



# CAPITAL DEVELOPMENT

INFRASTRUCTURE AND GENERAL GOVERNMENT APPROPRIATIONS SUBCOMMITTEE  
STAFF: MARK BLEAZARD AND GARY RICKS

BUDGET BRIEF

## SUMMARY

As no base budget exists, no Legislative action is required for the Capital Development line item. The Analyst does recommend prioritization of state funded project requests for further consideration by the Executive Appropriations Committee and approval of non-state funded buildings (if any) for inclusion in an annual *Revenue Bond and Capital Facilities Authorizations* bill. These recommendations are detailed below.

## 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. 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.

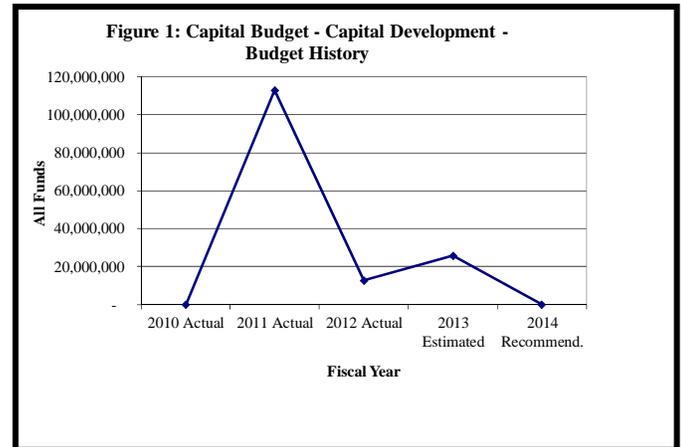
## ISSUES AND RECOMMENDATIONS

### *Ongoing Funds in the Base Budget*

The 2006 Legislature appropriated \$30 million in ongoing funds to the Capital Development line item. These funds allowed the state to finance buildings using a pay-as-you-go strategy and established a “working rainy day fund” that could be used in case of budget deficits. In the 2008 2nd Special Session the Legislature removed the \$30 million ongoing to help balance the budget during a period of economic decline. The Capital Developments line item, therefore, has no base budget. When state revenues begin to improve, the Analyst recommends that the Legislature consider restoring ongoing funding to this line item.

### *State Space Standards*

The Division of Facilities Construction and Management uses space standards when planning new buildings and leases to align job function with square footage requirements. The current space standards contain outdated information. DFCM currently reviews planning documents, but because a clear standard does not exist, agencies have considerable latitude in choosing office space. The Legislature appropriated \$65,000 from the Contingency Reserve Fund during the 2012 General and tasked DFCM to explore options for updating the current space standards for state facility construction. A report is forthcoming to updated space standards requirements for future planned state facilities.



**Contingency and Project Reserve Funds**

The Contingency Reserve Fund, used for unexpected change orders and contingencies, has a FY 2013 beginning balance of \$7.1 million. The Project Reserve Fund has a balance of \$6 million. The Analyst recommends keeping the Project Reserve and Contingency Reserve funds at the current levels. (See *Capital Facilities Reserve Funds Issue Brief* for more information.)

**State Office Space Leasing**

The state currently leases \$20 million of office space for state agencies. While state leases typically have a non-appropriation clause, the long-term consequences of breaking a lease could cost the state more than the short term budget savings. Six leases over \$200,000 annually expire or come due for renewal in FY 2013 and FY 2014. DFCM is currently working with state agencies to explore alternatives to leased office space. (See *State Facility Leasing Issue Brief* for more information.)

**Building Board (SBB), Regents (BOR) & Governor (Gov) Priorities – State Funds**

Each year, by statute, the State Building Board compiles and prioritizes a list of capital development projects for the coming budget year. The following table contains the prioritized list submitted by the Building Board for FY 2014 (column “SBB”). The table also contains columns listing the ranking of the Board of Regents (“BOR”) for higher education facilities. The Governor recommended the Ogden Juvenile Court, the Gunnison Prison Pod, and the Unified State Lab be funded from the General Fund. He also recommended the UVU Classroom Building, the DHS Admissions & Durable Housing Building, and purchase of the East Elementary in St. George for Dixie State College with general obligation bonding in FY 2014.

SBB	BOR	Agency/Inst	Project	State Funds	Other	Total	New Sq Ft	State O&M
1		Courts	Ogden Juvenile Court	\$26,800,000		\$26,800,000	88,600	\$689,000
2		Corrections	CUCF West-1 192 Secure Housing	33,700,000		33,700,000	68,000	396,000
3		DHS	Admissions & Durable Housing	5,957,000		5,957,000	7,000	37,000
4		UDAF/UDH/DPS	Module #2 Of The Unified State Lab	35,620,000		35,620,000	89,600	627,000
5	1	UVU	New Classroom Building	53,200,000		53,200,000	245,000	1,984,500
6	7	DSC	East Elementary Purchase	1,500,000		1,500,000		
7	1	WSU	New Science Lab Building	60,867,000	5,000,000	65,867,000	200,000	502,100
8		SWATC	Allied Health & Technical Building	17,021,000	118,000	17,139,000	68,661	517,000
9	3	Snow	Science Building Remodel	15,946,000		15,946,000	12,000	255,000
10	6	SLCC	Classroom & Learning Center	15,000,000		15,000,000	60,000	316,800
11	5	USU/CEU	USU Eastern: Central Instructional Bldg	20,008,000		20,008,000	45,000	250,000
12	4	USU	Biological Sciences Building	60,019,000		60,019,000	243,000	1,238,000
13		DXATC	New Campus Building	18,400,000		18,400,000	90,000	678,000
14		UDAF	William Spry Agricultural Building	19,611,000		19,611,000	52,000	
15		DSC	New General Classroom Building	35,000,000		35,000,000	200,000	946,000
16		USDB	Early Childhood Learning Center	4,200,000	4,000,000	8,200,000	290,000	45,000
17		DATC	Medical Building Expansion	19,500,000		19,500,000	65,000	489,000
18		UBATC	Roosevelt Campus Building	7,800,000	1,200,000	9,000,000	42,000	274,000
19		DNR	Parks: Bear Lake Dock Replacement	6,319,000		6,319,000		
20		MATC	Central Utah County Campus	7,900,000		7,900,000	29,300	221,000
21		DEQ	Technical Support Center	3,933,000	450,000	4,383,000	30,000	
22		BATC	Health Science & Technology Building	25,800,000		25,800,000	91,500	689,000

Table 1

**FY 2012 Land Banking Requests**

Land banking allows the state to economically purchase land in rapidly developing communities where demand for state services will increase. The State Building Board ranks land banking requests separately from capital development projects. The Governor recommended the Dixie request for \$1,500,000.

Table 2

SBB Rank	Agency/Inst	Description	State Funds	Acres
1	Courts	Northern Utah County Land Acquisition	\$1,750,000	5 to 7
2	Dixie	Land Bank Acquisitions	1,500,000	7.27
3	SUU	3.68 Acres Residential Property	2,720,000	3.68
4	MATC	7.8 Acres at Thanksgiving Point	3,000,000	7.80
5	DATC	Morgan Land Banking Request	575,000	9.88
6	BATC	26, 18 and 10 Acre Parcels Adjacent to Campus	8,175,000	54.00
7	UNG	Clinton & Kearns Land Acquisitions	10,200,000	10.00

**Building Board and Governor Priorities – Non-State Funds**

The following table shows non-state funded buildings and recommendations by the Building Board. The Governor did not recommend any non-state funded projects in FY 2014.

Bld	BD Rec	Institution	Project	Other	Bonds	O&M
Yes		SUU	Center for the Arts - Private Donations	\$30,000,000		
Yes		U of U	Kennecott Bldg Renov + Phase II Add - Donations & Univ Funds	11,040,000		\$230,000
Yes		U of U	Utility Distribution Infrastructure -- Rev Bonds -- Utility Profits		\$64,000,000	3,900,000
Yes		U of U	Basketball Train Center-HPER Addition - Donations & Univ Funds		23,600,000	
Yes		USU	Aggie Life Wellness Center - Revenue Bonds - Student Fees		30,000,000	
Yes		USU	USU Tooele Sci & Tech Bldg - RCDE Dept Funds & Private Donations	8,000,000		239,000
Yes		USU	Blanding Rec Center - Rev Bonds - USU and Eastern Student Fees		900,000	
Yes		WSU	Social Science Bldg. Renovation - Univ Capital Campaign Funds		22,926,000	379,000
		DPS	Price Comm. & Driver License Bldg. - Agency Funds	1,277,000		
		USU	Space Dynamics Lab - Revenue Bonds - Reimb Overhead to USU		20,532,000	

Table 3

**Program Size of Building Construction Budget**

The following figure illustrates the five year history of expenditures for building construction in the capital budget developments.

Capital Development	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	Total Expenditures
<b>General Funds</b>	\$139,035,000	(\$116,000,000)	\$109,000,000		\$28,300,000	\$160,335,000
<b>Education Funds</b>	26,600,000	(14,000,000)				12,600,000
<b>Transportation Funds</b>	4,506,000					4,506,000
<b>Other Funds</b>	1,233,000			12,700,000		13,933,000
<b>GO Bonds</b>		146,968,000	93,111,000	88,516,000		328,595,000
<b>Revenue Bonds</b>	155,808,000	164,504,000	184,041,000	205,374,000	125,662,000	835,389,000
<b>Donations</b>	157,618,000	272,611,000	43,169,000	42,800,000	38,400,000	554,598,000
<b>Total Expenditures</b>	\$484,800,000	\$454,083,000	\$429,321,000	\$349,390,000	\$192,362,000	\$1,909,956,000

Over the last five years the capital budget for buildings has spent an average of \$382 million. The vast majority of new state facilities during that five year period have been financed by revenue bonding and donations. Revenue Bond authorization over the last five years has increased by \$835.4 million. These projects are likely to compete for future Legislature approval for capital improvements to these facilities in the future.

**LEGISLATIVE ACTION**

As no base budget exists for this line item, no Legislative action is required for a FY 2014 budget appropriation. The Analyst, however, does recommend the Legislature consider:

1. Adopting a prioritized list of capital development projects from Table 1 (State Funded Projects), Table 2 (Land Banking), and/or projects in Table 3 (Non-State projects requiring state-funded O&M) to forward to the Executive Appropriations Committee for further consideration.
2. Approval of specific non-state funded capital development projects with no required state-funded O&M from Table 3 (if any) for inclusion in the annual *Revenue Bond and Capital Facilities Authorizations* bill.

**BUDGET DETAIL TABLE**

Capital Budget - Capital Development						
Sources of Finance	FY 2012 Actual	FY 2013 Appropriated	Changes	FY 2013 Revised	Changes	FY 2014* Recommended
General Fund, One-time	0	1,625,000	0	1,625,000	(1,625,000)	0
Education Fund, One-time	0	24,175,000	0	24,175,000	(24,175,000)	0
Veterans' Nursing Home Fund	12,700,000	0	0	0	0	0
<b>Total</b>	<b>\$12,700,000</b>	<b>\$25,800,000</b>	<b>\$0</b>	<b>\$25,800,000</b>	<b>(\$25,800,000)</b>	<b>\$0</b>
<b>Programs</b>						
Veterans' Nursing Home Utah Coun	6,350,000	0	0	0	0	0
Veterans' Nursing Home Washingtc	6,350,000	0	0	0	0	0
UU Infrastructure	0	22,000,000	0	22,000,000	(22,000,000)	0
Ogden Juvenile Courts	0	1,625,000	0	1,625,000	(1,625,000)	0
UVU Classroom Building	0	2,175,000	0	2,175,000	(2,175,000)	0
<b>Total</b>	<b>\$12,700,000</b>	<b>\$25,800,000</b>	<b>\$0</b>	<b>\$25,800,000</b>	<b>(\$25,800,000)</b>	<b>\$0</b>
<b>Categories of Expenditure</b>						
Other Charges/Pass Thru	12,700,000	25,800,000	0	25,800,000	(25,800,000)	0
<b>Total</b>	<b>\$12,700,000</b>	<b>\$25,800,000</b>	<b>\$0</b>	<b>\$25,800,000</b>	<b>(\$25,800,000)</b>	<b>\$0</b>