans to issue \$75.0 million in system revenue bonds.
- 3) The remainder will be funded with \$150.0 million from ARPA funds, \$4.0 million from Maricopa County ARPA funds, and \$61.0 million from gifts, tuition, and other university funds.
- 4) The annual debt service is estimated to be \$4.6 million on the \$75 million bond issuance and will be paid using indirect cost recovery funds.
- 5) UA anticipates issuing the bonds in late 2025 and completing construction in May 2027. UA began construction in November 2024 and will use internal funds to cover the cost until the bond is issued.

Analysis

UA intends to construct a seven story, 205,000 square foot research building at its Phoenix Biomedical Core campus on the southwest corner of Fillmore and 7th Street. The CAMI building will house wet, dry, and clinical research labs to accommodate up to 40 research groups focused on cancer research, and infectious and autoimmune diseases. UA reports that CAMI-based research teams are expected to annually generate \$15.0 million in direct grant and clinical trial funding, \$5.0 million in indirect grant funds. They also anticipate receiving \$10.0 million from licensing, royalty, and equity transactions by year 10 of the project. The university estimates that 100 to 150 new research positions will be created, many of which will be filled by graduates of the Center of Entrepreneurial Innovation at Gateway Community College.

The project is expected to cost a total of \$290.0 million. Of this amount:

- \$150.0 million will be funded with Coronavirus State and Local Fiscal Recovery Funds (SLFRF) from the American Rescue Plan Act (ARPA).
- \$4.0 million will be funded by Maricopa County ARPA funds.
- \$61.0 million will be from gifts, tuition, other university research funds.

UA states that any of the \$61.0 million in project costs not generated via gifts, tuition, or other university revenues may be funded by additional system revenue bonds, which would require

Committee review. The Committee may consider the Vice-Chairman's option, which would give a favorable review of the \$75.0 million in system revenue bonds provided that no additional bonds are issued to fund potential cost increases or to cover costs currently expected to be paid by other sources. The Vice-Chairman proposed the same option in December when he was the JCCR Chairman.

Apart from the construction funding, the City of Phoenix will provide \$20.0 million of support for CAMI, including \$16.5 million from the Downtown Community Reinvestment Fund and abatement of ground lease rent for the term of the project. Upon completion of building construction, the \$16.5 million will be paid to the university in annual \$1.5 million installments over 11 years. Funding will be used for debt service or to offset the cost of operations. Additionally, the City of Phoenix currently has a ground lease with the university, renting the land at a cost of \$1.85 per square foot or approximately \$379,250 annually for the CAMI building. The City will abate the rent for 30 years following construction completion.

Financing

UA intends to issue \$75.0 million in system revenue bonds with an anticipated rating of Aa2 (Moody's)/AA- (S&P) and an estimated interest rate of 4.45% over a 30-year term. The university states that construction began in November 2024, and it will expend the \$150.0 million from ARPA before issuing bonds in late 2025. Estimated issuance costs are \$635,000.

UA anticipates issuing the bonds in late 2025. They will use internal funds to cover the cost until the bonds are issued. UA will use bond proceeds to reimburse their internal funds.

The annual debt service for this project will be approximately \$4.6 million, funded with indirect cost recovery funds. *(See Table 2 for a summary of the bond financing terms.)*

The debt service on this project increases UA's current debt ratio by 0.10% from 3.70% to 3.80%. Including all UA projects on the agenda, the debt ratio will increase to 4.15%.

Construction Costs

Of the \$290.0 million total project cost, direct construction costs (excluding items such as design and project management costs) are \$232.0 million. Total project costs per square foot are \$1,415 and direct construction costs per square foot are \$1,132 *(see Table 1)*.

UA provided 3 cost comparisons for previously reviewed UA projects and 4 cost comparisons for similar projects completed in other states, which are summarized in *Table 3*. The projects' cost per square foot ranges from \$543 to \$1,104. For the projects from other states, UA states that cost per square foot was adjusted based on inflation rates and project location.

UA states that construction costs have increased due to a 16% increase in materials and labor between 2020 and 2023, with continued increases in inflation.

The project is being delivered through a Design-Build (DB) method. Project development is being completed in multiple phases of which the first phase of design has been completed. The entire project is expected to be completed by May 2027.

Operations and Maintenance Costs

UA expects annual Operations and Maintenance cost for the project to be \$1.8 million and plans to pay for these costs with state appropriations.

Table 1

UA CAMI Building Construction

Total Square Footage	205,000	
<u>Funding</u>		
System Revenue Bonds	\$75.0 million	
ARPA SLFRF	150.0 million	
Maricopa County ARPA	4.0 million	
Gifts, tuition, and indirect cost recovery	<u>61.0 million</u>	
Total	\$290.0 million	
<u>Costs</u>		
Direct Construction Costs	<u>\$232.0 million</u>	(\$1,132 per sq. ft.)
Other Costs ^{1/}	<u>\$58.0 million</u>	(\$283 per sq. ft.)
Total	\$290.0 million	(\$1,415 per sq. ft.)
Operations and Maintenance	\$1.8 million	

^{1/} Includes equipment, furniture, project design and management fees, and other costs.

Table 2

UA CAMI Financing Terms

Construction Timeframe	November 2024 – May 2027
Issuance Amount	\$75.0 million
Issuance Date	Late 2025
Issuance Transaction Fees	\$635,000
Rating	Aa2 (Moody's)/AA- (S&P)
Interest Rate	4.45%
Term	30 years
Total Debt Service Costs	\$136.0 million
Debt Service Payments	\$4.6 million
Payment Source	Indirect Cost Recovery Funds
Debt Ratio Increase	0.10%

Table 3

UA CAMI Construction Comparison

	<u>Project Location</u>	<u>Total Square Feet</u>	<u>Cost/ Square Foot</u>
<u>Previous UA Projects</u>			
Grand Challenges Research Building	-	107,877	\$918
Applied Research Building	-	89,000	\$955
Biomedical Sciences Partnership	-	245,000	\$543
<u>Out-of-State Projects^{1/}</u>			
SJSU Interdisciplinary Science Building	San Jose, CA	163,000	\$1,051
Cornell Physical Sciences Building	Ithaca, NY	198,00	\$1,104
UCI Interdisciplinary Science & Engineering	Irvine, CA	165,577	\$928
UNR Life Sciences Building	Reno, NV	81,000	\$1,101

^{1/} UA used a project location factor and annual inflation rates to adjust comparable costs.

GT:jbu

BUSINESS AFFAIRS

Administration Building Room 712
PO Box 210066
Tucson, AZ 85721-0066
Ofc: 520-621-5977
Fax: 520-621-7714



November 26, 2024

The Honorable David Livingston
Chairman, Joint Committee on Capital Review
House of Representatives 1
1700 West Washington St.
Phoenix, Az 85007

Dear Representative Livingston:

In accordance with A.R.S. §15-1683, the Arizona Board of Regents requests the Center for Advanced Molecular Immunological Therapies (CAMI) project for the University of Arizona (U of A) be placed on the next Joint Committee on Capital Review agenda.

The total project cost will be \$290 million, of which \$75 million will be financed through System Revenue Bonds issued by U of A. U of A plans to use indirect cost recovery funds to pay the debt service. The estimated annual debt service for the project is \$4.6 million, increasing U of A's annual debt service ratio by 0.10%. The remainder of the project will be paid for as follows:

- \$150 million in state American Rescue Plan Act (ARPA) funding
- \$4 million in Maricopa County ARPA funding
- \$61 million from gifts, tuition, indirect cost recovery, and potentially an additional debt issuance

Additionally, the City of Phoenix unanimously voted to provide \$20 million in financial backing for CAMI. The \$20 million includes \$16.5 million in payments from the Downtown Community Reinvestment Fund, as well as the abatement of ground lease rent for the term of the project.

Project Summary

CAMI will be a national biomedical research hub on the U of A's downtown Phoenix Biomedical Core ("PBC") campus. Located on the southwest corner of Fillmore Street and 7th Street, the seven-story, 205,000 square foot building is being designed to house up to 40 principal investigator-led research groups. Researchers and physician-scientists based out of CAMI will use precision medicine to develop new cell- and gene-based therapeutical options for diseases, building on the concept that the most effective defense against health issues is the body's natural immune system. CAMI will accelerate the pursuit of immunotherapies already underway at the U of A, and open new doors to advance precision medicine to improve health outcomes for people across Arizona and around the world.

CAMI Research & Discovery

The CAMI building will provide space to accommodate approximately 40 research teams focused on the following areas:



- **Cancer**
Immunotherapy holds the promise of a new standard of care for treatments of cancer, a disease that disproportionately affects older people. Immunotherapy can generate precise drug treatments based on the individual patient's unique features of their cancer. The research that will take place at CAMI has the potential to fundamentally change the way cancers are treated.

- **Infectious Diseases**
The relevance of classic immunological therapies has been highlighted throughout the COVID-19 pandemic. Through the discovery and interdisciplinary research done at CAMI, new immunotherapies will be able to overcome the challenges typically faced by existing infectious disease prevention, such as drug toxicity and resistance. Ultimately, this work can change how public health efforts combat communicable diseases in Arizona and around the world.

- **Autoimmune Diseases**
Living with an autoimmune disease means the body is fighting against itself every day. The body's natural defense system cannot distinguish between its own cells and foreign cells, causing it to mistakenly attack normal cells. Research will help the body gain control over this fight. CAMI research will create immunotherapies that target or alter components of the immune system to suppress specific autoimmune diseases such as type 1 diabetes, lupus, rheumatoid arthritis, and Crohn's disease.

Once established, CAMI's research teams are expected to generate \$15 million in direct grant and clinical trial funding and an additional \$5 million in indirect grant funds annually. In addition, within the next 10 years, the U of A anticipates generating an additional \$10 million dollars annually from licensing, royalty, and equity deals from new companies that are launched based on CAMI research.

Workforce Development

Student education will be prioritized in learning spaces dedicated to programs that will allow CAMI faculty and researchers to mentor and train the next generation of scientists. A principal function of CAMI's research laboratories and student office/cubicle space is to facilitate hands-on student participation and innovation. Students with strong experience working on multidisciplinary and application-driven project teams are highly sought in today's economy. It is estimated that 100 to 150 new, high wage research positions will be created at CAMI, many of which will be filled by graduates of the Center for Entrepreneurial Innovation at Gateway Community College.

Opportunity for Public/Private Partnerships

CAMI will serve as the anchor for PBC's innovation district, a center of cell and gene therapy research, start-up activity, and corporate engagement. Laboratory space in CAMI will be designed to support translational research, clinical research, and startup incubators to create an environment ripe for commercialization opportunities. For example, the first three projects of the existing CAMI initiative have already resulted in public-private partnerships. This includes efforts to:

- Cure type 1 diabetes, in partnership with the new startup company, Aleutian Therapeutics



- Develop platforms that prevent progression of autoimmune diseases, in partnership with Module Therapeutics
- Personalize cancer therapies, in partnership with Univercells

According to a 2022 economic analysis by The Rounds Consulting Group, CAMI is expected to generate a return on investment of 2.5-to-1 in its first 10 years.

Access to Immunotherapies for Arizonans

CAMI will work with clinical partners in Phoenix and across the state to ensure the latest personalized treatments are made available to Arizonans. Treatments to target the specific causes of an individual’s illness are becoming a reality, especially for diseases like cancer. However, these treatments are often only available at the hospitals and institutions that created the therapy because they must be personalized and cannot be mass-produced. A critical component of CAMI is to incorporate the latest basic insights and cutting-edge technologies into the facility to make these therapies available to Arizonans.

Project Phases and Costs

CAMI was included in U of A’s FY 23 Capital Improvement Plan. U of A is using design-build as the project delivery method, and a variety of procurement methods are being engaged for sub-contractor selection including lowest qualified bid. The project is being developed in multiple phases because the ARPA grant funds are required to be spent by October of 2026. This phased approach will allow construction to start earlier than a traditional design build project.

The first phase of design is complete and has been submitted to the City of Phoenix for permitting. The construction start date for this work was mid-November 2024. The remaining phases consist of the building exterior and interior structures. Construction on these phases will commence in the spring and summer of 2025. The entire project is scheduled to be completed in May 2027, with occupancy taking place over the summer of 2027.

Below is the estimated cost associated with each major area of the project.

\$ 32,000,000	Pre-construction Costs <ul style="list-style-type: none">• Design-build fees• Pre-construction phase project management
\$ 230,000,000	Building Construction Costs <ul style="list-style-type: none">• Demolition• New Construction• Construction Inspections• Telecommunications• Contingency
\$ 12,500,000	Site/Utilities Construction Costs <ul style="list-style-type: none">• Development of exterior area connecting building components



- Site utilities and infrastructure

\$ 15,500,000

Indirect Costs

- Furniture, Fixtures and Equipment
- Testing and Inspections
- State Risk Management Insurance
- Construction phase project management

\$ 290,000,000

Total new project cost

Construction costs have increased dramatically since the end of the pandemic. For example, the construction market saw an approximate 16% increase in materials and labor in the years between 2020 and 2023 due to the rising demand and limited availability of materials and labor. While construction costs have leveled to a more predictable metric, estimators are still seeing roughly 4% to 5% inflation rates since this spike and are forecasting similar inflation rates in the upcoming year(s). The Phoenix market continues to see inflation rates exceeding 5% in the mechanical, electrical, and plumbing fields due to skilled labor shortages.

The table below provides construction costs for similar projects outside of Arizona. The sample projects have been escalated by industry inflation rates published in construction market indexes, such as the RLB Quarterly Construction Cost Report or similar publications, to provide an “apples to apples” cost comparison for the CAMI building.

Similar University Projects In Other States

	Project Location	Year Completed	Building Gross Square Feet (GSF)	Escalated Construction Cost Per GSF to Midpoint of CAMI Construction
SJSU Interdisciplinary Science Building	San Jose, CA	2019	163,000	\$ 1,051
Cornell Physical Sciences Building	Ithaca, NY	2009	198,000	\$ 1,104
UCI Interdisciplinary Science & Engineering Building	Irvine, CA	2018	165,577	\$ 928
UNR Life Sciences Building	Reno, NV	2024	81,000	\$ 1,101

*Data provided by McCarthy Building Companies and Rider Levett Bucknall (RLB). A project location factor has been applied to adjust construction costs to the Arizona market.

Attachment A includes the escalation factors used to calculate the values in the above table.



Summary of Financial Information:

Total Project Budget:	\$290,000,000
Portion of Budget to be Issued:	\$75,000,000
Estimated System Revenue Bond Par Amount:	\$70,400,000
Estimated System Revenue Bond Premium:	\$5,235,000
Estimated Cost of Issuance:	\$635,000
Estimated Interest Rate:	4.45%
Payment Terms:	Approximately 30 years
Fund Source for Total Debt Payment:	Indirect Cost Recovery
Total Annual Debt Service (by fund source):	
Principal & Int. FY26-45 (Avg.) \$4,585,000	Indirect Cost Recovery
Total Debt Service Through Maturity: \$135,977,000	
Anticipated Date of Issuance:	Late 2025
Expected Bond Rating:	AA- (S &P) Aa2 (Moody's)

Debt Ratio Information:

Current Projected Debt Ratio (FY26):	3.70%
Increment Debt Ratio for All Proposed Projects:	0.45%
Projected Highest Debt Ratio:	4.15%

Joint Committee on Capital Review
December 18, 2024 JCCR Meeting
University of Arizona Projects Submission

Center for Advanced Molecular & Immunological Therapies (CAMI)
Tax Exempt System Revenue Bonds
Amortization Schedule

Period Ending	Annual Principal	Annual Interest	Annual Debt Service
6/1/2026	990,000	2,053,000	3,043,000
6/1/2027	1,115,000	3,470,000	4,585,000
6/1/2029	1,170,000	3,414,000	4,584,000
6/1/2030	1,230,000	3,356,000	4,586,000
6/1/2031	1,290,000	3,294,000	4,584,000
6/1/2032	1,355,000	3,230,000	4,585,000
6/1/2033	1,420,000	3,162,000	4,582,000
6/1/2034	1,495,000	3,092,000	4,587,000
6/1/2035	1,565,000	3,016,000	4,581,000
6/1/2036	1,645,000	2,938,000	4,583,000
6/1/2037	1,730,000	2,856,000	4,586,000
6/1/2038	1,815,000	2,770,000	4,585,000
6/1/2039	1,905,000	2,680,000	4,585,000
6/1/2040	2,000,000	2,585,000	4,585,000
6/1/2041	2,100,000	2,485,000	4,585,000
6/1/2042	2,205,000	2,378,000	4,583,000
6/1/2043	2,315,000	2,268,000	4,583,000
6/1/2044	2,430,000	2,152,000	4,582,000
6/1/2045	2,555,000	2,032,000	4,587,000
6/1/2046	2,680,000	1,904,000	4,584,000
6/1/2047	2,815,000	1,770,000	4,585,000
6/1/2048	2,955,000	1,628,000	4,583,000
6/1/2049	3,105,000	1,482,000	4,587,000
6/1/2050	3,255,000	1,326,000	4,581,000
6/1/2051	3,420,000	1,164,000	4,584,000
6/1/2052	3,590,000	992,000	4,582,000
6/1/2053	3,770,000	812,000	4,582,000
6/1/2054	3,960,000	624,000	4,584,000
6/1/2055	4,155,000	426,000	4,581,000
6/1/2056	4,365,000	218,000	4,583,000
	70,400,000	65,577,000	135,977,000



Sincerely,

A handwritten signature in dark ink, appearing to read "John S. Arnold", is written over a faint, light-colored signature line.

John S. Arnold
Sr. Vice President, COO and CFO

cc: Richard Stavneak, Director, JLBC
Grace Timpany, Fiscal Analyst
Senator John Kavanagh, Vice-Chairman

EXECUTIVE SUMMARY

Item Name: Individual Project and Financing for the Center for Advanced Molecular Immunological Therapies for the University of Arizona

Action Item

Requested Action: The University of Arizona (U of A) asks the board for individual project and financing approval of its Center for Applied Molecular and Immunological Therapies (CAMI), as described in this executive summary. The 205,000 square foot, \$290 million major capital project will be financed with system revenue bonds, State and County ARPA funds, local funds, and gifts. The debt service will be paid over 30 years from retained tuition and state capital infrastructure funds.

Background/History of Previous Board Action

- Capital Improvement Plan FY 2025 – 2028 September 2023
- This project is included in U of A's Annual Capital Plan (ACP) submitted at this meeting.

Project Justification/Description/Scope

- U of A is seeking to build a new 205,000 Gross Square Feet (GSF) research and academic facility to house the next phase of expansion on the Phoenix Bioscience Core (PBC). The new building will include space for the new Center for Advanced Molecular and Immunological Therapies (CAMI) and other academic and core research laboratory support spaces to enhance U of A's research and academic enterprises in the Phoenix area.
- The new CAMI building will be located on the prominent southwest corner of Filmore Street and 7th Street.
- The new building will be high-rise construction and will house wet lab research space to accommodate thirty-six to forty principal investigators, clinical research space, and dry lab space. Wet lab space will be capable of supporting BSL2 type research and will include provisions for drug development in addition to a Good Manufacturing Process (GMP) laboratory for the use of developing drugs for use in clinical trials. An expansion of the existing underground research core (vivarium) is to be included in the program and will be shelled for future build out.

Contact Information:

John Arnold, U of A

johnarnold@arizona.edu

520-621-5977

EXECUTIVE SUMMARY

- This project encompasses 205,000 GSF, which includes approximately 128,000 Net Assignable Square Feet (NASF). This first phase of construction includes 45,000 NASF of wet lab space, 15,000 NASF of clinical research and core lab space, and 25,000 NASF of shared academic and collaboration space. An additional 30,000 NASF of wet lab space and 7,000 NASF of vivarium space is shelled and planned for future expansion.

Project Delivery Method and Process

- This project is being delivered through the Design-Build (D-B) delivery method. This approach was selected for this project because it can provide early cost control, save time through fast-track project scheduling while still providing contractor design input and coordination throughout the project, improving potentially adversarial project environments and still allowing for the selection of the most qualified architect-contractor team for this project. Through peer review of the D-B's cost estimate at each phase, and low-bid subcontractor work for the actual construction work, this method also provides a high level of cost and quality control.
- The Design-Builder provides a Guaranteed Maximum Price (GMP) based upon the amount previously agreed upon in the D-B agreement. The Design-Builder is at risk to provide the completed project within that price. In the selection of major subcontractors, the Design-Builder uses a qualification-based selection process prescribed by the ABOR Procurement Code to allow major subcontractors a design-assist role during the design phase. All remaining subcontractor work is awarded on the basis of the lowest responsive and responsible subcontractor bids. For this work, a minimum of three subcontractor bids will be required, except for specialty items or instances where proprietary systems are required, such as for energy management systems and door locks. A final report on project control procedures will be provided at project completion.
- The D-B Team was selected through the capital project selection committee process prescribed by the ABOR Procurement Code. A licensed contractor was included on the selection committee as required by ABOR Policy.

Project Status and Schedule

- This project is on a fast track with multiple phases. The early construction and permit packages for site demolition, foundation, and site utilities are underway while Design Development for the building envelope and interior fit-out of the program spaces is occurring. The construction documents phase for the building's structural/skin and the interiors is scheduled to commence November 2024.
- Project construction is scheduled to commence during November 2024, with substantial completion anticipated for May 2027.

EXECUTIVE SUMMARY

Project Cost

- The construction cost for this project is \$230 million (\$1,132 per GSF), and the total project cost is \$290 million (\$1,415 per GSF).
- Comparable similar previously approved projects:

Comparable Similar Previously Approved Projects					
Project	University	Total Project Budget	Project GSF	Total \$/GSF	Constr. \$/GSF
Grand Challenges Research Building	U of A	\$99,000,000	107,877	\$918/gsf	\$748/gsf
Applied Research Building	U of A	\$85,000,000	89,000	\$955/gsf	\$746/gsf
Biomedical Sciences Partnership Building	U of A	\$133,000,000	245,000	\$543/gsf	\$467/gsf

Fiscal Impact and Financing Plan

- U of A plans to finance \$75.0 million for the project using system revenue bonds (SRBs). The annual debt service on the SRBs is estimated to be \$4.6 million based on a conservative budget of 5 percent interest rate for a 30-year maturity. U of A plans to use Indirect Cost Recover to pay the debt service. U of A plans to use State and County ARPA funds, local funds, additional bond funding, and gifts to finance the remaining \$215 million project costs.
- When the bond is issued for the project, the U of A's estimated outstanding debt at the end of the fiscal year will be \$1.62 billion. At the same time, the University would have retired \$78.2 million in debt principal.
- The estimated Operations and Maintenance (O&M) cost for the project is \$1,774,500. The U of A plans to fund the O&M with state appropriations.
- U of A will:
 - (a) sell one or more series of system revenue bonds to finance the project, costs of issuance and payments to a bond insurer or other credit enhancer, provided such payments result in a benefit that exceeds the amount of such payments;
 - (b) sell bonds at a price at, above or below par, on a tax-exempt or taxable basis, in one or more series, at a fixed or variable rate of interest;
 - (c) enter into necessary agreements, including those related to bond insurance or other credit enhancement agreements; and
 - (d) utilize a financial advisor, bond counsel, and bond trustee for the financing. The system revenue bonds will be marketed and sold on a negotiated basis, either to

EXECUTIVE SUMMARY

one or more investment banking firms currently in a pool of bond underwriters procured by the three state universities or by the State of Arizona or by a direct sale to a bank or banks or other financial institutions.

Debt Ratio Impact

- The estimated annual debt service of \$4.6 million on this project's SRBs would increase the U of A debt ratio by 0.1 percent. The projected highest debt ratio is 4.3 percent, excluding SPEED revenue bonds, and 5.1 percent if including SPEED revenue bonds. This remains well below the 8.0 percent debt ratio limit established by ABOR policy and state statute.

Occupancy Plan

- The project will provide new research space for the newly created center.
- This facility will provide new space for new faculty and research. It is not anticipated that any existing space will be released, or that any existing facilities will be demolished.

Committee Review and Recommendation

The University Governance and Operations Committee reviewed this item at its September 12, 2024, meeting and recommended forwarding the item to the board for approval.

Statutory/Policy Requirements

- Pursuant to ABOR Policy 7-102.B.4, each university shall submit an individual project and financing plan.
- Individual project and financing plans are reviewed by the University Governance and Operations Committee and approved by the board.
- Approval of the individual project and financing plan authorizes the university to proceed with financing and execution of construction contracts for the project.

EXECUTIVE SUMMARY

**University of Arizona
Capital Project Information Summary
Center for Advanced Molecular Immunotherapies (CAMI)**

Project Description / Location:

This project will be a new research facility for the Center for Advanced Molecular and Immunological Therapies and will include clinical research and core facilities to support the Center along with the other research missions on the Phoenix campus. The project will be located at the Phoenix Bioscience Core in downtown Phoenix.

<u>FY 2025 Annual Capital Plan September 2024</u>	<u>Individual Project Financing Report September 2024</u>
---	---

Project Schedule (Beginning Month/Year):

Planning	August 2023	August 2023
Design	January 2024	January 2024
Construction	November 2024	November 2024
Occupancy	June 2027	June 2027

Project Budget:

Total Project Cost	\$ 290,000,000	\$ 290,000,000
Total Project Cost per GSF	\$ 1,415	\$ 1,415
Direct Construction Cost - New	\$ 232,000,000	\$ 232,000,000
Construction Cost per GSF - New	\$ 1,132	\$ 1,132
Direct Construction Cost - Renovation	\$ N/A	\$ N/A
Construction Cost per GSF - Renovation	\$ N/A	\$ N/A
Change in Annual Oper./Maint. Cost		
Utilities	\$ 820,000	\$820,000
Personnel	\$ 638,600	\$ 638,600
Other	\$ 315,900	\$ 315,900

Funding Sources:

Capital:

- | | | |
|---------------------------|----------------|----------------|
| • State/County ARPA Funds | \$ 154,000,000 | \$ 154,000,000 |
| • System Revenue Bonds | \$136,000,000 | \$75,000,000 |
| • Local Funds and Gifts | \$ 0 | \$ 61,000,000 |

Operation/Maintenance:

- | | | |
|-----------------------------------|-------------|-------------|
| • State Appropriation and Tuition | \$1,774,500 | \$1,774,500 |
|-----------------------------------|-------------|-------------|

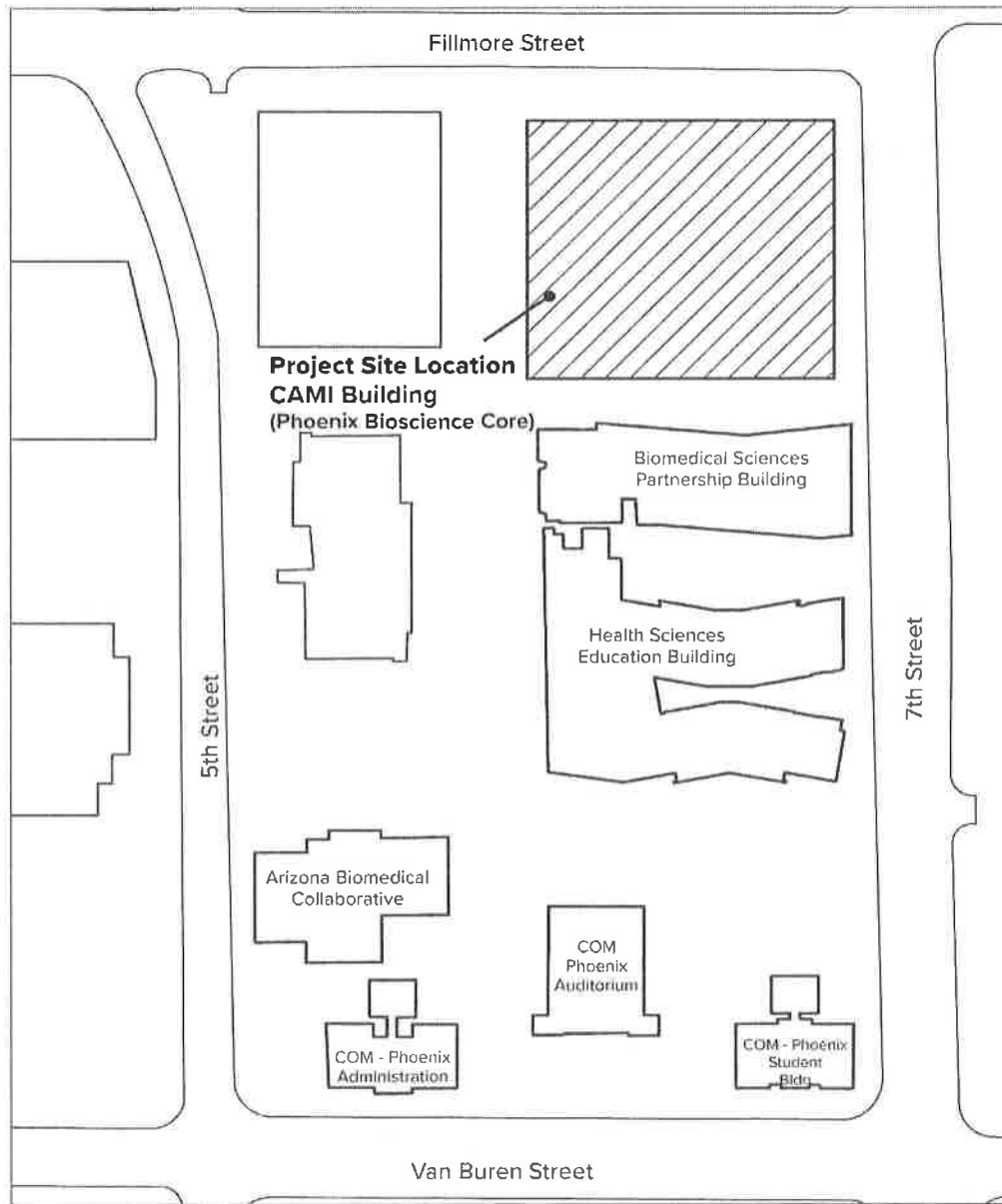
EXECUTIVE SUMMARY

**University of Arizona
Capital Project Budget Summary
Center for Advanced Molecular Immunotherapies (CAMI)**

<u>Date of Budget Estimate</u>	<u>FY 2025 Annual Capital Plan Sept 2024</u>	<u>Individual Project Financing Report Sept 2024</u>
1. Land	\$ 0	\$ 0
2. Construction Cost		
A. New Construction	\$ 228,000,000	\$ 228,000,000
B. Renovation	\$ 0	\$ 0
C. Fixed Equipment	\$ 3,000,000	\$ 3,000,000
D. Site Development (exclude 2.E.)	\$ 0	\$ 0
E. Parking & Landscaping	\$ 0	\$ 0
F. Utilities Extensions	\$ 1,000,000	\$ 1,000,000
G. Other (asbestos only)	\$ 0	\$ 0
Subtotal Construction Cost	\$ 232,000,000	\$ 232,000,000
3. Consultant Fees		
A. Construction Manager	\$ 0	\$ 0
B. Architect/Engineering Fees	\$ 29,000,000	\$ 29,000,000
C. Other (Programming, Special Consult.)	\$ 2,000,000	\$ 2,000,000
Subtotal Consultant Fees	\$ 31,000,000	\$ 31,000,000
4. Furniture Fixtures and Equipment	\$ 8,000,000	\$ 8,000,000
5. Contingency, Design Phase	\$ 4,000,000	\$ 4,000,000
6. Contingency, Construction Phase	\$ 7,000,000	\$ 7,000,000
7. Parking Reserve	\$ 0	\$ 0
8. Telecommunications Equipment	\$ 2,300,000	\$ 2,300,000
Subtotal Items 4-8	\$ 21,300,000	\$ 21,300,000
9. Additional University Costs		
A. Surveys and Tests	\$ 1,400,000	\$ 1,400,000
B. Move-in Costs	\$ 100,000	\$ 100,000
C. Public Art	\$ 0	\$ 0
D. Printing/Advertisement	\$ 0	\$ 0
E. Univ. Facilities & Project Management	\$ 3,000,000	\$ 3,000,000
F. State Risk Mgt. Ins	\$ 1,200,000	\$ 1,200,000
Subtotal Additional University Costs	\$ 5,700,000	\$ 5,700,000
TOTAL CAPITAL COST	\$ 290,000,000	\$ 290,000,000

EXECUTIVE SUMMARY

**University of Arizona
Project Site Location Map
Center for Advanced Molecular Immunotherapies (CAMI)**



**Center for Advanced Molecular &
Immunological Therapies (CAMI) Building**

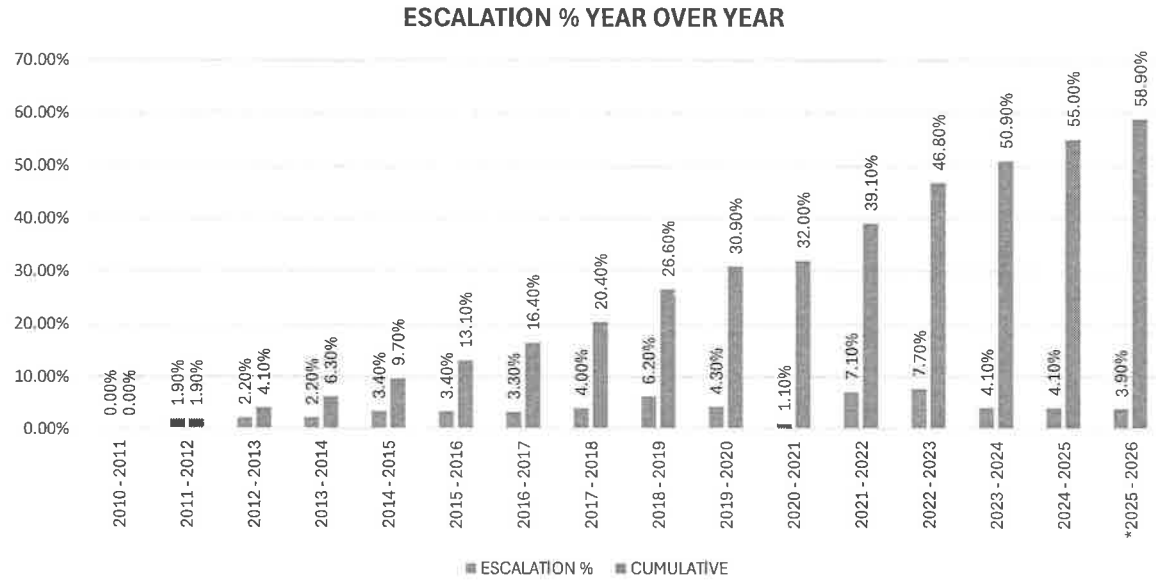




YEAR	ESCALATION %	CUMULATIVE
2010 - 2011	0.00%	0.00%
2011 - 2012	1.90%	1.90%
2012 - 2013	2.20%	4.10%
2013 - 2014	2.20%	6.30%
2014 - 2015	3.40%	9.70%
2015 - 2016	3.40%	13.10%
2016 - 2017	3.30%	16.40%
2017 - 2018	4.00%	20.40%
2018 - 2019	6.20%	26.60%
2019 - 2020	4.30%	30.90%
2020 - 2021	1.10%	32.00%
2021 - 2022	7.10%	39.10%
2022 - 2023	7.70%	46.80%
2023 - 2024	4.10%	50.90%
2024 - 2025	4.10%	55.00%
*2025 - 2026	3.90%	58.90%

*Forecasted

Table based on RLB Historical TPI Data for Phoenix Region





STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

JOHN KAVANAGH
CHAIRMAN
LELA ALSTON
DAVID C. FARNSWORTH
MARK FINCHEM
LAUREN KUBY
JANAE SHAMP
PRIYA SUNDARESHAN

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

(602) 926-5491
azjbc.gov

HOUSE OF
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STEPHANIE STAHL-HAMILTON
STACEY TRAVERS
MICHAEL WAY

DATE: January 16, 2025

TO: Members of the Joint Committee on Capital Review

FROM: Grace Timpany, Fiscal Analyst

SUBJECT: University of Arizona – Consider Approval of Deferred Maintenance Projects

Request

A.R.S. § 15-1671 requires Committee approval of any 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. The University of Arizona (UA) requests Committee approval of \$45,000,000 in bond issuances for deferred maintenance projects on its Main Campus.

This request was originally on the December 2024 agenda, but the item was held for later consideration. Our analysis remains the same as in December.

Committee Options

The Committee has at least the following 2 options:

1. Approval of the request.
2. Disapproval of the request.

Under either option, the Committee may also consider the following standard university financing 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. 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 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.

Key Points

- 1) UA plans to complete deferred maintenance projects across multiple buildings on their Main Campus, including upgrades to major building systems, fire alarm systems, elevator modernizations, campus streets, and HVAC upgrades.
- 2) These projects will be funded with \$45.0 million in system revenue bonds.
- 3) The annual debt service will be \$3.3 million with 50% paid by General Fund appropriations and 50% paid by tuition revenue.

Analysis

UA intends to complete deferred maintenance projects across multiple buildings on its Main Campus to address the university's aging building infrastructure needs. Projects will address life and safety items, including fire alarm systems, elevator modernizations, electrical code compliance, building automation, and roof, plumbing and campus street repairs. The university states that aging building components have reached the end of their useful life, and the upgrades will address compliance with safety and Americans with Disabilities Act (ADA) requirements.

Financing

UA plans to use \$45.0 million in system revenue bonds with an anticipated rating of Aa2 (Moody's)/AA-(S&P) and an estimated interest rate of 3.80% over a 20-year term. Estimated issuance costs are \$365,000.

The annual debt service will be \$3.3 million from FY 2026 to FY 2045. Of the total \$65.4 million in debt service costs, \$32.7 million will be paid from tuition revenue and \$32.7 million will be paid from the General Fund. (*See Table 1 for a summary of the bond financing terms*).

The debt service on these projects will increase UA's current debt ratio by 0.11% from 3.70% to 3.81%. Including all UA projects on the agenda, the debt ratio will increase to 4.15%.

University Capital Infrastructure Funds (2017 Bonding Package)

Laws 2017, Chapter 328 established A.R.S. § 15-1671, which provides General Fund appropriations from FY 2019 to FY 2043 for new university research facilities, building renewal, or other capital construction projects. The law appropriates \$27.0 million to the universities in FY 2019 and increases the appropriation each year thereafter by 2.0% or the rate of inflation, whichever is less. The FY 2025 appropriations are allocated to each university as follows:

- ASU: \$13,300,700
- NAU: \$5,041,400
- UA: \$11,766,600
- **Total: \$30,108,700**

The universities may use these monies for debt service on infrastructure long-term financing and for cash construction costs. New debt issued under this program may not exceed \$1.0 billion.

Under the law, each university's General Fund appropriation is deposited into a newly-created Capital Infrastructure Fund (CIF). Each university must match any General Fund contributions to its fund that are used for debt service payments at a 1:1 rate. The \$1.0 billion of new projects would thus be funded half by state appropriations and half from university resources.

Debt service payments made on CIF-funded projects are included in the universities' statutory debt limit. Any cash-based capital projects funded with CIF monies must be reviewed by the Joint Committee on Capital Review, and any debt-financed projects funded with CIF monies must be approved by the Committee.

UA has previously received Committee review/approval for 8 CIF-funded projects totaling \$243.7 million in bonds issued and \$42.9 million in cash expenditures. The deferred maintenance projects will increase bond issuances by \$45.0 million.

Construction Timeframe	Through December 2025
Issuance Amount	\$45.0 million
Issuance Date	Early 2025
Issuance Transaction Fees	\$365,000
Rating	Aa2 (Moody's)/AA- (S&P)
Interest Rate	3.80%
Term	20 years
Total Debt Service Costs	\$65.4 million
Debt Service Payments	\$3.3 million
Payment Source	\$32.7 million General Fund (CIF) \$32.7 million tuition (CIF)
Debt Ratio Increase	0.11%

GT:jbu

BUSINESS AFFAIRS

Administration Building Room 712
PO Box 210066
Tucson, AZ 85721-0066
Ofc: 520-621-5977
Fax: 520-621-7714



November 26, 2024

The Honorable David Livingston
Chairman, Joint Committee on Capital Review
House of Representatives 1
1700 West Washington St.
Phoenix, Az 85007

Dear Representative Livingston:

In accordance with A.R.S. §15-1671, the Arizona Board of Regents request the proposed deferred maintenance projects for the University of Arizona (U of A) be placed on the next Joint Committee on Capital Review agenda.

The total cost for the deferred maintenance projects is \$45 million. This includes various general deferred maintenance projects for U of A campus buildings and streets. The projects will be financed through \$45 million of System Revenue Bonds (SRBs) issued by the U of A. The U of A plans to use state appropriations from the Capital Infrastructure Fund (CIF) to pay for half of the debt service and retained tuition matching funds to pay the other half. The estimated annual debt service for the project is \$3.3 million, increasing the U of A's annual debt service ratio by 0.11%.

Project Summary

The general deferred maintenance projects for U of A's campus buildings and streets consist of various fire alarm and sprinkler, heating and cooling, building automation, and campus street upgrades. In addition, various plumbing and heat exchangers, roofs, and generators will be replaced. All campus systems and infrastructure receive routine preventative inspections, maintenance, and repairs. The building components being upgraded, repaired, or replaced have reached the end of their useful life and are necessary to ensure compliance with safety codes and the American with Disabilities Act. The various project delivery methods and processes for the projects will include competitive bids, government contracts, and job order contracting. All deferred maintenance projects will be completed by the end of calendar 2025.

Total Project Cost Breakdown:

\$45,000,000

General Campus Deferred Maintenance

- Fire Alarm and Sprinkler Upgrades
- HVAC Upgrades
- Building Automation Upgrades
- Plumbing and Heat Exchangers Life
- Elevator Code Compliance/Modernizations
- Electrical Code Compliance
- Roof Replacements Life
- Campus Street Upgrades
- ADA Upgrades
- New Generators



THE UNIVERSITY OF ARIZONA
Business Affairs



Bond and Finance Summary

Total Project Budget:	\$45,000,000
Estimated System Revenue Bond Par Amount:	\$40,426,000
Estimated System Revenue Bond Premium Amount:	\$4,939,000
Estimated Cost of Issuance:	\$365,000
Estimated Interest Rate:	3.80%
Payment Terms:	Approximately 20 years
Fund Source for Total Debt Payment:	State Appropriations & Retained Tuition
Total Annual Debt Service (by fund source):	
Principal & Int. FY26-45 (Avg.) \$3,269,000	State Appropriations & Retained Tuition
Total Debt Service Through Maturity: \$65,374,000	
Anticipated Date of Issuance:	Early 2025
Expected Bond Rating:	AA- (S &P) Aa2 (Moody's)
Debt Ratio Information:	
Current Projected Debt Ratio (FY26):	3.70%
Increment Debt Ratio for All Proposed Projects:	0.45%
Projected Highest Debt Ratio:	4.15%

Joint Committee on Capital Review
December 18, 2024 JCCR Meeting
University of Arizona Projects Submission

Deferred Maintenance
Tax Exempt System Revenue Bonds
Amortization Schedule

Period Ending	Annual Principal	Annual Interest	Annual Debt Service
6/1/2026	911,500	2,356,000	3,267,500
6/1/2027	1,294,500	1,974,000	3,268,500
6/1/2028	1,358,500	1,910,000	3,268,500
6/1/2029	1,427,500	1,842,000	3,269,500
6/1/2030	1,498,500	1,771,000	3,269,500
6/1/2031	1,572,500	1,695,000	3,267,500
6/1/2032	1,651,500	1,617,000	3,268,500
6/1/2033	1,733,500	1,535,000	3,268,500
6/1/2034	1,821,500	1,448,000	3,269,500
6/1/2035	1,911,500	1,357,000	3,268,500
6/1/2036	2,006,500	1,261,000	3,267,500
6/1/2037	2,106,500	1,161,000	3,267,500
6/1/2038	2,212,500	1,056,000	3,268,500
6/1/2039	2,323,500	945,000	3,268,500
6/1/2040	2,440,500	829,000	3,269,500
6/1/2041	2,561,500	707,000	3,268,500
6/1/2042	2,689,500	579,000	3,268,500
6/1/2043	2,824,500	445,000	3,269,500
6/1/2044	2,964,500	304,000	3,268,500
6/1/2045	3,115,500	156,000	3,271,500
	40,426,000	24,948,000	65,374,000

Sincerely,



John S. Arnold
Sr. Vice President, COO and CFO

cc: Richard Stavneak, Director, JLBC
Grace Timpany, Fiscal Analyst
Senator John Kavanagh, Vice-Chairman

EXECUTIVE SUMMARY

Item Name: Amended Individual Project and Financing for Deferred Maintenance for the University of Arizona

Action Item

Requested Action: The University of Arizona (U of A) asks the board to approve the amended individual project and financing of its FY 2025 Deferred Maintenance, as described in this executive summary. The approximate 4,158,786 square foot, \$45,000,000 major capital project will be financed with System Revenue Bonds. The debt service will be paid over 20 years from state capital infrastructure funds and retained tuition.

Background/History of Previous Board Action

- Deferred Maintenance was included as a three-year forecasted project in the FY 2025 – 2028 Capital Improvement Plan (CIP) approved by the board at its September 2023 meeting.
- Deferred Maintenance was also included in the U of A's FY 2025 Annual Capital Plan (ACP) approved by the board at its September 2024 meeting.
- The U of A now plans to increase the number of Deferred Maintenance projects to be addressed in FY 2025, which will increase the total project costs from \$35 million to \$45 million. The U of A still plans to use System Revenue Bonds (SRBs) to finance the Deferred Maintenance, and is asking for an amended individual project and financing approval given the \$10 million increase in the total project costs.

Project Justification/Description/Scope

- Facility Condition Assessments were completed for all campus buildings to prioritize the Deferred Maintenance needs. The items listed below were considered the highest priority. Addressing Deferred Maintenance needs and aging building infrastructure is part of the University's Annual Capital Plan. In addition, analyzing and addressing the Deferred Maintenance prioritized needs of all mechanical, electrical, plumbing, and life and safety items allow for the continuity of operations. Overall, renovated items will be more cost-effective. The renovations will all last 25-30 plus years before needing to be replaced.

Contact Information:
John Arnold, U of A

johnarnold@arizona.edu

520-621-5977

EXECUTIVE SUMMARY

- Facilities Management will be addressing campus-wide Deferred Maintenance needs at a total cost of \$45 million. These needs include fire alarm upgrades, elevator code compliance, electrical code compliance, roof replacement, plumbing upgrades, street repairs, ADA compliance, generators and building automation upgrades.

Project Delivery Method and Process

- The delivery method for each Deferred Maintenance project will be selected on a project-by-project basis depending on which method provides the most efficient and effective delivery. All projects will either follow state contracts that have been competitively bid on or will go through the JOC process.

Project Status and Schedule

- Design phase is currently underway.
- Project construction for the additional projects to be included under this request is scheduled to commence in November 2024 and will be complete in June 2025.

Project Cost

- This project encompasses multiple projects on campus and 4,158,786 gross square feet (gsf), including 4,149,800 net assignable square feet (nasf).
- The construction cost for this project is \$39,300,000 (\$9.27 per gsf) and the total project cost is \$45 million (\$10.82 per gsf).
- Comparable prior in-state university projects:

Project	University	GSF	Construction \$/GSF	Total \$GSF
HVAC	University of Arizona	650,917	\$28.73	\$24.62
Fire Safety	University of Arizona	189,608	\$33.76	\$28.94
Building Automation	University of Arizona	574,733	\$2.78	\$2.39
Street Repair	University of Arizona	260,567	\$5.20	\$4.46
Elevator	University of Arizona	331,674	\$2.63	\$2.25
ADA Compliance	University of Arizona			
Generators	University of Arizona	342,620	\$2.17	\$1.86
Roof	University of Arizona	133,686	\$6.43	\$5.51
Plumbing	University of Arizona	401,582	\$2.24	\$1.92
Electrical Code	University of Arizona	18,074	\$46.61	\$39.95
Flooring	University of Arizona	129,785	\$2.00	\$1.72
Student Union Tunnel Repair	University of Arizona	245,035	\$2.59	\$2.22

EXECUTIVE SUMMARY

Athletics Safety Upgrades	University of Arizona	34,177	\$35.11	\$30.10
Honors Kitchen Hood	University of Arizona	8,000	\$26.25	\$22.50
Engineering Classroom	University of Arizona	171,375	\$0.70	\$0.60

Fiscal Impact and Financing Plan

- The University plans to finance \$45 million for the project using System Revenue Bonds (SRBs). The annual debt service on the SRBs is estimated to be \$3.3 million based on a conservative budget of 5 percent interest rate for a 20-year maturity. The University plans to use state appropriations tied to the Capital Infrastructure Fund established in ARS 15-1671 to pay for half of the debt service and retained tuition matching funds to pay the other half. In FY 2025, the University’s budget for Tuition (without UAGC) is \$816.1 million and Capital Infrastructure Fund appropriation is \$11.8 million. These sources fund debt service on other capital projects and have existing capacity to cover this project.
- The Operations and Maintenance (O&M) cost for the project is already included in the University’s current budget.
- U of A will:
 - (a) sell one or more series of system revenue bonds to finance the project, costs of issuance and payments to a bond insurer or other credit enhancer, provided such payments result in a benefit that exceeds the amount of such payments;
 - (b) sell bonds at a price at, above or below par, on a tax-exempt or taxable basis, in one or more series, at a fixed or variable rate of interest;
 - (c) enter into necessary agreements, including those related to bond insurance or other credit enhancement agreements; and
 - (d) utilize a financial advisor, bond counsel, and bond trustee for the financing. The system revenue bonds will be marketed and sold on a negotiated basis, either to one or more investment banking firms currently in a pool of bond underwriters procured by the three state universities or by the State of Arizona or by a direct sale to a bank or banks or other financial institutions.

Debt Ratio Impact:

- The estimated annual debt service of \$3.3 million on this project’s SRBs would increase the U of A debt ratio by .11 percent. The projected highest debt ratio is 4.2 percent, excluding SPEED revenue bonds, and 5.0 percent if including SPEED revenue bonds. This remains well below the 8.0 percent debt ratio limit established by ABOR policy and state statute.

EXECUTIVE SUMMARY

Occupancy Plan

- Work will be coordinated with building managers and there will be no displacement.

Committee Review and Recommendation

The University Governance and Operations Committee reviewed this item at its November 7, 2024 meeting and recommended forwarding the item to the board for approval.

Statutory/Policy Requirements

- Pursuant to ABOR Policy 7-102.B.4, each university shall submit an individual project and financing plan.
- Pursuant to ABOR Policy 7-102.B.4.a.iii, a project shall be resubmitted if the total project cost increases by 10% or more.
- Individual project and financing plans are reviewed by the University Governance and Operations Committee and approved by the board.
- Approval of the individual project and financing plan authorizes the university to proceed with financing and execution of construction contracts for the project.

EXECUTIVE SUMMARY

**University of Arizona
Capital Project Information Summary
Deferred Maintenance**

Project Description / Location:

This project will be at various locations throughout campus.

	<u>FY 2025 Annual Capital Plan September 2024</u>	<u>Amended Individual Project Financing Approval November 2024</u>
<u>Project Schedule (Beginning Month/Year):</u>		
Planning	7/1/2023	7/1/2023
Design	7/1/2023	7/1/2023
Construction	9/1/2024	9/1/2024
Occupancy	12/31/2024	12/31/2024
<u>Project Budget:</u>		
Total Project Cost	\$ 35,000,000	\$ 45,000,000
Total Project Cost per GSF	\$10.02	\$ 10.82
Direct Construction Cost - Renovation	\$30,000,000	\$39,300,000
Construction Cost per GSF - Renovation	\$ 8.59	\$ 9.27
Change in Annual Oper./Maint. Cost		
Utilities	N/A	\$ N/A
Personnel	N/A	\$ N/A
Other	N/A	\$ N/A
<u>Funding Sources:</u>		
Capital:		
• System Revenue Bonds	\$ 35,000,000	\$45,000,000
Operation/Maintenance:	N/A	N/A

EXECUTIVE SUMMARY

**University of Arizona
Capital Project Budget Summary**

<u>Date of Budget Estimate</u>	<u>FY 2025 Annual</u>		<u>Amended</u>	
	<u>Capital Plan</u>		<u>Individual Project</u>	
	<u>Sept 2024</u>		<u>Nov 2024</u>	
1. Land	\$	0	\$	0
2. Construction Cost				
A. New Construction	\$	0	\$	0
B. Renovation	\$	12,365,000	\$	13,843,400
C. Fixed Equipment	\$	22,000,000	\$	24,720,000
D. Site Development (exclude 2.E.)	\$	0	\$	0
E. Parking & Landscaping	\$	0	\$	0
F. Utilities Extensions	\$	635,000	\$	736,600
G. Other (asbestos only)	\$	0	\$	0
Subtotal Construction Cost	\$	30,000,000	\$	39,300,000
3. Consultant Fees				
A. Construction Manager	\$	3,800,000	\$	4,236,000
B. Architect/Engineering Fees	\$	500,000	\$	610,000
C. Other (Programming, Special Consult.)	\$	0	\$	0
Subtotal Consultant Fees	\$	4,300,000	\$	4,846,000
4. Furniture Fixtures and Equipment	\$	0	\$	0
5. Contingency, Design Phase	\$	50,000	\$	61,000
6. Contingency, Construction Phase	\$	450,000	\$	549,000
7. Parking Reserve	\$		\$	
8. Telecommunications Equipment	\$		\$	
Subtotal Items 4-8	\$	500,000	\$	610,000
9. Additional University Costs				
A. Surveys and Tests	\$	0	\$	0
B. Move-in Costs	\$	0	\$	0
C. Public Art	\$	0	\$	0
D. Printing/Advertisement	\$	0	\$	0
E. Univ. Facilities & Project Management	\$	0	\$	0
F. State Risk Mgt. Ins	\$	200,000	\$	244,000
Subtotal Additional University Costs	\$	200,000	\$	244,000
TOTAL CAPITAL COST	\$	35,000,000	\$	45,000,000



STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

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DATE: January 16, 2025

TO: Members of the Joint Committee on Capital Review

FROM: Grace Timpany, Fiscal Analyst

SUBJECT: University of Arizona – Review of UA Health Sciences Building 201 Renovation

Request

A.R.S. § 15-1683 requires Committee review of any university projects financed with system revenue bonds. The University of Arizona (UA) requests Committee review of \$10,700,000 in bond issuances to renovate the UA Health Sciences (UAHS) Building 201. UA will fund the debt service with UAHS local funds.

This request was originally on the December 2024 agenda, but the item was held for later consideration. Our analysis remains the same as in December.

Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the request.
2. An unfavorable review of the request.

Under either option, the Committee may also consider the following standard university financing 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 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 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.

Key Points

- 1) UA plans to renovate 16,500 square feet on the 1st floor of UAHS Building 201.
- 2) The space will provide administrative and faculty offices for the Department of Medical Imaging. Renovations will also include mechanical, electrical, and plumbing upgrades, and asbestos abatement.
- 3) The annual debt service is estimated to be \$690,000, paid for with UAHS local funds.

Analysis

UA plans to renovate 16,500 square feet of the 1st floor of Building 201 in the Health Sciences complex, which was previously occupied by Banner Health and is attached to UA's hospital and education facilities. The renovated space will house the Department of Medical Imaging, currently located in the Health Sciences Innovation Building. The space vacated by the Department of Medical Imaging will then make available 13,000 square feet for UA's new Physical Therapy and Physician Assistant programs. UA states that the space requires mechanical, electrical and plumbing upgrades, and asbestos abatement.

Financing

UA intends to issue \$10.7 million in system revenue bonds with an anticipated rating of Aa2 (Moody's)/AA- (S&P) and an interest rate of 4.27% over a 30-year term. Bonds will be issued in early 2025. The estimated cost of issuance is \$90,000.

UA will make a debt service payment of \$690,000 from 2026 to 2055, paid for with UAHS local funds. *(See Table 2 for a summary of the bond financing terms.)*

The debt service on this project increases UA's current debt ratio by 0.02% from 3.70% to 3.72%. Including all UA projects on the agenda, the debt ratio will increase to 4.15%.

Construction Costs

Of the \$10.7 million total project cost, direct construction costs are \$7.2 million. The total project cost per square foot is \$648, while direct construction costs per square foot are \$433 *(see Table 1)*. For comparison, the university previously renovated other sections of Building 201 at a total cost of \$580 per square foot and \$389 per square foot for direct construction costs.

UA reports that it is using the Design-Build (DB) method for construction. Demolition of the 1st floor began in August 2024 and the entire project is expected to be completed by October 2025.

Operations and Maintenance Costs

UA expects Operations and Maintenance costs to increase by \$136,900 which will be funded using Facility & Administrative rate funds, which includes monies received based on research cost sharing agreements with the federal government.

Table 1		
UAHS Building 201 Renovation		
Total Square Footage	16,500	
Funding		
System Revenue Bonds ^{1/}	\$10,700,000	
Costs		
Direct Construction Costs	\$7,150,000	(\$433 per sq. ft.)
Other Costs ^{1/}	<u>3,550,000</u>	<u>(\$215 per sq. ft.)</u>
Total	\$10,700,000	(\$648 per sq. ft.)
Operations & Maintenance	\$136,900	
1/ Includes equipment, furniture, project design and management fees, and other costs.		

Table 2	
UAHS Building 201 Renovation Financing Terms	
Construction Timeframe	August 2024 – October 2025
Issuance Amount	\$10.7 million
Issuance Date	Early 2025
Issuance Transaction Fees	\$90,000
Rating	Aa2 (Moody's)/AA- (S&P)
Interest Rate	4.27%
Term	30 years
Total Debt Service Costs	\$20.6 million
Debt Service Payments	\$690,000
Payment Source	UAHS Local Funds
Debt Ratio Increase	0.02%

GT:jbu

BUSINESS AFFAIRS

Administration Building Room 712
PO Box 210066
Tucson, AZ 85721-0066
Ofc: 520-621-5977
Fax: 520-621-7714



November 26, 2024

The Honorable David Livingston
Chairman, Joint Committee on Capital Review
House of Representatives 1
1700 West Washington St.
Phoenix, Az 85007

Dear Representative Livingston:

In accordance with A.R.S. §15-1683, the Arizona Board of Regents (ABOR) request the University of Arizona Health Sciences (UAHS) Building 201 project for the University of Arizona (U of A) be placed on the next Joint Committee on Capital Review agenda.

The UAHS Building 201 project is part of a comprehensive strategy to expand the U of A's capacity in the health sciences. The infrastructure project will provide permanent space for the U of A's Department of Medical Imaging, and make room on campus for the U of A's new Physical Therapy and Physician Assistant programs. The total project cost is \$10.7 million, which will be financed through System Revenue Bonds issued by the U of A. The U of A Health Sciences will use its local funds to pay the annual debt service. The estimated annual debt service for the project is \$664,000, increasing the U of A's annual debt service ratio by 0.02%.

Project Summary

UAHS Building 201 is located within the UAHS complex, 1501 North Campbell Ave., in Tucson. The 50-year-old, eight-floor building is attached to both the U of A's hospital and education facilities. The U of A has provided continuous maintenance throughout and made substantial upgrades to various parts of the building. This includes mechanical, electrical, and plumbing upgrades on several floors, and improvements to the research, lab, and library areas.

This project will renovate approximately 16,500 square feet on the first floor of the building, space that was previously occupied by Banner Health. The space requires mechanical, electrical and plumbing upgrades, demolition, renovation, and asbestos abatement. The renovation will provide a permanent place for the Department of Medical Imaging, currently housed in the Health Sciences Innovation Building (HSIB). It will include state-of-the-art design concepts to make the most efficient use of the space. Moving the Department of Medical Imaging to UAHS Building 201 will then make available 13,000 square feet in the HSIB to house the U of A's new Physical Therapy (PT) program, which will enroll its first class in 2025, and its new Physician Assistant (PA) program, which will begin in 2026. The PT and PA programs are part of an overall plan within the Health Sciences to help address the critical shortage of healthcare professionals throughout Arizona.

This infrastructure project was included in the U of A's FY 23 Capital Improvement Plan. ABOR approved the final Project and Financing Plan in November 2023.

The U of A is using design-build as the project delivery method, which will streamline the architectural design and construction. A variety of procurement methods are being used for the selection of subcontractors, including the lowest qualified bids. Demolition of the building began in August 2024, and construction is estimated to be complete in October 2025.



THE UNIVERSITY OF ARIZONA
Business Affairs



A summary of the estimated project costs is below:

\$995,511	Pre-Construction Design Phase
	<ul style="list-style-type: none">• Design-build fees• Pre-construction phase project management
\$6,819,151	Building Construction Costs
	<ul style="list-style-type: none">• Demolition• Renovations• Mechanical, electrical and plumbing• Construction inspections• Hazardous materials abatement
\$2,885,338	Fire Protection and University Department-Related Costs
	<ul style="list-style-type: none">• Information technology services• Signage• Fire sprinklers, alarms, message boards• Security and door locks• Audio, visual, and digital equipment
\$10,700,000	Total

Summary of Financing Information:

Total Project Budget:	\$10,700,000
Estimated System Revenue Bond Par Amount:	\$10,100,000
Estimated System Revenue Bond Premium Amount:	\$690,000
Estimated Cost of Issuance:	\$90,000
Estimated Interest Rate:	4.27%
Payment Terms:	Approximately 30 years
Fund Source for Total Debt Payment:	University Local Funds
Total Annual Debt Service (by fund source):	
Principal & Int. FY26-45 (Ave.) \$686,000	University Local Funds
Total Debt Service Through Maturity: \$20,566,000	



Anticipated Date of Issuance:

Early 2025

Expected Bond Rating:

AA- (S &P)

Aa2 (Moody's)

Debt Ratio Information:

Current Projected Debt Ratio (FY26):

3.70%

Increment Debt Ratio for all Proposed Projects:

0.45%

Projected Highest Debt Ratio:

4.15%



Joint Committee on Capital Review
December 18, 2024 JCCR Meeting
University of Arizona Projects Submission

UAHS Building 201 Renovation
Tax Exempt System Revenue Bonds
Amortization Schedule

Period Ending	Annual Principal	Annual Interest	Annual Debt Service
6/1/2026	149,000	544,000	693,000
6/1/2027	159,000	536,000	695,000
6/1/2028	169,000	527,000	696,000
6/1/2029	179,000	518,000	697,000
6/1/2030	184,000	509,000	693,000
6/1/2031	194,000	499,000	693,000
6/1/2032	204,000	489,000	693,000
6/1/2033	214,000	478,000	692,000
6/1/2034	229,000	466,000	695,000
6/1/2035	239,000	454,000	693,000
6/1/2036	249,000	441,000	690,000
6/1/2037	259,000	428,000	687,000
6/1/2038	269,000	414,000	683,000
6/1/2039	289,000	400,000	689,000
6/1/2040	299,000	385,000	684,000
6/1/2041	319,000	369,000	688,000
6/1/2042	329,000	352,000	681,000
6/1/2043	349,000	334,000	683,000
6/1/2044	369,000	315,000	684,000
6/1/2045	389,000	296,000	685,000
6/1/2046	410,000	275,000	685,000
6/1/2047	430,000	253,000	683,000
6/1/2048	450,000	230,000	680,000
6/1/2049	470,000	206,000	676,000
6/1/2050	500,000	181,000	681,000
6/1/2051	520,000	154,000	674,000
6/1/2052	550,000	126,000	676,000
6/1/2053	580,000	97,000	677,000
6/1/2054	600,000	66,000	666,000
6/1/2055	640,000	34,000	674,000
	10,190,000	10,376,000	20,566,000



Sincerely,

John S. Arnold
Sr. Vice President, COO and CFO

cc: Richard Stavneak, Director, JLBC
Grace Timpany, Fiscal Analyst
Senator John Kavanagh, Vice-Chairman

EXECUTIVE SUMMARY

Item Name: Individual Project and Financing for University of Arizona Health Services Building 201 Remodel – 1st Floor Relocation/Expansion Medical Imaging Administration and Faculty Offices Renovation Project for the University of Arizona

Action Item

Requested Action: The University of Arizona (UArizona) asks the board for individual project and financing approval of its University of Arizona Health Services (UAHS) Building 201 Remodel – 1st Floor Relocation/Expansion Medical Imaging Administration and Faculty Offices Renovation Project, as described in this executive summary. The 16,500 square foot, \$10 million major capital project will be financed with Institutional Funds.

Background/History of Previous Board Action

- Capital Improvement Plan FY 2023 – 2025 September 2021
- Annual Capital Plan September 2022
- Annual Capital Plan September 2023

Project Justification/Description/Scope

- This project is a continuation of UArizona's ongoing plan to renovate existing space within Building 201 at the University of Arizona Health Sciences complex that was vacated by Banner Health.
- This project will renovate approximately 16,500 square feet of existing space on the 1st Floor of Building 201 recently vacated by Banner Health to provide administrative and faculty offices for the Department of Medical Imaging that will incorporate the latest thinking/design concepts regarding this type of space.

Project Delivery Method and Process

- This project is being delivered through the Design-Build (D-B) delivery method. This approach was selected for this project because it can provide early cost control, save time through fast-track project scheduling while still providing contractor design input and coordination throughout the project, improving potentially adversarial project environments and still allowing for the selection of the most qualified architect-contractor team for this project. Through peer review of the D-B's cost

Contact Information:

Lisa N. Rulney, UArizona

Ingency@arizona.edu

520-621-5977

EXECUTIVE SUMMARY

estimate at each phase, and low-bid subcontractor work for the actual construction work, this method also provides a high level of cost and quality control.

- The Design-Builder provides a Guaranteed Maximum Price (GMP) based upon the amount previously agreed upon in the Design-Build agreement. The Design-Builder is at risk to provide the completed project within that price. In the selection of major subcontractors, the Design-Builder uses a qualification-based selection process prescribed by the ABOR Procurement Code to allow major subcontractors a design-assist role during the design phase. All remaining subcontractor work is awarded on the basis of the lowest responsive and responsible subcontractor bids. For this work, a minimum of three subcontractor bids will be required, except for specialty items or instances where proprietary systems are required, such as for energy management systems and door locks. A final report on project control procedures will be provided at project completion.
- The Design-Build Team has been selected through the capital project selection committee process prescribed by the ABOR Procurement Code. A licensed contractor was included on the selection committee as required by ABOR Policy.

Project Status and Schedule

- Design and planning phase is currently underway.
- Project construction is scheduled to commence during winter 2023/2024 and will be completed during winter 2024/2025.

Project Cost

- This project encompasses 16,500 gross square feet (gsf), including 11,500 net assignable square feet (nasf).
- The construction cost for this project is \$7.15 million (\$433 per gross square foot), and the total project cost is \$10 million (\$606 per gross square foot).

EXECUTIVE SUMMARY

- Comparable previously approved projects:

Comparable Similar Previously Approved Projects					
Project	University	Total Project Budget	Project GSF	Total \$/GSF	Constr. \$/GSF
UAHS Bldg 201 Renovations	UA	\$23,000,000	39,700	\$580/GSF	\$389/GSF
UA Administration Bldg Renovation	UA	\$2,200,000	3,800	\$579/GSF	\$382/GSF

Fiscal Impact and Financing Plan

- The University plans to use \$10 million in institutional funding to finance the project.
- The estimated Operations and Maintenance (O&M) cost for the project is \$136,900. The University plans to fund the O&M with Facility & Administrative rate funds.
- **Debt Ratio Impact:** The project will have no impact on the University's debt ratios because no debt will be issued to finance the project.

Occupancy Plan

- It is anticipated that after project completion, the Department of Medical Imaging will then vacate 13,000 gsf of space for use by the UAHS Physical Therapy Program.

Statutory/Policy Requirements

- Pursuant to ABOR Policy 7-102.B.4, each university shall submit an individual project and financing plan.
- Individual project and financing plans are reviewed by the University Governance and Operations Committee and approved by the board.
- Approval of the individual project and financing plan authorizes the university to proceed with financing and execution of construction contracts for the project.

Committee Review and Recommendation

The University Governance and Operations Committee reviewed this item at its November 2, 2023 meeting and recommended forwarding the item to the board for approval.

EXECUTIVE SUMMARY

**UArizona
Capital Project Information Summary
UAHS Building 201 Remodel – 1st Floor Relocation/Expansion
Medical Imaging Administration and Faculty Offices Renovation Project**

Project Description / Location:

- This project will renovate approximately 16,500 square feet of existing space within Building 201 at University Arizona Health Sciences complex in Tucson that was vacated by Banner Health and will provide administrative and faculty offices for the Department of Medical Imaging that will incorporate the latest thinking/design concepts regarding this type of space.

	<u>FY 2024 Annual Capital Plan</u>	<u>Individual Project Financing Report</u>
<u>Project Schedule (Beginning Month/Year):</u>		
Planning	Fall 2022	Fall 2022
Design	Spring 2023	Spring 2023
Construction	Winter 2023/24	Winter 2023/24
Occupancy	Winter 2024/25	Winter 2024/25
<u>Project Budget:</u>		
Total Project Cost	\$ 10,000,000	\$ 10,000,000
Total Project Cost per GSF	\$ 606	\$ 606
Direct Construction Cost - Renovation	\$ 7,150,000	\$ 7,150,000
Construction Cost per GSF - Renovation	\$433	\$433
Change in Annual Oper./Maint. Cost		
Utilities	\$ 54,600	\$ 54,600
Personnel	\$ 55,100	\$ 55,100
Other	\$ 27,200	\$ 27,200
<u>Funding Sources:</u>		
Capital:		
• Institutional funding	\$ 10,000,000	\$ 10,000,000
Operation/Maintenance:		
• F&A	\$ 136,900	\$ 136,900

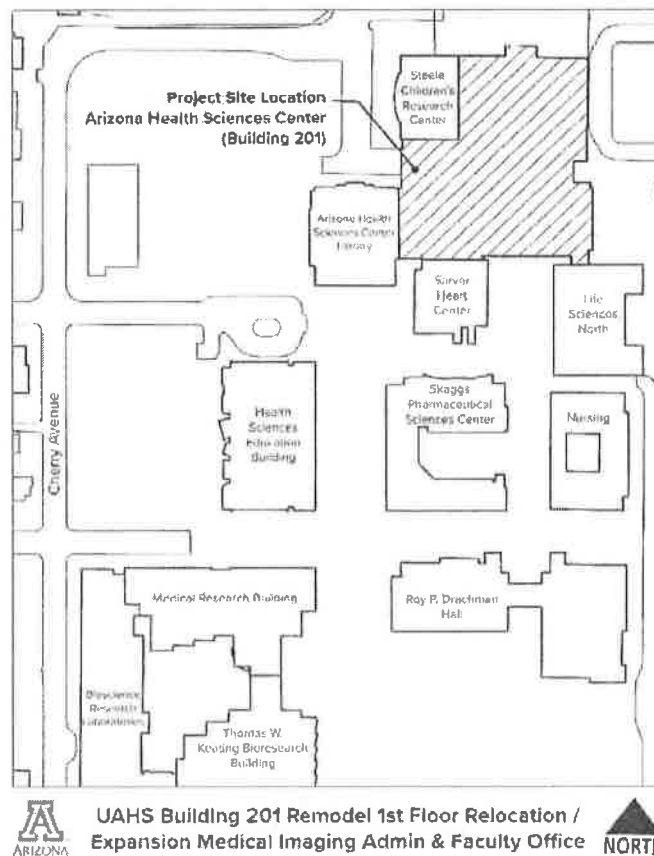
EXECUTIVE SUMMARY

**UArizona
Capital Project Budget Summary
UAHS Building 201 Remodel – 1st Floor Relocation/Expansion Medical Imaging
Administration and Faculty Offices Renovation Project**

<u>Date of Budget Estimate</u>	<u>FY 2024 Annual Capital</u> <u>Plan</u> <u>Sept 2023</u>	<u>Individual Project</u> <u>Financing Report</u> <u>Nov 2023</u>
1. Land	\$ 0	0
2. Construction Cost		
A. New Construction	\$ 0	0
B. Renovation	\$ 7,150,000	7,150,000
C. Fixed Equipment	\$ 0	0
D. Site Development (exclude 2.E.)	\$ 0	0
E. Parking & Landscaping	\$ 0	0
F. Utilities Extensions	\$ 0	0
G. Other (asbestos only)	\$ 100,000	100,000
Subtotal Construction Cost	\$ 7,250,000	7,250,000
3. Consultant Fees		
A. Construction Manager	\$ 108,000	108,000
B. Architect/Engineering Fees	\$ 795,000	795,000
C. Other (Programming, Special Consult.)	\$ 0	0
Subtotal Consultant Fees	\$ 903,000	903,000
4. Furniture Fixtures and Equipment	\$ 715,000	715,000
5. Contingency, Design Phase	\$ 216,000	216,000
6. Contingency, Construction Phase	\$ 362,000	362,000
7. Parking Reserve	\$ 0	0
8. Telecommunications Equipment	\$ 190,000	190,000
Subtotal Items 4-8	\$ 1,483,000	1,483,000
9. Additional University Costs		
A. Surveys and Tests	\$ 10,000	10,000
B. Move-in Costs	\$ 20,000	20,000
C. Public Art	\$ 0	0
D. Printing/Advertisement	\$ 5,000	5,000
E. Univ. Facilities & Project Management	\$ 277,000	277,000
F. State Risk Mgt. Ins	\$ 52,000	52,000
Subtotal Additional University Costs	\$ 364,000	364,000
TOTAL CAPITAL COST	\$ 10,000,000	10,000,000

EXECUTIVE SUMMARY

**UArizona
Project Site Location Map
UAHS Building 201 Remodel – 1st Floor Relocation/Expansion Medical
Imaging Administration and Faculty Offices Renovation Project**



**UAHS Building 201 Remodel 1st Floor Relocation /
Expansion Medical Imaging Admin & Faculty Office**



STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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CHAIRMAN
LELA ALSTON
DAVID C. FARNSWORTH
MARK FINCHEM
LAUREN KUBY
JANAE SHAMP
PRIYA SUNDARESHAN

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

(602) 926-5491
azjilbc.gov

HOUSE OF
REPRESENTATIVES

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STACEY TRAVERS
MICHAEL WAY

DATE: January 16, 2025

TO: Members of the Joint Committee on Capital Review

FROM: Grace Timpany, Fiscal Analyst

SUBJECT: University of Arizona - Review of Arizona Public Media Building

Request

A.R.S. § 15-1683 requires Committee review of any university projects financed with system revenue bonds. The University of Arizona (UA) requests Committee review of \$20,000,000 in bond issuances to construct a new facility for its Arizona Public Media (AZPM) building. UA will fund debt service payments and an additional \$43,000,000 in projects costs with AZPM gift revenue, for total project costs of \$63,000,000.

This request was originally on the December 2024 agenda, but the item was held for later consideration. Our analysis remains the same as in December.

Committee Options

The Committee has at least the following 2 options:

1. A favorable review of the request.
2. A favorable review of the request with the expectation that UA will not seek JCCR review of any additional bond financing of this project if additional resources are needed. (Vice-Chairman's Option)
3. An unfavorable review of the request.

Under any option, the Committee may also consider the following standard university financing 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. 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 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.

Key Points

- 1) UA plans to construct a 61,500 square foot Arizona Public Media building located at the UA Tech Park on 26th Street and Kino Parkway in Tucson.
- 2) The total cost of the project is \$63.0 million of which \$43.0 million has been received in gift funds. UA plans to finance the remaining \$20.0 million with bond issuances.
- 3) The annual debt service will be approximately \$1.2 million, paid with gifts received by AZPM.
- 4) Construction began in July 2023 (funded by gift revenue) and is expected to be completed in June 2025. UA plans to issue bonds in early 2025.

Analysis

UA intends to construct a 61,500 square foot building at the UA Tech Park located on 36th Street and Kino Parkway in Tucson. The building will serve as a new facility for AZPM which operates a variety of public television program services, radio services, and online services throughout 11 Arizona counties. These include national programs from PBS, NPR, and BBC, as well as local newscasts. The building will also include multi-functional space that can be used to host large public engagements and serve as a television production studio, as well as conference rooms to host leadership meetings and other events.

UA states that AZPM is currently using a 20,000 square foot space located in the basement and sub-basement of a classroom building which cannot support contemporary program production. In addition, UA states that AZPM must update production equipment to comply with new federal protocols in 2025 requiring technology upgrades for media outlets to continue broadcasting. The university reports that students currently make up approximately 25% of AZPM's workforce and the new facility will be accessible to students for internships, apprenticeships, and student employee opportunities.

Additionally, AZPM would pursue public-private partnerships and opportunities to produce projects for commercial clients. Of the total 61,500 square feet, the building design will include 6,000 square feet of shell space, which would be built out to client specifications. The university states that if the space were leased to a third party, the cost of the build out could be paid for by the client, but they have not yet determined a specific use for this space.

The original building plans financed construction of the building entirely with cash from gift revenue and construction began in July 2023. UA states that a portion of the gift funds will not be received until after construction is complete, and to preserve cash from its operating balances, the plans were revised to finance a portion of the remaining project costs with system revenue bonds. UA expects construction to be complete in June 2025.

The Committee may consider the Vice-Chairman's option, which would give a favorable review of the request with the expectation that UA would not seek JCCR review of any additional bond financing if additional resources are needed. The Vice-Chairman proposed the same option in December when he was the JCCR Chairman.

Financing

UA has received \$43.0 million in gift funds for the AZPM building and will finance the remaining \$20.0 million with system revenue bonds. Bonds will be issued in early 2025 with an anticipated rating of Aa2 (Moody's)/AA- (S&P) and an estimated interest rate of 4.27% over a 30-year term. The university expects issuance costs to be \$165,000.

The annual debt service for this project will be approximately \$1.2 million funded by AZPM gift revenue. *(See Table 2 for a summary of the bond financing terms.)*

The debt service will increase UA's debt ratio by 0.04% from 3.70% to 3.74%. Including all UA projects on the agenda, the debt ratio will increase to 4.15%.

Construction Costs

Of the total \$63.0 million project cost for construction of the building, \$49.7 million are direct construction costs. Total project costs per square foot are \$1,024, while direct construction costs per square foot are \$808 *(see Table 1)*.

The university did not provide any cost comparisons for other similar projects, but states that \$940,000 of the total cost will be specifically for telecommunications equipment.

UA reports that the project is being delivered through the Design-Build (DB) method. Construction began in July 2023 and is expected to be completed in June 2025.

Operations and Maintenance Costs

UA expects annual operation and maintenance costs to increase by \$531,000, which will be funded by other local funds.

Table 1

UA Arizona Public Media Building Construction Costs

Total Square Footage	61,500
<u>Funding</u>	
Gift Revenue	\$43,000,000
System Revenue Bonds	<u>\$20,000,000</u>
Total	\$63,000,000
<u>Building Construction Costs</u>	
Direct Construction Costs	\$49,700,000
Other Costs ^{1/}	<u>\$13,300,000</u>
Total	\$63,000,000
<u>Cost Per Square Foot</u>	
Direct Construction Costs	\$808
Other Costs ^{1/}	<u>\$216</u>
Total	\$1,024
Operations & Maintenance	\$531,000

^{1/} Includes equipment, project design and management fees and other costs

Table 2

UA Public Media Building Financing Terms

Construction Timeframe	July 2023 – June 2025
Issuance Amount	\$20.0 million
Issuance Date	Early 2025
Issuance Transaction Fees	\$165,000
Rating	Aa2 (Moody's)/AA- (S&P)
Interest Rate	4.27%
Term	30 years
Total Debt Service Costs	\$36.1 million
Debt Service Payments	\$1.2 million
Payment Source	AZPM Gift Revenue
Debt Ratio Increase	0.04%

BUSINESS AFFAIRS

Administration Building Room 712
PO Box 210066
Tucson, AZ 85721-0066
Ofc: 520-621-5977
Fax: 520-621-7714



November 26, 2024

The Honorable David Livingston
Chairman, Joint Committee on Capital Review
House of Representatives 1
1700 West Washington St.
Phoenix, Az 85007

Dear Representative Livingston:

In accordance with A.R.S. §15-1683, the Arizona Board of Regents (ABOR) request the Arizona Public Media (AZPM) building project for the University of Arizona (U of A) be placed on the next Joint Committee on Capital Review agenda.

The total project cost is \$63 million, of which \$20 million will be financed through System Revenue Bonds (SRBs) issued by the U of A. The U of A plans to use gift funds to pay the debt service. The estimated annual debt service for the project is \$1.2 million, increasing the U of A's annual debt service ratio by 0.04%. The U of A will use gift funds that have already been secured to pay the remaining \$43 million in project costs.

The 61,500-square-foot AZPM building will be located at the U of A's Bridges Tech Park at 36th Street and Kino Parkway in Tucson, Arizona.

Project Summary

AZPM is the public broadcasting service of the U of A. It is an editorially independent, member supported, public media outlet operating as an educational and informational community service. AZPM exemplifies the objectives of public media and furthers the land-grant mission of the University. AZPM serves eleven Arizona counties with three public television program services (*PBS-HDTV*, *PBS Kids*, *PBS 6 PLUS*), four public radio services (*Classical 90.5*, *NPR 89.1*, *Jazz 89.1 HD2*, and the *BBC World Service 89.1 HD3*), and a variety of online services (*azpm.org*). In addition to delivering national programs from PBS, NPR, and the BBC, AZPM produces 17 local newscasts each weekday, award-winning public affairs programs, documentaries, and community engagement events for Southern Arizona.

AZPM has for many years, been located in the basement and sub-basement of a classroom building on the main campus of the U of A. Originally designed in the early 1960's to support instructional television, this space is not ideal for current radio, television, and digital operation, as it has limited public facing presence and no capacity for the new technologies required to produce and deliver media content. Additionally, the current dark and compartmentalized workspace provides no access to natural daylight or room for teambuilding, collaboration, and communications activities. A new, modern facility will better support the education and training of U of A students, and the interests of the community, by improving visibility, and increasing access.

The AZPM building will be accessible to students for internship, apprenticeship, and employment opportunities. Approximately 25% of AZPM's workforce is comprised of U of A students, all in compensated positions. U of A students work alongside AZPM's professional staff to gain valuable on-the-job training while helping to finance their educational expenses.



THE UNIVERSITY OF ARIZONA
Business Affairs



This project will facilitate public-private partnerships as the largest and most technologically advanced broadcast production space in Southern Arizona and one of the best in state. AZPM intends to pursue opportunities to host commercial client production projects in the new space. The building has been designed with 6,000 square feet of expansion “shell space” that can be built out to client specifications.

The U of A is using design-build as the project delivery method. A variety of procurement methods are being engaged for subcontractor selection along with the traditional lowest qualified bid selection.

The AZPM building was included in the U of A’s FY23-25 Capital Plan approved by ABOR in September 2022. The project received final Individual Project and Financing approval from ABOR in June 2023. Construction began in July 2023 and will be completed in June 2025. The original finance plan was based entirely on gifts. Gifts are often provided over time and the university did project using an internal construction loan during the course of construction. At this point, the university would prefer to finance that construction loan instead of using cash reserves.

A summary of the estimated project costs is below:

\$6,105,000	Pre-construction Costs	<ul style="list-style-type: none">• Design-Build fees• Pre-construction Phase Project Management• Estimating Services
\$52,720,000	Building Construction Costs	<ul style="list-style-type: none">• Permit Fees• Construction Inspections & Plan Review• Special Fixed Equipment• Telecommunications• Contingency
\$77,600	Site/Utilities Extensions	
\$4,097,400	Indirect Costs	<ul style="list-style-type: none">• Furniture, Fixtures and Equipment• Testing and Inspections• Moving and Relocation• State Risk Management Insurance• Construction phase project management
\$63,000,000	Total new construction cost	

Summary of Financing Information:

Total Project Budget:	\$63,000,000
Portion of Budget to be Issued:	\$20,000,000
Estimated System Revenue Bond Par Amount:	\$18,335,000



Estimated System Revenue Bond Premium Amount:	\$1,830,000
Estimated Cost of Issuance:	\$165,000
Estimated Interest Rate:	4.27%
Payment Terms:	Approximately 30 years
Fund Source for Total Debt Payment:	AZPM Gifts
Total Annual Debt Service (by fund source):	
Principal & Int. FY26-45 (Avg.) \$1,200,000	AZPM Gifts
Total Debt Service Through Maturity: \$36,067,000	
Anticipated Date of Issuance:	Early 2025
Expected Bond Rating:	AA- (S &P) Aa2 (Moody's)

Debt Ratio Information:

Current Projected Debt Ratio (FY26):	3.70%
Increment Debt Ratio for all Proposed Projects:	0.45%
Projected Highest Debt Ratio:	4.15%



Joint Committee on Capital Review
December 18, 2024 JCCR Meeting
University of Arizona Projects Submission

Arizona Public Media New Facility
Tax Exempt System Revenue Bonds
Amortization Schedule

Period Ending	Annual Principal	Annual Interest	Annual Debt Service
6/1/2026	135,000	1,069,000	1,204,000
6/1/2027	290,000	910,000	1,200,000
6/1/2028	305,000	896,000	1,201,000
6/1/2029	320,000	880,000	1,200,000
6/1/2030	340,000	864,000	1,204,000
6/1/2031	355,000	848,000	1,203,000
6/1/2032	375,000	830,000	1,205,000
6/1/2033	390,000	810,000	1,200,000
6/1/2034	410,000	792,000	1,202,000
6/1/2035	430,000	770,000	1,200,000
6/1/2036	455,000	750,000	1,205,000
6/1/2037	475,000	726,000	1,201,000
6/1/2038	500,000	702,000	1,202,000
6/1/2039	525,000	678,000	1,203,000
6/1/2040	550,000	652,000	1,202,000
6/1/2041	580,000	624,000	1,204,000
6/1/2042	605,000	594,000	1,199,000
6/1/2043	635,000	564,000	1,199,000
6/1/2044	670,000	534,000	1,204,000
6/1/2045	705,000	500,000	1,205,000
6/1/2046	740,000	464,000	1,204,000
6/1/2047	775,000	428,000	1,203,000
6/1/2048	815,000	388,000	1,203,000
6/1/2049	855,000	348,000	1,203,000
6/1/2050	895,000	306,000	1,201,000
6/1/2051	940,000	260,000	1,200,000
6/1/2052	990,000	214,000	1,204,000
6/1/2053	1,040,000	164,000	1,204,000
6/1/2054	1,090,000	110,000	1,200,000
6/1/2055	1,145,000	57,000	1,202,000
	18,335,000	17,732,000	36,067,000



Sincerely,

A handwritten signature in black ink, appearing to read "John S. Arnold".

John S. Arnold
Sr. Vice President, COO and CFO

cc: Richard Stavneak, Director, JLBC
Grace Timpany, Fiscal Analyst
Senator John Kavanagh, Vice-Chairman

EXECUTIVE SUMMARY

Item Name: Amended Individual Project and Financing for Arizona Public Media Building for the University of Arizona

Action Item

Requested Action: The University of Arizona (U of A) asks the board to approve the amended individual project and financing of its Arizona Public Media Building, as described in this executive summary. The 61,500 square foot, \$63,000,000 major capital project will be financed with gifts and system revenue bonds. The debt service will be paid over 30 years from gifts received by Arizona Public Media.

Background/History of Previous Board Action

- Capital Improvement Plan FY 2023-2022 September 2022
- Annual Capital Plan September 2022
- Individual Project and Financing June 2023
- The Arizona Public Media (AZPM) building will be funded entirely through gifts, although a portion of the gifts will not be received until after construction of the building is complete. To preserve cash, the U of A now plans to use the \$43 million in gift funds it has received and to finance the remaining \$20 million of project costs using System Revenue Bonds (SRBs). Gift funds received by AZPM in the future will be used to pay the debt service. Given the change from institutional funding to bond funding with respect to the \$20 million, the U of A is asking for an amended individual project and financing approval for the AZPM building.

Project Justification/Description/Scope

- AZPM is an editorially independent, viewer and listener supported, not-for-profit public media organization provided as an educational and informational community service of the U of A. AZPM operates two full power television stations in Tucson and a television translator based in Duncan, AZ. AZPM also operates one AM and three FM radio stations, and six FM radio translators strategically located throughout Southern Arizona.
- AZPM exemplifies the goals and objectives of public media and furthers the land-grant mission of the U of A, servicing all or parts of eleven Arizona counties with three public television program services and four radio program services: *PBS 6* (in HDTV), *PBS Kids*, *PBS 6+*, *Classical 90.5*, *NPR 89.1*, *Jazz 89.1 HD2*, and the *BBC*

Contact Information:

John Arnold, U of A

johnarnold@arizona.edu

520-621-5977

EXECUTIVE SUMMARY

World Service on 89.1 HD3. The organization also provides a growing number of online programs and services, including *PBS Passport* streaming services and original productions at *azpm.org*.

- AZPM produces 13 local newscasts each weekday in addition to four in-depth reports each week and original podcasts on topics ranging from the arts and politics to water issues and sports. AZPM staff and productions are routinely recognized with more nominations and awards than any other public media organization in the region.
- AZPM is currently located in the basement and sub-basement of a classroom building on the main campus of the university, in a facility that was built in the early 1960s. This space is less than ideal to support contemporary television program production.
- It is cost-prohibitive and impractical to update the current facility to meet the needs of new and emerging technologies that AZPM requires to provide value and service to the community and the university. A new, modern facility will better serve the needs and interests of the community, support the education and training of students, greatly improve AZPM's visibility and community access, and model the transparency aspect of journalism.
- The new facility for AZPM will be located at the *UA Tech Park at The Bridges* located at 36th Street and Kino Parkway in Tucson. This site is approximately 3.5 miles from AZPM's current facility on U of A's main campus and will be accessible to students for internships, apprenticeships, and student employment opportunities via a *CatTran* shuttle service.
- This project encompasses 61,500 Gross Square Feet (GSF), which includes approximately 40,000 Net Assignable Square Feet (NASF).

Project Delivery Method and Process

- This project is being delivered through a Design-Build (D-B) delivery method. This approach was selected for this project because it can provide early cost control as well as contractor design input and coordination throughout the project. This improves potentially adversarial project environments while still allowing for the selection of the most qualified architect-contractor team for this project. Through peer review of the D-B's cost estimate at each phase, and low-bid subcontractor work for the actual construction work, this method also provides a high level of cost and quality control.

EXECUTIVE SUMMARY

- The Design-Builder provides a Guaranteed Maximum Price (GMP) based upon the amount previously agreed upon in the D-B agreement. The Design-Builder is at risk to provide the completed project within that price. In the selection of major subcontractors, the Design-Builder uses a qualification-based selection process prescribed by the ABOR Procurement Code to allow major subcontractors a design-assist role during the design phase. All remaining subcontractor work is awarded on the basis of the lowest responsive and responsible subcontractor bids. For this work, a minimum of three subcontractors, except for specialty items or instances where proprietary products or systems are necessary.

Project Status and Schedule

- Construction commenced in July 2023 and will be complete in June 2025.

Project Cost

- This project encompasses 61,500 GSF, including 40,000 NASF.
- The construction cost for this project is \$49,700,000 (\$808 per GSF), and the total project cost is \$63,000,000 (\$1,024 per GSF).
- Comparable prior in-state university projects:

Project	University	GSF	Construction \$/GSF	Total \$GSF
N/A*				

* No similar projects previously approved.

Fiscal Impact and Financing Plan

- The university plans to use \$43 million in gift funds and to finance \$20 million for the project using SRBs. The annual debt service on the SRBs is estimated to be \$1.2 million based on a conservative budget of 5 percent interest rate for a 30-year maturity. The University plans to use gifts received by AZPM to service the debt.
- The operations and maintenance (O&M) cost for the building is estimated to be \$531,054. Other local funds will be utilized to fund the O&M cost.

Debt Ratio Impact

- This estimated debt service of \$1.2 million on this project’s SRBs would increase the UA debt ratio by .04 percent.

EXECUTIVE SUMMARY

Occupancy Plan

- This facility will provide new space for AZPM. Some existing space will be released to be used for the educational mission. No existing facilities will be demolished.

Committee Review and Recommendation

The University Governance and Operations Committee reviewed this item at its September 12, 2024, meeting and recommended forwarding the item to the board for approval.

Statutory/Policy Requirements

- Pursuant to ABOR Policy 7-102.B.4, each university shall submit an individual project and financing plan.
- Individual project and financing plans are reviewed by the University Governance & Operations Committee and approved by the board.
- Approval of the individual project and financing plan authorizes the university to proceed with financing and execution of construction contracts for the project.

EXECUTIVE SUMMARY

**University of Arizona
Capital Project Information
Summary Arizona Public Media
Building**

Project Description / Location:

This project will provide a new facility for Arizona Public Media and will be located at U of A's Bridges at the Tech Park.

Individual Project
Financing Report
June 2023

Resubmitted
Individual Project
Financing Report
Sept 2024

Project Schedule (Beginning Month/Year):

Design	February 2022	February 2022
Construction	July 2023	July 2023
Occupancy	December 2025	December 2025

Project Budget:

Total Project Cost	\$63,000,000	\$63,000,000
Total Project Cost per GSF	\$1,024	\$1,024
Direct Construction Cost - New	\$49,700,000	\$49,700,000
Construction Cost per GSF - New	\$808	\$808

Change in Annual Oper./Maint. Cost

Utilities	\$ 213,554	\$184,500
Personnel	\$212,400	\$191,600
Other	\$105,100	\$94,800

Funding Sources:

Capital:

- Gifts \$63,000,000 \$43,000,000

- System Revenue Bonds \$20,000,000

Operation/Maintenance:

- Other Local Funds \$531,054 \$531,054

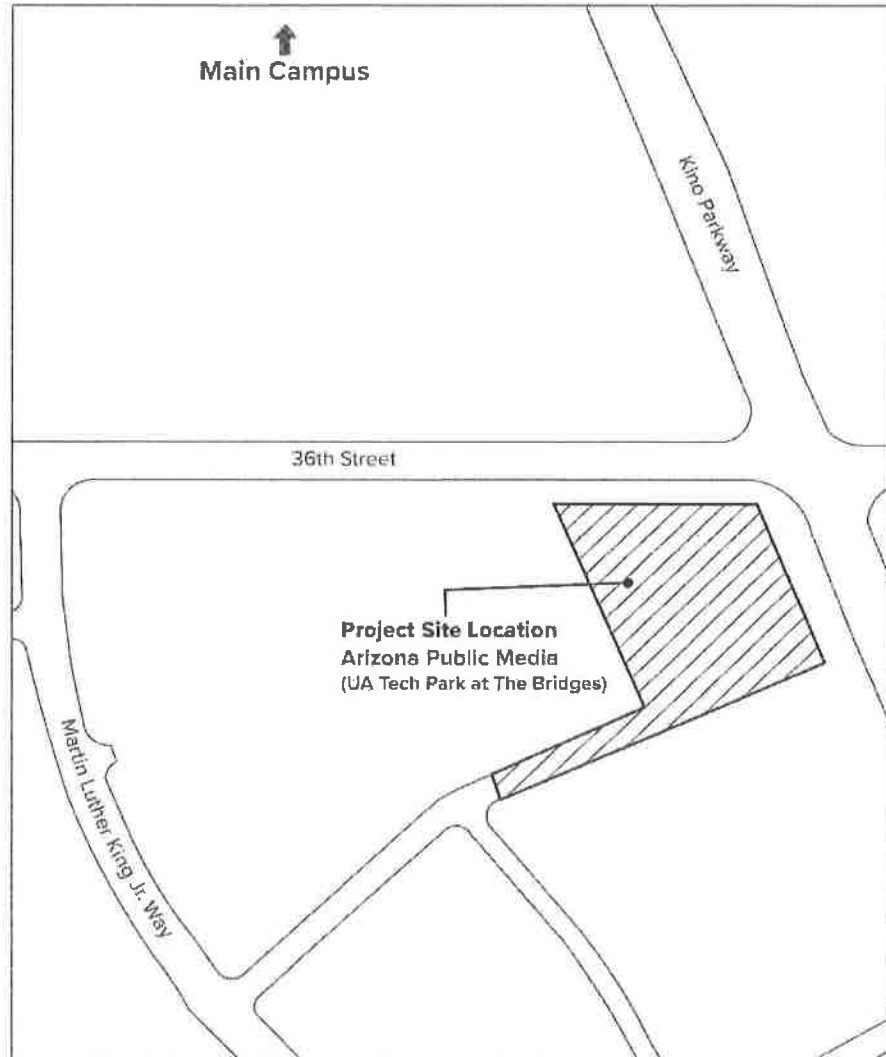
EXECUTIVE SUMMARY

**University of Arizona
Capital Project Budget Summary
Arizona Public Media Building**

<u>Date of Budget Estimate</u>	<u>Individual Project Financing Report</u> June 2023	<u>Resubmitted Individual Project Financing Report</u> Sept 2024
1. Land	\$ 0	\$ 0
2. Construction Cost		
A. New Construction	\$ 49,700,000	\$ 49,700,000
B. Renovation	\$ 0	\$ 0
C. Fixed Equipment	\$ 500,000	\$ 500,000
D. Site Development (exclude 2.E.)	\$ Incl. in 2A	\$ incl. in 2A
E. Parking & Landscaping	\$ Incl. in 2A	\$ incl. in 2A
F. Utilities Extensions	\$ Incl. in 2A	\$ incl. in 2A
G. Other (asbestos only)	\$ 0	\$ 0
Subtotal Construction Cost	\$ 50,200,000	\$ 50,200,000
3. Consultant Fees		
A. Construction Manager	\$ 550,000	\$ 550,000
B. Architect/Engineering Fees	\$ 4,400,000	\$ 4,400,000
C. Other (Programming, Special Consult.)	\$ 320,000	\$ 320,000
Subtotal Consultant Fees	\$ 5,270,000	\$ 5,270,000
4. Furniture Fixtures and Equipment	\$ 2,000,000	\$ 2,000,000
5. Contingency, Design Phase	\$ 0	\$ 0
6. Contingency, Construction Phase	\$ 2,450,000	\$ 2,450,000
7. Parking Reserve	\$ N/A	\$ N/A
8. Telecommunications Equipment	\$ 940,000	\$ 940,000
Subtotal Items 4-8	\$ 5,390,000	\$ 5,390,000
9. Additional University Costs		
A. Surveys and Tests	\$ 375,000	\$ 375,000
B. Move-in Costs	\$ 25,000	\$ 25,000
C. Public Art	\$ 0	\$ 0
D. Printing/Advertisement	\$ 10,000	\$ 10,000
E. Univ. Facilities & Project Management	\$ 1,500,000	\$ 1,500,000
F. State Risk Mgt. Ins	\$ 230,000	\$ 230,000
Subtotal Additional University Costs	\$ 2,140,000	\$ 2,140,000
TOTAL CAPITAL COST	\$ 63,000,000	\$ 63,000,000

EXECUTIVE SUMMARY

**U of A
Project Site Location Map
Arizona Public Media
Building**



Arizona Public Media Building

