

**MINUTES OF THE
JOINT CAPITAL FACILITIES & ADMINISTRATIVE SERVICES
APPROPRIATIONS SUBCOMMITTEE
MONDAY, JANUARY 31, 2005, 2:00 P.M.
RoomW025, West Office Building, State Capitol Complex**

Members Present: Sen. Bill Hickman, Committee Co-Chair
Rep. D. Gregg Buxton, Committee Co-Chair
Sen. Peter Knudson
Pres. John Valentine
Rep. Roger Barrus
Rep. Ralph Becker
Rep. DeMar “Bud” Bowman
Rep. Stephen Clark
Rep. Wayne A. Harper
Rep. Fred R. Hunsaker
Rep. Brent H. Goodfellow
Rep. Michael T. Morley

Members Excused: Sen. Mike Dmitrich

Staff Present: Steve Allred, Fiscal Analyst
Bonnie Brinton, Committee Secretary

Public Speakers Present: Bruce Whittington, Program Director, DFCM
Dennis Kellen, Deputy Director, Department of Alcoholic
Beverage Control
Leonard Langford, Director of Finance, Department of Alcoholic
Beverage Control
Director Belle Brough, Programming Services, Department of
Corrections
President Mike Benson, Snow College
Myron March, Administrative Office of the Courts
Rick Davis, Trial Court Executive, Administrative Office of the
Courts
Director Gordon Bisseger, Administrative Services, Courts
Mayor Daniel D. McArthur, St. George
Shawn Guzman, City Attorney, St. George City
Gregory Sheehan, Administrative Services Chief, Division of
Wildlife Resources
Mike Canning, Legislative Assistant, Division of Wildlife
Resources
Campus President Rob Brems, MATC, Utah College of Applied
Technology

Richard Clarke, Engineering Foreman, Maintenance, Utah
Department of Transportation
Bill Juszczak, Facilities Manager, Utah Department of
Transportation
Mike Perez, Associate Vice President, Facilities Management,
University of Utah
Dr. A. Lorris Betz, Senior Vice President, Health Sciences,
University of Utah
Col. Scot Olson, Legislative Liaison, Utah Army National Guard
Director Keith Stepan, Department of Administrative Services,
Division of Facilities Construction and Management
Pres. Ann Millner, Weber State University
Vice President Norm Tarbott, Administrative Services, Weber
State University
Assistant Vice President Kevin Hansen, Facilities Management,
Weber State University
Director Gary Adams, Administrative Services, Department of
Workforce Services
Deputy Director James Whitaker, Department of Workforce
Services

A list of visitors and a copy of handouts are filed with the committee minutes.

Co-Chair Buxton called the meeting to order at 2:13 p.m.

1. Prior Business: Facilities Management Intent Language

Analyst Steve Allred explained that the Legislature first approved this type of language in FY 1999. To date no new permanent employees have been transferred into the program as allowed by intent language. The language gives DFCM the flexibility to respond to a request for new or expanded services during the course of the year. He presented the intent language.

Bruce Whittington, Program Director, DFCM, responded to questions.

Rep. Becker suggested the words "may be" be added to the intent language in the last sentence to read: *"Any added FTEs or vehicles will be reviewed and may be approved by the Legislature in the next legislative session."*

Mr. Allred further recommends the Subcommittee go on record requesting DFCM

managers to notify the Co-Chairs before adding any FTEs or vehicles.

MOTION: Rep. Becker moved to approve the following intent language as amended:

It is the intent of the intent of the Legislature that DFCM's internal service fund may add up to three FTEs and up to two vehicles beyond the authorized level if new facilities come on line or maintenance agreements are requested. Any added FTEs or vehicles will be reviewed and may be approved by the Legislature in the next legislative session.

The motion passed with Sen. Knudson, Pres. Valentine and Reps. Goodfellow and Morley absent for the vote.

Co-Chair Hickman assumed the Chair.

2. "Other" Funded Project Requests

The Analyst pointed out a table showing projects recommended for funding from sources other than state funds. He recommends the Legislature review and approve/disapprove these requests. The State currently owns facilities with maintenance backlogs even as it continues to accept donated buildings or approve revenue-driven projects. However, many donated or revenue-driven projects provide extraordinary value to the State.

Mr. Allred reviewed the routine operation and maintenance impact carried as facilities come online. In the past, the Legislature expressed concern that O&M funds were not considered in acceptance of non-state funded buildings. Agencies also expressed frustration that O&M funds often were not appropriated once facilities were approved. To bridge this gap, DFAS Subcommittee Chairs now communicate with chairs of other appropriations subcommittees that will be affected by future O&M requests. While this is not a guarantee of future funding, it is an attempt to provide as much information as possible in accepting buildings.

Regarding Higher Education "Other Funds" projects, the Analyst stated that legislative approval is not required for a capital development project if the Building Board determines that a higher education institution will not use state funds for design, construction, operation and maintenance, or immediate or future capital improvements. The project must also be consistent with the master plan for the property and must not create an adverse impact on the State.

a. Department of Alcoholic Beverage Control (ABC) - Three Buildings

Dennis Kellen, Deputy Director, and Leonard Langford, Director of Finance, Department of Alcoholic Beverage Control, summarized the proposed projects for this Department.

The first project is the downtown Salt Lake City wine store. The proposal is to purchase a site and construct a specialty wine store, replacing an existing, inadequate facility. ABC plans to transition the existing wine store into a general liquor store to reduce the current strain on other nearby stores.

Secondly is an additional St. George liquor store. This proposal is to purchase a site and construct a new liquor store in the northwest part of St. George. The existing store cannot adequately meet growing demand, but will remain in operation.

The third project is an additional liquor store in Southwest Salt Lake County. This proposal is to purchase a site and construct a new liquor store to serve burgeoning demand in Herriman, Riverton, West Jordan, and Eagle Mountain. The two nearest facilities, in Draper and Sandy, will remain in operation.

ABC is requesting that these projects be financed through a lease revenue bond issued by the State Building Ownership Authority. The annual debt service and additional operating costs will be funded from the increased operating revenues that ABC projects will realize from the new, larger stores.

MOTION: Rep. Hunsaker moved to approve the DABC project request.

The motion passed unanimously with Sen. Knudson, Pres. Valentine and Rep. Harper absent for the vote.

b. Department of Corrections - Central Utah Correctional Facility (CUCF) Education Area Expansion

Director Belle Brough, Programming Services, Department of Corrections, and President Mike Benson, Snow College, introduced this project. Ms. Brough stated that this project would enhance the educational programs at CUCF by remodeling some existing classroom space. The existing facility was designed to serve 500 inmates, but currently serves twice that number. There are no additional program costs or FTE increases associated with this project. Funding is to be provided by

private and public contributions through Snow College's educational program and by other educational and religious organizations.

Co-Chair Hickman affirmed the action of this Subcommittee is to review and approve the projects presented to go forward to the next step of acceptance.

MOTION: Rep. Goodfellow moved to approve the CUCF Education Area Expansion budget request.

The motion passed unanimously with Sen. Knudson, Pres. Valentine, and Rep. Morley absent for the vote.

c. Administrative Office of the Courts - West Valley Courthouse Acquisition

Myron March, Administrative Office of the Courts, and Rick Davis, Trial Court Executive, summarized this budget request. The request is to provide legislative intent to authorize the State to acquire a West Valley Courthouse for use by the Juvenile Court. Courts will finish making lease payments in March, 2005. The accumulated equity can be used to purchase when bonds are paid off. In August, 2004, appraisals by DFCM and West Valley City confirmed that the equity is sufficient to acquire the building at no extra cost to the State.

MOTION: Rep. Bowman moved to approve the West Valley Courthouse Acquisition project request.

The motion passed unanimously with Sen. Knudson and Pres. Valentine absent for the vote.

d. Administrative Office of the Courts - St. George Relocation - Information Update

Director Gordon Bissegger, Administrative Services, Courts, and Rick Davis, Trial Court Executive, presented a handout outlining this budget request for a new St. George Courthouse and discussed the information it contained. Mr. Bissegger explained St. George City's offer to trade approximately six acres of usable property located at Tabernacle and Second West for the Courts 4.4 acres of useable property at the current site. This trade would overcome the adverse operational limitations of building the new courthouse on that site. Construction costs and bond payoffs were presented. The effective total project cost difference between the two sites would be \$285,185 less at the new site. The request is for intent language allowing DFCM

to trade land with St. George City. No action is required at the present time.

Mayor Daniel D. McArthur, St. George, stated his support for building the new Courthouse at the new site on Tabernacle and Second West.

Shawn Guzman, City Attorney, St. George City, responded to questions from Subcommittee members.

e. **Department of Natural Resources - Logan Fisheries Experiment Station Tech Services Building**

Gregory Sheehan, Administrative Services Chief, Division of Wildlife Resources, and Mike Canning, Legislative Assistant, summarized this budget request. This proposal is to construct a technical services building which would provide lab and research facilities for the research, testing and the development of treatment and cures for aquatic diseases. Most of the study and research being performed by this office involve potentially lethal diseases and parasites. Creating a separate facility for technical services will reduce the risk of diseases being introduced into the production hatchery. Mr. Sheehan requested an addition of \$250,000 to the printed request to give the Division flexibility to look at off-site options.

MOTION: Rep. Hunsaker moved to approve the Logan Fisheries Experiment Station Tech Services Building project request.

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

f. **Utah Colleges of Applied Technology (UCAT)/Mountainlands Applied Technology College (MATC) - Southern Utah County Facility Lease/Purchase**

Analyst Steve Allred presented proposed intent language regarding funding for this project. The Higher Education Subcommittee is reviewing an appropriation of \$269,000 to the MATC for lease funds in FY 2006 for the Spanish Fork Campus if the CFAS Subcommittee approves this facility in the 2005 legislative session. This Subcommittee is being asked to weigh the benefit of allowing UCAT to enter into lease purchase agreements.

Campus President Rob Brems, MATC, responded to questions from Subcommittee members.

Rep. Morley declared a Conflict of Interest.

MOTION: Rep. S. Clark moved to approve the Southern Utah Country Facility Lease/Purchase budget request and the following intent language:

It is the intent of the Legislature that the Mountainland Applied Technology Campus of the Utah College of Applied Technology may use existing funds to enter into a lease-purchase agreement for the development of an applied technology facility in Spanish Fork costing up to \$3,250,000.

The motion passed with Rep. Buxton voting against the motion and Reps. Becker and Goodfellow absent for the vote.

g. Utah Department of Transportation (UDOT) - Vernal Maintenance Complex

Richard Clarke, Engineering Foreman, Maintenance, and Bill Juscak, Facilities Manager, UDOT, summarized the budget request for this project. It will consist of a new eight-bay maintenance complex to replace the current facilities that are on land leased from Uintah County. Most of the funding for this project will come from the Transportation Fund, supplemented by proceeds from the sale of surplus state land.

MOTION: Pres. Valentine moved to approve the Vernal Maintenance Complex budget request.

The motion passed with Sen. Knudson, and Reps. Becker, Clark, Goodfellow and Harper absent for the vote.

h. Snow College Football Stadium Replacement

Pres. Mike Benson presented information on this budget request. He stated that the present stadium is insufficient in size and is in desperate need of improvements and repair. The new stadium will be constructed entirely with private funds, and that no state monies are required for this project. The O&M funds used for the current stadium will be transferred to the new one.

MOTION: Rep. Bowman moved to approve the Snow College Football Stadium Replacement budget request.

The motion passed with Sen. Knudson, Pres. Valentine and Reps. Becker and Harper absent for the vote.

i. **University of Utah (UofU)- University Hospital Expansion - West Wing & Parking**

Mike Perez, Associate Vice President, Facilities Management, UofU, presented information on this project request. This proposal would be to construct a 210,000 square foot clinical expansion to the Hospital and an associated parking structure. He stated that the funding would come from multiple sources:

- \$32 million from the University Hospital Foundation
- \$42 million from a revenue bond
- \$13.5 million from Hospital Operations

This project will relocate programs from the School of Medicine facility, Building 521, which is seismically unsafe and too small for existing programs and staff.

Pres. A. Lorris Betz, UofU, responded to questions from Subcommittee members.

j. **University of Utah - College of Social Work Building Addition**

Mr. Perez stated that this project will provide for space deficiencies with the existing facility, classrooms that need to function as clinical and observation rooms, and add a computer lab, meeting rooms, a conference room, and upgraded office and storage space. There are no additional state-funded program or FTE increases associated with this project and will be funded evenly from University funds and from private donors.

Co-Chair Hickman noted that these three projects and the Marriott Library together would cost the State \$750,000 in O&M a year. He suggested finding a method of funding O&M along with funding the construction of buildings.

Rep. Clark agreed with the Co-Chair but stated that these requests for funding should continue to come before the Legislature. He assured the organizations requesting approval for funding that the Legislature is anxious to look at ways to help them with funding for buildings and for O&M. He congratulated all organizations for finding ways to raise money and fund needed buildings.

Rep. Hunsaker noted the difficulty in obtaining endowments for O&M and stated that the need for academic buildings is compelling and that he is hopeful that the State will be able to budget O&M funds.

Co-Chair Buxton also expressed concern for the expanding demands for O&M funding.

k. University of Utah - New Humanities Building Phase 1

Associate Vice President Perez presented the third project which will construct the first phase of a new building for the College of Humanities. The occupants of this building will include the Tanner Humanities Center, the History Department, and three interdisciplinary studies: Asian Studies, Latin American Studies, and International Studies. There are no increases in state-funded programs or FTEs. The funding for this project will come from donors and University funds.

MOTION: Co-Chair Buxton moved to approve the three projects for the University of Utah budget request.

The motion passed unanimously with Sen. Knudson, Pres. Valentine and Reps. Becker, Goodfellow, Harper and Morley absent for the vote.

l. Utah National Guard - 85th Civil Support Team Readiness Center

Col. Scot Olson, Legislative Liaison, Utah Army National Guard, stated that the four building projects have been combined into three. This Readiness Center will be combined with a larger armory. The additional project requests are for a joint forces headquarters addition in Draper, 19th Special Forces armory addition at Camp Williams, and 117th Utilities Detachment and the 120th Quartermaster Detachment Readiness Center.

These projects will be funded entirely by federal funds.

Director Keith Stepan, DAS, DFCM, stated that the National Guard would need a motion from the Legislature to combine the Readiness Center with the Northwest Project.

Col. Olson stated that there is a possibility of O&M requests in the future. The cost for O&M in the National Guard is only \$1.70 per square foot, which is less than other agencies.

MOTION: Rep. Barrus moved to approve all four projects, including the proposal of combining the Utah National Guard - 85th Civil Support Team Readiness Center with the Northwest project.

The motion passed unanimously with Sen. Knudson, Pres. Valentine and Reps. Becker, Goodfellow, Harper and Morley absent for the vote.

m. Weber State University - Shepherd Union Building Renovation

Pres. Ann Millner and Vice President Norm Tarbott, Administrative Services, Weber State University, presented the proposal for the extensive renovation of the east and west portions of the Shepherd Union Building. The existing facility was built in two phases, in 1960 and in 1969. There have been no major upgrades or replacement of building systems since the original construction.

Mr. Tarbott stated that this project will be funded by a revenue bond to be repaid by a student fee increase that was supported by the WSU student body. The repayment schedule for the bond is expected to be approximately 20 years. The O&M will be funded from operations. The request from the Legislature is for approval of the project and approval of the \$20 million revenue bond.

Assistant Vice President Kevin Hansen, Facilities Management, responded to questions from Subcommittee members regarding the maintenance program at WSU. He stated that he is working aggressively to address preventive maintenance issues. A facility condition assessment identified over \$8 million in structural and systems repairs.

MOTION: Rep. Hunsaker moved to approve the Weber State University Shepherd Union Building Renovation and approve the \$20 million bond. The Subcommittee also recommend aggressive preventive maintenance programs be continued.

The motion failed in the Senate with Sen. Knudson, Pres. Valentine and Reps. Becker and Goodfellow absent for the vote.

n. Department of Workforce Services (DWS) - Richfield Employment Center

Director Gary Adams, Administrative Services, and Deputy Director James Whitaker presented this proposal. This project will construct a new facility to consolidate DWS staff that are currently housed in two state-owned facilities in Richfield. The proposed source of funding is the DWS Special Administrative Fund, which is the accumulation of penalty and interest collected by DWS. This fund may be used for building acquisition with legislative approval.

The Governor has requested that this project be deferred for a year, and that DWS

come back next year with this proposal.

4. Introduction to Higher Education State-Funded Requests

This item was deferred until the meeting on Wednesday because of time constraints.

MOTION: Rep. Bowman moved to adjourn.

The meeting was adjourned at 5:00 p.m. by Co-Chair Hickman.

The minutes were reported by Bonnie Brinton.

Sen. Bill Hickman
Committee Co-Chair

Rep. D. Gregg Buxton
Committee Co-Chair