



# CAPITAL DEVELOPMENT

EXECUTIVE APPROPRIATIONS COMMITTEE  
STAFF: MARK BLEAZARD

## ISSUE BRIEF

### **BACKGROUND**

Capital Development requests are traditionally categorized as “state funded” or “non-state funded.” State funded requests include all projects that request general tax funds and/or general obligation bonds. These projects compete for prioritization in the Building Board’s five-year plan and, if applicable, the Board of Regents’ evaluation. Non-state funded requests use revenue bonds, donations, restricted funds, federal funds, or other non-tax funding for construction. Non-state funded projects are not prioritized by the Building Board or the Regents, but are either recommended or not recommended.

The State Building Board develops and maintains a Five-Year Building Program for submission to the Legislature. The book includes a priority list of capital developments, detailed information for each project recommended in the first two years of the plan, a summary of Contingency and Project Reserve balances, a leasing report, and results of facilities condition assessments including cost of needed improvements.

The Legislature uses the information from the State Building Board to begin its discussion about what capital development projects they will ultimately fund. The following chart shows the State Funded and Non-State Funded Capital Development Projects the Legislature approved during the 2014 General Session.

<b>FY 2014 Capital Development Projects</b>	
<b><i>State Funded</i></b>	
DHS State Hospital	\$5,000,000
Ogden Juvenile Courts	29,300,000
UVU Classroom Building	54,000,000
Unified State Lab Module 2 (Design)	2,000,000
WSU Science Building (Design)	3,500,000
USU Eastern - Central Instructional (Planning)	500,000
USU Brigham City Campus (Planning)	500,000
Dixie East Elementary Purchase (Planning)	500,000
<b><i>State Funded Total</i></b>	<b>\$95,300,000</b>
<b><i>Non-State Funded</i></b>	
USU Aggie Life & Wellness Center	\$30,000,000
USU Blanding Recreation Center	900,000
USU Space Dynamics Laboratory	20,532,000
USU Athletic Complex/Training Center	7,500,000
USU Science & Technology - Tooele Campus	8,000,000
UofU Basketball Training Center-HPER Addition	23,600,000
UofU Kennecott Building Renovation - Phase II	11,040,000
SUU Center for the Arts	30,000,000
DPS Communications & Driver License - Price	1,277,000
<b><i>Non-State Funded Total</i></b>	<b>\$132,849,000</b>
<b>Grand Total</b>	<b>\$228,149,000</b>

**ISSUES**

The appropriations for the last five State Funded projects listed in the figure above represent funds for planning or design of the named building or facility. Estimated expenditures to complete those five projects are as follows: Unified Lab Module 2 \$33,600,000; WSU New Science Building \$57,400,000; USU Eastern –Central Instructional Building \$19,500,000; USU Brigham City Campus \$7,000,000; and Dixie East Elementary Purchase \$1,000,000 for a total additional cost of \$118,500,000. Future occupants of those facilities are likely anticipating those projects will get preference in the appropriations process during the next general session.

During the 2013 General Session the Legislature enacted S.B. 278 that amends UCA 63A-5-104 to add the following new text: “If construction of a new building or facility will be paid for by non-state funds, but will require an immediate or future increase in state funding for operations and maintenance or for capital improvements, the Legislature may not authorize the new building or facility until the Legislature appropriates funds for:

(a) the portion of operations and maintenance, if any, that will require an immediate or future increase in state funding; and

(b) the portion of capital improvements, if any, that will require an immediate or future increase in state funding.

(7) (a) Except as provided in Subsection (7)(b) or (c), the Legislature may not fund the design or construction of any new capital development projects, except to complete the funding of projects for which partial funding has been previously provided, until the Legislature has appropriated 1.1% of the replacement cost of existing state facilities to capital improvements”.

The State Board of Regents requested \$2,893,500 for FY 2013 (Supplemental) and \$4,165,900 for FY 2014 for the operations and maintenance of 11 new non-state funded facilities on three USHE campuses. Those requests were not funded during the 2013 General Session. The problem could be exacerbated when the non-state funded projects authorized in the figure above come on line. Enactment of SB 278 should correct this problem going forward.

**CONCLUSION**

Past legislatures have shied away from phase funding of capital development projects. Funding of planning and design for buildings could be construed that phase funding is becoming acceptable and creates at least an expectation that funds to build follow during the next session.

The Legislature addressed the dilemma of how to get funding for operations and maintenance and capital improvements for non-state funded buildings or facilities by enacting SB 278 that requires those issues be solved in concert with the funding to build the project.