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**MEMORANDUM FOR INFRASTRUCTURE AND GENERAL
GOVERNMENT APPROPRIATIONS SUBCOMMITTEE**

FROM: Brian Wikle, Analyst
DATE: July 20, 2017
SUBJECT: Capital Improvement and Deferred Maintenance Update

The Legislature is required to appropriate 1.1 percent of the replacement cost of existing state facilities and infrastructure to capital improvements before funding the design or construction of any new capital development projects. The State Building Board (SBB) determines the allocation of capital improvement funding to state agencies and institutions of higher education and for other purposes. The SBB must ensure that at least 80 percent of the state funds appropriated for capital improvements are used for maintenance or repair of existing buildings or facilities unless the SBB determines that a different allocation is in the best interest of the state, and that no more than 20 percent of capital improvement funding be used for aesthetic upgrades or additions to existing buildings (see UCA 63A-5-104).

The Legislature appropriated about \$119 million for capital improvements in FY 2018. The SBB has identified 10-year expenditure needs of about \$1.21 billion for capital improvement (\$956 million) and deferred maintenance (\$256 million) categorized by criticality as follows: Priority 1 – \$112 million, Priority 2 – \$336 million, and Priority 3 - \$763 million.

- Priority 1: staff or public safety is compromised; a system must be upgraded to comply with codes and standards
- Priority 2: a system is inoperable or compromised and immediate action is required
- Priority 3: maintain the integrity of the facility or component; replace items that have exceeded their expected useful life

During the July 26th meeting of the Infrastructure and General Government Appropriations Subcommittee, Jeff Reddoor, Executive Director of the State Building Board, will provide an update on capital improvement and deferred maintenance needs.

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