

(Draft – Awaiting Final Approval)
**MINUTES OF THE
INFRASTRUCTURE AND GENERAL GOVERNMENT APPROPRIATIONS
SUBCOMMITTEE**

Room W20 House Building, State Capitol Complex
October 23, 2014

Members Present: Sen. Wayne A. Harper, Co-Chair
Rep. Gage Froerer, Co-Chair
Rep. Jacob L. Anderegg, House Vice Chair
Sen. Lyle W. Hillyard
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. Douglas V. Sagers
Rep. R. Curt Webb
Rep. John R. Westwood

Members Absent: Sen. Evan J. Vickers
Rep. John Knotwell

Staff Present: Mr. Mark Bleazard, Fiscal Manager
Mr. Brian Wikle, Fiscal Analyst
Ms. Lorna Wells, 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/Introduction /Approval of Minutes

Co-Chair Froerer called the meeting to order at 8:10 a.m. and committee members introduced themselves. Co-Chair Froerer introduced Mr. Brian Wikle as a new staff member for the AIGG committee. Co-Chair Froerer also thanked the staff for their hard work throughout the year.

MOTION: Sen. Jenkins moved to approve all of the minutes for the AIGG meetings held during the 2014 Legislative session. The motion passed unanimously with Co-Chair Harper, Sen. Hillyard, House Vice-Chair Anderegg, and Rep. Sagers absent for the vote.

2. DOT Construction and Budget Issues

Unfunded State Maintenance. Ms. Linda Hull, Legislative Services Director, Utah Department of Transportation (DOT) gave a presentation regarding the state's highway system. She explained that it is a multi-billion dollar investment in the state's economic vitality and quality of life. She discussed the importance of the pavement preservation strategy. She explained why there might be

some discrepancies in the financial calculations between local and state government road expenditures.

Capacity Projects (Funded and Unfunded). Ms. Hull reported that DOT manages 243 state highways. They look at how they can optimize the money that is allocated to DOT. She stated that the capacity funding provided by the Legislature has enabled them to complete major interstate construction programs. She discussed the ride index for Level 1 and Level 2 roads. She explained that Map 21 of the Federal Highway program including provisions which allowed DOT to take 785 miles of Level 2 roads and move them to a Level 1. Ms. Hull said that there are 1,900 miles of Level 2 roads which receive only reactive treatment. She discussed the process of ranking roads as good, fair and poor. Often the roads that are in fair or poor condition are in rural areas. There has been some deterioration on these roads because they haven't been able to take proactive measures since 2008. In the near future, there will be less than 20 percent of these roads in good condition.

Ms. Hull discussed the good condition of DOT bridges stating that there are 1,888 bridges in the state system and 1,058 bridges on the local system. DOT is responsible for inspecting all of these bridges, but is only responsible for the upkeep on the state bridges. She stated that most state bridges are in really good condition. She mentioned that this is due in part to the major reconstruction projects that have taken place within the last ten years. She discussed the age distribution of the National Highway System bridges. She said that even the bridges that are in fair or poor condition are safe to drive on.

Ms. Hull estimated that DOT will need an additional \$40 million on-going to keep the Level 2 roads at the current condition. She stated that the lifespan for pavement is about 20-40 years; whereas bridges have a 75-100 year life span. They estimate that sometime within the next five years they will need an additional \$27 million a year for bridge preservation and rehabilitation.

Ms. Becky Bradshaw, Finance Director for DOT discussed the maintenance needs including plowing snow, removing debris, fixing culverts and maintaining signs. Each year they look at new roads as well as new travel lanes on existing roads. They look at the need for additional equipment and materials for maintaining these surface areas. The committee has transferred needed funds from the construction line item to their maintenance line item. They appreciate the Committee's support which has enabled them to secure the equipment and materials needed to maintain state roads. They will be bringing the FY 2016 funding needs to the next Legislative session.

Mr. Cory Pope, Program Development Director, DOT demonstrated the new interactive map available by going to the main DOT home page, and then clicking on projects. This map allows users to look at DOT projects that are under construction, projects that are planned, the funding and expenditures involved in the project, as well as the status of these projects.
<http://www.DOT.utah.gov/projects/f?p=250:1:0>.

Rep. Hemingway asked what damage was done to the smaller highway when the interstate between Nevada and Utah was washed out. Mr. Pope answered that he has discussed the situation with the Region 4 director and also explained that when a rural road becomes a detour and encounters heavy truck traffic, the road deteriorates at a much faster rate. There will probably need to be a project funded to add some structural integrity to that road. Rep. Hemingway stated that the ability to use

this road was critical for maintaining interstate commerce during this time period. Mr. Pope commented that there was a great deal of cooperation among Nevada, Arizona and Utah because I-15 is a major freight corridor. He said that the individuals who worked to keep this road available deserve the credit.

Sen. Hillyard asked if private enterprise is allowed to pay for some of the roads in order to have them move the project move up the priority list. Mr. Pope gave specific examples in Washington County where two interchanges were completely paid for by a developer. Public and private partnership is often discussed on a case by case basis. Sen. Hillyard asked for more information from DOT regarding these partnerships before the session starts.

Sen. Hillyard asked for clarification regarding the bid process. He asked if smaller road construction companies are not able to bid on the major construction projects and are thus cut out of work. Mr. Pope explained that every project is a unique project. He said that the majority of projects that are advertised and contracted are very traditional with a design, bid, and build sequence. It is difficult to balance private industry needs, while maintaining efficiencies and risk avoidance. He stated that even though the consortium may only have one or two names on it, these larger companies subcontract out a great deal of work to smaller companies. DOT has looked at this internally and want to protect the value of competition.

Sen. Hillyard said that the road between Logan and Hyrum turned out in four different bidding processes. Everyone bid it new every time and the overall cost was much higher. When Sardine canyon was bid, they completed the first part, but then bid the second part before the first part was completed. The company that won the first bid was able to bid much less on the second bid because they were just continuing the work on that project. Mr. Pope praised the individuals working in the project delivery group and the regions who work hard to reach out to contracting communities, and local communities, but stated that this was a continual challenge.

Sen. Hillyard mentioned that with the Sardine canyon project there are two 40- hour shifts because the equipment is too expensive to be idle. He would be interested to know how much of the funding for a road goes for equipment and supplies and how much goes for labor. Mr. Pope stated that he was not prepared to answer that, but would do so during the session.

Co-Chair Froerer asked Mr. Pope to explain the process of going from study to planning and how the projects are selected for funding. Mr. Pope explained that the planning process begins by looking 20-30 years into the future. They work with metropolitan planning organizations in the urban areas, and DOT in the rural areas. They coordinate with the public, local officials and the Governor's Office of Planning and Budget. They map out population and employment growth within the state. They then prepare a unified transportation plan which is phased into 10-year increments using very specific parameters. Utah code dictates that DOT must develop a prioritization process based on strategic goals; preserving infrastructure, zero fatalities or safety, mobility and strengthening the economy.

Rep. Christofferson asked about the coordination between DOT and the Transportation Commission. Mr. Pope answered that the Transportation Commission has seven members; four members represent specific regions and three members represent the entire state. DOT holds

public meetings throughout the state and then puts together hard facts and data before making recommendations to the commission. The commission looks at the important intangibles necessary before making decisions.

Rep. Christofferson said that the Building Board has developed a FY 2016 priority list. He asked if DOT and the Transportation Commission could prepare a similar list. Mr. Pope said that prioritization is a state-wide unified plan at DOT. This is a great deal of outreach effort. He stated that the unified plan is a ten-year prioritized list of capacity projects for the state.

Ms. Hull further clarified that when the Centennial Highway Fund was created, some politics were involved. DOT personnel input makes the process more data driven in prioritizing and weighting capacity projects. The Transportation Commission then brings the intangibles to the process. She stated that it is very appropriate for elected leaders to give input to the commission on how taxpayer dollars are spent.

Rep. Fisher spoke of an extremely vital project at 7200 West connecting the I-80 interchange south to Highway 201. She said this project has been idle for many years and would have a huge impact on reducing the traffic congestion in the area. Mr. Pope is aware of the project, stating that there is a freight issue also involved.

Ms. Fisher knew about the railroad tracks stating that the state dealt with these tracks when TRAX was added at 5600 West. She has raised this issue for nine years. Sen. Mayne suggested that this project could be named after someone who would be willing to donate money towards the project, which is often done with buildings. She wanted to defend the bidding process, stating that it is fair, there are many companies and subcontractors involved. The qualifications and standards has to be very high because of the required longevity.

Mr. Pope reported that in the past two decades a great deal has been accomplished in terms of transportation infrastructure, but there is still a lot to do. The needs are well beyond the resources available. He showed graphs depicting how recent projects have mitigated traffic congestion and delay and also where delays will continue to grow if new projects are not brought on line. He discussed Phase I, Phase II, and Phase of the long-range plan and showed the magnitude and impact if these phases are not completed. He stated that the cost to fund these phases would be about \$30 billion; of which \$5 billion has been funded over the last five years. They have projected the TIF revenue balances for the next 25 years and report that they will be about \$6 billion short.

Sen. Hillyard asked how much of the TIF revenue balance is obtained from gasoline tax and how much of it is from diverted sales tax. He asked the impact if some of this diverted sales tax was used for education, Medicaid, etc. Mr. Pope reported that the majority of the TIF is from the auto-related sales tax. He stated that SB 229 set up an incremental increase from 8.5 to 17 percent of the diverted sales tax for auto-related expenditures. For FY 2015 there is about \$572 million in TIF. Of that amount, about \$75 million comes from the five cents per gallon gasoline tax, the other \$500 million is from either sales tax or vehicle registration. He mentioned that there is quite a bit of debt service related to the \$572 million. He reported that most of the gasoline tax is used for the maintenance and operations of the system.

Sen. Hillyard commented that if gas tax is raised one cent a gallon, it raises about \$10 million for the state of which 30 percent is given to local entities. He asked if the local entities are bypassed when sales tax is diverted. Ms. Hull answered that one cent in gasoline tax amounts to about \$15 million which is split 70 percent for the state and 30 percent for local entities.

Rep. Anderson asked if an additional \$7 billion is needed in order to fund all three phases. Mr. Pope discussed the amount of funding needed for each phase until FY 2018.

Sen. Hillyard asked about the status of Highway 6. Mr. Pope reported that they have worked on this but there are still some gaps and some passing lane issues south of I-70.

Mr. Pope explained some of the on-going studies, and how they might be phased into projects.

Sen. Van Tassell asked for clarification about the Payson interchange. Mr. Pope will bring more information about this project during the Legislative session.

Transportation Studies. Mr. Pope reported that they have dozens of regional requests regarding further studies and projects. He reported on the \$1.9 million building block that was requested last year for their information technology infrastructure. They specifically needed funding for software maintenance, subscriptions and updates as well as security, business system and electronic data collection upgrades. He discussed additional staff requirements to the new DTS technologies.

Local Highways–Unfunded Maintenance Requirements (Local Representative). Mr. Lincoln Shurtz reported on behalf of the Utah Association of Counties. He discussed the analysis regarding the B & C allocation for city and county roads funded out of the transportation fund. He said that about 35,000 of the total 45,000 miles of roads in the state of Utah are city and county roads. In the last ten years, there has been about a one percent increase or about 3,000 miles. For FY 2014 local entities received about \$124 million and they spent about \$224 million on road operations and maintenance. The difference is coming from municipal general funds. He explained that new construction on the local system is mostly handled by impact fees. New developers pay for the new road and then dedicate it to the city. Once it is dedicated to the city, the maintenance responsibility lies on the city.

Mr. Shurtz discussed some of the major issues for local highways including old and aging infrastructure; rapid population growth, projected population growth, increased vehicle miles traveled, increased fuel efficiency, and the impact of inflationary pressure. He mentioned that the aging infrastructure not only includes roads but also sidewalks. He stated that user fees do not come close to the amount required for the actual system. He discussed the anticipated 80 percent increase in vehicle miles traveled over the next 26 years. He stated that local entities are maintaining about 76 percent of state's road infrastructure and receiving about 30 percent of the funding.

Mr. Shurtz stated that improved fuel efficiency means significant reductions in the amount of gas purchased. Using the gas tax as a source of revenue for operations and maintenance of roads will result in losing about half of the purchasing power. In addition, due to inflation, they have lost over \$1 billion in purchasing power since 1997 because of the flat gas-tax rate. He showed a graph

of funding received and expenditures. He stated that the rural infrastructure has suffered most. He emphasized the significant cost savings of preserving good infrastructure rather than reconstruction. They anticipate the need for about \$3 billion of additional revenue at the local level over the next 26 years to fund critical needs. They are working with the Transportation Interim Committee on various funding options for local governments.

3. Proposed Allocation of Operation and Maintenance Funds to existing and new buildings

Presentation by Legislative Auditor General. Mr. Kade Minchey, Audit Supervisor, from the Legislative Auditor General's office introduced Mr. Tim Osterstock, Audit Manager. Mr. Minchey discussed "A Performance Audit of Higher Education Operation and Maintenance (O&M) Funding" which was conducted in 2011. http://le.utah.gov/audit/11_08rpt.pdf

The auditors conducted a one-year follow-up and at the request of the Legislative Audit Committee they are conducting an in-depth follow-up to this audit. He explained that one of the purposes of the 2011 audit was to determine if legislative appropriated O&M funds were being used for their original purpose. He stated that Chapter 2 indicates that this question could not be answered. Once the funding is at the institution level, it loses its identity and it is not known how closely institutional O&M spending resembles the actual legislative funding for O&M. The report concluded that transparency and accountability of O&M funds was weak and needed to be strengthened. The report gave some specific recommendations to the Legislature. One was to consider funding O&M as an appropriation unit. They also recommended that the Legislature review its policy and consider making state O&M funding decisions for non-state funded construction at the time the building is authorized.

Mr. Minchey stated that Chapter 3 discussed the lack of records which prevented the audit committee from collecting information. They did question whether the O&M funding for some buildings was appropriate. He stated that the current follow-up report will look at some of the recommendations that were made in the 2011 audit. One of the recommendations was better data from the Board of Regents, where there were some discrepancies in the past. The one-year follow-up showed improvement in this area. Another recommendation was that auxiliary facilities should be reviewed to ensure that they are paying their fair share. The one-year follow-up showed that this was still in process.

Mr. Minchey explained that Chapter 4 gave more recommendations to improve the accountability of the O&M funds. There is a need for a master building record which would indicate whether a building is eligible to receive O&M funds. This chapter also discusses some inconsistencies in the Division of Facilities and Construction Management (DFCM) records and institution records. They recommended that the Legislature consider directing the Board of Regents to maintain a record of all buildings built on campuses that denote the O&M funding source as being either state funded or other. They understand that the Board of Regents has begun compiling this information.

Mr. Minchey reported that Chapter 5 discussed in more detail the consequences that could result from the lack of accountability. Buildings that the Legislature said could not receive O&M funds could be receiving funding.

Mr. Minchey said that Chapter 6 reports on some additional funding sources of available revenue that are not being used. For example, the research institutions receive funding for O&M in conjunction with many

of the research grants that they receive. These funds are not currently being used for O&M. They will look at other states and institutions and see how they are handling this situation. The report stated that some marginal O&M costs could be funded through the revenue-generating activities.

Mr. Minchey reported that the one-year follow-up showed that these recommendations had not yet been implemented. The current audit will look this in more detail. They will look at the 1.1 percent capital improvement funding and compare that to other states.

Sen. Hillyard stated that when O&M is funded for a new building, it is at a specific amount. Once it is funded, the O&M is never increased. As a building becomes older, salaries for maintenance personnel will increase, utilities and other costs will rise. He asked if there is a mechanism in place that will keep the O&M up to pace after it is initially funded.

Mr. Minchey answered that the salary portion is covered, but this is definitely an issue to review. This is all pooled together, which makes it very difficult to separate. A new building would get O&M funding that exceeds what they need for the first few years; this excess O&M money is then used for the older buildings.

Sen. Hillyard said that historically reimbursed overhead was taken by the state. They found that the universities were able to get more contracts if they were bidding with small amounts O&M, but then the state would have to come back and fill that O&M. If the universities raised what they could get and keep there was a greater incentive to put in a higher bid to cover the O&M.

Rep. Sagers said that good business principles would require that a line item would be kept for expenditures and asked if accepted accounting principles were being followed by not having line items. He asked that if these items were tracked, it would help the overall state budgeting process.

Mr. Minchey reported that the institutions do like flexibility and line items narrow that flexibility. The auditors recommend that O&M be tracked through an appropriation unit. It wouldn't necessarily restrict them, but would be tracked. He was not aware of any accounting principles that were being violated stating that it is more of an accountability measure.

Rep. Sagers asked when a building is rented out for other purposes if the cost of the utilities is included in the cost of the rent.

Mr. Minchey indicated that each of the buildings are treated differently throughout the system. Sometimes even when a building is being rented out, the institution was paying the full O&M charges. In other cases, there is some reimbursement takes place.

Co-Chair Froerer asked if the funding flexibility given to institutions does mean that the money might be used in areas other than the intended allocation. Mr. Minchey answered that it is almost impossible to track whether the O&M funding received by an institution over the past 20 years is in reality what was being spent on O&M. Co-Chair Froerer said that it is time to have more accountability with O&M funding. As new buildings come on-line, there is less need for O&M and this is being transferred to older buildings that need those funds.

Rep. Webb asked if some of the buildings don't include O&M in the original funding, because the O&M is coming from a different source. He asked that as the audit is completed, are there entries for these additional funds coming from other sources. Mr. Minchey said that tracking O&M for a building that did not originally receive O&M funding was extremely difficult. They recommend that every building should have a funding plan before the building is built.

Presentation by DFCM and Building Board. Mr. Josh Haines, Director, DFCM said that DFCM has been working on this O&M issue extensively. They do have O&M as a line item with DFCM managed buildings so there is 100 percent accountability. He explained that because the universities share utilities for several buildings, this becomes much more difficult to track. He said when O&M funds are deferred elsewhere, down the line it causes a huge deferred maintenance problem. When this occurs, it has to be funded out of capital improvement instead of the original O&M fund. They have worked with Mr. Bleazard to put statute into place to move forward with this. He stated that the institutions are very supportive of being accountable, it is more a matter of determining how this can be done.

Co-Chair Harper mentioned that this issue has been discussed for a few years and significant progress has been made. It is important to have a building by building schedule on what is being done with O&M. It is definitely a problem that the old buildings are getting less money for O&M than the new buildings; which is almost inverse of what it should be. He is hopeful that DFCM, the Building Board, and the analysts will bring some suggestions in January of how this can be addressed.

Mr. Haines said that they should be able to do this. He mentioned that it is important that infrastructure is also involved. They have developed a system for the DFCM buildings that could be applied to the agencies with some modifications. This should put us on the right path towards transparency.

Rep. Hemingway asked what happens when utilities are shared with a building that has not been given state funding. Mr. Haines answered that if the funding was occurring on a building by building basis, they would have ability to work with this situation. This would also build a database to better track the costs of repairing a building compared to building a new building.

Mr. Ned Carnahan, Chair, Utah State Building Board introduced another Building Board Member, Mr. Chip Nelson, and Mr. Jeff Reddoor, Building Board Director. Mr. Carnahan stated he has dealt with the O&M issue for many years. He stated that the Building Board has agreed to come forward with a new funding model which will have a more global approach. He is pleased with the progress of working with Mr. Haines and Mr. Minchey and their goal is to present one report with involvement by all of the stakeholders. He stated that the long-term view is to present an O&M process and give the committee some recommendations.

Mr. Reddoor said that they are in the process of updating their facilities and maintenance standards. They have identified the importance of looking at buildings individually. This process is not in existence right now. This would help to identify the O&M costs for each specific building for each campus and each institution. They will be establishing a committee involving all of the stakeholders. He spoke to Sen. Hillyard's question that higher education has increases that are tied to the consumer price index; however, they do not keep up with current actual costs of maintenance.

Mr. Carnahan said that he knows that the AIGG committee needs to know the total cost of ownership in the state buildings. He is committed to getting a model to the committee so that the state can take better care of this investment.

Sen. Van Tassell asked if a deferred maintenance total would be ready in time for the Legislative session and if it will be presented in a prioritized “worst condition” list. Mr. Reddoor said that they have a deferred maintenance total right now as well as facility condition assessments. They are currently about 53 percent completed, and will be 81 percent complete in July 2015. At the present time there is about \$350 million of deferred maintenance issues identified. He said that these are prioritized so that funding can be allocated for the high priority needs.

Sen. Hillyard stated that the presentations have addressed several concerns of the committee: O&M, deferred maintenance, and finally infrastructure. He is hopeful that when they put this new model together there is plan to encourage each of the institutions to take care of all of these issues. There should be a reward to institutions who do a good job of maintaining their buildings, and possibly a penalty if institutions divert O&M money thinking they can later come to the Legislature and request capital improvements.

Mr. Reddoor stated that these are very good points and that is what is being addressed in the facilities maintenance audits. Areas of concern that are reported to the Board could be passed forward. He explained that typically anything under \$10,000 is considered O&M; anything above is considered capital improvement.

Co-Chair Froerer appreciated the Building Board working with DFCM to take on this task. He looks forward to this model showing true accountability and cost. This will help the Legislature to make better decisions.

4. Progress of Prioritization Process for Capital Improvement Funding

Mr. Carnahan reported that the 20/80 split has been working well and is succeeding at identifying needs versus wants and addressing critical needs.

Mr. Reddoor explained that the new process has been in place for a year. They are now going into the second stage which has brought the critical needs to the surface. He reported that they were able to complete 373 projects for the \$100 million received last year. He stated this year the 1.1 percent will represent \$111 million. He said that the critical U of U infrastructure issue last year was addressed through capital improvements and should be completed this year.

Mr. Carnahan reported that Mr. Reddoor’s work with the new matrix has been very successful. A major amount of work was accomplished. He stressed the benefit of the capital improvement funding.

Sen. Hillyard said that whenever a new building comes on board it is important to look at the cost to the state of new programs, new employees, new equipment, and many other on-going costs. Mr. Reddoor reported that this information is presented in the five year plans that are prepared each year.

Sen. Van Tassell asked if the capital development fund request is the final FY 2016 request. Mr. Carnahan answered that this is the final listing which will be discussed in the upcoming session.

5. State Fair Park

Mr. Haines introduced Mr. Michael Steele, Executive Director & CEO of Utah State Fair Corporation. Mr. Steele reported that the 2014 State Fair was very successful with gross revenues of \$2.9 million and expenses at \$2.1 million, with over 300,000 attendees. There was investment by new sponsors and they sold out all of the vendor booths. They are still analyzing final bills and contacting vendors who supplied goods and services. He thanked the committee for their support. He reported that the barns that had been condemned were re-built and were completed a few days before the fair opened and were on budget. He introduced Clay Nielson, one of the Board Members. They have been in discussions with Real Salt Lake about possibly having their minor league stadium added to the fair grounds. They would be willing to fund the entire project and then donate it back to the fair corporation. They have been working on the new master plan and proposals for new assets to be added to the park in order to be self-sufficient.

Rep. Fisher asked if the fair will still be held at the fair grounds and where the soccer stadium would be built.

Mr. Steele answered that the proposed soccer complex would be added east of the rodeo grounds; it would take up 800 parking stalls and take out the grand stand area. The fair corporation would use the soccer complex for the three weeks during the fair and the team would be using it the rest of the year. The surface would be an artificial surface which would accommodate multiple events. The soccer complex would not eliminate any historic buildings.

Rep. Fisher asked what would be done to compensate for the 800 parking stalls.

Mr. Steele stated that there is a UTA Trax stop right outside of the fair. He reported that 400 of the stalls are used for employees. They have discussed having employees park at a satellite location, and then providing a shuttle or perhaps giving them a Trax pass. There will be a loss of revenue from the 400 paid-parking stalls.

Rep. Fisher asked if they have contracted with Trax to have extended hours for these three weeks, as well as for the games. Mr. Steele explained that these details have yet to be worked out, but they have met with UTA and these meetings are on-going.

Mr. Haines reported that the hard negotiations started yesterday. He is optimistic that there will be a fairly substantial guaranteed yearly payment that should substantially reduce the operating expenses of the fair, and even allow them to be profitable.

Sen. Van Tassell asked how long it has been since there was a rodeo at the fair. He felt that with an improved rodeo venue, greater crowds would attend. Mr. Steele stated that there is a "Utah's own" PRCA rodeo during the first four days of the fair. The master plan includes the provision to increase and finish the rodeo grounds.

Rep. Sagers stated that parking and walking accessibility to the fair is a major issue. He asked how many vehicles park at the fair on a given day. He asked if they are looking at ways to utilize the property more fully throughout the year. He asked if the amount that would be generated by the land lease is known. He asked about the return on investment.

Mr. Steele indicated that there are over 3,700 stalls on the property. During the busy season, those stalls are utilized 3-4 times a day. Part of the proposed land-lease is splitting the revenue of parking at the Real Salt Lake events. They would also pay rent, as well as a guaranteed amount. Mr. Steele reported that the grounds are utilized throughout the year. They have the buildings rented out to host 160-170 events scheduled throughout the year. The goal is to have events on the grounds 47 weekends per year.

Mr. Haines explained that there is an infrastructure problem, there is no storm water management plan in place. This is part of the master plan, they have divided the fair park into four quadrants. Part of the stadium proposal would include an entrance directly across the street from White's ball field; as well as an entrance right off of the Trax station. They would also like to involve more private sector money. Mr. Steele will be willing to keep the committee updated on this.

Rep. Fisher reported that the "Days of 47" rodeo is a huge event. There will have to be places for horse trailers, trucks, specialized dirt, places for animals, etc.

Co-Chair Harper mentioned that there have been many different plans and visions. The most common public perception is that we don't know where the state fair park is going. There needs to be some certainty with the master plan with a vision that everyone agrees to and this vision has to be shared with the Legislature and the public.

Mr. Steele stated that through the support of DFCM they will have a master plan presented during session. Mr. Haines indicated that the DFCM master plan is quite extensive. Because of the Real Salt Lake proposal, this plan will possibly need to be tweaked. There is a great deal of required maintenance with a long road of continued investment to get the buildings up to speed.

Mr. Bleazard stated that the role this committee will play is in regards to capital facilities and giving direction to the building board. The committee could decide to sell the property, or develop it and take care of the current facilities. There will need to be some cooperative effort between this committee and the Natural Resources Committee.

Mr. Haines stated that current statute allows him to sign the lease with Real Salt Lake. He would want the committee's support because this would be a 40-50 year lease. The committee needs to weigh in on what the proper development on this state land should be.

6. Building Board Capital Development Project Rankings

Mr. Carnahan discussed the FY 2016 Capital Development handout. The entire Building Board approved the prioritization list in one vote of consensus. He discussed the fact that the UCAT SWATC is not on the ranking list. They are asking for \$281,000 to purchase the existing building.

The Board is asking the committee to place high importance on this item. Mr. Nelson mentioned that the vote was unanimous to fund this 2.5 acre; 42,000 square foot building.

Mr. Carnahan thanked committee members for taking the tour to see some of the projects listed. He discussed the other rankings including a new science building at Snow College, a new permanent campus for the DXATC, the Huntsman Cancer Institute, Public Safety building, the Crocker Science Center, and the Utah Schools for the Deaf and Blind as the top six priorities. He explained the funding requests as well as the alternate sources of funding for each.

Co-Chair Froerer asked for clarification on how the ranking takes place. Mr. Nelson explained that after the session concludes, the Building Board meets, and then go to individual rooms and each member submits a ranking to Mr. Reddoor. Mr. Reddoor compiles all of the numbers and comes back with an aggregate of all of the individual scores.

Co-Chair Harper commended the Building Board for the greatly improved process. He said that the Huntsman Cancer Institute has been on the list for three consecutive years. He asked if this an ongoing process, or if this will end their request.

Mr. Carnahan answered that they have already acquired \$80 million for this project and this will be the final request. Mr. Reddoor indicated that there was an 80/20 split and this \$20 million is the remaining amount of the \$100 million total. Mr. Ralph Hardy, Office of the Commissioner, reported that the master plan was in four phases; and this is phase four.

Co-Chair Harper reported that the fiscal analysts report shows that there is about \$166 million of one-time money, which is subject to change. Funding these top six priorities would add up to \$152 million which would consume the vast majority of the one-time money available. However, some of these priorities would also result in costs that were ongoing rather than just one-time.

Sen. Hillyard indicated that there is only \$112 million available. He indicated that they won't know the exact amount until December, and these moneys are one-time education funds. All of the other appropriations committees will be making requests. He explained his reaction to the prioritized list and asked why Snow College is listed as \$0 for alternative funding. He asked for clarification about the deadline for the substantial gift for the Crocker Science Building.

Mr. Reddoor indicated that Snow College has committed to raise \$3 million of alternative funding. It is not shown on the list because it hadn't yet been reported to the Board of Regents. Another document will be shared during the session which would include O&M for each of these projects. Mr. Haines stated that the money from the Crocker family is still there, but if the project is not funded, the gift will be rescinded after this year. Co-Chair Harper said that there was some intent language allowing the U of U to use some of the money from Crocker family for some planning.

Rep. Christofferson asked for clarification regarding a five year plan. Mr. Carnahan explained that the priorities often change from year to year. Mr. Reddoor stated that the five-year book projects the needs and priorities for the next five years, but it is a dynamic process, and there are often priority shifts.

Rep. Sagers asked about the agriculture part of the Public Safety project as well as the William Spry Agriculture building. Mr. Reddoor explained that it will encompass the third floor which would include the milk and seed labs. The \$19,000,000 William Spry Agriculture Building would be a replacement.

Rep. Webb asked about the \$100 million in the deferred maintenance needs in comparison to the capital development request, and if they are competing for the same money. Mr. Haines said that the deferred maintenance is always fluctuating. It is hard to predict how much longer an infrastructure is going to last. Rep. Webb asked if the deferred maintenance can be analyzed to determine those areas that are critical maintenance needs. Mr. Haines reported that the improvement list is the critical needs list. Ultimately, they do compete for the same money, and the capital improvement list should be ranked ahead of capital development.

Mr. Nelson mentioned that sometimes buildings become functionally obsolete even though they are sound structurally, but they are no longer serving the needs of the state as they should.

Sen. Hillyard asked of the 1.1 percent how much is education and how much is general fund. Mr. Bleazard answered that it is about 50/50 for education and general fund.

Rep. Westwood asked for a report on the level of bonding in time for the legislative session. Mr. Wikle said that they are in the process of getting a report on the debt level. This will be available as quickly as possible.

Co-Chair Froerer expressed appreciation for the work of the Building Board.

7. DTS progress with Utah Communications Authority transition

Mr. Dan Frei, Chief Financial Officer, Department of Technology Services explained the transfer that took place on July 1, 2014 where 16 FTE DTS employees were transferred to UCAM, as well as other assets, inventory, all of the radios, microwaves, mountain-top sites. Mr. Frei reported that DTS is an internal service fund with zero-base budgeting. The total expenses for FY 2014 was about \$7.4 million and the revenue equaled about \$7.4 million. There is an agreement with UCAM on how everything will work going forward.

Mr. Steve Proctor, Executive Director of the Utah Communications Authority stated that since the transfer took place, the UCAM board has met three times and will meet again next week. They are finalizing their bylaws; determining the short and long term priorities for UCAM. The personnel have all been transferred. They have interviewed two-thirds of the employees to address their concerns. He reported on the administrative work that is being completed and their current employment needs. The payroll has been transferred in house. They continue to support for state radio systems, microwave system, and public safety services. He explained the importance of the computer-aided dispatch (CAD) to CAD system inter-operability which now connects seven dispatch centers to test out this software.

Co-Chair Harper expressed appreciation to both of these entities to reach out to all of the stakeholders. He mentioned that as this is implemented it will greatly benefit the state.

Co-Chair Harper gave appreciation to all committee members and wished everyone a successful election.

Co-Chair Froerer thanked everyone for coming and commented that there was a great deal of good information presented in a short period of time.

Rep Fisher stated that it had been a great pleasure to serve on this committee, and to see the improvements have been made by this committee.

Co-Chair Froerer mentioned that the committee will miss Rep. Fisher and expressed appreciation to her for valuable input to the committee.

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

Co-Chair Harper adjourned the meeting at 12 noon.