
Issue Brief – Capital Development Recommendations

NUMBER CFGO-08-06

SUMMARY

The Capital Development Budget funds new construction, major utility projects, and purchases of real property. The budget currently contains \$30 million in ongoing funds. The Legislature restored ongoing funds to this line item after several years of zero ongoing funds during the economic downturn of FY 2002. Capital projects are one-time in nature, and so the Legislature has used mostly one-time funding sources (for example, one-time state funds, bonds, donations, and federal grants) to pay for them.

Capital Development requests are traditionally categorized as “State-Funded” or “Other-Funded.” State-Funded requests include all projects that are requesting general state tax dollars, including general funds that can be spent on any type of project, and education funds that can be spent on education projects. These projects compete for prioritization in the overall appropriation process. Other-Funded projects include those financed with revenue bonds, donations, restricted funds, federal funds, etc. These projects are not prioritized but in most cases must be approved by the Legislature.

Each year higher education institutions submit their capital development proposals for consideration by the Board of Regents and the State Building Board. Both boards consider existing space in their evaluations of capital development requests. If an existing facility is in poor condition, has life safety issues, or has inadequate space by type (e.g. classroom, labs, offices, study areas, or P.E.), then both boards’ systems should give the project a relatively high ranking. Other factors such as alternative funding sources, cost effectiveness, and criticality of programs may also move a project up or down the rankings.

Using these criteria provides incentives for agencies and institutions to replace or repair existing space before adding new space, thus helping reduce the state’s deferred maintenance backlog, improving the state’s infrastructure, and enhancing the state’s credit worthiness.

It should be recognized that strictly using predetermined categories fails to recognize factors that may be unique to a project. For example, this year several projects have critical needs but either don’t have an existing qualifying building or cannot reasonably renovate an existing building. Land purchases are another example. This is not an insurmountable obstacle (as evidenced by the high prioritization of several new-space priorities by the Regents and Building Board) but in some cases may warrant qualitative review. As another example, the Legislature may decide to rotate projects among agencies/institutions so that the same ones do not receive the bulk of available money each year. In still another example, the Regents’ or Building Board’s point differences between projects may be so small that the relative value of projects may not be substantially different. The Legislature may use the Analyst’s and boards’ recommendations as a starting point, but will ultimately decide based on its best judgment.

Page 6 shows all projects approved by the Legislature in the 2007 General Session.

Page 7 presents a summary of Other-Funded projects.

The Appendix shows all state-funded projects approved by the Legislature since FY 1999.

ANALYST’S RECOMMENDATIONS

Please refer to the table on page 2 for a summary of project requests and the Analyst’s recommendations. A brief description of each recommended project begins on page 3.

Legislative Fiscal Analyst's Recommendations - State-Funded Capital Development Projects

<u>BB</u>	<u>BOR</u>	<u>UCAT</u>	<u>Agency/Inst</u>	<u>Description</u>	<u>Requested State Funds</u>	<u>Projected Other Funds</u>	<u>Total Cost</u>	<u>Governor State Funds</u>	<u>Analyst State Funds</u>
1			Multi-Agency	Salt Lake Government Office Bldg #1 (DHS)	\$51,500,000		\$51,500,000	\$51,500,000	\$51,500,000
2			Corrections	Gunnison Prison Expansion	77,340,000		77,340,000	77,340,000	53,000,000
3			Veterans Affairs	Ogden Nursing Home	19,568,000		19,568,000	19,568,000	19,568,000
4			DHS	State Hsptl: Demolish MS Bldg/Const New Bldg	51,510,000		51,510,000	51,510,000	2,750,000
5		1	UCAT	MATC: North Utah County Campus Building	16,806,000		16,806,000		16,806,000
6			UT Museum	New Museum Building	30,000,000	67,873,000	97,873,000		20,000,000
7	T1		USU	Agricultural Science/Agricultural Research Bldg	43,111,000	60,000,000	103,111,000		43,111,000
8		2	UCAT	OWATC: Health Technology Building	23,864,000	300,000	24,164,000		
9			DFCM/Regents	150-200 Acres (Draper Prison) for Future Campus-	Withdrawn		Withdrawn		
10	T1		U of U	School of Business Replacement/Expansion	28,500,000	79,065,000	107,565,000		
11		3	SLCC	Digital Design/Communication Technology Ctr	40,509,000	12,200,000	52,709,000		
12	T4		UVSC	Science/Health Building Addition	52,486,000		52,486,000		
13			Courts	Ogden Juvenile Court [Land]	29,071,000		29,071,000		3,251,300
14			Ntl Guard	Upgrades to Seven Armories	12,000,000		12,000,000	5,000,000	
15			DNR	Southern Regional Office Expansion	4,558,000		4,558,000		
16			DTS	Richfield Alternate Data Center Expansion	6,783,000		6,783,000		
17	T6		CEU	Fine and Performing Arts Center Replacement	20,129,000		20,129,000		
18			Multi-Agency	Richfield Regional Center	18,264,000		18,264,000		
19	T4		SUU	Science Center Addition	17,000,000	3,000,000	20,000,000		
20	T6		WSU	Davis Professional Programs Bldg/Central Plant	34,191,000	9,500,000	43,691,000		
21		3	UCAT	SWATC: Health Science/Information Tech Bldg	11,936,000		11,936,000		
22			DNR	Parks & Rec. Bear Lake Marina Expansion	12,000,000		12,000,000	12,000,000	
23			DHS	Juvenile Justice: Weber County Detention Ctr	13,692,000		13,692,000		
24			Agriculture	Unified Lab (Module #2)	23,225,000		23,225,000		
25		1L	UCAT	DXATC: Land Purchase	1,825,000		1,825,000		
26	9		Dixie	Centennial Commons Building	65,215,000	10,000,000	75,215,000		
27			Board of Ed	Deaf/Blind Utah County School	10,245,000		10,245,000		
28			Public Safety	Unified Lab (Module #3)	26,156,000		26,156,000		
29			FairPark	Covered Arena and Seating	9,206,000		9,206,000		
Not Ranked			Snow College	Richfield Bond Payoff	1,746,000		1,746,000		
Not Ranked			CPB	Supplemental Funding to Remodel E/W Bldgs	6,200,000		6,200,000	5,500,000	5,500,000
Not Ranked			CPB	State Office Building Replacement	98,000,000		98,000,000		
					<u>\$856,636,000</u>	<u>\$241,938,000</u>	<u>\$1,098,574,000</u>	<u>\$222,418,000</u>	<u>\$215,486,300</u>

PROJECT DESCRIPTIONS

Multi-Agency Salt Lake Office Building (DHS)

During the 2007 General Session the Legislature acted upon an opportunity to solve two nagging building issues. First, the Department of Human Services (DHS) building on North Temple and 200 West was in need of \$5 million in repairs and still had \$4.5 million in revenue bond debt. The fourth floor was considered unsafe for occupancy and the building lacked sufficient electrical capacity. Second, the Utah Schools for the Deaf and Blind (USDB) needed new space.

The Legislature accepted an offer to sell the DHS building for \$11 million and used the proceeds to purchase an existing building for the USDB for \$6 million, improve the building for \$0.5 million, and pay off the DHS building revenue bond for \$4.5 million.

These transactions left DHS without permanent office space. The new owners agreed to lease the DHS building back to the state for two years (until fall of 2009) so the state could find new space. After the 2008 General Session only 19 months will remain until DHS must vacate its existing building. Recognizing the short time frame, DFCM has already done as much programming as possible so that in case the Legislature opts to construct new space they can begin bidding immediately.

DFCM believes that if all goes well, they can have a new 230,000 square foot building constructed by fall of 2009. A large building would provide space for DHS, help relieve overcrowding in state office space in Salt Lake City, and make good use of an existing piece of state-owned land. DFCM proposes to house DHS and DEQ (currently in four separate locations) in the new building, and use space formerly in DEQ buildings to relieve overcrowding in the Cannon Health Building. However, if the Legislature decides to demolish the State Office Building on Capitol Hill, DEQ will remain in its current locations and the new building will be used for temporary surge space for Capitol Hill employees. DEQ would move into the new building after a new building is completed on Capitol Hill.

Unfortunately the building purchased for USDB was not adequate to meet code for disabled elementary school aged children, and costs to bring the building to code are prohibitive. Estimates are that it would cost

\$4 to \$5 million to meet fire code requirements (completely gut the building and apply retardant to the structural members) plus another \$3 to \$5 million to remodel the building. The building is still a valuable state asset, however, which the Legislature can use in the best interest of the state, perhaps in a sale to help acquire a different building for USDB.

Corrections Gunnison Prison Expansion

The Department of Corrections reports an average growth rate of approximately 230 prisoners per year. The department's prison pods are typically 288 beds for dormitories and 192 beds for high security beds. At the current growth rate, the department will need a new pod almost every year, depending on availability of other resources such as county jail contracting.

The department has requested construction of two new pods, a 288-bed and a 192-bed pod at the same time. By constructing both at the same time, the pods could both be built outside the security fence. Building inside the security fence adds additional costs. A projection of the prisoner growth rate matched with available resources indicates a need for new space by July 2010.

The total cost to build both pods is estimated at \$77.3 million (\$552 construction cost per square foot). Since this would consume much of the state's Capital Development budget, the Analyst recommends funding one pod during the 2008 General Session. The department has indicated they would prefer the 192 bed high security pod be built first. The estimated cost for the 192 bed pod and infrastructure is \$53 million. Postponing the 288 bed pod to the 2009 General Session will increase costs due to inflation and having to build inside the security fence. Estimated cost for the 288 bed pod in FY 2010 is \$28 million. Thus, funding the two pods separately would cost \$81 million (about \$585 construction cost per square foot).

DFCM estimates annual O&M costs on the new pods to be \$701,800, and UDC estimates annual operating costs for the new pods to be \$12,000,000. The Legislature currently has a policy of funding O&M costs at the same time it approves construction (backing out the appropriation until construction is complete). The Analyst recommends the Legislature consider a similar policy for programming costs.

Veterans Affairs Ogden Nursing Home

The State of Utah remains on a waiting list to receive federal funds for a new Veterans Nursing Home in Ogden. The Legislature has already authorized a General Obligation bond of \$4.5 million to fund the state's 35 percent share of the nursing home. As federal funding continues to delay, the cost of the nursing home increases while postponing services to veterans. The Department of Veterans Affairs has requested the state fund the nursing home now rather than wait and watch the cost inflate further. The estimated cost has already increased from \$13 million to \$19.6 million. The Department of Veterans Affairs anticipates that federal funds will arrive to reimburse the state in 2012 or 2013.

House Bill 129, 2008 General Session, would appropriate \$19.7 million to DFCM for construction of the nursing home. By appropriating approximately \$100,000 more than the cost of the building, the bill provides funding for a year of O&M until the home is fully occupied and receiving federal funding for O&M through patient fees.

DHS State Hospital Building Consolidation

The Medical Services Building at the State Hospital was constructed in 1955 and is in very poor condition. The building does not meet seismic code and has several life safety problems including structural, heating, electricity, and plumbing system troubles.

Two other buildings at the State Hospital are also in poor condition. The Youth Center was constructed in 1950. The Beesley Building was constructed in 1985 but was poorly designed for the Hospital's treatment programs.

The project requested by DHS would demolish all three buildings and replace them with two new buildings: a 90,000 square foot Pediatric Treatment Center and a 30,000 square foot Medical Services Building. The total cost of the project is estimated at \$51,510,000. Design on such a project will take at least a year.

The Analyst recommends the Legislature appropriate \$2,750,000 for design costs during the 2008 General Session. Doing so would allow this needed project to get started and would leave funds in the capital budget for other projects that are closer to being ready for construction.

MATC North Utah County Building

In the 2006 General Session the Legislature appropriated \$3.3 million for purchase of 22 acres adjacent to Thanksgiving Point to begin a new northern Utah County campus. In the 2007 General Session the Legislature appropriated \$1 million for planning and design of a new building on the campus.

This is a rapidly growing area of the state. MATC is the fastest growing ATC in the system at 13% growth per year. The new, expanded campus will help alleviate diminishing space and parking at the current facility.

MATC currently is under a lease/purchase agreement with Alpine School District in American Fork. MATC plans to sell the facility (Alpine S.D. has first option to purchase the building) after the Thanksgiving Point building is ready. Equity on the American Fork building is about \$2.2 million now and in one year will be about \$2.4 million.

It has recently come to the Analyst's attention that UVSC will not renew MATC's lease for administrative space. MATC has requested to add 10,000 square feet to the proposed Thanksgiving Point building at an additional cost of \$2,486,700. If the Legislature opts to authorize the addition, the Analyst recommends that equity from the American Fork building be used as the funding source.

New Utah Museum of Natural History Building

The current UMNH building is neither large enough nor adequately designed for a museum. Built in 1934, the George Thomas Building was originally a library. The building needs seismic, structural, ADA, electrical, and mechanical upgrades. Storage rooms lack adequate climate control. The building lacks backroom support space. The museum's accreditation is in jeopardy due to facilities-related deficiencies. Less than one percent of the 1.4 million objects held by the museum are on display; the museum has a goal of five to ten percent.

The requested facility will be climate-controlled and sized to accommodate existing collections plus 25 years of growth, will have research labs, and will be furnished with modern equipment. The chosen site is a 17 acre property just south of Red Butte Garden and Arboretum on the eastern edge of the research park.

The UMNH has committed to fund \$67.9 million from donations, federal funds, and other sources, and

requests \$30 million from state funds for a total cost of \$97.9 million. Design fees are unusually high at \$12.7 million, or 21 percent of construction costs. DFCM reports that design fees are high due to increased complexity of museums. Construction costs are also relatively high at \$380 per square foot.

The Analyst recommends a state funds appropriation of \$20,000,000. The \$10 million reduction from the UMNH request could be absorbed by decreasing design fees or construction costs (would lower construction costs to \$317 per square foot) or both, or by increased fundraising.

The existing building will be turned over the University of Utah and used for academic purposes.

USU New Agricultural Science Classroom Building

This is the most highly ranked higher education project by the Building Board and Board of Regents (tied with the University of Utah Business Building) and the only traditional higher education building recommended by the Analyst.

During the 2007 General Session the Legislature appropriated \$2.5 million for planning and programming of this project.

The project will demolish the old USU Agricultural Science Building and Lund Hall and construct a new facility to be shared by USU and the U.S. Department of Agriculture, Agriculture Research Services (ARS). Including the \$2.5 million already appropriated, the total project cost is \$105.1 million, of which the ARS will fund \$60 million.

The existing building was constructed in 1953 and has several major life safety concerns. Problems include fire hazards, asbestos, unsafe glass, inadequate heating/cooling systems, and outdated laboratory and classroom space.

The federal omnibus appropriations act that recently passed included an appropriation of \$5.6 million for the ARS portion of the building. Under the federal system, an initial appropriation for a building usually represents a commitment to continue appropriating funds as the building undergoes construction.

The Analyst recommends a state funds appropriation of \$43,111,000 to complete the state portion of this project.

Ogden Juvenile Court – Land Purchase

The Courts have requested funding for property and a new Juvenile Court in Ogden. While budget constraints preclude the Analyst from recommending funding for the full project, the Analyst recommends purchasing the land. A four acre piece of property is available in a desirable location in downtown Ogden which will meet the Courts' needs. The Analyst recommends an appropriation of \$3,251,300 to purchase the property, which can then be held until such time as funding for the new courthouse is approved.

CPB East/West Buildings Remodel

The bid for the East/West buildings remodel appears to be higher than expected when the Capitol Hill renovation project began. The bid came in at \$9.2 million (not including furniture) and the budget is \$3.5 million. The Analyst recommends an appropriation of \$5.5 million to the Capitol Preservation Board to cover the increased cost.

The Capitol restoration project should have approximately \$2 million left over from the Owner's Controlled Insurance Program (OCIP) which can be used to purchase furniture and for contingencies.

LEGISLATIVELY APPROVED PROJECTS IN THE 2007 GENERAL SESSION

Legislatively Approved Capital Budget - 2007 Session						
<u>State Funded Projects</u>	<u>State Funds</u>	<u>G.O. Bonds</u>	<u>Other Funds</u>	<u>Anticipated Donations</u>	<u>Total</u>	<u>Bill(s)</u>
Capital Improvements	\$73,059,900				\$73,059,900	H.B. 1
CPB State Capitol Renov/Parking	\$50,000,000				\$50,000,000	H.B. 150
Peace Officers Memorial	\$500,000				\$500,000	H.B. 150
Health Lab Module 1	\$30,852,000				\$30,852,000	H.B. 150
WSU Classrm/Chiller Plant	\$22,950,000			\$6,000,000	\$28,950,000	H.B. 150
DPS/DMV Joint Bldg S SL County	\$5,342,000				\$5,342,000	H.B. 150
DATC Tech/Manuf Bldg	\$14,240,000			\$760,000	\$15,000,000	H.B. 150
Snow Library/Classroom Bldg	\$17,651,000			\$3,300,000	\$20,951,000	H.B. 150
Courts St. George Courthouse	\$29,000,000				\$29,000,000	H.B. 150
DPS/UDC/SLCC Train Ctr Design	\$1,277,400				\$1,277,400	H.B. 150
USU Ag Building Planning	\$2,500,000				\$2,500,000	H.B. 150
UU Nursing Bldg Renov/Expans	\$13,500,000			\$9,000,000	\$22,500,000	H.B. 150
MATC N Utah Co Bldg Planning	\$1,000,000				\$1,000,000	H.B. 150
Subtotal Projects	\$261,872,300	\$0	\$0	\$19,060,000	\$280,932,300	
<u>State Funded Acquisitions</u>						
CEU Dorms Payoff	\$3,000,000		\$154,500		\$3,154,500	S.B. 1
DSC Aux Bldgs Rev Bond Payoff	\$4,200,000				\$4,200,000	S.B. 3
Heber Wells Bldg Parking Replace	\$1,500,000				\$1,500,000	S.B. 3
USU Uintah Basin Bond Payoff	\$400,000				\$400,000	S.B. 3
Capitol Bldg Wireless Tech	\$342,000		\$400,000		\$742,000	H.B. 150
Subtotal Acquisitions	\$9,442,000	\$0	\$554,500	\$0	\$9,996,500	
Total State Funded	\$271,314,300	\$0	\$554,500	\$19,060,000	\$290,928,800	
<u>Other Funded Projects</u>						
DABC Three Liquor Stores	\$5,662,000				\$5,662,000	H.B. 473
UCI Production Warehouse	\$1,476,000				\$1,476,000	H.B. 473
UU Student Life Center		\$42,500,000			\$42,500,000	H.B. 473
SUU Dormitories		\$17,500,000			\$17,500,000	H.B. 473
POST Building Improvements			\$551,000		\$551,000	H.B. 150
SWATC Land Purchase			\$2,282,000		\$2,282,000	H.B. 150
UDOT Panguitch Maint Shed			\$2,000,000		\$2,000,000	H.B. 150
SLCC Facilities/Parking Bldg			\$2,500,000		\$2,500,000	H.B. 473
WSU Lifelong Learning Bldg			\$3,000,000	\$5,000,000	\$8,000,000	H.B. 473
DHS Building Sale			(\$11,000,000)		(\$11,000,000)	H.B. 473
DHS Bldg Rev Bond Payoff			\$4,500,000		\$4,500,000	H.B. 473
USDB Bldg Purchase/Improve			\$6,500,000		\$6,500,000	H.B. 473
USU Tooele County Bldg				\$1,200,000	\$1,200,000	H.B. 473
SEATC/CEU/LDS Property Exch					\$0	H.B. 473
MATC/UTA/Lehi City Prop Exch					\$0	H.B. 473
Total Other Funded	\$7,138,000	\$60,000,000	\$10,333,000	\$6,200,000	\$83,671,000	
<u>Appropriated Separately</u>						
DNR State Park Renovations	\$2,225,000				\$2,225,000	S.B. 3

“OTHER”-FUNDED PROJECT REQUESTS

“Other”-funded projects are those to be funded with any revenue source other than general tax funds. Other funds can be revenue bonds, donations, restricted funds, federal funds, auxiliary/bookstore revenue, dedicated credits, and so on. These projects

are not prioritized by the State Building Board or the Board of Regents. They must be approved by the Legislature.

The following is a list of requested projects for the 2007 General Session.

Requested "Other" Funds Projects and Capital Facilities Authorizations				
<u>Agency/Inst</u>	<u>Description</u>	<u>Estimated "Other" Funds Cost</u>	<u>Requested Financing</u>	<u>Est. O&M Increase</u>
UU	Huntsman Cancer Hospital II-B	\$110,413,000	SBOA Revenue Bonds (Clin. Fees)	
UU	Neuropsychiatric Institute Expansion	45,862,000	Clinical Fees/Donations	
UU	Northwest Campus Parking Structure	21,280,000	Revenue Bonds (Fees)/Donations	
UU	Arboretum Visitor Center Addition	1,400,000	Donations	\$6,800
USU	Business Building Addition (Programming)	18,038,000	Donations	350,000
USU	Vernal Entrepreneurship & Energy Research Ctr	19,000,000	Donations	360,000
USU	Early Childhood Education Research Center	15,828,000	Revenue Bonds/Donations	375,000
USU	Hydraulics Lab Addition to Water Lab	1,595,000	Internal Loan/Research Grants	
USU	Structures Lab Enclosure	350,000	Insurance Claim	
DABC	Cedar City Liquor Store Replacement	4,451,000	Revenue Bonds (Profits)	19,200
DABC	Utah County North Liquor Store	4,907,000	Revenue Bonds (Profits)	38,300
DABC	Washington County North Liquor Store	4,801,000	Revenue Bonds (Profits)	31,900
DABC	Summit County Heber/Midway Liquor Store	5,011,000	Revenue Bonds (Profits)	31,900
DABC	Utah County South Liquor Store	4,557,000	Revenue Bonds (Profits)	38,300
UDOT	Hurricane Maintenance Station	4,506,000	Transportation Fund	
UDC	Chill/Cook Kitchen at Draper Prison	20,765,000	Revenue Bonds (Savings)	261,000
DNR	Uintah County Regional Center	Unknown	Uintah County CIB Grant	Unknown
SWATC	New Auto Shop Building (using appropriated state funds)		Developer Lease/Purchase	Unknown
		<u>\$282,764,000</u>		

The final three projects on the list have unique circumstances for the Legislature’s consideration.

UDC Chill/Cook Kitchen

The kitchens at the Draper prison are deteriorating. The main kitchen (Wasatch) was built in 1950 and is where most of the food preparation takes place. The kitchens produce 25,000 meals per day in an eight hour shift. Over the years, leaks and spills have rusted out the rebar in the suspended slab floor. In fact, in 2004 the Wasatch kitchen was condemned by DFCM. A later review showed the column and supports are in fair condition, but the floor continues to decay. The secondary kitchen (Timpanogos) is too small to take over the food preparation needs of the institution.

The Analyst believes this is a project that should probably be considered through the state-funded Capital Development budget, but Corrections is hesitant to submit a request that competes with its need for bed space and other state projects. UDC believes

this project can stand on its own as a revenue bond project, saying the current kitchens are so wasteful in maintaining proper temperatures, distributing foods after preparation, storing foods long-term, and in throwing away spoiled food, that they could save approximately \$2 million per year with a new kitchen facility. UDC states the new kitchen will allow them able to produce meals in less time, save money by purchasing in-season foods, keep temperatures higher at time of consumption, and store a 30-day supply of food. The department proposes to use savings to pay off revenue bonds.

The Analyst doesn’t question the need for the project and appreciates UDC’s proposal to fund the project through savings. However, the department has not been able to acquire an independent expert opinion that the savings will materialize and be sufficient to cover the debt service. They are currently in discussions with an independent evaluator to begin a study. The Analyst recommends the Legislature

approve this project only under the condition that the department provide independent verification to the Building Board that savings are achievable and sufficient to pay the debt service on revenue bonds, and the Building Board make a finding that they agree with the analysis.

DNR Uintah County Regional Center

This request was submitted too late to be reviewed by the Building Board.

During the 2002 General Session the Legislature approved a project by the Department of Natural Resources to acquire a new building in Carbon County:

It is the intent of the Legislature that the Division of Facilities Construction and Management, acting on behalf of the Department of Natural Resources, may enter into a lease purchase agreement with Carbon County to provide needed space for agency programs in the area if the Department of Natural Resources obtains the approval of the State Building Board by demonstrating that the lease purchase will be a benefit to the state and that the lease, including operation and maintenance costs, can be funded within existing agency budgets.

Carbon County was successful in receiving a grant from the Community Impact Board, which the county used to finance a new building for DNR and for which DNR now makes lease/purchase payments to the county. The new lease payments fit within current DNR division budgets, so DNR was able to acquire a new building without increased appropriations.

A similar opportunity now may be available in Uintah County. Like Carbon County, Uintah County is impacted by minerals extraction and other services provided by DNR, and therefore may have an ability to receive another grant from the Community Impact Board. The building size and floor plan needs are identical to the Carbon County building.

The difference, however, is that DNR probably couldn't make lease/purchase payments with amounts currently in their existing budgets. The Analyst is concerned that legislative approval of this project may be a de facto commitment to increase DNR's lease budgets when the project is complete. DNR states that their lease payments are going to increase anyway as Uintah County is demanding new lease payments and rents are increasing at their other field offices in Uintah County.

The Analyst believes this proposal has potential to be beneficial to the state as long as it is clearly stated that

the Legislature may or may not increase appropriations later.

SWATC New Auto Shop Building

This request was submitted too late to be reviewed by the Building Board.

SWATC has been asked to vacate the building they are leasing from Southern Utah University. It appears their lease payments will increase as they find a building on the open market. SWATC will request a funding increase from the Higher Education Appropriations Subcommittee. They have proposed that rather than use the money on leasing a building far from campus, to use the money on a lease/purchase of a new building on the SWATC property purchased by the Legislature in the 2007 General Session. The project would be built to suit by a developer.

The UCAT statute (53B-2a) allows for UCAT lease purchasing under some circumstances:

- (2) (a) In accordance with Subsection 53B-2a-112(2) [avoid unnecessary duplication], a college campus may enter into a lease-purchase agreement if:
- (i) there is a long-term benefit to the state;
 - (ii) the project is included in both the campus and Utah College of Applied Technology master plans;
 - (iii) the lease-purchase agreement includes language that allows termination of the lease;
 - (iv) the lease-purchase agreement is approved by the campus board of directors and the board of trustees; and
 - (v) the lease-purchase agreement is:
 - (A) reviewed by the Division of Facilities Construction and Management;
 - (B) reviewed by the State Building Board; and
 - (C) approved by the Legislature.
- (b) An approval under Subsection (2)(a) shall include a recognition of:
- (i) all parties, dates, and elements of the agreement;
 - (ii) the equity or collateral component that creates the benefit; and
 - (iii) the options dealing with the sale and division of equity.

While this proposal may be a good way to acquire a new building for SWATC, it may also circumvent the Capital Development process set up by the Legislature. Even though a lease/purchase may be advantageous over a lease, and may get SWATC into a new building more quickly than the regular process, it is usually more costly than a straight purchase. It could also invite further creative ways of acquiring buildings in the future. The Analyst recommends the Legislature authorize lease/purchases using appropriated state funds only in limited instances.

APPENDIX: HISTORY OF STATE FUNDED PROJECTS

History of Approved Capital Development Projects													
State Funds and General Obligation Bonds Only (Excludes Revenue Bonds, Donations, Other Non-State Funds)													
	U of U	USU	WSU	SUU	Snow	Dixie	CEU	UVSC	SLCC	UCAT	Law/Order	Other State Agency	Fiscal Year Total
FY 1999													
DOH - Children's Special Health Care Clinic												7,855,400	
DHS - State Hospital Rampton - Phase II												1,600,000	
UDC - Womens Forensic Facility										1,100,000			
UDC - Gunnison Sewer/288 Beds										8,425,600			
UDC - Draper Prison Survey										125,000			
DPS - Murray Highway Patrol Office										2,300,000			
JJS - Vernal/Logan 32 Bed Facilities										7,741,000			
Courts - Vernal Land										87,600			
Courts - Provo Land										1,368,000			
BATC Planning										40,000			
DAS - Ogden City Defense Depot Land												500,000	
DNR - Parks Statewide Restrooms												1,000,000	
DWS - Davis Co. Employment Ctr												2,780,000	
Tax - UTAX System Phase II												15,650,000	
HiEd - Dixie Land Purchase						1,000,000							
HiEd - SLCC Jordan Campus High Tech									13,500,000				
HiEd - SLCC Jordan Campus Infrastructure									8,000,000				
HiEd - SUU Land Purchase				4,600,000									
HiEd - U of U Cowles Renovation Plan	445,500												
HiEd - USU Roosevelt Campus		2,000,000											
HiEd - UVSC Info Sciences Bldg								1,166,300					
SVATC - Sevier Valley ATC Shop Expand										3,014,300			
FY 1999 Total	445,500	2,000,000	0	4,600,000	0	1,000,000	0	1,166,300	21,500,000	3,054,300	21,147,200	29,385,400	84,298,700
FY 2000													
DHS - State Hospital Rampton - Phase II												7,000,000	
JJS - Richfield Facility											4,132,400		
Courts - Vernal 8th District Bldg											4,539,500		
DAS - DFCM Office Prototype Planning												50,000	
HiEd - SLCC Applied Education Ctr									4,200,000				
HiEd - SUU PE Bldg				19,945,200									
HiEd - U of U Cowles Renovation	7,268,500												
HiEd - UVSC Info Sciences Bldg								29,000,000					
BATC - Bridgerland Bldg										3,934,000			
FY 2000 Total	7,268,500	0	0	19,945,200	0	0	0	29,000,000	4,200,000	3,934,000	8,671,900	7,050,000	80,069,600
FY 2001													
DHS - State Hospital Rampton - Phase II												5,700,000	
JJS - Blanding Facility											265,000		
Courts - Logan Property/Design											2,000,000		
CEU - Heber Valley Railroad Depot												260,000	
CPB - Capitol Strategic Plan												2,050,000	
DNR - Bear Lake Campground												305,800	
HiEd - Dixie Fine Arts Bldg Demolition						220,000							
HiEd - Snow Property					425,000								
HiEd - U of U Huntsman Cancer Institute	5,000,000												
HiEd - U of U Engineering Bldg Remodel	4,613,000												
HiEd - USU Heat Plant		38,484,200											
HiEd - UVSC Classroom Bldg Plan/Desn								1,465,000					
OWATC Maintenance Bldg										1,669,800			
UBATC Land Purchase										186,000			
PEU - Center for Deaf Expansion												1,102,000	
FY 2001 Total	9,613,000	38,484,200	0	0	425,000	220,000	0	1,465,000	0	1,855,800	2,265,000	9,417,800	63,745,800
FY 2002													
DAS - DFCM Planning Archives Bldg												40,000	
* Projects below pushed to FY 2003													
FY 2002 Total	0	0	0	0	0	0	0	0	0	0	0	40,000	40,000
FY 2003													
JJS - Canyonlands Facility											3,125,000		
JJS - Washington County Facility											1,792,700		
Courts - Salt Lake Courts											475,000		
Courts - Logan First District Courts*											11,793,800		
UNG - Armory Maintenance Projects											1,074,700		
CPB - Capitol Expansion Bldgs*												40,991,600	
CPB - Capitol Restor Design/Mgt Fees												17,970,000	
CPB - Parking Structure												8,000,000	
DNR - Utah Fieldhouse of Natural Hist*												5,741,000	
HiEd - CEU - Main Bldg*							10,827,100						
HiEd - Dixie - Performing Arts Center						14,396,800							
HiEd - Snow - Performing Arts Center						16,569,800							
HiEd - U of U Health Sciences Bldg	33,000,000												
HiEd - U of U Engineering Bldg New*	15,000,000												
HiEd - USU Engineering Bldg Renov*		5,943,500											
HiEd - USU Engineering Bldg New*		17,294,400											
HiEd - USU Merrill Library Plan/Design		800,000											
HiEd - UVSC Wasatch Campus								9,587,000					
HiEd - UVSC Classroom Bldg*								18,704,700					
HiEd - WSU Davis Classroom Bldg			20,500,000										
BATC - Brigham City Bldg Purchase										2,741,000			
FY 2003 Total	48,000,000	24,037,900	20,500,000	0	16,569,800	14,396,800	10,827,100	28,291,700	0	2,741,000	18,261,200	72,702,600	256,328,100
FY 2004													
UDC - Promontory Bond Payment											1,870,000		
CPB - Capitol Restoration												5,800,000	
DAS - Archives Bldg												8,000,000	
HiEd - USU Merrill Library		40,000,000											
HiEd - UVSC Vinyard Elem Purchase								6,600,000					
FY 2004 Total	0	40,000,000	0	0	0	0	0	6,600,000	0	0	1,870,000	13,800,000	62,270,000

History of Approved Capital Development Projects														
State Funds and General Obligation Bonds Only (Excludes Revenue Bonds, Donations, Other Non-State Funds)														
	U of U	USU	WSU	SUU	Snow	Dixie	CEU	UVSC	SLCC	UCAT	Law/Order	Other State Agency	Fiscal Year Total	
FY 2005														
UDC - Oxbow Prison (\$4.8M cut to \$0)											0			
UDC - Inmate Training Center											1,540,000			
UNG - North Salt Lake Readiness Ctr											2,719,000			
CPB - Capitol Restoration												50,000,000		
HiEd - CEU San Juan Library							2,400,000							
HiEd - SLCC Health Sciences Ctr									21,000,000					
HiEd - WSU Swenson Bldg Remodel			5,569,000											
FY 2005 Total	0	0	5,569,000	0	0	0	2,400,000	0	21,000,000	0	4,259,000	50,000,000	83,228,000	
FY 2006														
CPB - Capitol Restoration												50,000,000		
DHS - Developmental Center Housing												2,575,000		
UDC - 288-Bed Facility at Gunnison											13,216,200			
UNG - Veterans Nursing Home											4,500,000			
HiEd - DSC Health Sciences Building						15,743,000								
HiEd - U of U Marriott Library Renov/ASRS	48,023,000													
HiEd - U of U Utah Museum of Fine Arts	465,000													
HiEd - USU Ag Building Relocation		5,000,000												
HiEd - SUU Teacher Education Building				10,000,000										
HiEd - Bourns Building Purchase										3,585,500				
FY 2006 Total	48,488,000	5,000,000	0	10,000,000	0	15,743,000	0	0	0	3,585,500	17,716,200	52,575,000	153,107,700	
FY 2007														
CPB - Capitol Restoration												50,000,000		
CPB - Capitol Restoration Wireless Tech												590,000		
DNR - Midway Fish Hatchery Renov												5,000,000		
UDC - Gunnison 192 Bed Expansion											20,000,000			
Courts - St. George Land Exchange											3,620,000			
HiEd - UVSC Digital Learning Center								46,750,000						
HiEd - UBATC/USU Vernal Building										9,942,000				
HiEd - WSU Design Bldg 1&2/Chiller Repl			2,000,000											
HiEd - USU Ag Building Relocation		5,000,000												
HiEd - MATC N Utah Co Land Purchase										3,250,000				
HiEd - CEU Energy Training Center							1,100,000							
USTAR - USU/UU Research Bldgs												160,000,000		
FY 2007 Total	0	5,000,000	2,000,000	0	0	0	1,100,000	46,750,000	0	13,192,000	23,620,000	215,590,000	307,252,000	
FY 2008														
CPB - Capitol Restoration/Parking												50,000,000		
CPB - Capitol Restoration Wireless Tech												742,200		
CPB - Peace Officer Memorial												500,000		
DOH - Unified State Lab Module 1												30,852,000		
HiEd - WSU Classroom Bldg/Chiller Plant			22,950,000											
DPS - Joint Driv Lic/DMV Bldg Draper											5,342,000			
HiEd - DATC Technology/Manuf Bldg										14,240,000				
HiEd - Snow Library/Classroom Bldg					17,651,000									
Courts - St. George Courthouse												29,000,000		
DPS - SLCC LHM Design Reimburse									1,277,400					
HiEd - USU Ag Building Planning		2,500,000												
HiEd - UU Nursing Bldg Expan/Renov	13,500,000													
HiEd - MATC N Utah Co Bldg Planning										1,000,000				
HiEd - SWATC Land Purchase										2,282,000				
HiEd - CEU Dormitory Mort/Bond Payoff							3,000,000							
HiEd - USU Uintah Basin Bond Payoff		400,000												
HiEd - DSC Apts/Gardner Ctr Bond Payoff						4,200,000								
Ped - USDB Property Acquisition												6,000,000		
FY 2008 Total	13,500,000	2,900,000	22,950,000	0	17,651,000	4,200,000	3,000,000	0	1,277,400	17,522,000	34,342,000	88,094,200	205,436,600	
Grand Total	142,618,600	142,667,800	62,285,000	35,645,200	42,952,800	36,268,500	22,918,800	117,158,500	49,142,400	52,229,500	156,457,600	567,453,600	1,427,798,300	
Total Higher Ed					651,657,600									