

Capital Budget

*INFRASTRUCTURE AND GENERAL GOVERNMENT
APPROPRIATIONS SUBCOMMITTEE*



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January 2015

Outline

- Overview
- Capital Improvements
- Budget Effectiveness Review
- Capital Developments
- Property Acquisition
- Land Banking
- O&M Issues
- Capital Projects Fund
- Intent Language

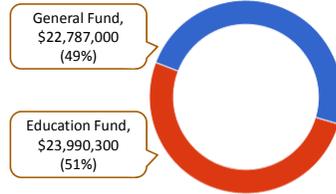
Overview

The Capital Budget funds new construction, major remodeling, alterations, repairs, improvements, real estate, roofing, and paving projects.

Sources Uses

The Capital Budget is divided into five line items:

1. Capital Developments
2. Capital Improvements
3. Property Acquisition
4. Land Banking
5. DFCM Planning Fund

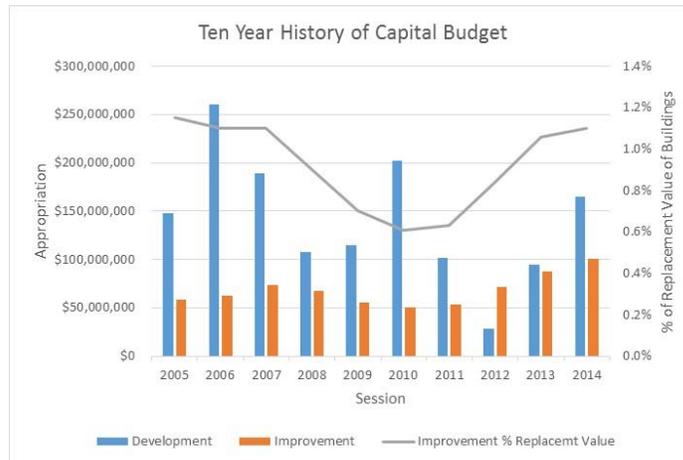


\$47 M

FY 2016 Appropriation

Funding History

Overview



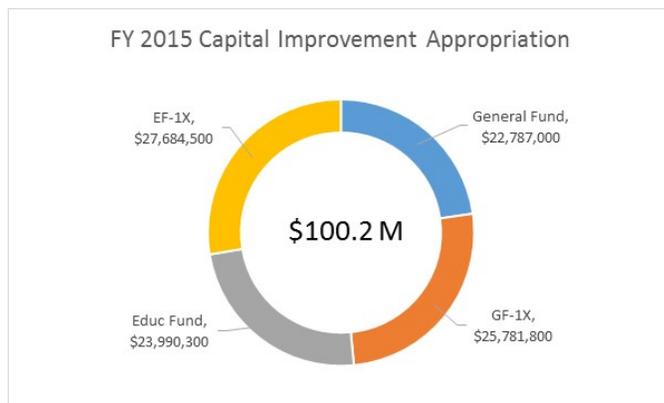
Capital Improvements

- UCA 63A-5-104 defines "Capital Improvements" as one of the following:
 - A remodeling, alteration, replacement, or repair project with a total cost of less than \$2,500,000
 - A site and utility improvement with a total cost less than \$2,500,000
 - A new facility with a total construction cost of less than \$500,000
 - Exception: May exceed \$2.5M if project requires more than 1 year and Leg affirmatively authorizes it
- UCA 63A-5-104(6): Legislature may not fund any new capital development projects, except to complete projects already begun, until the Legislature has appropriated 1.1 percent of the replacement cost of existing state facilities to capital improvements
 - Exception: During budget deficits may fund 0.9 percent
 - The 1.1 percent and 0.9 percent requirements did not apply to fiscal years 2009 through 2014
- "Replacement cost" is determined by the Division of Risk Management

Capital Improvements

FY 2015 Appropriation:
\$100,243,600 Total
 \$46,777,300 Ongoing
 \$53,466,300 One-time

FY 2016 Requirement:
\$111,546,900 Total
 \$46,777,300 Ongoing in Base
 \$64,769,600 Additional



Capital Improvements

CAPITAL IMPROVEMENT FUNDING REQUIREMENTS

	Risk Mgt Values	Value Less Aux. Space	Additional 10% for Infrastructure	Totals	1.10%
FY 2015	9,922,829,212	8,284,598,588	828,459,859	9,113,058,447	100,243,600
FY 2016	11,106,932,718	9,218,754,156	921,875,416	10,140,629,572	111,546,900

Capital Improvements

<http://le.utah.gov/interim/2015/pdf/00000759.pdf>

DFCM request retains \$5.7 million for statewide programs.

Statewide Programs	
Capital Improvements/DFCM/PM	\$ 2,000,000
FCA Program Building Audits and Building Board	\$ 1,300,000
Emergency Fund	\$ 750,000
HazMat Emergency Abatement	\$ 400,000
HazMat Materials Survey	\$ 200,000
Land Option Fund	\$ -
Paving Preventative Maint.	\$ -
Paving UO	\$ -
Paving Unallocated Paving	\$ -
Planning & Design Fund	\$ 300,000
Roofing Emergency Funding	\$ -
Roofing Preventative Maint.	\$ 500,000
Roofing Seismic Program	\$ 250,000
Roofing Unallocated Roofing	\$ -
State Facility Energy Efficiency Fund	\$ -
Total Statewide funds	\$ 5,700,000

Budget Effectiveness Review

- Soft Target of 2% in Capital Budget:

$\$46,777,300 * 2\% = (\$935,500)$ Ongoing

- Could be mitigated by:

Reallocation of \$1,100,000 General Fund One-time from DAS-Finance Mandated-Studies (appropriated in 2015 G.S.) to Capital Improvements

Capital Developments

- UCA 63A-5-104 defines "Capital Developments" as one of the following:
 - A remodeling, site, or utility project with a cost of \$2,500,000 or more
 - A new facility with a construction cost of \$500,000 or more
 - A purchase of real property where an appropriation is requested to fund the purchase
- UCA 63A-5-104(2) requires the State Building Board to submit its capital development recommendations and priorities on behalf of all state agencies and institutions to the Legislature for approval and prioritization
- UCA 63A-5-104(3) states that a capital development project may not be constructed without legislative approval unless:
 - The Building Board determines that a requesting agency or institution has provided adequate assurance that state funds will not be used for construction, operation and maintenance (O&M), or future capital improvements of the facility, and the new facility is consistent with the needs of the institution and the state, or renovation of an existing building will be done entirely with non-state funds

Capital Developments

- State Funded
 - Funded with public money appropriated by the Legislature
 - Not a “queue” – projects stand on own merits each year
- “Other” Funded
 - Funded with any money from non-state sources that the Legislature does not directly appropriate, such as donations or revenue bonds (which the Legislature approves, but does not appropriate)
 - 63A-5-104(6): If construction of a new building or facility will be paid for by non-state funds, but will require an immediate or future increase in state funding for operations and maintenance or for capital improvements, the Legislature may not authorize the new building or facility until the Legislature appropriates funds for: the state share of O&M, and the state share of capital improvements

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Capital Developments

Board of Regents’ Capital Development Prioritization (CDP)

Uses quantitative methodology to inform judgment

Criteria:

- Facility Condition / Life Safety
- Space Needs (based on space inventory)
- Other funds for project
- Institutional Priority
- Regent Discretionary (judgment)

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Capital Developments

Building Board Process

Criteria:

- Life Safety and other deficiencies (Weight: 4)
- Program growth, space utilization, and capacity requirements (Weight: 4)
- Cost effective solutions (Weight: 1)
- Improve program effectiveness (Weight: 2)
- Takes advantage of alternative funding sources (Weight: 1)

Capital Developments

Comparison of Rankings

BB Rank	BOR Rank	Agency	Project
1	2	Snow College	New Science Building
2		UCAT, DXATC	Dixie Applied Technology College Permanent Campus
3		Huntsman Cancer Institute	The Primary Childrens and Families Cancer Research Center at Hun
4		Public Safety	Public Safety/Agriculture/Health Departments, Unified State Laborat
5	1	University of Utah	Crocker Science Center (George Thomas Building)
6		Utah Schools for the Deaf and the	USDB Salt Lake Center
7		DHS-DJJS	Weber Valley Multi-use Youth Center
8		GOED	Utah Office of Tourism- Southern Utah Welcome Center
9	6	Dixie State University	Physical Education / Student Wellness Center
10	4	Utah State University	Biological Science Building
11		DNR-Parks	Dead Horse point State Park New 44 Unit Campground
12		UDOT	Mt Carmel Maintenance Station
13	3	SLCC	CTE Classroom and Learning Resource Building - WestPointe Cente
14	8	Utah State University	Clinical Services Building
15	5	Weber State University	Social Science Building Renovation
16		UCAT, OWATC	Business Depot Ogden Campus-Bay 2 Build Out
17		DNR-Wildlife	Great Salt Lake Nature Center
18		Utah State Archives	Archives Storage Vault Expansion
19		UCAT, MATC	Thanksgiving Point Campus Technology/Trades Building
20	9	Southern Utah University	New Business Building & Repurpose Existing Buiness Building
21	7	Utah Valley University	Performing Arts Building 1
22		Agencies	Utah State Archives Building

Capital Developments

http://www.dfcu.utah.gov/UtSBldgBoard/fiveyrprogram/fy2016_5yrplan.pdf

UTAH STATE BUILDING BOARD
FIVE YEAR BUILDING PROGRAM
For State Agencies and Institutions
General Session 2015



State-Funded Project Summaries

Agency/Institution	Project	State Funding Request	State Funded O&M	Page
Snow College	New Science Building	22,937,000	322,004	22
UCAT: DXATC	DXATC Permanent Campus	31,900,000	1,366,440	23
Huntsman Cancer	The Primary Children's & Families' Cancer Center	9,500,000	1,850,000	24
UDAF/UDHDPS	Unified State Laboratories: Module 2	39,741,481	747,085	25
U of U	Crocker Science Center (George Thomas Bldg.)	34,000,000	682,700	26
USDB	USDB Salt Lake Center	14,500,000	45,000	27
DHS-DJJS	Weber Valley Multi-Use Youth Center	19,630,000	106,400	28
GOED	Utah Office of Tourism-Southern Utah Welcome Center	1,800,000	36,250	29
DSU	Physical Education / Student Wellness Center	19,997,000	487,333	30
USU	Biological Science Building	55,000,000	1,043,000	31
DNR-Parks	Dead Horse Point State Park New 44 Unit Campground	5,000,000	20,000	32
UDOT	Mt Carmel Maintenance Station	4,371,000	0	33
UTe	UTe Learning Resource & Classroom at Westwood Pt	10,515,000	648,076	34

Capital Developments

FY 2016 Capital Development

Building Board Rankings													
Rank	Agency	Project	Score	State Funding	Alt Funding	Total Cost	Const Cost	Sq Ft	Const/SqFt	O&M	Cost/SqFt		
1	Snow College	New Science Building	31.1	\$ 22,937,000	\$ -	\$ 22,937,000	\$ 16,613,850	56,600	\$ 294	\$ 322,000	\$ 5.69		
2	UCAT: DXATC	Dixie Applied Technology College Permanent Campus	30.4	\$ 31,900,000	\$ 13,000,000	\$ 44,900,000	\$ 36,149,895	177,000	\$ 204	\$ 1,366,400	\$ 7.72		
3	Huntsman Cancer Inst*	Primary Childrens & Families Cancer Research Center at Huntsman	28.9	\$ 9,500,000	\$ 82,000,000	\$ 89,500,000	\$ 80,621,530	220,000	\$ 366	\$ 1,850,000	\$ 8.41		
4	Public Safety	Public Safety/Agriculture/Health Depts, Unified State Lab Module 2	28.6	\$ 39,741,481	\$ -	\$ 39,741,481	\$ 33,214,404	90,756	\$ 366	\$ 747,100	\$ 8.23		
5	University of Utah	Crocker Science Center (George Thomas Building)	23.6	\$ 34,000,000	\$ 21,000,000	\$ 55,000,000	\$ 47,701,444	123,250	\$ 387	\$ 682,700	\$ 5.54		
6	USDB*	USDB Salt Lake Center	22.3	\$ 14,500,000	\$ 1,500,000	\$ 16,000,000	\$ 12,786,716	48,000	\$ 266	\$ 45,000	\$ 0.94		
7	DHS-DJJS	Weber Valley Multi-use Youth Center	19.2	\$ 19,630,000	\$ -	\$ 19,630,000	\$ 15,252,552	56,008	\$ 272	\$ 106,400	\$ 1.90		
8	GOED	Utah Office of Tourism- Southern Utah Welcome Center	18.1	\$ 1,800,000	\$ 500,000	\$ 2,300,000	\$ 1,903,185	5,000	\$ 381	\$ 36,250	\$ 7.25		
9	Dixie State University	Physical Education / Student Wellness Center	16.9	\$ 19,997,000	\$ 10,000,000	\$ 29,997,000	\$ 22,941,578	100,000	\$ 229	\$ 487,300	\$ 4.87		
10	Utah State University	Biological Science Building	16.5	\$ 55,000,000	\$ 10,000,000	\$ 65,000,000	\$ 51,869,581	164,250	\$ 316	\$ 1,043,000	\$ 6.35		
11	DNR-Parks	Dead Horse point State Park New 44 Unit Campground	16.3	\$ 5,000,000	\$ -	\$ 5,000,000	\$ 4,420,000	75,000	\$ 59	\$ 20,000	\$ 0.27		
12	UDOT	Mt Carmel Maintenance Station	16.3	\$ 4,371,000	\$ -	\$ 4,371,000	\$ 3,606,198	14,071	\$ 256	\$ -	\$ -		
[Remaining rows hidden]													
*Received prior state funding					\$ 510,291,481	\$ 165,000,000	\$ 673,291,481	\$ 542,565,879					
UCAT: SWATC Main Campus Building and Property Acquisition				0.0	\$ 281,000	\$ -	\$ 281,000	\$ -	42,000	N/A	\$ 324,200	\$ 7.72	
SWATC request for \$281,000 for the main campus building and property acquisition does not fit in the traditional scoring process. The consensus of the Building Board highly recommends legislative funding of the purchase.													

Capital Developments

FY 2016 Other-funded Capital Development Requests							
No Priority Order							
Agency	Project	Sq Ft	Cost	Increased O&M	OK to Req O&M?	Revenue Bond?	Funding Note
Courts	4th District Utah County Provo Courthouse Expsn	233,660	\$86,936,000	\$549,100	Y	Y	Provo City parking particip.
DABC	West Valley Liquor Store	12,000	\$4,447,900	\$41,000	Y	Y	
DSU	350 Bed Student Housing Project	100,000	\$21,500,000	\$0	N	Y	Bond \$20M + \$1.5M Cash
SLCC*	Strength and Conditioning Center	11,575	\$3,900,000	\$0	N	N	Reserves in student fee acct
UU	William C. Browning Building Addition	24,000	\$8,200,000	\$199,700	Y	N	Donations
UU	Orson Spencer Hall Redevelopment	195,338	\$60,000,000	\$1,049,500	Y	Y	Half donations, half bond
USU	Fine Arts Complex Addition/Renovation	17,000	\$10,000,000	\$175,900	Y	N	Donations
USU	Valley View Residence Hall Replacement	109,800	\$23,100,000	\$0	N	Y	
USU	Romney Stadium West-side Renovation	62,800	\$31,000,000	\$0	N	Y	
* No state funds for construction, O&M, or capital improvements							

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Capital Developments

Projects Approved in 2014 G.S.

State Funded

	Amount	O&M
WSU Science Laboratory Building	57,400,000	711,000
USU Statewide Instruct. Initiative - Price	19,000,000	328,900
USU Statewide Instruct. Initiative - Brigham	7,500,000	365,400
DHS Development Center Durable Housing	6,500,000	
National Guard Camp Williams Infrastructure	3,900,000	
SWATC Allied Health and Technology Bldg	19,300,000	587,500
Central Utah Correctional Facility	36,000,000	409,200
Huntsman Cancer Center	8,000,000	
USOE Schools for the Deaf & Blind SL Design	1,500,000	
Weber Valley Multiple Use Youth Center	2,300,000	
Snow College Seiver Valley Ctr Lease Purch	3,000,000	
DSU East Elementary Purchase	1,000,000	
	165,400,000	

Other Funded

	Amount	O&M
SUU Center for Arts (Increase from 2013)	5,000,000	
USU Tooele Science & Tech (Increase 2013)	1,800,000	
DPS Price Driver License Bldg (Increase 2013)	228,000	
UU Lasonde Living Center	45,238,000	
UU Utility Distribution Infrastructure	32,000,000	
UU Alumni House	10,000,000	
DPS Vernal Driver License Bldg	875,000	
MATC Technology Trades Building	10,683,000	
	105,824,000	

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Property Acquisition

- Another line item in the Capital Budget
- Last used in 2014 G.S. for DSU East Elementary Purchase

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Land Banking

- Another line item in the Capital Budget
- Requests start on page 50 of Five Year Book
- Last used in FY 2009 to purchase land for Ogden Courts and UVU

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O&M Issues

- DFCM uses a schedule to calculate O&M on new buildings. Higher Ed annual CPI adjustment.

Space Type	FY 2016 Rates per SF
Higher Ed Classroom/Office	\$8.32
Higher Ed Libraries/Student Centers	\$7.34
Higher Ed Service Shops	\$8.55
Higher Ed Labs	\$9.50
Higher Ed Physical Education	\$7.31
UCAT Facilities	\$7.72
DFCM Average Office Space	\$5.49
DFCM Average Court Space	\$5.05
DFCM Average Lab Space	\$9.24
DFCM Average Warehouse Space	\$1.89

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O&M Issues

- Unwritten legislative policy to fund O&M at the same time as state funded buildings
- Statute: Fund state O&M and Cap Improve at same time as “other” funded buildings
- Rates vs. actual costs for new buildings and older buildings
- Board of Regents policy for higher ed other-funded buildings
- Authorizing legislation will state whether other-funded buildings may ask for state O&M

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Capital Projects Fund

- All legislative appropriations, bond proceeds, and other funding (e.g. donations) received for construction are deposited in the Capital Projects Fund
- Used to pay capital project costs
- Statutorily nonlapsing
- Two sub-funds:
 - Project Reserve Fund: Accumulates balances when construction bids are less than budgeted. Balances are used to fund projects when bids exceed budgets.
 - Contingency Reserve Fund: Accumulates balances when actual contingency costs are less than budgeted for contingencies. Balances are used to fund unforeseen project costs.
 - Legislature reserves the right to use these balances for other building needs.

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Capital Projects Fund

Balances as of January 15, 2015:

Fund	Developments	Improvements	Total
Project Reserve	\$3,781,800	\$6,542,700	\$10,324,500
Contingency Reserve	\$5,714,200	\$4,400,400	\$10,114,600

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Capital Projects Fund

Pays a portion of DFCM and Building Board costs (FY 2016 Base):

Fund	DFCM Admin	Building Board	Total
Capital Projects Fund	\$1,808,500	\$1,255,900	\$3,064,400
Project Reserve Fund	\$200,000	-	\$200,000
Contingency Reserve Fund	\$82,300	-	\$82,300
Total	\$2,090,800	\$1,255,900	\$3,346,700

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Intent Language

- The Legislature intends that the Division of Facilities Construction and Management (DFCM) transfer \$960,700 from the Project Reserve Fund to the Department of Corrections (UDC) to be used in the following manner: (1) \$190,700 for equipment and furnishings for the new 192 bed Gunnison pod, and (2) \$770,000 for the purchase of vehicles. This funding comes from surplus money that was transferred from UDC to DFCM in previous years for the retrofit of the Fortitude Parole Violator Center.
- The Legislature intends that the Division of Facilities Construction and Management (DFCM) transfer \$993,600 from the Project Reserve Fund toward the purchase of a new prison site. This funding comes from surplus money that was transferred from the Department of Corrections to DFCM in previous years for the retrofit of the Fortitude Parole Violator Center.

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