

**MINUTES OF THE
INFRASTRUCTURE AND GENERAL GOVERNMENT
APPROPRIATIONS SUBCOMMITTEE MEETING**

Room 445, State Capitol

February 27, 2013

Members Present: Sen. Wayne A. Harper, Co-Chair
 Rep. Gage Froerer, Co-Chair
 Rep. Jacob L. Anderegg, House Vice-Chair
 Sen. David P. Hinkins
 Sen. Scott K. Jenkins
 Sen. Peter C. Knudson
 Sen. Karen Mayne
 Sen. Kevin T. Van Tassell
 Rep. Johnny Anderson
 Rep. Kay J. Christofferson
 Rep. Janice M. Fisher
 Rep. Lynn N. Hemingway
 Rep. John Knotwell
 Rep. Douglas V. Sagers
 Rep. R. Curt Webb
 Rep. John R. Westwood

Members Excused:
Sen. Lyle W. Hillyard

Staff Present:
Mr. Mark Bleazard, Legislative Fiscal Analyst
 Mr. Gary Ricks, Legislative Fiscal Analyst
 Ms. Cami Deavila, Secretary

Note: A list of visitors and a copy of handouts are filed with the Subcommittee minutes. A copy of related materials and an audio recording of the meeting can be found <http://le.utah.gov/asp/interim/Commit.asp?Year=2013&Com=APPIGG>

1. Call to Order/Approval of Minutes

Co-chair called the meeting to order at 4:15 p.m.

There were no minutes to approve.

2. Final Actions for Department of Technology Services Budget and Issues

Gary Ricks, Fiscal Analyst, Office of the Legislative Fiscal Analyst, stated the Governor and the Department of Technology Services (DTS) support the modified fixed rate. The rates approved for FY13 are not changing.

Mark VanOrden, Executive Director, Department of Technology Services, stated an impact study was completed and the rates will be based on the impact as of August 2011.

Mr. Ricks presented the proposed IT security rates. These rates will cost about \$4,441,600 spread among various funding sources. The rates are more than the Governor recommended at \$3 million because of depreciating equipment.

Sen. Van Tassell asked if DTS was in charge of all IT security for all State agencies. Mr. VanOrden stated they are responsible for securing data held in the data center. Sen. Van Tassell asked for clarification that DTS secures access to all networks, personal computers, and such for all departments, and asked if agencies could opt out of the DTS service. Mr. VanOrden stated on certain items agencies could opt out.

Mr. VanOrden stated the Governor's original Building Block request was for \$9.5 million supplemental funds. DTS is now asking for about \$4.5 million on-going funds with only \$1 million up front to start the process. Mr. VanOrden clarified that all State data is protected behind a firewall, agencies have a choice on encryption.

Sen. Jenkins asked for clarification on how the expenditures were going to be funded. Mr. Ricks stated the rates show what it will cost various State agencies to pay for the IT Security Rate increase. Sen. Jenkins asked who requested and created the rate increase list. Mr. Ricks stated DTS created the rates and Governor's Office of Management and Budget (GOMB) created the sources of funding breakdown.

Sen. Jenkins asked if the chairs have a recommendation on IT Security Rates. Co-chair Harper stated he is comfortable with the \$3 million; it is a large amount of money but with the future challenges of data security and cyber attacks it is a warranted amount. Co-chair Froerer stated it is an adequate amount of money and would recommend the rate increase to the committee.

Mr. Ricks explained the motions would fund the appropriated side and Internal Service Fund (IFS) for DTS.

Sen. Mayne asked where to question the allocation for the Justice Conduct Commission (JCC).

MOTION: Rep. Anderegg moved to approve the appropriated base budget \$4,973,000; the DTS Federal Funds issue brief; intent language; DTS ISF rates and fees; and FY13 supplemental hosting rate change. The motion passed unanimously.

3. Final Actions for Department of Technology Services Internal Service Funds Budget and Issues

Mr. Ricks stated the motion approves revenue, authorized capital outlay, budgeted full time equivalents (FTE), rates and fees, and supplemental hosting rate change for the Enterprise Technology ISF.

MOTION: Rep. Anderegg moved to approve the Division of Enterprise Technology ISF items. The motion passed unanimously.

Mr. Ricks gave an overview of the final motions needed for DTS.

MOTION: Rep. Anderegg moved to approve IT Security Rates for DTS Division of Enterprise Technology. Also, the co-chairs will provide the rate impact information to the Executive Appropriations Subcommittee. The motion passed unanimously.

MOTION: Rep. Anderegg moved to approve an increase in the Utah Reference Network GPS Service Rate fee to \$600 beginning FY14. The motion passed with Rep. Fisher voting no.

4. Final Actions for Department of Administrative Services Budget and Issues

Mr. Ricks clarified the motions needed for the Department of Administrative Services (DAS) budget of \$50,285,600. The base budget also includes a transfer from purchasing to the Executive Director, Administrative Rules, and State Archives. The second motion includes Economic Development funding of \$2,400,100 for FY13 and \$2,748,300 for FY14.

MOTION: Sen. Jenkins moved to approve the \$50,285,600 base budget, Federal funds, intent language, and rates and fees for the Department of Administrative Services. The motion passed unanimously.

MOTION: Sen. Jenkins moved to approve an FY13 increase of \$2,400,100 to the Development Zone Partial Rebates Program Economic Development Tax Increment Financing (EDTIF), and an FY14 increase of \$2,748,300 to the EDTIF. The motion passed unanimously.

5. Final Actions for Department of Administrative Services (DAS) Internal Service Funds (ISFs) Budget and Issues

Mr. Ricks stated the committee needed to consider the funding for the five Internal Service Funds (ISFs) on page 6 of the DAS ISFS recommended subcommittee actions packet.

MOTION: Rep. Sagers moved to approve all items in the Division of Purchasing and General Services ISF box 1A. The motion passed unanimously.

MOTION: Rep. Christofferson moved to approve all items in the Division of Fleet Operations ISF box 2A. The motion passed unanimously.

MOTION: Sen. Knudson moved to approve all items in the Division of Facilities Construction Management (DFCM) ISF box 3A. The motion passed unanimously.

MOTION: Sen. Van Tassell moved to approve all items of the Division of Risk Management ISF box 4A. The motion passed unanimously.

MOTION: Sen. Hinkins moved to approve all items in the Division of Finance ISF Box 5A. The motion passed unanimously.

Sen. Mayne stated that JCC asked for an additional \$25,000 in funding. There is currently a large caseload. Mr. Ricks stated currently there are no additional funds allocated to the subcommittee; it is a policy decision of the Legislature to find the funding.

MOTION: Sen. Mayne moved to reallocate \$25,000 to JCC.

Co-chair Froerer clarified that the \$25,000 would have to come from some other budget.

Sen. Jenkins asked where the JCC was currently receiving funding from and how much. Mr. Ricks stated it is a line item in the Department of Administrative Services (DAS) budget for \$210,600 from the General Fund. Sen. Jenkins clarified that the line item funding reflected a decrease of \$25,000 and the \$25,000 would restore the funds.

Co-chair Harper asked if the funds would be one time or ongoing and come out of the General Fund. Sen. Mayne stated ongoing would be preferred, but would take one-time and the funds would come out of the General Fund.

Rep. Anderegg asked if the information was known before hand or just received. Was there a reason for the decrease and why it wasn't included in the request? Sen. Mayne answered it was known. Rich Amon, Deputy Director, Department of Administrative Services stated JCC funds are flow through money. DAS doesn't advocate for the JCC, as they are an independent agency.

Sen. Knudson asked why the money was not allocated. Mr. Amon stated because of reductions in the budget.

Rep. Anderegg asked if this category needed to be reassigned to another committee. Mr. Amon stated there are other independent commissions not under the prevue of DAS that also receive funding through DAS. Rep. Anderegg stated the need to address the issue with future legislation.

Co-chair Harper stated DAS has been designated the catchall.

Sen. Jenkins asked for clarification on the reason of the reduction in funds and if the budget is in deficit. Collin Winchester, Executive Director, Judicial Conduct Commission stated JCC has no opportunity to suggest to DAS or the Governor there is a need for a budget increase. JCC had agency savings of \$100,000; \$20,000 has been used the last four years to make up the difference, which is now gone. JCC will not have enough

money to fund operations, including rent to DFCM, less money paid to DTS, and staff will take 4-5 weeks of unpaid leave.

Co-chair Froerer restated the motion.

SUBSTITUTE MOTION: Sen. Jenkins moved to make the \$25,000 to JCC on-going funds. Sen. Mayne stated support for the motion. The motion passed unanimously.

6. Final Actions for Debt Service Budget and Issues

Mark Bleazard, Fiscal Analyst, Office of the Legislative Fiscal Analyst Office, presented requests for changes to HB6; \$15,252,400 in one time General Fund money that takes care of bonds. An increase request for the Transportation Investment Fund (TIF) of \$1,893,400, a reduction of \$745,00 to Dedicated Credits, a \$2,744,300 increase in the County of the First Class Highway Fund to repay bonds, a negative amount in the beginning balance of \$5,568,000 with a closing increase of \$57,728,100. The final Debt Service requirement totals \$486,713,700 for FY14.

Rep. Christofferson asked what percent the debt is now. Mr. Bleazard responded approximately 81 percent for 2013; in 2014 the ratio between debt and the Constitutional limit gets into the 70 percent area.

Co-chair Harper clarified that the State is at 81 percent of the Constitutional debt limit in FY13. Committee action will take the debt to about 79 percent for FY14.

MOTION: Rep. Anderegg moved to approve changes to Debt Service. The motion passed unanimously with Sen. Hinkins absent for the vote.

7. Final Action on Transportation Budget and Issues

Mr. Bleazard stated there is \$1,390,828,500 available to Department of Transportation (DOT) for roads and debt service. The debt service portion is \$333,204,000. There is a recommendation for a Transportation Fund increase of \$2,263,000 for operations and maintenance (O&M). O&M from the TIF fund of \$2.3 million and one time capital expenditure for I-15 core equipment through Utah County of \$790,000. There is a request for an increase of \$24,000 for Share the Road pass through account. There is a request to transfer the remaining funds from the Centennial Highway Fund; \$45,447,100 and the Critical Highway Needs Fund; \$197,858 to the TIF. The Transportation Capacity Program intent statement allows DOT to expend what is collected in the TIF in any given year. There were two changes in the fees section; it is anticipated to have increased revenue of \$2,500 in the Renewal Fee and \$1,250 Outdoor Advertising Permit Plate. The Bus Bench Advertising will no longer be a fee. DOT has a request to transfer 8.5 people within the department to function more efficiently.

Sen. Jenkins clarified that the Centennial Highway Fund and the Critical Highway Needs Fund will be ending because all the money is being transferred out and asked if legislation was needed to kill the funds. Mr. Bleazard stated that was taken care of last year with SB225.

MOTION: Rep. Webb moved to approve the DOT Base Budget of \$1,390,828,500, to approve increases/adjustments for DOT, approve DOT intent language, approve proposed DOT fees, and approve FY13 and FY14 FTE DOT transfers. The motion passed unanimously with Sen. Hinkins absent for the vote.

MOTION: Rep. Anderson moved to approve intent language stating 5 percent of the proceeds of the sale of UDOT property at Bangerter Highway and 6200 South be given to Taylorsville City for improvements to the property.

Rep. Anderson clarified that the property, located by an elementary school, will be used for retail space, which will generate more traffic. The city will need to make improvements to deal with increased traffic.

Rep. Fisher asked what five percent would be. Rep. Anderson stated \$4,000,000 to \$5,000,000.

The motion passed with Sens. Jenkins and Vickers voting no.

8. Final Action on Capital Improvements Budget and Issues

Co-chair Froerer stated the committee received a survey form to rank the Capital Development requests, Land Banking requests, and other items including Capital Improvement requests. Capital Improvements will be dealt with on a separate line item.

Mr. Bleazard stated that the current appropriation for Capital Improvements Budget is \$41,739,100, which represents .4 percent of the replacement cost of buildings. To get to 1.1 percent an additional appropriation of \$53,280,300 is needed. Current statute states that if 1.1 percent is not funded for capital improvements, new buildings cannot be recommended. In previous years the statute has been amended.

Co-chair Froerer stated the Chairs recommend funding \$20 million General Fund ongoing and \$20 million ongoing from the Education Fund.

Co-chair Harper stated the Committee made it clear that the number one need is to maintain current buildings. The current appropriation will put funding at about .94 percent.

MOTION: Rep. Christofferson moved to approve \$40,000,000 ongoing increases to the Capital Improvements Budget with \$20,000,000 from the General Fund and \$20,000,000

from the Education Fund.

The motion passed unanimously.

MOTION: Co-chair Harper moved to approve intent language stating DAS and DFCM provide the committee with the process and scoring sheets of how they distribute Capital Improvement Funds, and to create a prioritized scoring process for capital improvements. DAS and DFCM will provide the State Building Board the prioritized list for review and recommendation and provide the committee the prioritized list for review and the Chairs' approval.

Co-chair Harper stated this makes sure worthy projects are not getting supplanted for political reasons.

Sen. Jenkins stated there is already a process and asked why the process is being changed. Co-chair Harper stated the Chairs would like to see a formal scoring and evaluation criteria. This completes the process and all parties understand how capital improvements are scored and prioritized. Sen. Jenkins asked who brings the prioritized list back to the committee. Co-chair Harper stated DAS and DFCM.

Co-chair Froerer stated the need for the intent language.

The motion passed unanimously with Sen. Van Tassell and Rep. Anderegg absent for the vote.

9. Final Action on Capital Development Budget and Issues

Co-chair Froerer asked if there were any motions to move or reallocate positions on the priority list.

Co-chair Harper explained how the projects were ranked.

Rep. Fisher asked how many projects could be completed before the money would run out. Co-chair Froerer stated that is not clear. Co-chair Harper stated there is more one-time money in the Education Fund than in the General Fund.

Sen. Hinkins asked if the \$55 million funding for the UVU Classroom Building had been changed to \$45 million. Mr. Bleazard stated the Governor recommended \$45 million be funded with a bond. It is anticipated that a motion be made for a bond of \$50 million.

Rep. Fisher asked if Weber State University and Salt Lake Community College could receive planning money. Co-chair Froerer stated a motion could be made to allow that to happen.

Sen. Jenkins asked for clarification that both the Building Board ranking and the committee ranking is listed on the priority list. Sen. Jenkins stated concern and disappointment that the committee had changed the Building Board priorities,

specifically Corrections. Co-chair Froerer stated the Building Board was not 100 percent sure of project needs when the rankings were compiled and voted on.

Rep. Anderegg echoed Sen. Jenkins concerns and asked if the rankings reflected shovel ready projects. Co-chair Froerer stated shovel ready was taken into consideration.

Sen. Knudson asked why a project that has a substantial amount of funding already paid for is not ranked higher. Co-chair Froerer stated the rankings were based off the committee vote sheets.

Rep. Sagers asked if the non-State funded projects were listed separately. Co-chair confirmed they are separate.

Sen. Vickers stated the difficulty for some projects to acquire private money. The projects are overlooked and only projects that have donations get funded.

Rep. Christofferson asked how bonding for the UVU building would affect the percentage of debt. Mr. Bleazard stated the current debt is at 81 percent for FY13, payments would take it to the 79 percent range for FY14. Adding \$50 million would take debt to the 80 percent range.

MOTION: Sen. Van Tassell moved to approve the priority list before the committee.

Co-chair Harper asked if the UVU funding would stay at \$45 million or be moved to \$50 million. Sen. Van Tassell replied that it would move the funding amount to \$50 million.

Sen. Vickers questioned the motion.

MOTION WITHDRAWN: Sen. Van Tassell withdrew the motion.

MOTION: Sen. Vickers moved to approve the committee rankings for State Funded Capital Development, Land Banking Requests, and Requests for Appropriation.

Sen. Jenkins asked if Executive Appropriations decided on the level of bonding. Co-chair Froerer stated yes.

Rep. Anderegg asked for clarification on the amount requested by UVU. Co-chair Harper stated planning money was appropriated last year to have it shovel ready. Cameron Martin, Vice President University Relations, Utah Valley University stated UVU received \$2 million in planning money, \$1 million could be raised from private sources but requiring \$2 million in donations would kill the project. The request has been for \$55 million for the whole project including O&M.

Co-chair Froerer clarified the request is for \$55 million. Mr. Martin affirmed.

Sen. Vickers clarified the motion stated approving funding for \$53,200,000.

Mr. Amon clarified that the construction estimate is \$55,434,000.

Co-chair Harper asked what planning money had been allocated. Mr. Amon stated previous funding was \$2.8 million.

Rep. Fisher asked for clarification on the motion.

Co-chair Froerer placed the motion. The motion passed unanimously.

Mr. Bleazard stated the top two priorities on the State Funded Capital Development list are: \$26.8 million for the Ogden Juvenile Court and \$35,600,000 for the Unified Lab. It is anticipated that Executive Appropriation will fund the O&M.

MOTION: Rep. Anderegg moved to approve items 1 & 2 on the State Funded Capital Development list from the General Fund. The motion passed unanimously.

Mr. Bleazard stated \$5 million additional funds were needed to complete the State Hospital project. The DHS Admissions of Durable Housing project was placed on hold.

MOTION: Rep. Hemmingway moved to approve one-time funding of \$5,000,000 from the General Fund to be used as a supplement to the capital development project at the State Hospital in Provo. The motion passed unanimously.

MOTION: Sen. Vickers moved to approve items 4 through 6 on the State Funded Capital Development list to be funded from the Education Fund. The motion passed unanimously.

MOTION: Rep. Anderegg moved that if Executive Appropriations approves bonding for capital development, the UVU New Classroom building be funded at \$53 million with a General Obligation Bond.

Rep. Christofferson asked if \$50 million was enough funding or should the whole amount be bonded.

Rep. Anderegg changed the bonding amount to \$53,200,000 with a General Obligation Bond.

The motion passed with Sen. Knudson voting no.

MOTION: Rep. Westwood moved that the committee not fund any items from the Land Banking Requests list. The motion passed unanimously.

MOTION: Rep. Knotwell moved that the committee approve items as shown on the Non State Funded Capital Development list and approve revenue bond authority for the University of Utah (U of U) Basketball Training Center, USU Aggie Life Wellness Center, USU Blanding Rec Center, USU Space Dynamics Lab. The motion passed unanimously.

MOTION: Rep. Webb moved to approve \$25,000,000 one-time money from the Education Fund for the U of U Utility Distribution Infrastructure.

Sen. Vickers asked if this would be the last appropriation for this project. Co-chair Froerer stated there would be two more.

The motion passed unanimously.

MOTION: Rep. Anderson moved to approve items 1 through 4 on the Requests for Appropriation list with funding from the General Fund as follows: Jail Reimbursement \$1,000,000 ongoing; Taylorsville Pedestrian Tunnel \$700,000 one-time; pioneer Bridge \$200,000 one-time; and Wendover Airfield \$200,000.

Sen. Vickers asked if funding for the tunnel and the bridge should come from the Transportation Fund and not the General Fund. Co-chair Harper replied it would be unusual to pull funding from the Transportation Fund for these types of projects.

SUBSTITUTE MOTION: Sen. Jenkins moved that funding for the Taylorsville Pedestrian Tunnel, Pioneer Bridge, and Wendover Airfield be cut in half and added to Jail Reimbursement.

Mr. Bleazard asked for clarification that the motion coincide with the motion or with the sheet. The original motion already reflects reduced funding.

Co-chair Harper stated Jail Reimbursements is ongoing money, the other projects are one-time money.

SUBSTITUTE MOTION WITHDRAWN: Sen. Jenkins withdrew the Substitute Motion.

The original motion passed with Sen. Jenkins voting no.

MOTION: Rep. Webb moved to approve the GIS request for \$180,000 one-time from the General Fund. The motion passed unanimously.

10. Final Action on IGG Subcommittee Priority List

MOTION: Sen. Knudson moved that after previously approved items are prioritized the following items be added to the IGG Subcommittee's Priority List in order: Corrections

CUCF Secure Hosing \$33,700,000; WSU Science Lab Building \$60,900,000; SLCC Classroom & Learning Center \$15,000,000; Snow Science Building Remodel \$15,900,000; USU Biological Sciences Building \$60,000,000; Energy Extraction Increases Study \$4,000,000; Cottonwood Heights Parking Lot \$750,000; USU Brigham City Campus Building \$7,500,000; Permanent State Trust Fund phase in \$8,250,000; Huntsman Cancer Research Wing \$20,000,000; Widening of 7200 South in Midvale \$1,200,000; Passes for UTA Customers \$5,000,000; Valley Mental Health Vehicle \$150,000; Courts Northern Utah County Land \$1,800,000; SUU Residential Property \$2,700,000; MATC Thanksgiving Point Property \$3,000,000; DATC Morgan Land \$600,000 and BATC Logan Property \$8,200,000.

Sen. Van Tassell asked for clarification that the Land Banking Issues would not be funded but are listed in the motion.

Co-chair Froerer asked for a substitute motion to remove the Land Banking Requests.

SUBSTITUTE MOTION: Rep. Anderegg moved to remove all Land Banking Requests from the motion.

Mr. Bleazard clarified the Substitute Motion would end at the Valley Mental Health Vehicle \$150,000. Co-chair Froerer affirmed.

Rep. Anderegg asked for clarification that the items listed in the motion are being added to the priority list, not to fund them next year. Co-chair Froerer stated that was correct.

Rep. Christofferson asked if leaving the Land Banking Requests on the priority list is a conflict as it is not funding them, just prioritizing. Co-chair Froerer stated the requests were coming off the list.

The substitute motion passed with Sen. Jenkins voting no.

MOTION: Sen. Van Tassell moved to approve the attached priority list for Executive Appropriations Committee funding consideration.

Mr. Bleazard asked Sen. Van Tassell to amend the motion to reflect dropping items 28-32.

Sen. Van Tassell amended the motion to drop items 28-32. The amended motion passed unanimously.

MOTION: Co-chair Harper moved to approve intent language stating that before bids are issued and a contract awarded on the Ogden Courts Building, the Department of Environmental Quality certify the site is remediated and free of hazardous waste contamination. The motion passed unanimously.

MOTION: Co-chair Harper moved to approve intent language stating the Courts may use existing funds to enter into a High cost Lease agreement that may include a lease-purchase option for the Juab County Courthouse. The motion passed unanimously.

MOTION: Sen. Jenkins moved that Executive Appropriations give consideration to projects that already have other forms and amounts of funding when deciding to bond.

Sen. Vickers supports the motion and gives credit to communities for coming up with part of the funding.

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

MOTION: Rep. Hemmingway moved to adjourn.

Co-chair Froerer adjourned the meeting at 6:35 p.m.

Minutes were reported by Cami Deavila, Senate Secretary

Sen. Wayne A. Harper, Co-Chair

Rep. Gage Froerer, Co-Chair

