
FY 2009 Issue Brief – HED – USHE New Facilities O & M

NUMBER USHE-01

SUMMARY

The Analyst recommends \$398,600 for the Subcommittee's priority list for the FY 2009 operations and maintenance of three new facilities on two campuses. The three facilities are non-state funded buildings, so have not previously received any funding for operations and maintenance. In addition, the Analyst also recommends the placement of a one-time FY 2009 reduction on the priority list for the delayed O & M for six state-funded buildings in the amount of \$684,700.

OBJECTIVE

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

DISCUSSION AND ANALYSIS

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

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

There are two building projects at the University of Utah and one at Salt Lake Community College. These projects are described below:

University of Utah

The ***Social Work Building*** is a classroom and office building with the O & M costs estimated at \$83,000 for the 15,000 square feet. Last year, the Legislature approved \$27,700 for the O & M for the part of FY 2008 that the building would be in operation. The balance of the funding is \$55,300.

The ***Humanities Building*** is a non-state funded building with classrooms and office space. There are approximately 51,810 square feet. The annual O & M costs are estimated at \$300,500. Of this amount, \$53,200 was appropriated for FY 2008; the balance of \$247,300 for FY 2009 is recommended for the priority list.

Salt Lake Community College

The College's new ***Campus Services Building*** is a 16,700 square foot building that will have classrooms, offices, and vocational shops. The annual O & M costs for FY 2009 are estimated at \$96,000.

**USHE New Facilities Operations and Maintenance
Non-State Funded Projects
FY 2009**

	<u>Priority List Recommendation FY 2009</u>
<u>Legislatively-Approved Projects:</u>	
University of Utah	
Social Work Building	55,300
Humanities Bldg.	247,300
Salt Lake Community College	
Campus Services Building	96,000
Total FY 2009 USHE Funding Needed	\$398,600

Six USHE buildings have received approval for construction in previous sessions with an accompanying amount for O & M. Projects approved in the 2005 General Session include the Marriott Library Facility Adaptation at the University of Utah, the Teacher Education Building at Southern Utah University, and the Health Sciences Building at Dixie State College. During the 2006 General Session, the Legislature authorized the Digital Learning Center at Utah Valley State College. During the 2007 General Session, the Legislature approved the Classroom building at Weber State University and the Library/Classroom building at Snow College.

The Marriott Library (U of U) project is scheduled for completion on August 1, 2008, which leaves one month in FY 2009 where the O & M will not be required. The Teacher Education Building (SUU) was recently opened and so will require full-year O * M funding for FY 2009, so no reduction is recommended. The Health Sciences Building (DSC) should be completed at the end of August, 2008, leaving two months of FY 2009 where O & M will not be needed. The Digital Learning Center (UVSC) is scheduled for completion on July 1, 2008, so the full funding amount of \$1,053,400 for O & M is needed for FY 2009. The WSU Classroom Building is scheduled for completion in November of 2008, leaving four months of FY 2009 for an O & M offset. The Snow College Library has a projected completion date of December 1, 2009, so O & M funding is not needed during FY 2009. The Legislature approved one-time reductions last year for FY 2008 for USHE O & M in the amount of \$2,830,200. The Analyst recommends placing the one-time FY 2009 O & M reductions of \$684,700, as outlined in the following table, on the priority list.

In the event that any of these buildings are completed earlier than projected, the Legislature could provide one-time funding during the 2009 General Session for the portion of FY 2009 when the funding would be needed.

**USHE New Facilities Operations and Maintenance
FY 2009 One-time Reductions**

	Expected Completion Date	O & M Base Budget FY 2008	One-time FY 2008 Reduction	LFA FY 2009 Priority List Recommendation
<u>Previously-Approved Projects:</u>				
University of Utah				
Marriott Library Facility Adaptation	1-Aug-08	\$480,000	(\$480,000)	(\$40,000)
Weber State University				
Classroom Building/Chiller	10-Nov-08	370,900	(370,900)	(123,600)
Southern Utah University				
Teacher Education Building	17-Nov-07	242,500	(60,600)	
Snow College				
Library	1-Dec-09	452,200	(452,200)	(452,200)
Dixie State College				
Health Sciences Building	31-Aug-08	413,100	(413,100)	(68,900)
Utah Valley State College				
Digital Learning Center	1-Jul-08	1,053,400	(1,053,400)	
Total FY 2009 USHE One-time Reductions		\$3,012,100	(\$2,830,200)	(\$684,700)

