



USHE OPERATIONS AND MAINTENANCE

STATE-FUNDED FACILITIES

HIGHER EDUCATION
STAFF: SPENCER PRATT

ISSUE BRIEF

SUMMARY

The Analyst recommends that the subcommittee approve one-time reductions for O & M funding that is currently in ongoing base budgets at Utah State University and Salt Lake Community College in the amount of \$126,800 in FY 2013 and \$871,300 in FY 2014. These reductions reflect the expected timing of the completion of three new buildings as shown in the attached table.

OBJECTIVE

Funding of O & M for new and renovated facilities help to maintain the buildings and preserve the State's capital investment on USHE campuses.

DISCUSSION AND ANALYSIS

Several years ago, the Legislature approved a new policy for state-funded buildings, where the O & M for a new building would be funded at the time the building was approved. The O & M funding is appropriated, but is offset with one-time reductions until the building is completed and ready for occupancy. This policy brings the O & M costs to the attention of the Legislature as a cost of the building, not later as a cost that needs to be prioritized with other requests. This policy seems to be working to the benefit of both the Legislature and the institutions.

This policy only applied to state-funded buildings, so the O & M for non-state funded buildings still needs to go through the appropriations request process.

All of the buildings approved prior to the 2009 General Session have been completed and are currently in operation, with O & M funding in the institutions' base budgets. During the 2009 General Session, two buildings were approved – Phase II of the University of Utah's Business Building and the Digital Design/Communications Center at Salt Lake Community College. The Business Building should be finished by the end of FY 2013, so no adjustments need to be made concerning the O & M for that facility. Last year, the Digital Design/Communications Center was projected to be completed the end of May 2013, so the Legislature approved a FY 2013 one-time reduction for the first 11 months of FY 2013. This project has been delayed slightly, and is now projected to be completed the beginning of September 2013. The Analyst recommends a one-time FY 2013 reduction for the last month of FY 2013 and a one-time FY 2014 reduction for the first two months in FY 2014 when the building is not occupied.

The Legislature approved an Instructional/Administrative Complex at Salt Lake Community College during the 2010 General Session and included an ongoing appropriation of \$449,000 for the O & M. Last year, this building was projected to be completed by March 30, 2013, so a one-time O & M reduction was approved for the first nine months of FY 2013. This building now has a projected completion date of September 30, 2013, so the Analyst recommends a one-time FY 2013 reduction for the last three months of FY 2013 and a one-time FY 2014 reduction for the first three months in FY 2014 until the building is on-line.

During the 2011 General Session, two buildings were approved – a Business Building addition at Utah State University and a Professional Programs Classroom Building for Weber State University's Davis Campus. The Professional Programs Classroom at Weber State University is scheduled for completion at the end of FY 2013, so no adjustment is needed for the FY 2013 O & M, and will need the full amount of \$725,000 in FY 2014. The Business

Building at Utah State University is scheduled for completion and occupancy June 1, 2014, so will only need O & M in 2014 during the last month of the fiscal year. The Analyst recommends a one-time reduction in FY 2014 for the 11 months before it will be occupied. The recommended one time reduction is \$733,700.

No new buildings were approved for USHE during the 2012 General Session. However, through the Infrastructure and General Government Subcommittee, the University of Utah received \$22 million for infrastructure needs and Utah Valley University received an appropriation of \$2.2 million for the design of a new classroom building.

The total recommended one-time O & M reduction for FY 2013 is \$126,800 and for FY 2014 is \$871,300.

USHE New Facilities Operations and Maintenance					
FY 2014 One-time Reductions					
	Expected Completion Date*	O & M Base Budget FY 2013	Original FY 2013 Reduction	LFA Add'l FY 2013 Reduction	LFA FY 2014 Priority List Recommendation
<u>2009 General Session:</u>					
University of Utah					
Business School Replacement II	29-May-13	471,400	(432,100)	0	0
Salt Lake Community College					
Digital Design/Communications Center	1-Sep-13	141,400	(129,000)	(12,400)	(24,400)
<u>2010 General Session:</u>					
Salt Lake Community College					
Instructional/Administrative Complex	30-Sep-13	449,000	(334,600)	(114,400)	(113,200)
<u>2011 General Session:</u>					
Utah State University					
Business Building	1-Jun-14	797,000	(797,000)	0	(733,700)
Weber State University					
Professional Programs Classroom (Davis)	28-Jun-13	725,000	(725,000)	0	0
Total		2,583,800	(2,417,700)	(126,800)	(871,300)

* Completion dates provided by DFCM.