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Utah State Legislature

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November 19, 2019

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 2019 Interim. In response to new requirements in HJR 18 (2019 General Session), you asked us to meet three times (June, August and October) to review accountable process budgets. The Legislative Audit Subcommittee assigned IGG as the lead committee for two audits conducted by the Office of the Legislative Auditor General (OLAG), and we heard reports on these audits from OLAG staff. We also deliberated on items that were pending from the 2019 General Session or otherwise emerging in advance of the 2020 General Session.

As required by JR3-2-501, as amended in HJR 18, we identified approximately 20 percent of our budget for the accountable budget process (ABP), ensuring that each program within our purview is subject to the process at least once every five years. We presented our plan to you during your May 14, 2019 meeting. Please find a copy of our plan [here](#) and attached to this report.

Per HJR 18, the accountable budget process is “a review of a line item or program... to determine whether or the extent to which to recommend the line item or program be included in a budget for the upcoming fiscal year.”

Per our ABP plan, we reviewed the Construction Management line item within the Department of Transportation (DOT). The Legislature appropriated almost \$545 million to this line item for FY 2020. IGG approved the following actions for this line item:

1. Recommended that the Legislature change the names of the line item and two programs within the line item to add clarity as follows:
 - Line item: ~~Construction Management~~ **Highway System Construction**;
 - Program: ~~Federal Construction—New~~ **Federal Construction**; and
 - Program: ~~State Construction—New~~ **State Construction**.

“Construction Management,” may give the impression that funding in the line item is used to pay salaries and related expenses for DOT employees who manage construction projects. Funding, however, is generally used to pay contractors to carry out construction activities. The word “New” in the program names may give the impression that projects are adding new capacity rather than rehabilitating, preserving, or otherwise altering existing assets.

2. Recommended that the Legislature add intent language that directs the Transportation Commission and DOT to consider the following ordered objectives when prioritizing and funding projects:
 - Participate with the federal government as to maximize receipt of federal funds while securing the greatest flexibility for the use of federal funds;
 - Maintain existing assets at target conditions as determined through data-driven prioritization; and
 - Add capacity.

We also directed staff to withhold standard intent language from IGG's 2020 General Session base budget bill that allows DOT to spend for construction projects any revenues to the Transportation Fund and Transportation Investment Fund of 2005 that are in excess of total appropriations from those funds. During the session, we will consider whether to recommend to the Legislature that that intent language be included in a supplemental appropriations bill.

In addition to the actions above, we considered—and will continue to consider—options presented by the financial analyst to reduce or eliminate sales tax earmarks to transportation by a) spending less on transportation; b) maximizing partner investments by prioritizing projects that bring additional federal and local resources to the table; and c) pursuing road user charges. The analyst provided background and options under each of these categories as detailed in the following documents:

1. *Issue brief*: [DOT Construction Management Accountable Process Budget](#); and
2. *Powerpoint*: [Department of Transportation Construction Management Line Item, Accountable Process Budget Presentation](#)

In addition to reviewing accountable process budgets, we also reviewed the following items and took the actions noted below each one:

1. Recommendations from the Office of the Legislative Fiscal Analyst (LFA) contained on pages 44 through 59 in the report, [Fiscal Note and Budget Item Follow-Up Report, 2019 Interim](#).
 - *Utah Schools for the Deaf and the Blind Springville (p. 44), Dixie State University Human Performance Center (p. 46), Mountainland Applied Technology College Thanksgiving Point Campus Technology (p. 53)*: Directed that for each capital development project request that comes before IGG and the Legislature the Division of Facilities Construction and Management (DFCM) prepare a list of design elements for which costs could be reduced through the value engineering process, and for each element include a comparison between the element's cost as proposed and the value engineering cost.
 - *Technology Innovation Amendments (p. 50)*: Recommended that the Legislature reallocate \$125,000—the unexpended portion of the \$150,000 appropriation to the Department of Technology Services for FY 2019—to other priorities rather than grant nonlapsing authority for the funds.
 - *Heritage and Arts Artifacts and Arts Collections Facility (p. 51)*: Recommended that the Legislature reallocate \$275,000—the unexpended portion of the \$600,000 appropriation for FY 2019—to other priorities rather than grant nonlapsing authority for the funds.
 - *Olympic Legacy Facilities Repairs (p. 55)*: Recommended that the Legislature either 1) repeal H.B. 484, "Winter Sports Venues," 2018 General Session, and leave ongoing appropriations for Olympic venue repairs and improvements in the Capital Budget - Pass-through line item and specify the venues for which funds may be used; or 2) beginning in FY 2021 move ongoing appropriations out of the Capital Budget - Pass-through line item and into the "Winter Sports Venues Grant Fund."

- *Transportation Governance Amendments (p. 57)*: Recommended that the Legislature reallocate \$25,000 one-time in FY 2020 from the Transportation Fund in the Support Services line item to other priorities.
2. Legislative audit report #2019-04, [A Performance Audit of Tooele County's Sale of the Utah Motorsports Campus](#)
 - Authorized the IGG chairs to respond by letter to the Legislative Audit Subcommittee regarding each recommendation in the audit report and to summarize the subcommittee's reasons for reaching these conclusions.
 3. Legislative audit report #2019-07, [A Performance Audit of State and Higher Education Building Costs](#)
 - Authorized the IGG chairs to respond by letter to the Legislative Audit Subcommittee regarding each recommendation in the audit report and to summarize the subcommittee's reasons for reaching these conclusions.

In follow-up to issues the Legislature considered and/or funded during the 2019 General Session and in preparation for the 2020 General Session we heard reports from the following:

1. DFCM regarding replacement of the State Office Building on Capitol Hill and renovation of the AmEx building (click [here](#) for DFCM's presentation); and
2. Department of Alcoholic Beverage Control (DABC) regarding DABC capital projects updates.

Sincerely,

Chairs of the Infrastructure and General Government Appropriations Subcommittee.

Sen. Kirk A. Cullimore, Co-Chair

Rep. Douglas V. Sagers, Co-Chair

Rep. Brady Brammer, House Vice Chair