November 13, 2018

Senator Jerry W. Stevenson, Senate Chair
Representative Bradley G. Last, House Chair
Executive Appropriations Committee
Utah State Legislature
Salt Lake City, UT 84114

Dear Senator Stevenson and Representative Last,

The Infrastructure and General Government Appropriations Subcommittee (IGG) is pleased to report our actions during the 2018 Interim. You encouraged us to meet three times (June, August, and October) and use the three meetings as follows:

- **June**: Look back at what was accomplished – and not accomplished – in the 2018 General Session, including technical corrections. Follow-up on any issues that are outstanding from General Session. List and identify items from the 2018 General Session and earlier on which LFA might report in August.

  In addition to follow-up issues from the 2018 General Session, we discussed improvements to Highway 6 and the demand for water and transportation infrastructure.

- **August**: Discuss FY 2018 close-out and what it means going forward. Follow-up on fiscal notes and funding items from 2018 General Session and earlier. Receive reports on performance metrics for FY 2018. Identify potential base budget actions for discussion in October.

  We also heard a status report from the Department of Transportation on its efforts to catalog right-of-way properties and to identify and dispose of surplus land; we received an update on the single sign-on business portal system; and we heard two land acquisition requests from the Department of Alcoholic Beverage Control.

- **October**: Review base budgets as known including one-time appropriations that fall out. Adopt recommendations for current year and new year budget changes identified in June, August, or otherwise. Review new funding initiatives/requests for appropriation as available. Receive reports on performance metrics from 2018 General Session, if applicable.

  We met jointly with the Higher Education Appropriations Subcommittee to discuss capital development and capital improvement. We discussed an analysis from the Division of Aeronautics regarding usage of State planes and options and costs for providing flight services to State agencies.
The following highlight issues that our subcommittee addressed in the interim meetings.

1. **Performance Audit of the Utah Office of the Inspector General**: Legislative auditors presented recommendations from their audit of the Office of the Inspector General of Medicaid Services. The Inspector General discussed the audit and measures the office has taken to implement recommendations. Our subcommittee approved a motion to support that Sen. Anderegg open a bill file in his name to implement recommendations of the audit.

2. **Water and Transportation Infrastructure Demand**: The Department of Transportation reported on improvements to Highway 6. The fiscal analyst pointed the subcommittee to resources that discuss current water usage, water supply, transportation needs, and proposed infrastructure projects. We discussed the need to get accurate water usage data through improved metering and that proponents of certain projects are requesting that bonding be used as a primary means of financing projects.

3. **Space Utilization and Construction Standard for State Buildings**: The subcommittee has studied the capital development request process and we are considering what can be done to better utilize existing resources before funding new projects. In connection with this effort, we heard a report from the Division of Facilities Construction and Management on the status of its space utilization study. We discussed leasing versus ownership and the benefits and costs of options to reduce demand for space such as telecommuting, hoteling, and desk sharing including indirect effects such as the demand for transportation infrastructure. The subcommittee discussed construction standards and how those standards affect total cost of ownership for a building as compared to total cost of ownership if construction standards were lower.

4. **Right-of-way Property Inventory and Surplus Lands**: In the 2017 General Session the Legislature funded a total of $500,000 ongoing for the Department of Transportation to inventory right-of-way properties and write land descriptions for those properties. One goal was to identify surplus properties so that such properties could be sold and come onto the tax rolls of the counties in which they were located. We discussed the status of the inventory process and encouraged the department to continue to be aggressive in meeting the goals for the program. The department reported that in FY 2018 it sold 53 properties and deposited sale proceeds of $19.3 million in the Transportation Fund.

5. **S.B. 110, 2018 G.S. – Use of Bond Proceeds**: The Department of Transportation explained acceleration of programmed construction projects due to bonding. The subcommittee discussed the status of specific uses of bond proceeds as authorized in statute.

6. **Internal Service Funds**: The Departments of Administrative Services and Technology Services reported on performance measures, activities, and retained earnings in their internal service funds (ISF). The subcommittee asked questions specific to individual ISFs such as adequate levels of retained earnings and fees charged to customer agencies.
7. **State Store Land Acquisition Fund**: The Department of Alcoholic Beverage Control, as required by UCA 32B-2-307(4), presented to our subcommittee a description of how it will spend money from the State Store Land Acquisition Fund. The department proposed acquiring two sites in Salt Lake City – one at 500 South and Main Street and another at 800 East and 2100 South. The subcommittee recommended that the department move forward with the acquisition.

8. **Capital Development and Capital Improvement**: We met jointly with the Higher Education Appropriations Subcommittee to discuss how the capital development and capital improvement processes currently work. We discussed challenges that the current system creates such as the incentive for institutions of higher education to request new buildings rather than to renovate, remodel, or expand existing facilities. The subcommittees discussed options to improve the request processes with the goal of meeting capital facilities needs at a minimum cost.

9. **Division of Aeronautics Aircraft Fleet Report**: During the 2018 General Session the subcommittee asked the Division of Aeronautics to study usage and costs of ownership and operation for the State’s aircraft fleet, and the division reported the results of the study. The division explored four options: renew the existing fleet with similar aircraft, replace the fleet with a different mix of aircraft, charter flight services, and participate in a skyshare program. Subcommittee members asked questions about specific options and asked the division to produce a side-by-side comparison of certain options.

Sincerely,

Chairs of the Infrastructure and General Government Appropriations Subcommittee.

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Sen. Harper, Co-Chair

Rep. Froerer, Co-Chair

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Rep. Brooks, Vice Chair