

(Draft – Awaiting Formal Approval)
**MINUTES OF THE
INFRASTRUCTURE AND GENERAL GOVERNMENT APPROPRIATIONS
SUBCOMMITTEE**
Room 445 State Capitol Building
February 5, 2015

Members Present: Sen. Wayne A. Harper, Co-Chair
Rep. Gage Froerer, Co-Chair
Rep. Craig Hall, House Vice Chair
Sen. Lyle W. Hillyard
Sen. David P. Hinkins
Rep. John Knotwell
Sen. Peter C. Knudson
Sen. Karen Mayne
Sen. Kevin T. Van Tassell
Rep. Jacob L. Anderegg
Rep. Brad King
Rep. Justin J. Miller
Rep. Douglas V. Sagers
Rep. Scott D. Sandall
Rep. R. Curt Webb

Members Absent: Sen. J. Stuart Adams

Staff Present: Mr. Steven Allred, Deputy Director
Mr. Brian Wikle, Fiscal Analyst
Dr. Thomas Young, Senior Economist
Ms. Cami Deavila, Secretary

Note: A copy of related materials and an audio recording of the meeting can be found at www.le.utah.gov.

1. Call to Order

Co-Chair Froerer called the meeting to order at 8:10 a.m.

2. Debt Service

Brian Wikle, Fiscal Analyst, Office of the Legislative Fiscal Analyst, reviewed the debt service issue brief showing \$2.8 billion in outstanding General Obligation Bond debt. The Department of Administrative Services requests that \$1.2 million be revoked of the \$63.7 million in authorized bonds that have not been issued. Three bonds will be retired on July 1, 2015. The State has a AAA bond rating allowing the State to borrow at the best interest rates. The State participated in the Build America Bond program. The Constitutional debt limit was calculated at 1.5 percent of the value of State taxable property. There was an additional \$1.29 billion in bonding capacity before hitting the Constitutional debt limit. The statutory debt limit would allow the State to incur another \$1.17 billion.

Co-chair Harper added the State's debt would be at 62 percent of the constitutional limit next year and the State was a doing a good job paying off the debt.

Mr. Wikle showed existing debts would be fully retired by 2028 if no new debt were issued. The debt per capita was \$961. The debt service ratio was 7.5 percent, second highest among AAA rated states. There was concern the ratio was high compared to other states. The Base Budget had \$445 million of debt service. To fully service the debt an additional \$23 million would need to be built into the budget, totaling \$468 million.

Rep. Sagers observed that the debt was high due to road construction projects, which helped fuel the economy during the recession.

Co-chair Froerer asked about the inflation factor built into the model in terms of the increase in fair market value of State property. Mr. Wikle answered growth rates in the fair market value were projected as 5.82 percent from 2015 to 2016, 4.5 percent from 2016 to 2017, and thereafter at 3 percent.

3. Capital Budget

Steven Allred, Deputy Director, Office of the Legislative Fiscal Analyst, presented the capital base budget of \$47 million all located in the Capital Improvements line item. The other line items do not have a base budget because they are one-time money. The ten year history of capital funding showed appropriations for Capital Improvements have doubled. Mr. Allred reviewed the Capital Improvements statutory requirements. The Legislature made an exemption from requirements for 2009-2014. FY15 had \$100 million appropriated, \$46.8 million ongoing, and \$53.4 million one-time funds. The requirement for FY16 was \$111.5 million. The Legislature would need to come up with an additional \$65 million to meet statutory requirements. The replacement value in FY15 was \$9.9 billion and \$11.1 billion in FY16. The increase was due to new construction and improvements in how the value of buildings were calculated.

Sen. Mayne asked if there was oversight to ensure infrastructure improvements were taking place with the funds provided to avoid a catastrophe. Mr. Allred stated the Board of Regents and the Building Board had oversight.

Mr. Allred stated there was \$5.7 million set aside with DFCM for statewide projects and project administration. The budget effectiveness review showed the two percent soft target would be \$935,500 in an ongoing reduction. To mitigate the reduction, there could be a reallocation of \$1.1 million from the Finance Mandated Studies line item to the Capital Improvements line item. Mr. Allred reviewed Capital Development statutory requirements. Capital Development was not intended to be a queue; State funded projects must stand on their own merit. Other funded Capital Development projects could not be authorized until O&M and Capital Improvement funding was appropriated. Mr. Allred reviewed the Board of Regents' and the Building Board's Capital Development prioritization process and a comparison of project ranking results. He also reviewed the Building Board's top 25 projects and Capital Development project requests with O&M notes, other funded projects, property acquisition, and land banking requests. The Higher Ed O&M schedule received an adjustment according to CPI. Lab space O&M was more

expensive and DFCM space was cheaper than Higher Ed. There was an unwritten policy to fund O&M at the same time as State funded buildings. Statute requires O&M to be funded at the same time as other funded buildings. There was an issue with rates versus actual costs when funding O&M on new buildings versus the funding needed for old buildings.

Rep. Sagers asked if O&M funding for new buildings was accrued. Mr. Allred stated the money was taken back out on a one-time basis until the building was completed.

Mr. Allred continued with the Capital Projects Fund which was statutorily non-lapsing. The Project Reserve Fund had \$10.3 million and the Contingency Reserve Fund had \$10.1 million. The Capitol Project Fund pays \$1.8 million for DFCM administration and \$1.2 million for the Building Board program. There were intent language requests to transfer \$960,700 back to the Department of Corrections and that \$993,600 from the Project Reserve Fund be used for purchasing the new prison site.

Dave Buhler, Commissioner, Higher Ed provided an overview of the Capital Development prioritization process, how online courses and degrees affect building needs, projected enrollment, and capacity for STEM. The prioritization results focused on STEM building projects.

Co-chair Froerer asked if there were metrics to show if building utilization continued on the same plane with enrollment increases. Mr. Buhler stated the fastest growing campuses operate six days a week from 7 am to 10 pm. They are trying to increase utilization during the summer. Co-chair Froerer asked if the present O&M structure needed to be changed. Mr. Buhler stated their estimate was that institutions were spending about \$27 million more a year than the Legislature appropriated.

Chip Nelson, Board Member, State Building Board, stated \$1 billion in requests for Capital Development, Capital Improvement, and non-State funded buildings had been received. Changes the Building Board made included revamping the scoring spreadsheet, holding regularly scheduled business meetings on top of the monthly meeting, and the prioritization process for Capital Improvements.

Jeff Reddoor, State Building Board, reviewed the prioritization process for Capital Improvements including implementation of a score sheet that looked at projects on their own merit, the scope of the project, and a proportional aspect of projects. A condition assessment was completed that identified building deficiencies and categorized them by criticality.

Mr. Nelson stated the new prioritization process was working much better than the old system.

Co-chair Froerer asked if there was a model in place for tracking how money requested for Capital Improvement projects was utilized. Mr. Reddoor stated there had been improvements in identifying deficiencies. There are facility auditors that report to the Board the level of compliance of facility maintenance the State's inventory was in. The condition assessment team reported to agencies the identified deficiencies. The Board could then compare the agency requests to the identified deficiencies. Mr. Nelson spoke to the auditing process.

David Tanner, Board Member, State Building Board, spoke to how O&M was allocated. The formula needed continued review. Allocations for O&M needed to be separated from the administrative budgets allowing for greater accountability.

Mr. Nelson added the Building Board was scrutinizing non-State funded projects to a greater degree. There was a new template that gave more information for non-State funded projects. It was critical to make sure the cost of O&M was not more than the cost of the building. The Building Board's top five priorities included the Snow College Science Building, Dixie Applied Technology College (DATC) permanent campus, Huntsman Cancer Institute, the Unified State Lab, and the Crocker Science Building.

Co-chair Froerer asked if the DATC request included purchasing more land at the airport. Mr. Nelson stated DATC had plenty of land at the airport.

Rep. Hall asked if there was analysis on how many students would be helped with the Dixie Campus versus other projects. Kelle Stephens, President, Dixie Applied Technology College, answered enrollment was up 57 percent compared to last year, serving just over 7,000 students. The new building included 17,000 square feet for growth, and they would be using most of that space once they open.

Co-chair Harper asked if the DATC existing facilities would be vacated and consolidated into the new building. Ms. Stephens stated the leased facilities would not have leases renewed.

Co-chair Harper asked if the \$682,000 proposed O&M for the Crocker Science Building was in addition to the O&M for the existing building. Mr. Reddoor stated the proposed O&M was for the increase only.

Co-chair Harper asked if the alternate funding of \$80 million included \$8 million the State gave last year. Mr. Reddoor answered the State had given a total of \$10.5 million. The \$9.5 million request completed a \$20 million agreement with the State. The \$80 million came from philanthropists. Co-chair Harper asked why the State should pay the \$1.8 million O&M a year. Susan Sheehan, Executive Director, Huntsman Cancer Foundation, stated they have expanded four times since 1999 and have not asked the State for additional O&M since receiving the original O&M of \$1.2 million. The new space would be for pure scientific research which generated no revenue. The project would be a cost neutral request because of jobs and tax revenue created from the expansion. Co-chair Harper asked for clarification that it would be a State building. Ms. Sheehan stated all Huntsman Cancer Institute buildings were State owned.

Co-chair Harper asked what information became available that rearranged the priorities so dramatically from what Higher Ed had versus what the Building Board came up with, specifically the Salt Lake Community College (SLCC) project. Mr. Nelson stated the Regents ranking was only one factor in the score sheet, they still had to consider need. Mr. Tanner added the Building Board looked at the entire State, Regents only looked at Higher Ed. Mr. Reddoor clarified that the SLCC project was not a single building request, but several requests seemed very large. Mr. Nelson stated special consideration was given to projects that had donor money.

Rep. Sagers asked if a decision had been made to move the State Fair Park or leave it at its current location and if making improvements on the property was just a band aid. Mr. Nelson answered that a decision needed to be made on moving the State Fair Park before moving forward. The fair park was a valuable piece of property for the State. Mr. Reddoor added the State Fair Park request was closer to \$7 million. A condition analysis was completed on existing buildings and \$2.6 million in immediate deficiencies were identified. Because a decision was still needed on moving the Fair Park, The Building Board took the most critical deficiencies and funded \$1.7 million. Rep. Sagers stated support for the Utah State Fair.

Co-chair Froerer applauded the Building Board for a great job in looking at State buildings.

4. Consideration of Intent Language

MOTION: Co-chair Harper moved that The Legislature intends that the DFCM, in consultation with the State Fair Board, use appropriated funds to submit a request for information for the development of land at the State Fairpark, collect the data received, and report their findings to the State Building Board. The division may expend funds for consulting services, if necessary, to assist in preparing the request for information (RFI) and analyzing the information.

Sen. Van Tassell asked how long the RFI process would take. Co-chair Harper stated an RFI would normally take 90-120 days. Sen. Van Tassell stated he would vote against the motion because Rural Caucus supported leaving the State Fair Park at the current location and in the current condition. Co-chair Harper stated the intent language does not move the fair park but helps with the discussion on leases with certain portions of the fair park, specifically the White Ball Field.

Rep. Anderegg asked for clarification that the intent language authorizes the State Fair Park to go ahead with the 40 year lease. Co-chair Harper answered intent language would only allow an RFI.

Rep. Miller asked if allowing an RFI would jeopardize the current lease negotiations and added he would vote against the motion.

Rep. Schultz stated support for sending out an RFI.

Rep. Sandall asked if the timing of the new lease would help or hinder when the overall lease of the fair park needed to be signed. Co-chair Harper stated the RFI would accelerate the need to make a decision on the fair park lease to keep it at the current location.

Rep. Sagers stated the importance of the cost benefit of the entire project and not to make a decision without all the facts.

Sen. Van Tassell stated it was early in the session for intent language and more discussion was needed.

Co-chair Harper asked what the time line would be for an RFI. Bruce Whittington, Director, Department of Facilities and Construction Management, stated an RFI could be completed in 30 days but an appropriate response would need 60-90 days.

SUBSTITUTE MOTION: Rep. Miller moved to table the intent language.

Co-chair added that a two-thirds vote of the committee would be required to readdress the intent language.

Rep. Miller withdrew the substitute motion.

MOTION: Rep. Miller moved to continue on with the next agenda item. The motion passed unanimously with Sens. Adams, Hillyard, Hinkins, Knudson, and Rep. Webb absent for the vote.

5. Prioritization of Budget Effectiveness Review List

Co-chair Froerer explained the prioritization recommendations of the budget effectiveness review list to achieve a two percent soft target.

Mr. Wikle presented the targeted reductions of just over \$3.1 million. The rank order starting at the bottom and working to the top included DTS ongoing appropriations, AGRC, DAS purchasing training, DAS data processing, a DAS database administrator, DAS Judicial Conduct Commission travel, DAS eRules maintenance, DAS Child Welfare Parental Defense, and UDOT project cost forecasting/revenue. One-time reallocations included moving \$1.1 million for studies to Capital Improvements, a DAS reallocation of \$400,000 non-lapsing balance, and \$158,500 in interest from repeal of the Transportation Litigation Account for Highway Projects.

Co-chair Harper added Capital Improvement money was removed from the list but the committee could add it back. If the Transportation Investment Funds were looked at for the two percent soft target, a reduction in projects would occur.

Sen. Mayne asked for clarification that the recommendations were from the departments and not from the Chairs. Co-chair Froerer stated the departments gave recommendations and the Chairs made the prioritizations. Mr. Wikle stated the recommendations came from the agencies. Sen. Mayne asked if Judicial Conduct Commission funding was held whole except for travel. Mr. Wikle stated that was correct. Sen. Mayne asked if cuts to DTS would affect their ability to protect the State. Ken Peterson, Chief Operating Officer, Department of Technology Services, stated the first cut would eliminate a newspaper subscription. The second cut would slow down requests to the mapping department. Rich Amon, Deputy Director, Department of Administrative Services, stated the technology cuts to DAS affected operations not security.

Rep. Sagers asked if a cost benefit analysis had been completed in identifying the cuts. Mr. Amon stated cuts were challenging and hampered innovation but did not hurt key requirements. Cuts would affect, but not destroy, the department.

MOTION: Sen. Van Tassell moved to adopt two percent reductions as outlined in the Budget

Effectiveness Review Prioritized Ongoing Options and to reallocate options on page two.

Rep. Sagers asked if the motion included money from TIF. Co-chair Froerer stated TIF money was taken from the litigation settlement.

The motion passed unanimously with Sens. Adams, Hillyard and Knudson absent for the vote.

6. Vote on HB 6 – Infrastructure and General Government Base Budget

MOTION: Sen. Van Tassell moved to move out HB 6 with a favorable recommendation. The motion passed unanimously with Sens. Adams, Hillyard, Hinkins, Knudson, and Rep. Webb absent for the vote.

7. Other Business/ Adjourn

MOTION: Rep. King moved to approve minutes from the October 23, 2014, January 28, 2015, and January 30, 2015 meetings. The motion passed unanimously with Sens. Adams, Hillyard, Hinkins, Knudson, and Rep. Webb absent for the vote.

MOTION: Rep. Miller moved to adjourn.

Co-chair Froerer adjourned the meeting 10:20 at a.m.

Sen. Wayne A. Harper, Co-Chair

Rep. Gage Froerer, Co-Chair

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**MINUTES OF THE
INFRASTRUCTURE AND GENERAL GOVERNMENT APPROPRIATIONS
SUBCOMMITTEE**
Room 445 State Capitol Building
February 9, 2015

Members Present: Sen. Wayne A. Harper, Co-Chair
Rep. Gage Froerer, Co-Chair
Rep. Craig Hall, House Vice Chair
Sen. J. Stuart Adams
Sen. Lyle W. Hillyard
Sen. David P. Hinkins
Rep. John Knotwell
Sen. Peter C. Knudson
Sen. Karen Mayne
Sen. Kevin T. Van Tassell
Rep. Jacob L. Anderegg
Rep. Brad King
Rep. Justin J. Miller
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Rep. R. Curt Webb

Staff Present: Mr. Steven Allred, Deputy Director
Mr. Brian Wikle, Fiscal Analyst
Dr. Thomas Young, Senior Economist
Ms. Cami Deavila, Secretary

Note: A copy of related materials and an audio recording of the meeting can be found at www.le.utah.gov.

1. Call to Order

Co-Chair Harper called the meeting to order at 8:07 a.m.

2. Consideration of Utah State Fair Park Intent Language

Held for the next meeting.

3. State Funded Capital Development

a. Snow College

Gary Carlston, President, Snow College, presented the \$19,937,000 request for a new science center. The request was number one on the Building Board priority list and number two on the State Board of Regents' priority list. The project had received \$3,000,000 in private donations.

b. UCAT: DXATC

Kelle Stephens, President, Dixie Applied Technology College (DXATC), presented the request for a 177,000 square foot permanent campus. The project had received \$13 million in private money and would require \$31.9 million in State funding.

Mitchell Cloward, Assistant Administrator, Dixie Regional Medical Center; Mark Fahrenkamp, General Contractor; and Darcy Stewart, Board Member, DAXTC, stated support for DXATC and the need for trade graduates in the area.

c. Huntsman Cancer Institute

David Huntsman, President, Huntsman Cancer Foundation, introduced the presenters.

Susan Sheehan, Executive Director, Huntsman Cancer Foundation, presented the request for \$9.5 million for construction costs and \$1.85 million in O&M funding for the Primary Children's and Families' Cancer Research Campus.

Matthew Butler, Economist, presented the economic and fiscal impact of the Huntsman Cancer Institute project to the State generating \$2.32 million per year in State revenue.

Rep. Anderegg asked how immediate the revenue would start to flow. Mr. Butler stated it had already started with construction revenue and would then turn to programmatic revenue once the project was complete.

d. Public Safety

Jay Henry, Laboratory Director, Utah Department of Public Safety, presented the \$39 million request to complete the Unified State Laboratories with module two. The project would consolidate three agency labs into one facility.

Co-chair Froerer asked if the cost increase from \$32 million was due to a change in the scope of the building. Mr. Henry stated there was room for growth but the scope of the project stayed the same.

Sen. Van Tassell stated support for the project.

Jennifer Brown, Division Director, Utah Department of Health, talked to the efficiencies of sharing space and resources between laboratories.

Co-chair Harper stated support for the project.

e. University of Utah

Dave Pershing, President, University of Utah, presented the request for the Crocker Science Building. Private donor money was used for the project design.

Co-chair Harper asked for clarification that donor funds were used for design. Pres. Pershing responded they used private money.

Henry White, Dean, University of Utah, spoke to the importance of STEM education to the State.

Pres. Pershing stated the project would cost \$57 million with \$34 million in State funding and \$19.7 million in private funds. The project was in jeopardy of losing \$15 million if the project was not funded this year.

Rep. Sagers asked what the cost per square foot of the building was and how it compared to similar building projects around the State. Mike Perez, Associate Vice President, University of Utah stated the cost was about \$445 per square foot which was average for lab buildings.

f. USDB

Joel Coleman, Superintendent, Utah Schools for the Deaf and Blind, presented the request for \$14.5 million to complete a new campus. The Legislature was the sole funding source for USDB.

g. DHS-DJJS

Susan Burke, Director, Juvenile Justice Center, presented the \$19,630,000 request for the Weber County Multi-Use Center.

Rep. Schultz asked for more information on the presented cost savings. Ms. Burke stated they estimate \$390,000 in cost savings by eliminating leases and administrative overhead, and in kind efforts provided by Weber County in property improvements. Rep. Schultz asked which counties were served by the facility. Ms. Burke stated only Weber and Morgan Counties.

h. GOED

Val Hale, Executive Director, Governor's Office of Economic Development, presented a \$2 million request for the St. George Welcome Center and the importance of tourism to the State. UDOT was a partner in the project.

Vicki Varela, Director of Travel and Tourism, Governor's Office of Economic Development (GOED), stated the cost of the project was \$2.3 million; \$400,000 from UDOT, \$925,000 from GOED, and \$975,000 was needed in State funding.

Rep. Anderegg asked about the impact of having a physical site versus investing in marketing. Ms. Varela stated both were important. The St. George location would be the most important welcome center in the State.

Sen. Hillyard stated concern with having welcome centers in isolated locations and why they were not incorporated into a business center. Ms. Varela stated the business center causes

distractions. Sen. Hillyard expressed concern over the condition of some rest stops. Ms. Varela replied progress had been made in improving conditions at all rest stops.

Rep. Sandall asked what personnel needs would be required for 800 visitors a day. Ms. Varela stated they have a partnership with the local destination marketing organization. They could extend the staffing capacity with volunteers.

i. Dixie State University

Richard B. Williams, President, Dixie State University, presented the request for a physical education/student wellness center. The request was for \$19.9 million in State funds. Student fees have raised \$2 million. The project costs totaled \$29.9 million. O&M would require \$487,000 from a State appropriation and \$243,000 would come from student fees.

j. Utah State University

Stan Albrecht, President, Utah State University (USU), presented the request for the Clinical Services Building including \$10 million in State funding with a total project cost of \$30 million. The request for the Biological Sciences Building included 164,000 square feet and a total cost of \$65 million, \$55 million was needed in State funding.

Sen. Hillyard asked how many undergraduate students were taking classes and working in research programs. Pres. Albrecht stated he didn't have an exact number but students were encouraged to be involved.

Co-chair Froerer asked Pres. Albrecht to comment on the concept of USU taking over the 1,800 acre Ogden monastery for research education. Pres. Albrecht stated USU could preserve the property and utilize it for research and educational programs. Co-chair Froerer added intent language would be needed from the committee to allow USU to look at options.

k. DNR-Parks

Co-chair Froerer stated the monastery could also be turned into a State park. Dan Clark, Department of Natural Resources, presented the \$5 million request for expanding the camp ground at Dead Horse Point State Park.

Rep. Sandall asked if the experience would be diminished in allowing additional people in the area. Mr. Clark stated the number allowed would still be manageable.

Co-chair Harper asked if Goblin Valley was running at capacity. Mr. Clark stated Goblin Valley was extremely popular.

l. UDOT

Shane Marshall, Deputy Director, Utah Department of Transportation, presented the \$4.3 million request to relocate a maintenance building near Kanab.

Co-chair Harper asked for clarification that the old building site would be abandoned and multiple buildings relocated. Mr. Marshall stated that was the plan. Co-chair Harper asked if savings from reduced snow plowing this year could be used for the project and was the request to use Transportation Funds or General Funds. Mr. Marshall stated General Fund money.

4. Other Business/Adjourn

MOTION: Sen. Hinkins moved to adjourn.

Co-chair Harper adjourned the meeting 10:27 at a.m.

Sen. Wayne A. Harper, Co-Chair

Rep. Gage Froerer, Co-Chair

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**MINUTES OF THE
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February 11, 2015

Members Present: Sen. Wayne A. Harper, Co-Chair
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Rep. Craig Hall, House Vice Chair
Sen. J. Stuart Adams
Sen. Lyle W. Hillyard
Sen. David P. Hinkins
Rep. John Knotwell
Sen. Peter C. Knudson
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Staff Present: Mr. Steven Allred, Deputy Director
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Dr. Thomas Young, Senior Economist
Ms. Cami Deavila, Secretary

Note: A copy of related materials and an audio recording of the meeting can be found at www.le.utah.gov.

1. Call to Order

Co-Chair Froerer called the meeting to order at 8:12 a.m.

2. Other Funded Capital Development

a. Courts 4th District Courthouse Expansion

Alyn Lunsford, Facilities Director, Utah State Courts, presented the request to consolidate the Provo Juvenile Court Building, Provo District Court Building, and Orem Juvenile Court Building into a new Provo Courthouse. The request was for \$87 million and \$550,000 in O&M. The projected annual debt service would be \$6.1 million; \$1,385,000 from the General Fund and \$4.4 million from the Court Complex Fund. There would be savings from existing leases of \$315,000.

b. DABC West Valley Liquor Store

Sal Petilos, Executive Director, Utah Department of Alcoholic Beverage Control, introduced the request. Tom Zdunich, Deputy Director, Utah Department of Alcoholic Beverage Control, presented the request for a new West Valley liquor store. There would be total construction costs of \$4,447,933, eight FTEs to operate the store, and ongoing O&M of \$41,000 annually.

Co-chair Froerer asked if adding one additional store would add adequate capacity for the next five years. Mr. Zdunich stated it would be adequate for the area. Additional stores would be needed along the Wasatch Front.

c. DSU 350 Bed Student Housing

Richard B. Williams, President, Dixie State University, presented the on-campus student housing proposal. On and Off Campus housing was full. The request was for a \$20 million Revenue Bond.

Rep. Webb asked what the increase in capacity would be with the project. Pres. Williams stated 350 beds. Sen. Hillyard asked if the project needed State funding or a Revenue Bond. Pres. Williams stated the project would require a Revenue Bond.

d. SLCC Strength and Conditioning Center

Bob Askerlund, Assistant Vice President, Salt Lake Community College, presented the request for a strength and conditioning center. Funding would come from excess reserves from an existing student fee bond of \$3.9 million.

Rep. Miller asked if the new building would stay within the architectural ideas of the old South High building. Mr. Askerlund stated the new building would complement the existing architecture.

e. UU Browning Building Addition

David E. Pershing, President, University of Utah, introduced the request for an addition to the Browning Building for the College of Mines.

Ruth Watkins, Senior Vice President for Academic Affairs, University of Utah, stated there was significant workforce demand for graduates from the College of Mines and Earth Sciences. The addition would be an \$8.2 million project completely supported with private donations and \$199,700 would be needed in O&M.

f. UU Orson Spencer Hall

Pres. Pershing introduced the request to rebuild Orson Spencer Hall. The renovation would be a \$60 million project. They have \$15 million in firm private donations and expect to raise another \$10 million. There was strong student support for the project. There would be a \$45 per semester student fee assessed.

Co-chair Froerer asked if students had the opportunity to vote on the fee increase. Pres. Pershing stated both the student senate and assembly voted in support of the project.

Sen. Mayne asked how many projects U of U was bringing to the committee and how the electrical infrastructure was doing. Pres. Pershing answered projects included the Crocker Science Center, the Browning Center, and Orson Spencer Hall. They are grateful the electrical project was almost complete. Sen. Mayne asked why the Orson Spencer Hall project was not done until it was in a desperate state. Pres. Pershing accepted responsibility for the delay.

g. USU Fine Arts Complex

Dave Cowley, Administrative Vice President, Utah State University, presented the renovation project of the Chase Fine Arts Center. They have received \$10 million in private donations. There would be a State funded O&M request of \$175,870 for the new space.

h. USU Valley View Residence Hall

Mr. Cowley presented the request to demolish and replace the Valley View Residence Hall with a total project cost of \$23.1 million. There was no State funded O&M request.

i. USU Romney Stadium

Mr. Cowley presented the renovation of Romney Stadium. The total project cost would be \$31 million and there would be no State funded O&M request.

Rep. Webb stated support for Kent Concert Hall.

3. State Funded Capital Development

a. DNR - Wildlife

Rep. Handy stated support for the Great Salt Lake Nature Center. Greg Sheehan, Director, Division of Wildlife Resources, presented a \$2.5 million request for constructing a permanent building at the Nature Center. There would be no State funded O&M request.

Sen. Adams stated the Great Salt Lake was the most underdeveloped asset in the State. Sen. Mayne asked where the center was located. Mr. Sheehan said the center was on Shepard Lane. Rep. Schultz stated support for the project. Co-chair Harper asked if the request was on the Building Board's priority list. Rep. Handy stated that was correct.

Steve Swindle, President, Utah Wildlife and Conservation Foundation, stated the need for a permanent building for the Nature Center.

4. Requests for Appropriations

a. SLCC Fencing

Sen. Mayne presented a partnership between SLCC and Taylorsville. The request was to complete a fence that had been promised 20 years ago. John Taylor, City Administrator, Taylorsville City, added the request was for \$250,000 to complete a buffer wall. SLCC has already committed \$250,000. Co-chair Harper stated support for the project.

b. USU Botanical Center

Rep. Barlow described the need to improve infrastructure at the Botanical Center.

Steve Hyatt, Mayor, Kaysville City, presented the request to improve the asbestos cement water line that runs through the facility. A right of way and traffic pattern needed improvements. Sen. Adams stated support for the project.

c. Historic Wendover Airfield

Sen. Knudson presented the request for a hangar at the Historic Wendover Airfield. Jim Peterson, Airport Director, Tooele County, presented a \$500,000 request that would be matched with \$700,000. Rep. Sagers and Sen. Mayne stated support for the project.

Co-chair Froerer asked about the restoration of the Officer's Club. Mr. Peterson stated the project would be complete in September.

d. Huntsman Cancer Center

Pres. Niederhauser presented the request for \$9.5 million to complete a \$20 million commitment. There would also be a \$1.8 million O&M request. Sen. Hillyard stated support for the project.

Co-chair Froerer asked if there would be additional funding requests for the project. Pres. Niederhauser stated this request would complete the commitment.

e. State Employee Transit Passes

Sen. Weiler presented the Governor's \$1.3 million budget request to provide transit passes for State employees who work along transit lines and are willing and able to use the passes. The recommendation was for \$450,000 one-time money in FY15, \$900,000 one-time money in FY16, and \$900,000 ongoing for a five year contract with UTA.

Rich Amon, Deputy Director, Department of Administrative Services, stated UTA would provide 16,000 passes with a total cost of \$1.8 million. Agency budgets have already paid for \$900,000.

Sen. Hillyard asked what fund the supplemental money would be requested from. Mr. Amon stated \$450,000 would come from the General Fund.

f. UDOT – I-15 Widening through Lehi

Rep. Kay Christofferson presented the request to accelerate the I-15 Lehi project. The \$450 million project had not been placed on the STIP list.

Craig Peterson, Representative, Thanksgiving Partners, presented the development history of the Lehi area. The area being developed was currently the singular largest economic development in the Western United States.

Sen. Van Tassell asked where the project was located on the STIP list. Rep. Christofferson stated the project was not on the list, which posed a problem for development in the area. Mr. Peterson stated the earliest the project could start would be 2020.

Rep. Anderedgg stated that in previous years the project was on the STIP but had been removed. This area was the most critical development in the State and was currently at critical failure.

Carlos Braceras, Executive Director, Utah Department of Transportation, stated the project had been removed from the STIP due to lack of money. The project was important and would depend on what money was available.

Co-chair Harper stated concern for bypassing the process for approving projects and asked where the money would come from. Rep. Christofferson stated one proposal would fund the project from the Transportation Fund.

Sen. Hillyard asked what would happen if \$94 million was moved from the Transportation Fund to the General Fund. Mr. Braceras stated that with less money they do less work. There were presumptions about having growth on the sales tax. Sen. Hillyard asked why there had been expansion in the south end of the valley, instead of the north. Mr. Braceras stated there had been intent language requiring UDOT to go south. The south project was \$35 million and would not have helped with the Lehi project.

g. East Capitol Blvd. Improvements

Rep. Chavez-Houck presented the \$500,000 request. The total project cost would be \$1 million and Salt Lake City would match the request.

Robin Hutchinson, Transportation Director, Salt Lake City (SLC), added the project would make navigation around the Capitol safer and more convenient.

Rep. Miller asked if the project would result in a net increase in additional parking. Ms. Hutchinson confirmed that close to 20 additional parking spots would be added.

Co-chair Harper asked for clarification that SLC had \$389,000, but would increase that amount to match \$500,000 in State funding. Ms. Hutchinson stated that was the goal. Co-chair Harper asked that if the project was more than \$1 million, what parts of the project would be done first. Ms. Hutchinson stated improve the safety of crossings on the Memory Grove side, a UDOT resurfacing project, and restriping.

Rep. Sandall had concern in adding irrigation and trees. Mr. Braceras said UDOT had \$2.1 million in projects that would coincide, creating an opportunity to take advantage of project scale.

h. University Plaza Classroom & Land Bank

Sen. Urquhart presented the request to purchase property for a DSU classroom building freeing up \$350,000 in lease money to purchase additional property. Pres. Williams presented the \$3 million request to purchase two acres.

Co-chair Froerer clarified that the request had come before the Legislature for 2-3 years. Sen. Urquhart stated that was correct.

i. Browning Center WSU

Co-chair Froerer presented the \$1 million request for new seating in the Browning Center. The project had a \$200,000 commitment from the community and a commitment to raise an additional \$300,000. Cindy Kunz, Community Advocate, stated the importance of the Browning Center to the community.

Frank Bradshaw, Director, Browning Center, Weber State University, stated they were planning on three sources of funding; private donations, a buy a seat challenge that could raise \$200,000, and an outlay from the Capital Budget. Sharon McFarland, Executive Director, Ogden Symphony Ballet Association, stated support for the project.

j. UVU Fine Arts Building Study Plans

Rep. Gibson presented the \$3 million request for planning of the UVU Fine Arts Building Study Plans. The total project costs would be \$36 million with \$16 million already in the bank.

Rep. Knotwell stated support for the project.

Co-chair Harper clarified that a statute was passed doing away with phase funding and asked if they were looking for intent language allowing the project to go forward with the planning stage using internal funds. Rep. Gibson stated they were looking for \$3 million.

k. Oquirrh Connection

Rep. Knotwell presented the \$200,000 request to complete a study for a road that would connect the Southwest part of Salt Lake County and Tooele. Carmen Freeman, Mayor, Herriman City, stated the importance of having another access into Tooele County.

Rep. Miller stated support for the project and asked about commute time if a prison were to be built in Tooele County. Mayor Freeman stated that without the road the trip from Herriman to Tooele was a 50 minute commute, with the road it could be a 20 minute trip. Rep. Knotwell stated commute time would be cut substantially.

Sen. Van Tassell asked if the road was oil or dirt. Gordon Haight, Assistant City Manager, Herriman City, stated the Eastern side was oiled up to the top and the Western end was not.

Mr. Haight stated the Oquirrh Connection group had been meeting for two years. The group included Grantsville, Tooele, South Jordan, Herriman, Riverton, the Counties, UDOT, the Wasatch Front, Mountain Land Association of Governments, Eagle Mountain, and Saratoga Springs. The group would contribute matching costs to complete the study.

l. Goblin Valley State Park Access Road

Sen. Hinkins presented the request for cattle guards and fencing on the road going into Goblin Valley State Park.

m. Box Elder DPS Consolidation

Rep. Perry disclosed a conflict of interest with the project. The request was to purchase a building that would consolidate the Driver License Office, Dispatch, the Fire Marshall Office, and Highway Patrol into one building. The \$2.5 million project included \$1 million to purchase the building and \$1.5 million for renovations.

Rep. Webb asked how much land would come with the building. Wayne Christensen, Real Estate Manager, Division of Facilities and Construction Management, stated 1.62 acres.

Co-chair Froerer asked if access to the frontage road had been addressed. Rep. Gibson stated the issue wasn't completely resolved and negotiations would be needed.

n. TATC – Education & Economic Dev.

Rep. Sagers introduced the project request. Tooele City had invested \$7-8 million in the project over a five year period.

Scott J. Snelson, President, Tooele Applied Technology College, stated TATC would not be eligible for equity funding. The \$500,000 request was for a land banking purchase that would house a maintenance facility. There would be no State funded O&M request.

Randy Sant, Executive Director, Economic Development, Tooele City, stated State money would be matched by Tooele City's Redevelopment Agency.

o. Olympic Park Improvement

Rep. Hutchings presented the infrastructure improvements needed at the Olympic Park. There would be no ongoing expenses.

Reps. Miller and King stated support for the project.

p. Olympic Oval Expansion

Rep. Hutchings stated the need for a new facility which would become the permanent home of US long track and short track speed skating.

Co-chair Harper asked which of the two Olympic project requests was the most important. Rep. Gibson stated both.

q. BRT Connector

Sen. Adams presented a \$1.2 million request for a Bus Route to Transit line into Davis County. The request had been reduced from \$2.2 million to \$1.2 million.

Co-chair Harper stated \$750,000 had been committed to the project and another \$1 million was needed to get the project ready for bidding.

5. Consideration of Intent Language

Intent language would be considered at the next meeting.

6. Other Business/Adjourn

MOTION: Rep. Knotwell moved to adjourn.

Co-chair Froerer adjourned the meeting 10:58 at a.m.

Sen. Wayne A. Harper, Co-Chair

Rep. Gage Froerer, Co-Chair

(Draft – Awaiting Formal Approval)
**MINUTES OF THE
INFRASTRUCTURE AND GENERAL GOVERNMENT APPROPRIATIONS
SUBCOMMITTEE**
Room 445 State Capitol Building
February 13, 2015

Members Present: Sen. Wayne A. Harper, Co-Chair
Rep. Gage Froerer, Co-Chair
Rep. Craig Hall, House Vice Chair
Sen. J. Stuart Adams
Sen. Lyle W. Hillyard
Sen. David P. Hinkins
Rep. John Knotwell
Sen. Peter C. Knudson
Sen. Karen Mayne
Sen. Kevin T. Van Tassell
Rep. Jacob L. Anderegg
Rep. Brad King
Rep. Justin J. Miller
Rep. Douglas V. Sagers
Rep. Scott D. Sandall
Rep. R. Curt Webb

Staff Present: Mr. Steven Allred, Deputy Director
Mr. Brian Wikle, Fiscal Analyst
Dr. Thomas Young, Senior Economist
Ms. Cami Deavila, Secretary

Note: A copy of related materials and an audio recording of the meeting can be found at www.le.utah.gov.

1. Call to Order/Approval of Minutes

Co-Chair Harper called the meeting to order at 8:09 a.m.

MOTION: Co-chair Froerer moved to approve the February 3, 2015 meeting minutes. The motion passed unanimously with Sens. Adams and Van Tassell, and Reps. Anderegg, Knotwell, Miller, and Sagers absent for the vote.

2. Department of Transportation

a. Explanation of the Governor's Proposed \$94 million Reduction

Dr. Thomas Young, Senior Economist, Office of the Legislative Fiscal Analyst, reviewed projects that could be delayed over four years with a \$94 million reduction to the Utah Department of Transportation (UDOT) budget including Geneva Road, Tooele SR 36, I-15 to I-84 in Davis County, I-15 interchange at 1800 North, I-15 Weber County to Hill Field Road, I-15 widening at mile post 38 to 40, I-80 Kimball Junction, SR30, and US 6 mile post 156 to 158.

Sen. Mayne stated support for using savings from the UDOT snow removal budget for projects.

Carlos Braceras, Executive Director, Utah Department of Transportation, stated the Governor's reduction request would come from the Transportation Investment Fund (TIF) which would leave UDOT operating in the red for a couple of months in FY17 and FY18. The two proposals included a \$4.2 million opportunity by moving fuel taxation to the rack and moving \$94.2 million from TIF to the Education Fund. Mr. Braceras explained the snow removal budget savings details from the Transportation Fund. Left over snow removal funding was normally reallocated to maintenance projects. There could be a potential of \$1.45 million in savings from the snow removal budget.

Co-chair Harper asked for clarification that using the snow removal savings for the Mt. Carmel maintenance shed project could impact other areas of the UDOT budget. Mr. Braceras stated that would be a possibility.

b. Explanation of the \$15 million Litigation Settlement

Mr. Braceras presented the history of slope failures in the 2002 Provo Canyon that led to a \$15 million settlement. Co-chair Harper asked if the settlement money lapses into TIF. Mr. Braceras stated the funds went back to TIF to replace funds used to fix the slope failures.

3. Consideration of Intent Language

Steve Allred, Deputy Director, Office of the Legislative Fiscal Analyst, explained the intent language motions to make appropriations non-lapsing. Intent language giving Utah Valley University (UVU) authority to use donated or institutional funds for planning and design. There was also intent language stating the Division of Facilities Construction and Management (DFCM) may not expend State funds until the Building Board received credible evidence, and certified, that other funding sources were available.

Sen. Hillyard stated concern over phase funding of buildings, which created an advantage for larger schools over smaller schools.

Co-chair Harper stated the process had been changed to reduce as much phase funding of buildings as possible. They were looking at creating a pool of funds that smaller schools can apply for during the approval process for planning and design assistance.

MOTION: Co-chair Froerer moved to approve intent language as shown in the handout entitled, "2015 GS-IGG" Intent Language.

Co-chair Froerer clarified that the intent language in item 24 was to ensure that agencies and institutions coming before the committee claiming to have donation money could be verified by the Building Board. Agencies would not be able to come back to the committee for full funding if the donations don't go through.

SUBSTITUTE MOTION: Rep. Miller moved to amend the original motion to place additional intent language stating in the absence of complete General Fund allocation of \$800,000 for the Southern Utah Welcome Center, DFCM would be authorized to proceed with construction from funding realized elsewhere in FY16.

Rep. Miller explained the paper work for visitor's center showed they were looking at several different options for additional funding including UDOT or GOED. The intent language would allow DFCM to go ahead with the project and not wait another year for authorization.

Sen. Hillyard stated support for the motion if the intent language provided that no additional requests for funding would be made to the Legislature.

Co-chair Froerer was opposed to the motion unless it was modified to state there could not be additional requests for funding.

Rep. Miller withdrew the motion.

Sen. Hillyard added the intent language could also address if the committee found funding less than \$800,000.

Rep. Miller stated the motion would address less than a complete allocation.

Co-chair Harper stated Rep. Miller, DAS, and DFCM could draft intent language in the next few minutes and come back for committee approval later in the meeting.

Co-chair Harper went back to the original motion.

The motion passed unanimously with Sens. Adams and Hinkins, and Reps. Miller and Webb absent for the vote.

Brian Wikle, Fiscal Analyst, Office of the Legislative Fiscal Analyst, explained the fees and rates needing Legislative approval.

Rep. Anderegg asked the committee to review the rates and fee schedule in more depth to ensure proper oversight. Co-chair Harper added the committee still had a couple of weeks to review the rates before final approval.

Sen. Hillyard added that the committee usually hears from agencies that are unhappy with the rates.

MOTION: Rep. Hall moved to approve the fees and rates as shown on lines 2709-3444 in the handout entitled, "2015-GS – IGG Fees and Rates " with the following changes:

- a. On line 3055, delete "Maintenance, repair, and fuel costs" and insert, "Maintenance and repair costs."
- b. Between lines 3056 and 3057 insert, "Fuel Pass-through: Actual cost."

The motion passed unanimously with Sens. Adams and Hinkins, and Reps. Miller and Webb absent for the vote.

Mr. Wikle explained the Federal Grants intent language needing Legislative approval.

MOTION: Rep King moved to approve the federal grants as shown in the handout entitle, “2015 GS – IGG Federal Funds.”

The motion passed unanimously with Sens. Adams and Hinkins, and Reps. Miller and Webb absent for the vote.

Mr. Wikle explained the Department of Administrative Services (DAS) intent language needing Legislative approval.

MOTION: Rep. Knotwell moved to adopt FY15 nonlapsing balance reallocations in the DAS as follows:

- a. (\$400,000) from Division of Finance
- b. \$25,000 to DAS Rules
- c. \$25,000 to Judicial Conduct Commission
- d. \$100,000 to Post Conviction Indigent Defense Fund
- e. \$250,000 to Fleet Operations to capitalize vehicle purchasing.

Rep. King and Sen. Mayne noted a conflict of interest.

The motion passed unanimously with Sens. Adams and Hinkins, Co-chair Froerer, and Rep. Webb absent for the vote.

MOTION: Sen. Hillyard moved to authorize an increase of \$1,571,500 in capital outlay authority for the Division of Purchasing internal service fund to spend retained earnings to replace the e-Procurement System.

The motion passed unanimously with Sens. Adams and Hinkins, and Rep. Webb absent for the vote.

MOTION: Rep. Miller moved to authorize an increase in capital outlay authority for \$39,000 to \$71,300 for the DFCM internal service fund for contingencies and maintenance equipment.

The motion passed unanimously with Sens. Adams and Hinkins, and Rep. Webb absent for the vote.

MOTION: Sen. Knudson moved to approve creation of a new line item in the DAS – Division of Finance Mandated budget and moving the appropriation for the Executive Branch Ethics Commission from the Division of Finance Administration budget to the new line item.

The motion passed unanimously with Sens. Adams, Hinkins, and Hillyard, and Rep. Webb absent for the vote.

MOTION: Rep. Sagers moved to approve creation of a new line item in the DAS – Division of Finance Mandated budget and moving the appropriation for Child Welfare and Parental Defense from the DAS Executive Director’s Office to the new line item.

The motion passed unanimously with Sens. Adams, Hillyard, and Hinkins, and Rep. Webb absent for the vote.

MOTION: Sen. Mayne moved to approve creation of a new appropriation unit in the DAS – Division of Archives for the Open Records program.

The motion passed unanimously with Sens. Adams, Hillyard and Hinkins, and Rep. Webb absent for the vote.

MOTION: Rep. Hall moved to authorize the transfer of one FTE from the Fleet Operations internal service fund to the Risk Management internal service fund.

The motion passed unanimously with Sens. Adams, Hillyard, and Hinkins, and Rep. Webb absent for the vote.

Dr. Young presented the UDOT intent language needing Legislative approval.

MOTION: Rep Sandall moved to approve FY15 and FY16 UDOT FTE employee transfers as shown in the pages entitled, “FY15 – UDOT Supplemental FTE Transfers” and “FY16 – UDOT FTE transfers.”

The motion passed unanimously with Sens. Adams, Hillyard, and Hinkins, and Rep. Webb absent for the vote.

MOTION: Rep Anderegg moved that UDOT expend \$25 million for the Lehi project.

Rep. Anderegg explained the Governor and some members of both the House and Senate leadership were in support of the project. The intent language would buy them two years.

Mr. Braceras added the Lehi project was a priority for UDOT but goes around the established practice of the Transportation Commission prioritizing projects. The Legislature could let the commission know they were interested in the project.

Rep. King asked if the project made the committee’s regular prioritization list available to the Executive Appropriation Committee (EAC).

Co-chair Harper stated the project was number four to come out of the Transportation Fund. Co-chair Harper asked if the language could be modified to state it was the recommendation of the committee that the Transportation Committee find a way to fund the Lehi project.

Rep. Anderegg approved of the modified language. The point of the motion was the project was on the STIP at one time and traffic through the area was at critical failure. The project was a priority of the Governor.

Co-chair Harper stated if the project was a priority there shouldn't be a \$94.2 million reduction from TIF.

Co-chair Froerer stated support for modifying the motion to state it was a recommendation. The process for prioritizing projects should be followed.

Rep. Anderegg withdrew the motion.

Rep. Sagers stated support for modifying the motion language and following the prioritization process.

MOTION: moved to adopt the FY16 UDOT Transportation Fund technical correction appropriations as shown on the page entitled, "Adjustments to Ongoing Base."

The motion passed unanimously with Sens. Adams and Hinkins, and Rep. Webb absent for the vote.

MOTION: Rep. Schultz moved to move the UDOT funding reallocations as shown on the page entitled, "UDOT Request to Reallocate Existing Funds."

The motion passed unanimously with Sens. Adams and Hinkins, and Reps. Webb and Anderegg absent for the vote.

MOTION: Rep. Hall moved to allocate \$2,600,000 from the UDOT pavement litigation and interest settlement of \$15,158,500 as follows:

- a. \$200,000 to Oquirrah Connection Study
- b. \$2,400,000 to BRT Connector Design and Studies in Davis County, Murray, West Valley, and Taylorsville.
- c. With the remainder staying in UDOT to be spent on transportation projects.

Co-chair Froerer amended the motion to insert "divided equally between the two projects" after the word Taylorsville.

Co-chair Froerer explained the language gives direction to UDOT that the \$2.4 million should be split equally.

Rep. Hall supported the amendment.

The motion passed unanimously with Sens. Adams and Hinkins, and Reps. Webb, Miller, Anderegg, and Sandall absent for the vote.

MOTION: Rep. Hall moved to restore to UDOT the \$2,909,700 from Designated Sales Tax that was removed from the Base Budget Bill (HB 6) as a result of the Budget Effectiveness Review.

The motion passed unanimously with Sen. Adams and Reps. Webb, Anderegg, Sandall, and Miller absent for the vote.

MOTION: Rep. King moved to appropriate \$4,371,000 from the Transportation Fund to the Capital Budget for construction of a new UDOT Mt. Carmel Maintenance Station.

SUBSTITUTE MOTION: Co-chair Froerer moved to allow UDOT to utilize up to \$4,371,000 from the Transportation Fund to the Capital Budget for construction of the UDOT Mt. Carmel Maintenance Station if the department determines the funds were available

Rep. King was interested in hearing more about the substitute motion.

Co-chair Froerer explained the department did not want to be tied down to the project in case the snow removal costs increased. The motion gave UDOT the ability to construct the maintenance station but does not force UDOT to take money out of their maintenance budget.

The motion passed unanimously with Sen. Adams, and Reps. Webb and Sandall absent for the vote.

MOTION: Sen. Hillyard moved to approve the additional non General and Education Fund appropriations for Debt Service as shown in the shaded column on the page entitled, “2015 GS – IGG Debt Service.”

The motion passed unanimously with Sen. Adams, Co-chair Froerer, and Reps. Webb and Sandall absent for the vote.

MOTION: Rep. Knotwell moved to increase the Dedicated Credits appropriation to the Department of Technology Services by \$500,000 in FY15 to allow the Automated Geographic Reference Center to collect additional revenue from non-State entities as defined in signed MOU's for purchase of Google imagery.

The motion passed unanimously with Sen. Adams, Co-chair Froerer, and Rep. Webb absent for the vote.

4. Final Voting

Co-chair Harper shared the one-time prioritization voting results. The committee could rearrange the list if desired.

Mr. Allred highlighted that as a result of the budget effectiveness review, the Subcommittee had \$1.1 million in General Fund to reallocate. If the committee funded items on the prioritization list with the reallocation they would not need to be prioritized.

Co-chair Harper asked for clarification that the \$1.1 million was General Fund and the Huntsman Cancer Center was put on two different lists. Mr. Allred stated it was General Fund and came from item 14, Finance Mandated Studies. The Huntsman Cancer Center was also included on the Building Board's list.

Sen. Hillyard stated it doesn't hurt for EAC to know the priority ranking.

Mr. Allred added another option would be to put the \$1.1 million in Capital Improvements.

MOTION: Rep. Miller moved to use the \$1.1 million to fund the Goblin Valley State Park Access Road, the Historic Wendover Airfield, and the East Capitol Blvd Improvements.

Rep. Sagers asked for clarification that the Huntsman Cancer Center was also allocated out of a different budget and which list would be the more appropriate place to fund the project. Co-chair Harper stated it was number four on the State Funded Capital Development, which was the more appropriate list for the project to be located.

SUBSTITUTE MOTION: Rep. Schultz moved to spend the \$1.1 million between the Goblin Valley State Park, the Historic Wendover Airfield, and the Browning Center - WSU.

Mr. Allred stated funding on one of the projects would need to be reduced. Rep. Schultz stated to fund Goblin Valley State Park, Historic Wendover Airfield, and use the remaining budget on the Browning Center WSU project.

Sen. Hillyard stated the final budget may show there was more education money than General Fund money. The committee should not use General Fund money for projects that could get Education Fund money.

Rep. Schultz withdrew the substitute motion.

Co-chair Harper stated the committee had no choice on funding the Mandatory Debt Service.

SUBSTITUTE MOTION: Sen. Hillyard moved to fund Mandatory Debt Service, Goblin Valley State Park, and Historic Wendover Airfield with the \$1.1 million reallocation. Remove those projects from the priority list and put the remaining balance in Capital Improvements. Move the other projects up accordingly and approve the new priority list.

Sen. Hillyard explained the crime lab had been on the list for 3-4 years. The crime lab gets passed up for planning money because other projects move forward. Rep. Miller supported the motion. Co-chair Harper stated that would move \$415,000 in one-time money to Capital Improvements and clarified the motion.

The motion passed unanimously with Rep. Webb absent for the vote.

Mr. Allred explained there was \$230,900 ongoing funds to reallocate. Co-chair Harper stated the committee could take priority items 1-6 from the reallocated funds.

Rep. Hall asked which items on the list had money taken for the two percent exercise and if they were all restored, how much money would be leftover. Mr. Allred stated Technology Services Administration, AGRC Contractors, DAS Data Processing, DAS Database Administrator, Child Welfare Parental Defense, Judicial Conduct Commission Travel, DAS Purchasing Training, and DAS eRules Maintenance. If all funds were restored, there would not be any money left over, including for debt service.

Co-chair Harper asked if the DAS Database Administrator was a single FTE and if the position was filled. Kim Hood, Executive Director, Department of Administrative Services, stated the administrator was a single FTE and the position had remained unfilled for quite some time.

MOTION: Sen. Hillyard moved to approve Mandatory Debt Service, Technology Services Administration, AGRC Contractors, DAS Data Processing, Child Welfare Parental Defense, Judicial Conduct Commission Travel, DAS Purchasing Training, and DAS eRules Maintenance. Apply the balance to the DAS Database Administrator and remove the Education Fund items.

Co-chair Harper asked for clarification that the Database Administrator had been unfilled because there was no need, or lack of applicants. Ms. Hood stated the position was unfilled because there was a lack of applicants, and because of a low pay scale for that position.

Sen. Hillyard asked if the Database Administrator dealt with cyber security. Ms. Hood stated as cyber security was institutionalized throughout the department, anyone dealing with a database of information would contribute to security efforts.

The motion passed unanimously with Reps. Webb and Sagers absent for the vote.

Co-chair Harper reviewed the other funded Capital Development projects voting results.

MOTION: Rep. Miller moved to leave the GOED project on the IGG FY16 State funded Capital Development Priority Poll. Insert a line including the GOED project at the bottom of the IGG FY16 Other Funded Capital Development Poll with a yes on Revenue Bond.

Rep Miller explained the project had many funding options. DFCM would not reauthorize the project until total funding was realized in the bank.

Mr. Allred highlighted projects authorized with a Revenue Bond.

SUBSTITUTE MOTION: Sen. Hillyard moved to approve the IGG FY16 Other Funded Capital Development Poll Priority list and add the St. George Visitor's Center to the bottom.

The motion passed unanimously with Reps. Sagers and Webb absent for the vote.

Co-chair Harper explained the State funded Capital Development priority list voting results. Sen. Hillyard asked for clarification that private money was not reflected on the list for the Snow College project. Gary Carlston, President, Snow College, stated there was \$3 million in private donations and the actual request was for \$3 million less than shown on the spreadsheet.

Sen. Hillyard would like to move the Dead Horse Point Campground and Great Salt Lake Nature Center above the Weber Valley Multi-use Youth Center. The smaller projects may get funding before the larger \$19 million project. Sen. Hillyard asked if the Great Salt Lake Nature Center had other funding sources for the project. Greg Sheehan, Director, Utah Division of Wildlife Resources, stated there was \$900,000 alternative funding in internal and private funds.

Co-chair Harper explained there was about \$58.7 million one-time requests from the General Fund and about \$237 million from the Education Fund.

MOTION: Sen. Hillyard moved to move Dead Horse Point Campground and Great Salt Lake Nature Center above the Weber Valley Multi-use Youth Center.

Co-chair Froerer supported the motion. The Weber Valley project appropriation request being sent to EAC was reduced from \$19 million to \$12 million.

The motion passed unanimously with Rep. Sagers absent for the vote.

MOTION: Co-chair Froerer moved to reduce the Snow College Science Building request for \$22,937,000 by \$3 million to reflect donation money.

The motion passed unanimously with Rep. Sagers absent for the vote.

MOTION: Rep Anderegg moved to ask UDOT to recommend to the Transportation Commission that they prioritize and identify funds for the design and construction of the I-15 Lehi Technology Corridor to be funded as the funds are available.

The motion passed unanimously with Rep. Sagers absent for the vote.

MOTION: Sen. Van Tassell moved to accept the IGG FY16 State Funded Capital Developments Priority Poll list as presented.

The motion passed unanimously with Rep. Sagers absent for the vote.

5. Other Business/Adjourn

MOTION: Rep. King moved to adjourn.

Co-chair Harper adjourned the meeting 9:49 at a.m.

(Draft – Awaiting Formal Approval)
**MINUTES OF THE
INFRASTRUCTURE AND GENERAL GOVERNMENT APPROPRIATIONS
SUBCOMMITTEE**
Room 445 State Capitol Building
July 30, 2015

Members Present: Sen. Wayne A. Harper, Co-chair
Rep. Gage Froerer, Co-chair
Rep. Craig Hall, House Vice Chair
Sen. David P. Hinkins
Sen. Peter C. Knudson
Rep. John Knotwell
Rep. Justin J. Miller
Rep. Douglas V. Sagers
Rep. Scott D. Sandall
Rep. Mike Schultz

Members Excused: Sen. J. Stuart Adams
Sen. Lyle W. Hillyard
Sen. Karen Mayne
Sen. Kevin T. Van Tassell
Rep. Brad King

Members Absent: Rep. Jacob L. Anderegg
Rep. R. Curt Webb

Staff Present: Ms. Angela Oh, Fiscal Analyst
Mr. Brian Wikle, Fiscal Analyst
Ms. Cami Deavila, Secretary

Note: A copy of related materials and an audio recording of the meeting can be found at www.leg.utah.gov.

1. Call to Order

Co-chair Froerer called the meeting to order at 8:43 a.m.

2. Current Assets: Efficient Use of State Buildings, Current Replacement Value

Angela Oh, Fiscal Analyst, Office of the Legislative Fiscal Analyst (LFA), reviewed an issue brief recommending an increase in capital improvement funding from 1.1 percent to two percent of building replacement value and to fund capital improvements prospectively when buildings are approved and funded.

David Pulsipher, Performance Audit Director, Utah State Auditor's Office, reviewed findings of the 2014 performance audit of State buildings and land. Finding two showed the State could reduce leases by \$4.6 million by consolidating 12 Salt Lake County leases into a State-owned

building. Finding three showed six percent of State buildings were underinsured by almost \$200 million. State agencies have the option to insure buildings for the actual replacement value or another value reported by the agency. Undervalued buildings increase State liabilities and affects capital improvement funding. The audit recommended State entities insure buildings based on replacement value, or receive a written exemption from the Risk Management. Finding four showed using vacant land could benefit State and local entities.

Rep. Sagers asked if the property in Utah County had a restricted deed and if proceeds from selling land could go back into building improvements. Mr. Pulsipher stated the deed was restricted and the Division of Services for People with Disabilities (DSPD) could use any proceeds from the sale of land as they desire. Rep. Sagers asked if a cost-benefit analysis had been completed on the practice of underinsuring buildings. Mr. Pulsipher stated they rely on Risk Management to set accurate rates.

Rep. Sandall asked if a cost analysis had been done on self-insuring all State buildings. Mr. Pulsipher stated the State self-insures through Risk Management.

Co-chair Harper asked if the audit looked into quasi-governmental agency buildings, if the lease consolidation would be a stand-alone building for each agency or all agencies combined into one building, and if the Governor's Office of Economic Development (GOED) was included in the multi-agency building. Mr. Pulsipher stated only State owned/operated buildings were included in the audit, lease consolidation would be into one multi-agency office building, and GOED was aware of the multi-agency office building recommendation. Co-chair Harper asked if the \$4.6 million lease savings would cover debt service on the new building. Mr. Pulsipher stated the cost savings would be recognized after the break-even point in about 16 years.

Co-chair Froerer asked how State lease rates compared to market rates. Mr. Pulsipher stated rates were not included in the audit. Co-chair Froerer asked if lease payments were part of agency budgets. Mr. Pulsipher stated agencies that lease buildings make payments out of their budget. The cost of agencies that reside in State owned buildings was generally not recognized.

Ned Carnahan, Chair, Utah State Building Board, responded to the performance audit on State buildings and land.

Jeff Reddoor, Utah State Building Board, stated Risk Management had compiled an accurate inventory of State-owned buildings, including Higher Education, in the Riskconnect database that had been reconciled with DFCM. The inventory list was used to calculate the 1.1 percent value for capital improvement funding and insurance premiums. The Governor's Office of Management and Budget (GOMB) and LFA then review the numbers.

Kim Hood, Executive Director, Department of Administrative Services, stated agencies had the option to self-report building value or to use the Marshall and Swift comparison. The higher amount would be the replacement cost of the building. If agencies underinsure a building and an

incident were to occur, the difference would be paid out of the agency budget. All building values were up to date.

Co-chair Froerer asked for clarification that any building loss due to being underinsured would come from the agency or from the State. Steve Hulet, Assistant Director, Risk Management, stated the yearly statement of values would report the higher amount of the value reported by the agency or the Marshall and Swift value. The agency could submit a written request to report the lower value but then be responsible for any loss due to being underinsured.

Sen. Hinkins asked if agencies could get competitive bids from the private sector. Mr. Hulet answered State agencies and Higher Education could not, but school districts could. All 41 school districts were insured with Risk Management.

Rep. Sagers asked if all of Risk Management's coverage was self-insured. Mr. Hulet stated there were 7,000 State buildings insured through Risk Management with \$32 billion in coverage. Risk Management insures the first \$1 million and bids out for any excess amount. There was currently \$1 billion in excess coverage. Rep. Sagers asked if there was adequate insurance coverage. Mr. Hulet stated there was not adequate coverage but it would be prohibitive to insure for more. In the event of a disaster, they would rely on Federal Emergency Management Agency (FEMA) to make up the difference. Rep. Sagers was hesitant to rely on FEMA.

Co-chair Harper asked how the practice of underinsuring was allowed to begin and if there needs to be a change in policy or statute to require the higher of the two values. Mr. Hulet stated the decision came from the State Risk Manager.

Mr. Reddoor added the newly adjusted value of State buildings was also used to determine capital improvement funding, which would see an increase of about \$20 million. Mr. Reddoor reviewed the process to annually review leases for possible tenant consolidation into State-owned buildings. It was recommended that a multi-agency building be constructed on the White Ball Field. The Building Board prioritized the project at number 16 on the priority list and the recommendation never came before the Legislature. DFCM was currently going through each county Recorder's Office and inputting data into AIM for a State-owned land inventory.

Rep. Sagers asked that the study for moving the State Fair Park be distributed to the Infrastructure and General Government Committee (IGG). Bruce Whittington, Interim Director, DFCM, stated the committee could receive a copy of the study.

Co-chair Froerer asked if the State had a good inventory of space utilization and cost. Mr. Whittington stated there were no vacant spaces along the Wasatch Front.

3. Full Cost of Building Ownership: Operations and Maintenance (O&M) and Capital Improvement Funding

Kade Minchey, Legislative Auditor, reviewed Higher Education's management practices for O&M funding. Out of 11 recommendations, three had been fully implemented, one had been partially implemented, four were still in process, and three had not been implemented. Record keeping on O&M funding was not consistently maintained in 2014. The Board of Regents reported that a record tracking system was now being maintained. A policy on revenue generating had not been developed. The Board of Regents needed to consistently apply policy on renovated/replaced buildings. There was a difference in the O&M funding model between DFCM and Higher Education. DFCM costs increased while the Higher Education appropriation did not adjust for cost increases. Higher Education's management of auxiliary buildings was still inconsistent. Auxiliary classification affected capital improvement funding and was still in need of improvement. Risk Management and the Building Board data matching had improved but errors persist. Policy questions remained regarding use of reimbursed overhead funds. There was a recommendation that more overhead funds be used for O&M.

Co-chair Froerer asked if the Higher Education O&M line item goes through the Higher Education Appropriations Subcommittee or IGG. Mr. Minchey stated O&M for Higher Education goes through the Higher Education Appropriations Subcommittee. Ms. Oh reviewed the process for O&M requests.

Rep. Sagers stated Higher Education and IGG committees should be coordinating on O&M funding. Ms. Oh stated LFA would look into having committees work together on O&M funding requests.

Co-chair Froerer asked how Utah compared to other states with O&M funding and if a policy change was needed to have adequate funding. Mr. Minchey answered other states were jealous of Utah's O&M allocations. Tim Osterstock, Legislative Auditor, added that other states were hesitant to share O&M formulas.

Mr. Reddoor reviewed the process for calculating total cost for the life of the building. Buildings cost more to maintain than to build. The 10-year forecast for capital improvement needs was \$1,195,000,000, including capital renewal and deferred maintenance costs. Funding was not keeping up with need. Audit recommendations included: the Building Board would keep a building inventory database; provide the inventory list to GOMB and LFA; create a policy that required a set interval review of all Higher Education buildings; audit the building inventory list for educational, auxiliary, and partial auxiliary buildings; and require all entities under jurisdiction to comply with the adopted auxiliary policy.

Ms. Hood stated O&M was funded when the building was built. DFCM manages around 200 building internal service funds where O&M can be adjusted as needed. Buildings not managed

by DFCM can only adjust O&M when a building is remodeled or added on to. The Riskconnect system would allow an adjustment for a partial auxiliary building for accurate O&M reporting.

Co-chair Froerer stated DFCM was looking at changes for the way O&M was funded for older buildings versus newer buildings. Mr. Reddoor stated DFCM was in the process of forming a report with recommendations and models for O&M funding.

Rep. Miller asked if the 1.1 percent formula was not adequate to cover needs and what would be a more appropriate rate to fund Capital Improvement needs and wants. Mr. Reddoor stated DFCM was happy to see funding return to 1.1 percent. The industry and national funding standard was two percent. Rep. Miller asked if more would be paid down the road by not funding at two percent. Mr. Reddoor stated the cumulative amount would continue to increase if funding was left at 1.1 percent. Rep. Miller asked if funding was being used for aesthetic needs instead of the more critical needs of the building. Mr. Reddoor answered that critical needs were always addressed first.

Rep. Sagers asked if a present value analysis had been completed on deferred maintenance. Ms. Hood stated capital improvements were based on the value of the building and did not include inflation. Mr. Whittington stated national studies showed that by delaying deferred maintenance, projects would cost 6-8 percent more. Rep. Sagers asked if older buildings were not as effective and cost more to maintain and operate than to replace. Mr. Reddoor stated a study would need to be completed.

Co-chair Harper requested a total cost calculation be completed for every new building being considered by the Building Board and IGG. Mr. Reddoor stated some total cost information was included in the five-year plan but a total cost report could be added. Ms. Hood added the total cost would show current value, not projections.

Co-chair Froerer asked if the Building Board looked at the total cost of ownership when approving new buildings. Mr. Carnahan stated the Building Board was very aware of total cost of ownership.

Rep. Sandall asked for clarification that there were two models for O&M appropriations. Mr. Reddoor stated the DFCM model was based on actual current costs. Higher Education used a formula based on the CPI.

Ms. Oh explained the recommendation to increase current replacement value from 1.1 percent to two percent. Current capital improvement funding for FY16 is at \$111.5 million. The appropriation amount would increase to \$202.8 million if funded at two percent. Funding capital improvements prospectively would require an additional \$5.5 million at 1.1 percent and an additional \$10.1 million at two percent.

Rep. Miller asked if land value was included or just the replacement cost of the building when considering O&M and capital development projects. Ms. Oh stated just the replacement cost of the building.

Ms. Oh added the increase could be done in one year or incrementally over ten years. A total of \$211 million would be needed to get to two percent funding.

4. State Building Board Process: Evaluate Proposed Changes and Outside Funding Intent Language

Ms. Oh reviewed intent language from item 45, Senate Bill 2, 2015 General Session.

Co-chair Froerer added clarification about the certification process for giving projects with outside money a higher priority ranking. Certification authority was given to the Building Board.

Mr. Carnahan reviewed the process for allocating O&M funding.

Rep. Sandall asked for clarification that there were two O&M funding models, one for State buildings and one for Higher Education buildings. Mr. Carnahan stated there were two processes and the Building Board was looking for a more effective process.

Sen. Hinkins asked if surplus O&M funds for a new building go into an account until it was needed. Mr. Whittington stated the Building Board had been directed to require State agencies and institutions to report O&M expenditures. Mr. Reddoor added that surplus funds for new buildings could be used on other older buildings needing repairs.

Rep. Miller asked if capital improvement funds go into a restricted account. Ms. Oh stated the appropriation goes into the agencies general operating budget. Mr. Whittington stated DFCM operates as an Internal Service Fund (ISF) and money for O&M is dedicated to a specific building. Surplus funds stay in a dedicated retained earnings account for future needs. Higher Education had a different model.

Rep. Sagers stated the committee should consider creating a restricted account for O&M funds.

Co-chair Froerer stated the Legislature would need to make recommendations to make the process more efficient.

Mr. Reddoor reviewed the policy for certification of other funded capital projects. The Building Board conducted ongoing facilities maintenance audits for State-owned facilities. Mr. Reddoor reviewed standards and requirements for capital development projects including the requirement for feasibility studies. The needs statement has been revamped. Mr. Reddoor reviewed the standards and requirements established for reporting O&M expenditures for State-owned facilities. The Building Board would prepare a report proposing a process for tracking O&M at

an individual building level and alternative funding mechanisms for O&M. Ongoing facilities maintenance audits have been added to statutory language.

Rep. Miller asked if O&M funds were placed in an interest bearing account. Ms. Oh would look into it.

Rep. Sandall asked about the cost/benefit for tracking O&M at individual building levels. Mr. Reddoor stated the old system had no tracking at an individual building level. Co-chair Froerer added they would be looking at the offset to additional time involved versus outcome.

Brad Mortensen, Vice President of University Advancement, Weber State University (WSU), stated the amount WSU actually spent on O&M was greater than appropriations received.

5. Recess and Lunch Pickup

6. Working Lunch and Capital Improvements and Deferred Maintenance: Status of State and Non-state Funded Buildings

Mr. Reddoor presented a facility condition and current needs assessment. There were 1,656 deferred maintenance items totaling \$33.6 million and 8,091 capital renewal items totaling \$379.9 million.

Sen. Hinkins asked if leased buildings incurred maintenance costs. Mr. Reddoor answered typically maintenance was taken care of in the lease.

Co-chair Harper asked if rest stops, State parks, and rental residences were included in the building inventory. Mr. Reddoor stated they were included.

Rep. Sagers asked for clarification that O&M would increase five fold in 8-9 years and why there was such a dramatic increase. Mr. Reddoor stated the increase was due partly to aging buildings and underfunding of O&M.

Rep. Miller asked if the great number of deferred maintenance was because capital improvement needs were not being submitted to the Building Board. Would the \$33.6 million cumulative costs continue to grow because capital improvements were not adequately funded year after year? Mr. Reddoor stated the highest needs were submitted with life safety issues being the highest priority and that keeping funding at 1.1 percent would not keep up with need.

Co-chair Froerer asked if the auditor staff needed an increase of one or two more FTE. Mr. Reddoor stated the current auditors have had additional job tasks added to an already heavy workload.

Co-chair Harper asked if funding was adequate for the condition assessment audits. Mr. Whittington stated there was adequate funding to continue audits on a five-year rotation. Mr. Reddoor stated the value of buildings was currently being assessed.

Co-chair Froerer asked that water, electrical, and sewer infrastructure be assessed along with the buildings. Mr. Reddoor added that building value had been audited but building conditions had not been completed. When the value audit was completed, funds would be diverted for auditing the infrastructure conditions.

Rep. Sagers asked for clarification on why capital improvement cumulative funding was increasing so much. Mr. Reddoor explained funding that had been received versus funding they would need.

Mr. Carnahan stated support for having adequate support staff to gather information the committee and the Building Board need for decision making.

Mr. Whittington stated infrastructure funding would need additional funding. Condition assessment funding was coming out of the 1.1 percent improvement funding. The committee should look into using a different funding source for condition assessments.

7. Long-term Debt Models: Project Debt Levels and Debt Service

Co-chair Froerer stated the importance of understanding what cash pays for, what bonding pays for, and what debt levels would be.

Co-chair Harper stated State indebtedness needed to be reduced to the 50 percent range. The prison relocation funding would affect what the committee could do. Transportation projects were several billion dollars short.

Brian Wikle, Fiscal Analyst, Office of the Legislative Analyst Office, reviewed General Obligation debt. State indebtedness was at \$2.5 billion. The estimated constitutional debt limit as of April 29 was at \$4.2 billion. The debt per capita had been declining since 2012. About \$350 million of debt service was coming out of the Transportation Investment Fund (TIF). Mr. Wikle reviewed transportation debt, prison debt, and water infrastructure debt models. The prison debt would be paid over seven years. Debt service would not increase if the debt were structured properly. Transportation debt had a 15-year pay off period. The earliest water projects would begin in 2020. Water debt would be paid off in 2055. The Legislature would need to decide if funds would be earmarked, come from the General Fund, or paid by water districts. Combining the water debt, transportation debt, and prison debt models showed a high spike in debt service in the early years. The model doesn't consider bonding for additional buildings.

Rep. Sagers asked if the model assumed there would be no income from the sale of water to retire the debt. Mr. Wikle stated the model did not address the source of funding to pay debt. Water users would likely pay in to pay off the debt. Rep. Sagers asked if capitalizing interest on the water bond had been looked into. Mr. Wikle replied that pushing off payments increased the amount of interest needing to be paid.

Rep. Miller asked why interest rates came in at five percent instead of three percent and if bonds for the prison relocation had been looked at. Mr. Wikle stated the rate was a guess at future market conditions and the State Financial Advisor used a very conservative estimate. The numbers were hypothetical, but there was a downward trend in debt service.

David Damschen, State Treasurer's Office, stated the rates were very conservative estimates. Current market conditions were well under five percent.

Rep. Miller asked if prison bonds were being held pending additional action by the Legislature. Mr. Damschen stated they had authorization, but bonds were only issued on a once yearly basis.

Co-chair Harper stated the day's discussion was informational only and would be used to make decisions during the session.

8. Other Business

MOTION: Rep. Sagers moved to adjourn. The motion passed unanimously.

Co-chair Froerer adjourned the meeting at 1:20 p.m.