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Notice of Intent to Increase Rates and Fees

[Arizona Revised Statutes \(ARS\) § 15-1631](#) requires that rate or fee increases for services performed by the Arizona State Museum (ASM) pursuant to [Title 41](#), chapter 4.1, article 4 Archaeological Discoveries, hereafter ARS § 41-841 et seq., or [ARS § 41-865](#) shall be proposed and adopted via specified procedures, as laid out within said statute. These procedures include proscribed notifications, including justification, analyses, a description of methodology used to calculate the rates and fees, and which ultimately end with the adoption of rates and fees by the Arizona Board of Regents (ABOR), who must subsequently submit adopted rates and fees to the Secretary of State for publication in the Arizona administrative registrar pursuant to [ARS § 41-1013](#).

The Director of ASM at the University of Arizona hereby provides notice of intent to increase its rates and fees for all services performed by ASM pursuant to ARS § 41-841 et seq. and ARS § 41-865, in adherence with the procedures specified under ARS § 15-1631.

Museum Background

ASM was established in 1893 by the Arizona Territorial Legislature, and per ARS is both the official repository for archaeological collections from state, county, and municipal lands in Arizona and the permitting agency for archaeological projects on these lands. ASM per ARS also administers Arizona's human burial protection law on state, county, municipal, and private lands. Under the auspices of ABOR, the University of Arizona directs and manages ASM and sets apart sufficient space to accommodate it, per mandates embedded within ARS § 15-1631.

Justification for the Development and Application of Rates and Fees

The proposed rates and fees herein are calculated with the intent to recover expenses, as deemed necessary, reasonable and allocable by ASM's Director, for the provision of services pursuant to ARS § 41-841 et seq. or ARS § 41-865, and neither gift to, nor subsidize external entities that contract with the University, nor utilize State Funds allocated for educational or research purposes. This treatment is consistent with requirements in both ARS Titles 15 and 35, and [Article 9, Section 7 of the Arizona State Constitution](#), commonly referred to as the "Gift Clause". Adoption of rates and fees herein proposed will ensure there is no fiscal impact to the state General Fund associated with these mandated activities conducted within ASM. Adoption of rates and fees below what is herein proposed may have undue impact on the state General Fund, the financial position of the University of Arizona, and violate Article 9, Section 7 of the Arizona State Constitution.

Additionally, some of ASM's customers continue to behave in a manner not in compliance with professional standards, ARS requirements, and/or ABOR Rules. Some of the proposed fees listed herein are intended to curtail non-compliance with these regulations. Adoption of these fees by ABOR will have zero financial impact on ASM customers who comply with statutory and professional standards and are merely a means of encouraging customers who might not have complied previously to do so in the future.

Proposed Rates and Fees for Cultural Resource Management Services

Pursuant to ARS Titles 15 and 35 and Article 9, Section 7 of the Arizona State Constitution, ASM's Proposed Cultural Resource Management Services rates and fees are calculated to recover expenses, as deemed necessary, reasonable and allocable by ASM's Director, associated with providing mandated cultural resource management services, as delineated under ARS § 41-841 et seq. and § 41-865, to non-University of Arizona entities requiring these services (e.g., persons, corporations, institutions, state agencies or divisions other than the University of Arizona, and federal agencies). The proposed [rates](#) and [fees](#) for cultural resource management services for ASM Mandated Programs are listed at the end of this document.

ASM reserves the right to assess rates and fees for any and all services rendered outside of those required under state mandate, as defined and delineated within ARS § 41-841 et seq. and § 41-865. ASM deems these "value-added" services

which are rendered to clients at their behest and for the clients' convenience, rather than as part of ASM's state mandate, and ASM does so without being bound by the concomitant restrictions under ARS § 15-1631.

Justification for Proposed Increases in Rates and Fees

Since the last fee increase, calculated in 2017, ASM has continued to under-recover from project sponsors the necessary, reasonable, and allocable expenses incurred in the provision of services mandated by state and federal law. As of June 30, 2024, the cumulative operating deficit attributable to these activities exceeded \$2.3M. Analysis of data collected since that time has revealed several major factors impacting recovery of expenses incurred, and thereby driving this structural deficit.

One of the primary drivers of under-recovery during this period has been identified as a failure to re-interpret which services ASM has authority to bill for under the re-written ARS § 15-1631. As re-written this statute grants ABOR explicit authority to "adopt any fees for services performed by the state museum pursuant to title 41, chapter 4.1, article 4 [i.e. section 41-841 et seq.] and section 41-865." Historically opinions from UA's General Counsel on what services ASM could permissibly recover were based on language found directly within ARS § 41-841 et seq., or [ARS § 41-865](#). Due to this limited interpretation, the efforts of nearly 4.0 FTEs were deemed unbillable and so went unrecovered over approximately seven years.

It is important to note that while the revised rates and fees now include the expenses related to these positions in their calculation, we have endeavored to ensure that these rates also include what would have constituted billable time in the denominator of the calculation for those rates. The net effect of this is a minor increase in rates for services, as these additional expenses are offset by an increase in the billable hours over which those expenses can be recovered. However, it should also be noted that, moving forward, ASM's customers will be invoiced for time spent rendering services that ASM previously provided without charge (e.g., billing for time spent issuing permits).

Additional drivers of under-recovery since the last rate and fee increase relate to increasing costs and inflation prevalent broadly across markets worldwide. These factors include, but are not limited to:

1. University of Arizona Career Architecture Program ([UCAP](#))
2. [Salary Increase Program](#) coupled with Bring-to-Minimum adjustments for ASM staff
3. Increased Paid Vacation Time as employees gain tenure
4. Paid Parental Leave and other changes to university policy
5. Need to develop and implement systems and operational infrastructure necessary to Mandated Programs
6. Failure to include space costs in previously implemented rates

The first two items above have substantially increased expenses (numerator in rate calculation) related to the provision of services required under ARS § 41-841 et seq. and § 41-865, while items 3, 4 and 5 reduce the number of available billable hours, which determines ASM's capacity to provide services to its customers. As capacity is exceeded by customer demands, ASM must hire additional staff, which raises expenses and thus rates until that capacity is consumed or can be diverted to non-Mandated Programs tasks. Lastly, space costs used in in-perpetuity storage per state mandate were not included in the fees approved by ABOR following the 2017 Notice of Intent. Since that time, the ASM Repository has reached capacity and access to emergency storage facilities must be procured while a long-term solution is put into place. This interim need is being met through rental of off-site commercial storage while funds are identified and raised for the construction of new facilities as a permanent repository. Ultimately, costs related to the long-term storage of these artifacts and documents must be recovered to fulfill ASM's duty of care. As a result, the per-cubic-foot cost estimates for storage space within ASM's new building have been used to determine the cost of curating one cubic foot of artifacts and in calculating the cost of curating one linear foot of documentation.

ASM only considers costs directly related to Mandated Programs when calculating rates and fees, and likewise has only used funds collected from Mandated Programs customers to carry out related duties. Despite being housed in an

Unrestricted sub fund group, the University of Arizona and ASM have and will continue to restrict the use of funds received from ASM customers solely to sustain its Mandated Programs. ASM reports to the office for Research, Innovation & Impact (RII). RII has a separate Business Center that reports directly to the Senior Vice President for Research, who has responsibility for administrative and compliance services. The RII Business Center is responsible for the financial management of all ASM activities, including ASM Mandated Programs. This structure provides monitoring and oversight of financial activity independent of the ASM management structure to ensure compliance with financial policy and procedures. The University also independently monitors the use of funds through the Financial Services Office and the Office of Budget and Planning.

Description and Explanation of the Methodology Utilized to Calculate the Proposed Fees

Background and Facts

As previously stated, ARS and the Arizona State Constitution dictate that construction and similar projects shall bear all costs incurred to recover, process, and curate artifacts, as well as the expenses associated with the treatment and disposition of human remains and funerary objects disturbed as a result of such projects, and any other services rendered pursuant to either ARS § 41-841 et seq. or ARS § 41-865.

To develop the proposed rates and fees, the standards, foundational processes and cost accounting standards that the university utilizes to determine appropriate rates for the delivery of services were employed (see the [Rate Studies section of the Financial Services website](#)). These standards and processes are guided by the federal government's Office of Management and Budget which has issued uniform guidance to ensure that only allowable expenses incurred by the institution in the delivery of services are billed to the federal government in the execution of grants or contracts.

In order to ensure that the revised rate and fee structure meets these requirements, analysis was performed of the services provided by ASM since the prior rate study was conducted, with focus on the expenses incurred to provide those services, hours of services rendered during that time frame, and the current business and regulatory environments in which ASM operates in delivering these services. Through knowledge gained during the prior rate and model development, as well as multiple meetings and discussions with ASM faculty and staff over several months, as well as several tours of the facility, the following facts have been re-confirmed and used in the framing of the proposed rate and fee structure.

1. ASM is required by state law to provide services necessary to ensure proper documentation and curation of artifacts and the treatment and disposition of human remains and funerary objects disturbed through construction activities across the State of Arizona. ASM is also required by state law to issue permits for these and other related activities. These services and permits, as embodied within ARS § 41-841 et seq. and ARS § 41-865, are collectively referred to as ASM Mandated Programs, or simply Mandated Programs.
2. This mandate from the State of Arizona is wholly unfunded. These activities must therefore be made financially sustainable entirely through charges assessed based on the rate and fee structure herein proposed.
3. All services provided under ASM Mandated Programs consist of professional services, the curation of documents, information and/or artifacts in perpetuity or the enforcement of statutory requirements upon ASM's customers.
4. The time and effort involved in completing the services associated with any one project within ASM Mandated Programs is highly dependent on multiple factors, including but not limited to:
 - a. Distribution of archaeological sites across the landscape and areas of potential development.
 - b. Proximity of construction project to archaeological site(s).
 - c. Distribution of archaeological artifacts relative to ground disturbance within the construction site.
 - d. Artifact population density within the construction site.
 - e. The quality of documentation and record keeping provided by project sponsors or their agents regarding artifacts collected and deposited with ASM.

5. ASM is subject to many regulations that dictate services to be provided with concomitant professional standards to which they must adhere, for which service charges may be assessed, and even who must bear the burden of the cost for such services. This regulatory framework includes:
 - a. Curation of Federally Owned and Administered Archeological Collections, 36 CFR 79
 - b. State law, including but not limited to ARS §§ 15-1631, 41-865 and 41-841, et seq.
 - c. ABOR Policy, including but not limited to 8-101 through 8-110 and 8-201 through 8-208
 - d. Professional Standards as set out by the American Alliance of Museums
6. ASM has heretofore not held or assessed any fees for failure to act in accordance with any or all the regulatory frameworks it is tasked with enforcing. ASM staff time and other resources are routinely spent bringing customer behavior and/or documentation into alignment with these various regulations.
7. The ASM Director and professional staff are responsible for determining the appropriate staff classification for completion of a given task to ensure compliance with the aforementioned obligations and standards. The Director and professional staff will make all reasonable efforts to have day-to-day, hands-on work performed by lower-cost employees, and then reviewed by senior personnel to ensure compliance with statutory obligations and professional standards previously mentioned. However, there are certain activities that for several reasons (e.g., they require more training or experience to conduct) require the direct effort of professional staff. Additionally, structural staff shortages further exacerbated by reductions in force related to recent university financial woes **will undoubtedly** lead to more tasks being carried out by senior personnel as remaining staff are compressed within senior positions. Until ASM can backfill openings at lower levels, they will be forced to bill for tasks at higher rates associated with Specialists and Professionals, as these are the only employees available to meet demand.
8. The work of ASM Mandated Programs typically relates directly to construction, development, and infrastructure projects on state or private lands across the State of Arizona.
9. Records related to Mandated Programs are designated Historical and Permanent public records by the Arizona State Library, Archives and Public Records (ASLAPR) and must be kept or transcribed on paper or other material that is of durable or permanent quality and [must be physically maintained in perpetuity](#) in alignment with policy revised as of October of 2023 and documented by the Secretary of State.

Framework for Rate and Fee Structure

Given fact three above, most services provided under ASM Mandated Programs primarily consist of a combination of personnel and associated expenses, as well as in-perpetuity storage expenses. Fact seven above informs us that there are, or at least should be given full employment within ASM, multiple tiers of employee skill and related compensation level that need to be accounted for in establishing rates to equitably recover expenses. Based on these facts, there were two methods identified by which cost recovery could be achieved: task-based fees or time-based rates.

The task-based fee structure was abandoned with the 2017 rate and fee proposal for the following reasons. This method requires the outlining of each specific task and sub-task necessary to complete each service for which a fee would need to be developed. It would then be necessary to determine the average amount of time required for each tier of personnel to complete each specific task and sub-task. Flat fees would then be set to recapture the expenses associated with the total average amount of time necessary to complete each service, considering the various expenses for each employee tier. However, given fact four above, it was noted that models based on average time requirements would create substantial disparities between the expenses incurred and charges assessed between projects of disparate complexity. Small projects having little to no impact on archaeological sites, and for which subsequently little expenses are incurred, could be assessed unduly disproportionate fees, and projects with large archaeological impact would be far under-assessed fees in comparison to incurred expenses in the conduct of work.

Therefore, given the substantial variances in time requirements/fees assessed among the various projects undertaken by ASM (again, see fact four above), and feedback from stakeholders requesting more scalability and transparency in the assessed charges, the time-based rate methodology was selected and will be maintained moving forward for each of the various services ASM provides.

Based on employee classifications within ASM and their related salary levels, three service rates were established in 2017 (Assistant, Specialist, and Professional) for all services to be provided. Service rates consist primarily of the average pay for employees within each class and the necessary incidental operating expenses to support their activities divided by net billable hours for service provision. See the Assistant, Specialist, and Professional sections below for examples of the expenses included within these rates. It is important to note that institutional impediments to hiring coupled with employee development since the 2017 Notice of Intent have led to considerable compression of existing employees within the two upper levels of employee skill and compensation. Moving forward, many tasks that would otherwise be completed by Assistants will by necessity be completed and billed at the Specialist rate due to limited capacity to meet customer demand within the Assistant classification.

In addition to the three hourly service rates, fees for the curation of documents and artifacts in perpetuity were also developed. Most of the artifacts curated within ASM continue to be stored within standard one-cubic-foot archival boxes. Multiple artifacts will typically fit within a single box, and artifacts from up to two construction sites, or projects, may be co-located within a single box in the museum, in situations where ASM deems this to be appropriate and feasible based on best practices. Projects can, therefore, be assessed a flat fee for each box, or half-box, required to store in perpetuity the artifacts found within their respective construction site(s). Artifacts too large for boxes are infrequent and will simply be charged the per-box fee for curation in perpetuity. Per fact 9 above, paper records must also be kept in perpetuity. Based on this fact, the fee for curation of documentation in perpetuity was developed on a per-linear-foot basis, a standard archival measure. Fees assessed for curation of documentation will be based on each linear inch submitted. These fees (per box and linear inch of documentation) were calculated based on the [formula for a perpetuity due](#):

$$\text{Fee} = \text{current year expenses} + \frac{\text{periodic storage expenses}}{\text{periodic discount rate}}$$

See the Expenses Wholly Allocable to Fee for In-Perpetuity Curation of a Box of Artifacts section and the Expenses Wholly Allocable to the Fee for In Perpetuity Curation of Documents sections below for examples of the expenses included within current year costs and periodic storage costs, as well as the periodic discount rate used in current value calculations. These have been updated since the last Notice of Intent to reflect the estimated costs of building the new repository needed to meet the demands of curating documentation and artifacts generated by construction projects within Arizona.

Expenses associated with the provision of services under AZSITE and NAGPRA (see definitions below) are *tracked separately* within the UA's chart of accounts *and are neither included* in the calculation of service rates nor within in-perpetuity curation fees.

AZSITE is a Geographic Information System (GIS) that serves as a consolidated informational network of recorded cultural resources, including prehistoric and historic sites and properties, as well as surface surveys within the state of Arizona and a 40-mile buffer around the state. AZSITE was established under Governor's Executive Order 2006-03 as a consortium, a collaborative project between ASM, the Archaeological Research Institute at Arizona State University, the State Historic Preservation Office, and the Museum of Northern Arizona. Use of AZSITE is not mandated under ARS § 41-841 et seq. or § 41-865. AZSITE expenses are not related to ASM Mandated Programs and have been separately accounted for, not included in the mandated services rates or in-perpetuity curation fees, and fees collected for services and therefore are not subject to the requirements of ARS §15-1631.

The Native American Graves Protection and Repatriation Act (NAGPRA; 25 USC § 3001, et seq.) is a federal law that imposes responsibilities and expenses on all museums that have ever received federal funding, and that curate Native American human remains and/or funerary objects, sacred objects, and objects of cultural patrimony. The responsibilities and expenses associated with NAGPRA are not borne by project sponsors but by curatorial institutions and federal agencies. NAGPRA expenses are not related to ASM Mandated Programs, have been separately accounted for, and thus are not included in the mandated services rates or in-perpetuity curation fees.

Per a reinterpretation of ARS §15-1631 the University of Arizona's General Counsel, billing for services related to the issuance of permits is now considered permissible, as well as any other services rendered under either ARS § 41-841 et seq. or § 41-865. Therefore, expenses related to permit issuance have been captured and included within the calculation of rates and fees along with expenses related to all other services provided as part of ASM Mandated Programs.

Expenses Included Within the Proposed Rates and Fees

First and foremost, all the non-deterrent ASM rates and fees have been derived using a cost basis, ensuring they are commensurate with and proportionate to the scope of services provided. According to professional accounting principles, all expenses included within the proposed rates and fees must be allowable. Allowability of a cost is determined prior to its incurrence and subsequent inclusion within the rates and fees, and requires that the following criteria be met:

1. Expenses must be both **necessary and reasonable** for the provision of services. Transactions must be entered "at an arm's length" using sound business practices, and adhering to established University and ABOR policies.
2. Expenses must be **properly allocable** in part or in whole to services provided in accordance with the relative benefits received or some other equitable relationship to the expenses incurred.
3. Expenses must be **readily determinable** for inclusion within rates/fees.
4. Expenses must be **consistently and uniformly applied** according to accepted accounting principles and relevant University and ABOR policies and procedures.
5. Expenses must be **substantiated** with adequate documentation, given their nature and materiality.

UA Financial Policies are available on the within [the Financial Services Manual](#).

Expenses Wholly Allocable to the Specified Rates and Fees

The benefits of these expenses can be directly associated with providing a single service.

Expenses Wholly Allocable to the Assistant Rate

Salary and Employee Related Expenses (ERE¹) for time spent directly providing services to clients \$68,137.22;
2.25 FTE combined
\$1,000 annually per FTE for employee development and training

Expenses Wholly Allocable to the Specialist Rate

Salary and ERE for time spent by Specialists providing services to clients \$801,583.51; 13.6 FTE combined
\$1,000 annually per FTE for employee development and training

Expenses Wholly Allocable to the Professional Rate

Salary and ERE for time spent by Professionals providing services to clients \$605,232.12; 6.85 FTE combined
\$1,000 annually per FTE for employee development and training

¹ Employee Related Expenses (ERE) are the expenses the University is responsible for as an employer. ERE is comprised of FICA, Retirement, Unemployment Compensation, Worker's Compensation, Liability Insurance, Health/Dental/Life Insurance, and Dependent Care Assistance. See the [Financial Services Website](#) for further information.

Expenses Wholly Allocable to Fee for In-Perpetuity Curation of a Box of Artifacts

Current Period Expenses

Shelving and space expense \$546.41 per cubic foot box, assuming 80% long-term efficiency, and based on the ASM/AZGS Repository Feasibility Study September 2023 from Planning, Design & Construction. Expenses of box, bags, acid free cardstock, archival pens, curation supplies, etc. \$35.29

Periodic Expenses

Space and shelving recovery (est. 39-year useful life) \$14.01 annually, inventory labor \$106.67 annually, and reboxing (est. 7-year life) \$2.14 annually; one-time in-perpetuity charges calculated at \$269.42, \$2,051.35 and \$41.15, respectively.

Expenses Wholly Allocable to the Fee for In-Perpetuity Curation of Documents

Current Year Expenses

Shelving and space expense \$546.41 per linear foot, assuming 80% long-term efficiency, and based on the ASM/AZGS Repository Feasibility Study September 2023 from Planning, Design & Construction. Expenses for document boxes, folders, curation supplies, etc. \$47.91

Periodic Costs

Space and shelving recovery (est. 39-year useful life) \$14.01 annually, inventory labor \$53.33 annually, and reboxing with folders (est. 7-year life) \$6.84 annually; one-time in-perpetuity charges calculated at \$269.42, \$1,025.58 and \$131.53, respectively.

Applicable Interest Rates for Calculation of Perpetuities Due

The annualized discount rate of 7.2% was used in calculation of the perpetuities due associated with curation of both boxes of artifacts and documentation. This rate was deemed appropriate, as it is approximately the average annual return of the S and P 500 Index over the period of 1950 to 2009^{2,3}. The inflation rate of 2% was used, which is the Federal Reserve's targeted inflation rate for the US economy, and for which they set monetary policy. Recent inflation rates have been significantly higher than the target rate, but the 2% figure has been used to produce more conservative costs for ASM customers⁴. The calculated net discount rate of 5.2% is in alignment with the recent return on cash investments of 0.43% monthly periodic rate within the University of Arizona.

Sensitivity of Curation Fees to Applicable Discount Rate

7.0% Net Discount Rate: \$3,176.00 per half-box and \$189.00 per linear inch of documentation

5.5% Net Discount Rate: \$3,799.00 per half-box and \$220.25 per linear inch of documentation

4.0% Net Discount Rate: \$4,885.00 per half-box and \$274.75 per linear inch of documentation

2.0% Net Discount Rate: \$8,846.00 per half-box and \$473.75 per linear inch of documentation⁵

ASM assumes substantial risk of not being able to meet future operating costs related to items held in perpetuity due to low return on investments generated through the University's risk-averse investment strategies. Nevertheless, it would be imprudent and seems unreasonable to more than double rates charged to customers in order to overcome such low returns. As a result, ASM has opted to utilize a normal long-term rate of return from the stock market, offset by normal inflation. This is a fair balance between ASM's and their customer's needs. Future shortfalls due to low investment returns will be offset either through the provision of Value Added services or other means.

² <http://www.simplestockinvesting.com/SP500-historical-real-total-returns.htm>

³ <http://www.thesimpledollar.com/where-does-7-come-from-when-it-comes-to-long-term-stock-returns/>

⁴ <https://www.federalreserve.gov/economy-at-a-glance-inflation-pce.htm>

⁵ This is the historic average rate of return on Operating Funds within the University of Arizona, per the Comptroller.

Expenses Allocable to Multiple Rates

There exist expenses that are required for the conduct of ASM Mandated Programs, but which cannot be assigned directly to any one rate or fee. These expenses are therefore aggregated and then allocated amongst the rates and fees either in accordance with the relative benefits thereby received, or in proportion to the resources consumed.

Managerial, Security, Information Systems and Business & Administrative Support Salaries and ERE

A total of \$614,954.45 of Salary and ERE are incurred for managerial duties, ASM security, information systems and general business and administrative support, as well as all employee time related to holidays, vacation, sick and other paid time off under University of Arizona policy. All these expenses were pooled and allocated based on the relative volume of services provided.

Allocated to Assistants \$66,247.69

Allocated to Specialists \$338,327.99

Allocated to Professionals \$165,998.47

Allocated to Box Curation \$27,435.10

Allocated to Document Curation \$16,945.21

Environmental Control, Security System & Other Space-Related Expenses

Various sensors and related systems cost recovery (est. 5-year useful life), lift depreciation (est. 5-year useful life) and repair. A vehicle for transporting artifacts and documentation from the Main University of Arizona campus to the new building (rented or built) is now necessary (est. 10-year useful life). These expenses are allocated between the Fee for In-Perpetuity Curation of a Box of Artifacts and the Fee for In Perpetuity Curation of Documents based on relative number of units processed (\$15,279.82 per annum).

Office Equipment

Expense recovery for computers (est. 3-year useful life), photocopiers (est. 7-year useful life) and large bed scanner (est. 7-year useful life). These costs are allocated across the three labor rates based on relative number of units provided (\$32,800.35 per annum).

Office Supplies & Support

General office supplies are included within this category, as are the costs associated with a contract with San Miguel High School for the services of 4 students at 0.25 FTE each. These students provide administrative and clerical support to ASM solely within the Mandated Programs area. These costs are allocated across the three labor rates based on relative number of units provided (\$36,779.19 per annum).

Desktop Computing Support Costs

\$500 per year per FTE prorated to ASM Mandated Programs. These costs are allocated across the three labor rates based on the relative number of units provided, which is proportionate to the number of FTEs within each category. Desktop computing support is provided under a service contract by the University Information Technology Services (UITS) unit. UITS sets the annual rate (\$13,634.02 per annum based on current staffing levels within Mandated Programs).

Software Licenses & Storage Fees

Annual costs for software and other licenses, as well as the proportion of server space utilized to support ASM Mandated Programs and maintenance thereof. These costs are apportioned between divisions of ASM based on relative benefit between them, and then the portion allocated to Mandated Programs is further apportioned across all rates based on relative number of units provided. The annual costs for the licenses and cloud services related to Mandated programs is \$35,834.99 per annum.

Facilities and Administrative Costs

Facilities and Administrative Costs are those costs associated with maintaining a viable place of business in which to conduct the Mandated Programs services, which are determined officially by review and approval of the federal authority, the Department of Health and Human Services, the cognizant agency for the University of Arizona. The following components of the official University of Arizona Facilities and Administrative Cost rates have been applied and included within the proposed rates (33.1% for services; 28.1% for curation).

- Building Expense ⁶
- Equipment Costs
- Interest Expense
- Operations and Maintenance Expense
- General Administration

Allowable Costs not included in the Proposed Rates and Fees

It has been seven years since the last rate adjustment for ASM the museum. In that time ASM procured and implemented AXIELL's KE Emu software, a new, modern Consolidated Collections Information System (CCIS), which allowed the migration of all ASM archaeology collection catalogs into a unified, online system. This project, including costs for the software platform itself, necessary ancillary hardware, salary-related implementation costs and staff training, were covered by a combination of external grant funds (\$298,000) and matching funds provided by the University of Arizona in support of this project (\$321,977). The \$619,977 in costs related to modernizing ASM's CCIS were completely excluded from rate calculations, despite fundamentally supporting the records management of artifacts and documentation submitted by ASM's customers. This software has also driven efficiency within ASM in carrying out services for its customers, leading to lower charges for given services.

Costs associated with ongoing curation (in perpetuity) of state-owned collections housed at ASM prior to implementation of the current rate and fee structure are not included in the calculations for the proposed rates and fees. This includes the efforts of approximately 2.0 FTE and salary costs and ERE (\$136,239). The costs of these activities are borne by the University of Arizona in support of ASM's role as the official archaeological repository for the state and a designated federal repository.

Costs associated with ongoing repatriation of NAGPRA-eligible collections controlled by the state and housed at ASM are not included in the calculations for the proposed rates and fees. The responsibilities and expenses associated with NAGPRA are borne by a combination of the University of Arizona and external grant funds (\$114,349 since 2017) in support of ASM's federally mandated responsibilities.

Independent Review of Proposed Rates and Fees

The Financial Services Office (FSO) at the University of Arizona and BeachFleischman PLLC each conducted an independent review of the methodology used in the development of ASM's proposed rates and fees in 2017 and validated the methodology at that time. The methodology remains the same as it did at that time, simply with updated costs and other values within the model.

Quantification of the Rate and Fee Increase

The proposed changes herein relate not only to the rates and fees charged, but to the scope of services to which they will be applied.

⁶ This component of the Facilities and Administrative Rate has been excluded from the fees for curation in-perpetuity, in which space charges are directly applied based on net square footage of space occupied.

Estimates for hypothetical project charges for the mandated services provided under the rates and fees have been generated for the purposes of illustrative comparison using historical averages, or preliminary estimates based on a two-week time study, of hours for task completion and the proposed services rates.

Examples for Illustration:		
Service	Prior	New
Project Registration and AAA Permit Application Review for Monitoring Project (curated at ASM)	\$ 599.73	\$ 2,194.17
Project Registration and AAA Project-Specific Permit Review for Testing/Excavation Project (curated at ASM)	\$ 936.38	\$ 2,819.17
Project Registration for Non-Collection Survey Project conducted under already issued AAA Blanket Permit (must be curated at ASM)	\$ 267.63	\$ 543.67
Project Registration and AAA Project-Specific Permit Review for Monitoring Project (not curated at ASM)	\$ 513.97	\$ 2,028.83
Project Registration and AAA Project-Specific Permit Review for Testing/Excavation Project (not curated at ASM)	\$ 846.47	\$ 2,645.83
Collections Intake (curated at ASM; assumes 2 half-boxes, 1 cataloged object, 1 inch of documentation. 1 digital image, 1 ASM Site Card Update)	\$ 833.95	\$ 1,924.07
Curation of Artifacts in Perpetuity (per half-box)	\$ 1,502.00	\$ 1,983.50
Curation of Documents in Perpetuity (per linear inch)	\$ 214.75	\$ 228.67
General Burial Discovery Agreement	\$ 250.00	\$ 651.00
Project-Specific Burial Discovery Agreement	\$ 250.00	\$ 2,278.50
Consultation Regarding Human Remains Discovery on State Lands (assumes 8 hours, 1 travel day, 10 round-trip miles, 0 overnight stays)	\$ 2,104.00	\$ 3,576.00
Burial Excavation and Documentation (assumes excavation of 1 individual, documentation of 1 complete burial, 1 partial/cremation burial, 1 fragmentary burial)	\$ 1,831.00	\$ 3,290.00
*based on calculated historical average hours to complete tasks and Proposed Service Rates for Assistant and/or Specialist and/or Professional		

Entities Directly Affected by Rate and Fee Increases

The entities directly affected by these costs are project sponsors and cultural resource management firms (archaeological consultants) engaged by project sponsors. The entities who will bear the ultimate costs are project sponsors.

The proposed structure of the rates and fees is designed to be responsive to concerns expressed by project sponsors, while at the same time complying with regulatory requirements for service delivery and cost recovery. The proposed rate and fee structure is transparent, consistent, and scalable to the differing scopes of various projects.

The entities who will directly benefit from the proposed rate and fee increases are project sponsors and the people of the state of Arizona, including the state’s tribal communities.

Project sponsors will benefit from the continued predictability, transparency, and scalability in charges for ASM to provide the mandated cultural resource management services that support and enable their commercial, residential, and infrastructure development projects to proceed under federal and state law.

The people of Arizona, including the state's tribal communities, will benefit not only from the development projects facilitated by ASM's mandated mission, but also in that the information and objects recovered as a result of archaeological activities in advance of development will be studied, documented, and curated in perpetuity for ongoing research and use in educational programs and exhibitions, in compliance with federal and state law.

Explanation of the services ASM will provide with the proposed increased rates and fees

Mandated services provided pursuant to ARS § 41-841 et seq., ARS § 41-865, and ABOR Policy Manual Chapter 8 include:

- 1) project registration, including the development of curation agreements if the collection associated with a given project is to be curated by ASM;
- 2) development of burial agreements;
- 3) consultation regarding the discovery of human remains on state lands;
- 4) collections intake, if the collection associated with a given project is curated by ASM;
- 5) curation of collections and associated records in perpetuity, if the collection associated with a given project is curated by ASM, and;
- 6) permit issuance in relation to any or all of the above-mentioned services.

Project Registration

ASM is responsible for ensuring the care of all archaeological materials recovered from state lands and the lands of all political subdivisions of the state, as well as the records associated with these collections, whether they are to be curated at ASM or at another public repository. Under federal and state law, a permit for archaeological activity cannot be issued by ASM until ASM is presented evidence that the project sponsor and/or that entity's agent has secured a curation agreement from a public repository. Project registration is the process by which ASM either develops a curation agreement for curation at ASM or obtains information required to track collections and records to be curated by other public repositories.

Project Registration for Monitoring (Collections Curated at ASM)

The specific tasks associated with this service include:

- Creating an accession file and database record.
- Creating a curation agreement and obtaining signatures.
- Preparing cover letters and mailing documents.
- Consulting with clients as needed.
- Reviewing submitted documentation.

Project Registration for Testing or Excavation (Collections Curated at ASM)

The specific tasks associated with this service include:

- Creating an accession file and database record.
- Creating a curation agreement and obtaining signatures.
- Preparing cover letters and mailing documents.
- Consulting with clients as needed.
- Reviewing submitted documentation.

Project Registration for Non-Collection Survey (Collections Curated at ASM)

The specific tasks associated with this service include:

- Processing a Notification of Intent to Conduct Survey.
- Creating an accession file and database record.
- Issuing site numbers and updating the site number database.
- Reviewing submitted documentation.
- Plotting sites on maps, checking landownership, updating the site database.

Project Registration for Monitoring, Testing, or Excavation (Collections Not Curated at ASM)

The specific tasks associated with this service include:

- Consulting with clients as needed.
- Reviewing submitted documentation.
- Creating a permanent record file and database entries.

Burial Discovery Agreements

The specific tasks associated with this service include:

- Reviewing the work plan and sending comments to the client.
- Writing the draft burial agreement, addressing client comments, and preparing the final agreement.
- Reviewing the draft report of human remains, preparing comments, and sending comments to the client.
- Reviewing the project report and sending comments to the client.
- Preparing paper and electronic records for curation in perpetuity.

Consultation Regarding the Discovery of Human Remains on State Lands

The specific tasks associated with this service include:

- Telephone consultation.
- Organizing and attending face-to-face consultation meetings, regardless of whether a burial agreement is required.

Collections Intake (accession, inventory, and cataloguing of collections and associated records)

The specific tasks associated with this service include:

- Arranging for and accepting delivery of collections and associated records.
- Reviewing the electronic inventory and physically checking the contents of boxes against the inventory.
- Rehousing artifacts as needed.
- Cataloguing and photographing objects.
- Creating database records for each catalogued object.
- Inventorying and rehousing documents.
- Creating database records for documents.
- Inventorying and uploading digital images and other digital files to servers.
- Creating database records for digital files.

Curation of Collections and Associated Records in Perpetuity

The specific tasks associated with this service include:

- Providing space, shelving, and environmental controls.
- Providing archival-quality curation supplies (acid-free boxes, folders, etc.).
- Conducting an annual inventory.

Efforts to Avoid Fee Increases or Reduce Costs and/or Regulatory Burden

Despite ongoing structural deficits incurred after the Rate and Fee increase that went into effect July 1, 2018 ASM has opted to forego additional increases in the subsequent seven years. During this time ASM's customers have benefited from rates below what was necessary to recover expenses during that period. Given the university's current financial position this approach is no longer tenable, and an adjustment of rates is now necessary.

ASM's mandated mission consists of serving our stakeholders and communities in ensuring that construction or similar projects remain compliant with the regulatory framework to which they are subjected under federal and state law. The burden imposed upon such projects because of this regulatory framework is outside ASM's purview and well

beyond the University's authority and control. Considering this the University and ASM have pursued several efforts to reduce the costs borne by project sponsors in meeting our mutual responsibilities under the law through cost reduction and efforts toward operational efficiency.

There are substantial pools of costs allowable in the development of the proposed rates and fees not included to mitigate the burden borne by project sponsors and to keep charges as low as possible. Some of these were mentioned above within the section [Allowable Costs not included in the Proposed Rates and Fees](#), which are also listed here for clarity in meeting ASM's requirement under ARS § 15-1631(D)(1)(c)(iii).

Cost Mitigation & Efficiency Efforts

Leveraging ASM Expertise

Historically ASM, as part of the University of Arizona, has been able to leverage the expertise of its faculty and staff in archaeology and museum conservation such that only a small percentage of each highly trained professional's effort is expended in supervising lower-cost employees who complete the great majority of the tasks comprising mandated cultural resource management services. As mentioned previously compression due to staffing shortages in lower tiers of expertise makes this less impactful under current circumstances. In the long run this will continue to benefit ASM customers.

Compactor Shelving

ASM continues to utilize compactor shelving to significantly reduce the space costs associated with curation in perpetuity of both boxes of artifacts and linear feet of documentation. Compactor shelving makes 45% more efficient use of square footage of storage space than standard shelving. The cost differential between compactor and standard shelving is estimated to be recuperated within the first 85 boxes of artifacts, or linear feet of documentation curated, and each compactor carriage can store an average of 336 boxes or linear feet of documentation. These savings are incorporated in the proposed rates and fees, and the benefits passed on directly to the entities that engage ASM for services under Mandated Programs.

Future Curation in Off-Site UA Space

All curation at ASM continues to be carried out within two historic buildings on the University of Arizona campus. However, both buildings are currently at capacity. ASM has identified short-term storage at an offsite location to accept additional artifacts and documentation while a new repository is planned, funded and constructed. To date, ASM has raised more than \$591,000 and has submitted multiple grant proposals requesting more than \$1M toward the estimated \$35M necessary to secure and outfit 80,000 cubic feet of archaeological collections curation space in this brand new off-campus facility. ASM is grateful to Pima County and the Fort McDowell Yavapai Nation for their contribution of \$15K towards this purpose. Once ASM can secure the remaining funding, this off-campus facility will be built to meet ASM's specific storage needs long into the future. This off-campus location can be operated at lower cost than the historical buildings that serve as curation space. If realized, cost reductions will be built into future rates and fees for ASM Mandated Programs and the benefit passed through to project sponsors.

Consolidated Collections Information System

In September of 2016, ASM faculty submitted a grant proposal under the Humanities Collections and Reference Resources funding announcement offered by the National Endowment for the Humanities' division of Preservation and Access. This grant was funded and provided \$298,000 of funding towards the total cost of \$619,977 needed to replace ASM's former antiquated information system with a modern consolidated information system. The remaining \$321,977 for completion of this project was provided by UA as cost share and is not included within the rates and fees herein proposed. This new system has also enabled ASM staff to more efficiently, accurately, and adequately complete the process of cataloguing its holdings, thereby minimizing costs to projects associated with processing artifacts deposited. The simplified infrastructure of

the new consolidated system has also driven slight reductions in IT costs associated with server maintenance and storage.

[IT Consolidation at UA](#)

Early in 2024 calendar year University Information Technology Services (UITS) centralized most IT personnel and services to their central office. While there have been no reductions yet in cost for ASM as a result of this, we do anticipate more consistent IT support, a more secure operating environment, and more stable IT infrastructure because of this shift. This will ensure timely service to clients, security of their confidential information and can reduce costs as IT compliance activities can be shared across a common infrastructure. If economies of scale can be reached in the future ASM will reduce rates and fees accordingly.

[Restructure of Workflow](#)

In the first half of 2018, ASM Mandated Programs worked with an organizational consultant to process map all workflow in the Mandated Programs offices. The ARO, RO, PO, and REPO were all able to increase efficiency by reconstructing their workflows to address unexpected complexity and problem areas apparent in the workflow process maps, including removing redundancies and unnecessary loops. In addition, the ARO, Library & Archives, Photographic Collections, and Registrar Office implemented workflow simplification and standardization, including creating workflow checklists, that successfully increased communication and efficiency within and between offices. In the preceding six years ASM has also engaged in a continuous process of digitizing, streamlining and standardizing forms and processes used by clients, which has led to increased efficiency for ASM, as well as their clients.

[ASM Cultural Resources Management Services Webpage](#)

To cut down on staff time addressing common questions, on 1 July 2018, ASM Mandated Programs unveiled their updated Cultural Resources Management Services [webpage](#). The updated webpage provides more information to clients than previously available as well as more regular updates. Information made available on the web page includes: a description of ASM Mandated Programs services, offices, and mission statement; links to the most current versions of documents and/or webpages; FAQs related to mandated programs processes; and links to Arizona Revised Statutes that are related to ASM's state mandates. The creation of this webpage dramatically cut down on staff time spent addressing common questions and providing copies of forms.

[Centralized Email](#)

To simplify submission of electronic forms, streamline communication with ASM staff, and ensure consistency in customer experience ASM Mandated Programs announced in July 2019 that all electronic forms are to be submitted to a centralized email.

[Online Project Management Software](#)

On 1 July 2018, ASM Mandated Programs adopted WorkFlowMax to help facilitate the issuance of invoices, to expedite communication between ASM staff concerning job statuses, and to serve as time management software for ASM Mandated Programs staff. When, in 2023, this company announced that they would no longer be able to support ASM's need, ASM Mandated Programs worked to create a comparable system through QuickBase Software, which was successfully launched in June of 2024. Future upgrades to this system will include a client dashboard that will provide the ability to see where requests are in-process, convert quotes to jobs, remit payment and hopefully submit digital reports and other documentation related to jobs.

[Online Request Quote for Services Portal](#)

On 1 July 2018, ASM Mandated Programs implemented an online Request quote for services system where clients provide project details and based on these details, ASM provides a quote for services. This portal was designed in collaboration with University of Arizona (UA) Core Facilities Business Analytics Office and integrates with the online project management software adopted by ASM at the same time. This portal has

increased efficiency in that it allows clients to submit information without any time investment from ASM staff. The functionality of this portal was incorporated into the revised Project Management Software built within the QuickBase Software environment.

Proposed Cultural Resource Management Services
Rate and Fee Schedule
Effective July 1, 2025

Cultural Resource Management Business Practices

- ASM will continue to provide scope-dependent quotes for state mandated services within two business days of request.
- Quotes will be generated based upon information submitted by clients through the online Request for Services form.
 - Information gathered thereby includes estimates of half-boxes of artifacts, individually catalogued artifacts, digital images, and linear inches of documentation to be submitted for curation in perpetuity.
 - ASM will perform its own estimates of these items to ensure the reasonableness of the client's estimates.
 - If the client's submitted estimates are reasonable, quotes will be based upon the client's estimates.
 - If the client's submitted estimates are questionable, based on ASM's estimates using historical data, ASM will reach out to the client to negotiate a reasonable estimate for inclusion within the quote. The two business day guarantee for quotes does not apply in such cases.
- Quotes for mandated services are binding, barring any material variance in the scope of the project.
- Material variance is defined as a +/- 10% (or more) difference in the count of half-boxes of artifacts, individually catalogued artifacts, digital images, linear inches of documentation, ASM Site Cards, or ASM Site Card Updates listed in the accepted quote and the collections physically submitted for intake and curation.
- All non-curation services requested of ASM, including collections intake, will be quoted based upon the estimated time to complete tasks, the skillset necessary to complete each task, and the appropriate hourly service rate.
- Time estimates per task will be updated periodically as ASM gathers data; average time per task and standard deviation thereof will be made available upon request and in future Notices of Intent.
- In-perpetuity curation fees are charged per half-cubic-foot box of objects, per individually catalogued artifact, and per linear inch of documents deposited.
- ASM will no longer continue to provide permits free of charge.
- Permits will be billed for upon receipt of request.
- Projects will continue to be billed in two installments.
 - The initial invoice will be based on the estimated costs of activities undertaken by ASM to complete work up to the point of collections intake and will be issued at the inception of the project.
 - The second invoice will be issued at the time collections are submitted for intake, or project completion. The second billing will cover collections intake services and in-perpetuity curation for projects curated at ASM. For projects generating objects not curated at ASM, the second billing will cover the costs of document curation in perpetuity. The second invoice will be adjusted to reflect actual counts of items if there is a material variance, as defined above.
 - CRM firms may be subject to additional costs if submitted collections are found to be non-compliant and must be returned for remediation and resubmission.
- Current rates and fees will be incorporated into quotes as they are issued.
- Rates and Fees are subject to change through the process described in ARS § 15-1631.

**Proposed Cultural Resource Management Services
Rate and Fee Schedule**
Effective July 1, 2025

Schedule of Mandated Cultural Resource Management Service Rates

Proposed Hourly Service Rates	
\$101.00/hr	Assistant
\$160.00/hr	Specialist
\$217.00/hr	Professional

Proposed In-Perpetuity Curation Fees	
\$1,983.50/half box	Curation of 1 half-cubic-foot box of artifacts ⁷
\$228.67/inch	Curation of 1 linear inch of documents

Schedule of Services under Mandated Programs

All services would be quoted and billed based on the amount of time (mean + 2 standard deviations) times the necessary and appropriate hourly rate.

- AAA Project-specific Permit Review & Issuance 8-202(A)
- AAA Blanket Permit Review & Issuance 8-202(A)
- Principal Investigator Review 8-202(C)(1)(d)
- Project Director Review 8-202(C)(1)(e) & 8-202(C)(1)(f)
- Public repository adequacy assessment 8-202(C)(1)(g), 8-204(C), (D), (E) & (F)
- Archaeological or paleontological impact assessment 8-202(C)(1)(h)
- AAA Permit amendment(s) 8-202(E)
- Response to inadvertent discovery of human remains on state lands 8-205(C)
- Review of Report of Remains 8-205(D)(4)
- Review Report of Remains 8-205(J)(1)
- Development and issuance of Burial Discovery Agreement 8-205(K)
- Attend hearing due to denial of permit 8-207(A)(1)(a)
- Attend hearing due to revocation of permit 8-207(A)(1)(b)

Schedule of Proposed Fees under Mandated Programs

- Certified mail fee \$25.00
- Curation of ½ box in perpetuity \$1,983.50

⁷ The half-box will continue to be used as a minimum storage and billing unit where ASM deems appropriate and feasible, as subdividing a box into two equal parts is easily and efficiently accomplished (further subdivision into smaller, reliably measured units needed for consistent cost assessment is not).

**Proposed Cultural Resource Management Services
Rate and Fee Schedule**
Effective July 1, 2025

Curation of 1" of documentation in perpetuity \$228.67

Late Payment Fee (assessed after Net30 period), 12% APR thereafter for balances compounded monthly at the beginning of every month. \$25.00

Returned Check Fee \$50.00

Service of notice of intent to revoke a permit with opportunity for a hearing pursuant to Section 8-207 [deterrent fee] \$50.00

Hearing pursuant to Section 8-207 to discuss potential permit revocation [deterrent fee + Director's time + and Permit Officer's time] \$500.00

Non-compliance with The Arizona Antiquities Act or the ABOR Rules Implementing ARS §§15-1631 and 41-841, et seq. (ABOR Policy No. 8-201 to 8-208) [deterrent fee] Up to \$5,000

Value Added Services & Fees

ASM can and will update service rates related to Value Added Services at will, as they are outside the services subject to the requirements under ARS §15-1631. These services are not part of mandated services and are offered for the convenience of ASM's customers and are unnecessary to maintain compliance with any of the legal or administrative frameworks those customers are subject to.

Various expedite fees

30-Day due date extension (max 2 per required document) [convenience fee]

Application due date extension under 8-202(B)(3) [emergency issuance of a permit]

Others to be added to the work request website, and which are not subject to the requirements set forth within ARS § 15-1631.