



USHE OPERATIONS AND MAINTENANCE

NEW FACILITIES

HIGHER EDUCATION
STAFF: SEÁN FAHERTY

ISSUE BRIEF

SUMMARY

The Analyst recommends that the subcommittee approve one-time reductions totaling \$2,200,700 in FY 2019 for Operations and Maintenance (O & M) funding that is currently in ongoing base budgets at the University of Utah, Utah State University, Southern Utah University, Utah Valley University, Weber State University and Dixie State University. This reduction reflects the expected timing of the completion of Medical Education and Discovery Building on the University of Utah campus, two buildings on Weber State University's campus, the Business Building at Southern Utah University, the Performing Arts Building at Utah Valley University, the Human Performance Center at Dixie State University and the Biological and Natural Sciences Building at Utah State University, as shown in the attached table.

OBJECTIVE

Funding of O & M for new and renovated facilities help to maintain the buildings and preserve the State's capital investment on USHE campuses.

DISCUSSION AND ANALYSIS

Several years ago, the Legislature approved a new policy for state-funded buildings, where the O & M for a new building would be funded at the time the building was approved. The O & M funding is appropriated, but is offset with one-time reductions until the building is completed and ready for occupancy. This policy brings the O & M costs to the attention of the Legislature as a cost of the building, not later as a cost that needs to be prioritized with other requests. This policy seems to be working to the benefit of both the Legislature and the institutions.

A couple of years ago, the legislature also began providing the O & M funding upfront for non state-funded buildings.

All of the higher education buildings approved during the 2015 General Session or earlier have been completed and are currently in operation, with O & M funding in the institutions' base budgets. Buildings that were approved in the 2016 and 2017 General Sessions are expected to be completed sometime during FY 2019 or FY 2020 except for the Medical Education and Discovery Building on the University of Utah campus.

During the 2016 General Session, four buildings were approved. These include the Business building at Southern Utah University and the Performing Arts building at Utah Valley University. Both buildings will be completed in FY 2019, so are included on the one-time O & M adjustment list. The projected completion date for the Performing Arts Building at Utah Valley University is November 23rd, 2018, the one-time FY 2019 O & M reduction was estimated at \$486,400. Based on an adjusted completion date, the Analyst recommends an additional \$19,200 in FY 2019 for O & M costs which are reflected in the Base Bill. The Business Building at Southern Utah University was scheduled for completion just after the beginning of FY 2019, resulting in a small one-time FY 2019 adjustment.

During the 2017 General Session, the Legislature approved three buildings, one at the University of Utah, one at Weber State University, and one at Dixie State University. The Weber State Building is a renovation project. Its completion was delayed from the summer of 2018 to October of 2018 and as a result has an additional FY 2019 adjustment. The Human Performance Center at Dixie State University was completed in early FY 2019 and will not

require further adjustment. The remaining University of Utah Medical Education and Discovery Building will not be completed until FY 2023 or later, so the full O & M amount is projected to be reduced for FY 2019 and FY 2020.

During the 2018 General Session, the Legislature approved 2 new buildings at Weber State University and Utah State University. Both of these buildings will not open until either late FY 2020 or early FY 2021 so the full O & M value has been backed out of their appropriation in the FY 2020 Base Bill as shown in the attached chart.

**USHE New Facilities Operations and Maintenance
FY 2019 and FY 2020 One-time Adjustments**

USHE	Expected Completion Date*	O & M Base Budget FY 2018	Original FY 2019 Reduction	LFA Add'l FY 2019 Recomm.	LFA FY 2020 Priority List Recomm.
<u>2016 General Session:</u>					
<u>Southern Utah University</u>					
Business Building	24-Aug-18	(349,000)	(16,300)	(36,300)	
<u>Utah Valley University</u>					
Performing Arts Building	23-Nov-18	1,168,000	(486,400)	19,200	
<u>2017 General Session:</u>					
<u>University of Utah</u>					
Medical Education and Discovery	1-Dec-22	473,400	(473,400)		(473,400)
<u>Weber State University</u>					
Social Sciences Building Renov.	12-Oct-18	432,200	(20,100)	(103,000)	
<u>Dixie State University</u>					
Human Performance Center	28-Jun-18	595,000	(595,000)		
<u>2018 General Session:</u>					
<u>Weber State University</u>					
Computer and Automotive Engineering Building (Davis Campus) **	30-May-20	397,800	(397,800)		(364,000)
<u>Utah State University</u>					
Biological and Natural Sciences Building Renov.	1-Jul-20	211,700	(211,700)		(211,700)
Total		2,929,100	(2,200,700)	(120,100)	(1,049,100)

* Completion dates provided by DFCM.

** Non state-funded buildings.