

Office of the
Legislative Fiscal Analyst

FY 2001 Budget Recommendations

Joint Appropriations Subcommittee for
Capital Facilities and Administrative Services

Capital Projects

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1.0 Summary: Capital Budget

The Capital Budget funds new construction, major remodeling, roofing and paving projects. Capital Development projects are projects that add new square footage or cost more than \$1,000,000. Capital Improvements (also called alterations, repair and improvement or AR&I) are remodeling projects that are less than \$1,000,000 and do not add new square footage.

The Capital Budget base is made up of General Funds and Uniform School Funds – but the State can take advantage of bonds, donations and federal funds to pay for projects.

	Analyst FY 2001 Base	Analyst FY 2001 Changes	Analyst FY 2001 Total
Financing			
General Fund	\$47,310,300	\$3,195,000	\$50,505,300
Uniform School Fund	11,816,100		11,816,100
Transfers - Project Reserve Fund		1,700,000	1,700,000
Transfers - Youth Corrections		130,000	130,000
Beginning Nonlapsing	36,500		36,500
Total	<u>\$59,162,900</u>	<u>\$8,806,000</u>	<u>\$67,968,900</u>
Programs			
Capital Improvements	\$33,558,000	\$10,042,800	\$43,600,800
Capital Planning	86,500	2,000,000	2,086,500
Capital Development	25,518,400	(3,236,800)	22,281,600
Total	<u>\$59,162,900</u>	<u>\$8,806,000</u>	<u>\$67,968,900</u>

2.0 Issues

2.1 Capital Improvements

Capital Improvements - also called alterations, repairs and improvements – must be funded before any new capital development project can be funded. The Analyst recommends an additional appropriation of \$3,195,000 to fund Capital Improvements.

General Fund\$3,195,000

2.2 Project Reserve Account

Funds accrue to the Project Reserve Account when bids for construction contracts are lower than anticipated. Statute allows for these funds to be transferred to other capital project needs at the discretion of the Legislature. The Analyst is recommending that \$1.7 million be transferred from the Project Reserve Account to the Capital Improvements.

2.3 Bonding

Last year, the Legislature funded \$54 million in projects with general obligation bonds. The State retired \$77 million, reducing outstanding indebtedness for capital facilities to \$304,325,000. Even though facility bonding is down from last year, overall indebtedness surpasses \$1.2 billion due to funding for the I-15 project. This year, the Analyst budget recommendation does not include bonding as a source of funding.

2.4 Maintenance Backlog

The Analyst presented an interim report on statewide maintenance backlogs to the Executive Appropriation Committee. The report recommended an increase in Capital Improvement funding and suggested that DFCM should develop definitions to categorize maintenance backlog needs. The report can be accessed from the Legislative Fiscal Analyst website at www.le.state.ut.us/lfa/lfa.htm.

2.5 Funding Design Only

Recent policy by the Legislature has been to refrain from funding project design one year and construction the next. The “design only” approach appeared to tie the hands of the Legislature and may have even over extended budget allocations for capital projects. By funding design and construction together, the Legislature is better able to exercise control over capital projects. The Analyst supports the policy of funding design and construction together but suggests that the Legislature should consider the policy to be a guideline rather than a rigid rule. In light of this year’s limited capital budget, the Analyst recommends funding design for the heating plant replacement at Utah State University as an exception to the design-construction policy. Further information can be found in section 3.2.

3.0 Programs: Capital Budget

3.1 Capital Improvements

The Analyst is recommending Capital Improvement funding that is nearly \$7 million over the statutory minimum of \$36,753,000.

	FY 1999	FY 2000	FY 2001	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$29,952,800	\$29,875,900	\$35,207,900	\$5,332,000
Uniform School Fund	1,940,700	3,682,100	6,692,900	3,010,800
Transfers - Project Reserve Fund			1,700,000	1,700,000
Total	<u>\$31,893,500</u>	<u>\$33,558,000</u>	<u>\$43,600,800</u>	<u>\$10,042,800</u>
Expenditures				
Other Charges/Pass Thru	\$31,893,500	\$33,558,000	\$43,600,800	\$10,042,800
Total	<u>\$31,893,500</u>	<u>\$33,558,000</u>	<u>\$43,600,800</u>	<u>\$10,042,800</u>

Capital Improvements are major alternation, repair and improvements (AR&I) of the State’s fixed capital assets. Capital improvement funds may not be used for program equipment or routine maintenance.

Minimum funding levels for Capital Improvements are set in statute:

The Legislature may not fund the design or construction of any new capital development projects, except to complete the funding of projects for which partial funding has been previously provided, until the Legislature has appropriated .9% of the replacement cost of existing state facilities to capital improvements (UCA 63A-5-104(5))

Maintenance Backlog

As reported by the Analyst during the interim, the State’s maintenance backlog approaches \$400 million. Capital Improvement funds help to reduce the backlog but can not address all issues. Many facilities have significant problems that require more than the \$1,000,000 statutory cap allowed for capital improvements (examples include the historical Territorial State House in Fillmore, the aging heat plant at Utah State University and the dilapidated Hyde Building at the State Hospital in Provo). In these cases, funds must be used from the Capital Development portion of this budget.

Statutory Change is Possible

The Legislature is again considering a statutory change that will raise the amount funded for Capital Improvement projects. Proposed legislation would raise the 0.9 percent of the code cited above to 1.1%, raising the level of funding by approximately \$7 million. The increase can be handled within next year’s existing base budget but cash for capital developments will be more limited.

*FY 2000 AR&I
Funding*

Capital improvement funding continues to increase, reaching \$33,558,000 in Fiscal Year 2000. General government's leap was due, in part, to unanticipated costs associated with the Governor's Mansion and new "statewide issues" discussed below.

Capital Improvement Expenditures					
	Higher Education	Public Education	General Government	Law Enforcement	Total
FY 2000	15,842,300	1,687,800	13,044,100	2,983,800	33,558,000
<i>FY 00 %</i>	<i>47%</i>	<i>5%</i>	<i>39%</i>	<i>9%</i>	
FY 1999	17,231,543	2,638,435	9,565,535	3,037,937	32,473,450
<i>FY 99 %</i>	<i>53%</i>	<i>8%</i>	<i>29%</i>	<i>9%</i>	
FY 1998	13,235,366	2,938,200	14,197,632	1,681,900	32,053,098
<i>FY 98 %</i>	<i>41%</i>	<i>9%</i>	<i>44%</i>	<i>5%</i>	
FY 1997	12,667,800	1,969,200	12,171,500	2,333,100	29,141,600
<i>FY 97 %</i>	<i>43%</i>	<i>7%</i>	<i>42%</i>	<i>8%</i>	
FY 1996	9,059,350	1,069,900	6,431,550	1,963,800	18,524,600
<i>FY 96 %</i>	<i>49%</i>	<i>6%</i>	<i>35%</i>	<i>11%</i>	
FY 1995	5,605,100	555,000	7,678,100	1,465,000	15,303,200
<i>FY 95 %</i>	<i>37%</i>	<i>4%</i>	<i>50%</i>	<i>10%</i>	
FY 1994	4,536,600	635,700	7,270,200	1,894,400	14,336,900
<i>FY 94 %</i>	<i>32%</i>	<i>4%</i>	<i>51%</i>	<i>13%</i>	
Average FY 94-00	Higher Education 43%	Public Education 6%	General Government 41%	Law Enforcement 9%	
Average FY 96-00	Higher Education 47%	Public Education 7%	General Government 38%	Law Enforcement 8%	

1994-1997: Law enforcement category includes Courts, Corrections and Public Safety.
1998-2000: Law enforcement category includes above plus Youth Corrections.

*Statewide AR&I
Issues*

In FY 2000 the Building Board allocated more than \$4.6 million in capital improvement funds for “statewide funding issues.” Statewide funding issues are listed in the table below.

Project	Amount
Facility Audits	\$215,000
Condition Assessments	700,000
Energy Program	815,700
Scanning of Documents	80,000
Topographical Surveying	50,000
DFCM CAD Standards	150,000
Hasardous Materials	850,000
Emergency Power Source (Generators)	354,000
Paving PM	250,000
Paving UCI	150,000
Roofing PM	200,000
Roofing UCI	300,000
Emergency Roofing	200,000
Emergency Funds	300,000
Total - Statewide Issues	\$4,614,700

3.2 Capital Developments and Planning

The Analyst is recommending a budget for Capital Developments that uses cash, donations and federal funds.

	FY 1999	FY 2000	FY 2001	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$16,069,100	\$17,384,400	\$13,247,400	(\$4,137,000)
Uniform School Fund	9,059,300	8,134,000	5,123,200	(3,010,800)
Uniform School Fund, One-time	10,500,000			
Transportation Fund, One-time	2,118,900		611,000	611,000
Federal Funds	3,505,800	3,662,500	1,170,000	(2,492,500)
Dedicated Credits - GO Bonds	48,505,300	54,501,200		(54,501,200)
Dedicated Credits - Revenue Bonds	59,868,600	9,028,000		(9,028,000)
Transfers	686,300	4,949,000	2,000,000	(2,949,000)
Transfers - Youth Corrections			130,000	130,000
Total	\$150,313,300	\$97,659,100	\$22,281,600	(\$75,377,500)
Expenditures				
Other Charges/Pass Thru	\$150,313,300	\$97,659,100	\$22,281,600	(\$75,377,500)
Total	\$150,313,300	\$97,659,100	\$22,281,600	(\$75,377,500)

Capital planning funds are recommended for the Capitol restoration project.

	FY 1999	FY 2000	FY 2001	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$40,000	\$50,000	\$2,050,000	\$2,000,000
Beginning Nonlapsing			36,500	36,500
Closing Nonlapsing		(36,500)		36,500
Total	\$40,000	\$13,500	\$2,086,500	\$2,073,000
Expenditures				
Other Charges/Pass Thru	\$40,000	\$13,500	\$2,086,500	\$2,073,000
Total	\$40,000	\$13,500	\$2,086,500	\$2,073,000

The Analyst recommends using State funds for five projects, listed in order of need. Each project receives individual analysis below.

Project	Uniform School		Cumulative Total
	General Fund	Fund	
USU Heating Plant Design		\$2,000,000	\$2,000,000
State Hospital - Rampton II	\$13,235,800		13,235,800
Capitol Preservation Board	2,050,000		2,050,000
UVSC Classroom Additions		1,465,000	1,465,000
OWATC Maintenance Building		1,669,800	1,669,800
Total	\$15,285,800	\$5,134,800	\$20,420,600

**Utah State
University Heat
Plant Replacement**

The heat plant replacement is the most critical project in the state. The entire USU campus receives heat and hot water from the central heat plant. In October of 1999 one of the boilers failed and had to be replaced at a cost of \$400,000 (paid by insurance). The plant dates to the 1920s and relies on equipment installed over 30 years ago. A massive winter failure would be disastrous for the campus.

In addition to problems with the physical plant, steam lines are aging to the point that they have failed in several places. Aerial infrared photos of the campus shows massive leaks from the steam lines that must be repaired. Original estimates to replace the plant and steam lines topped \$31 million. A more recent study placed the cost at just over \$41 million for a solution that permanently addresses infrastructure needs.

*Four Options for
Heat Plant Funding*

After reviewing the latest study, the Analyst concludes that there are four options the Legislature may pursue in addressing the heat plant problem. Each of the solutions remove \$1.7 million needed to destroy the old heat plant. The most likely use of the current heat plant location is for a parking structure. When the new structure is built, the funds will come from parking fees. Part of the cost of the parking project will be the removal of the old heat plant facility. Focusing on construction only, the Analyst offers the following four solutions:

1. *Construction of a utility tunnel.* The plan with the best long term value for the state involves building a utility tunnel to house the steam lines, power lines, communication wiring, and future chilled water lines. Although this adds about \$10 million to the project, it saves money in the future by providing maintenance access, capacity for a centralized chilled water plant, and a minimum life cycle of 75 years. **Cost: \$39.3 million.**
2. *Direct burial of steam lines.* The heat plant distribution system could use pipes dedicated for steam only. This approach prevents other utilities from being located in a tunnel, but would provide the needed heat and fully repair the steam loop. Direct bury lines have a life expectancy of 25 years, meaning that the State would have to revisit this problem in the future. **Cost: \$29.3 million.**
3. *Partial funding for main distribution.* There is an opportunity to build only the main distribution tunnel and leave the eastern loop for future years. This plan fails to solve the full needs of the University and infers phased funding, which the Legislature strongly opposes. Although the price for this plan meets initial estimates, it does so artificially by offering an incomplete solution. **Cost: \$29.3 million.**

4. *Design only for the current fiscal year.* The Legislature dislikes funding only design for projects. In the past, agencies have used “design only” arguments as a way to facilitate construction. The Analyst shares the Legislature’s skepticism in funding only the design of a project. However, the Analyst also notes that each project carries unique aspects and budget implications that must be considered on their own merit. Since it will take ten months to design the replacement heat plant, the possibility of funding only the design in the current fiscal year may provide a workable solution. **Cost: \$2 million.**

*Fund Design in
FY 2001*

Each project must be evaluated on its own merits in relation to statewide need, urgency and funding availability. The Legislature has made clear statements that it prefers not to issue bonds for facility construction this year. To delay the heat plant another year involves taking a risk that the current boilers will last another four years, a gamble that puts half a billion dollars worth of assets at risk. There is not enough cash available this year to fund any of the above plans fully, so any plan that does not add at least \$5 million to the cash budget or involve bonding will result in phased funding of the project. With pressing needs in other areas of the state – most notably at the State Hospital – the Analyst does not believe that the best use of State resources involves setting aside \$25 to \$30 million for one project that can not begin until next year. **Therefore, the Analyst recommends an appropriation of \$2 million to design the new heat plant this year and that construction funding for the project be appropriated next year.** The Analyst also proposes the following intent language in regard to design funds:

It is the intent of the Legislature that DFCM negotiate the best price possible for design of the Utah State University Heat Plant. Funds remaining from this appropriation shall be applied to the construction project upon its approval. The design shall consider a heat plant system that uses utility tunnels as the primary distribution system.

State Hospital: Rampton II

The State Hospital in Provo houses adults and teens that have serious mental illness. The Hyde Building is eighty years old and no longer efficiently serves its purpose. Dormitory style housing creates safety problems for many patients, radiant heat endangers residents, and building systems are patched together to make them work as well as possible.

Analyst Cost Adjustments

The Analyst supports funding for this project in FY 2001, but notes concerns with some aspects of the cost. The budget recommendation from DFCM and the Building Board included \$945,000 for design fees. The original building called for a second phase to be added to the existing structure – essentially a mirror image of the original facility. There is no need to design new central space for administration or food preparation, so the design fee should be much less. As the project progressed, the Division of Human Services wanted to change the layout, necessitating a full design fee for the project. In addition to apparently excessive design costs, DFCM’s base cost for analysis uses January 1, 2001 as the base cost date and anticipates a bid date of September 1, 2001. By applying an escalation factor of 5.5 percent to these dates, the costs are likely overstated in relation to both the bid date and the rate of escalation. The following table reflects DFCM estimates and the recommendation of the Analyst.

	DFCM	Analyst
Construction	\$11,594,450	\$11,116,200
Design	945,000	475,000
Percent for Arts	115,945	
Other Fees	1,644,605	1,644,600
Total	<u>\$14,300,000</u>	<u>\$13,235,800</u>

The Analyst estimate for design assumes that the cost should reflect designing a mirror image of Phase One. If the Department of Human Services desires a change in scope, it should provide \$470,000 in increased design fees from agency funds. The Analyst estimate for construction assumes a bid date of January 1, 2001 – eliminating the need for cost escalation. The Analyst also assumes that art can be transferred from the Hyde Building into the new facility.

Capitol Restoration

The State Capitol stands as the icon of State Government. It is the House of Legislation and a ceremonial gathering place for citizens. Built at the turn of the century, it was constructed using gravity as a primary means to hold up the structure. Exterior granite is not properly attached, the interior is not conducive to modern technology needs and the structure is vulnerable to even the slightest earthquake.

The Capitol Preservation Board carries the responsibility for managing and renovating the Capitol Building. The Board has heard many plans regarding what Capitol Hill should look like for the next century and must begin the process of creating a master plan for all facilities on the Hill. Although still in the preliminary stages, the Analyst believes the master plan process must have three key elements:

1. *Architectural control must be held by Capitol Preservation Board.* This will prevent arbitrary alterations to the facility based on external factors such as changing leadership, partisan conflicts or inter-branch tension.
2. *The plan should encourage public participation.* The Capitol Restoration will likely be the most expensive capital facility project in the State’s history. The Board should ensure that public input is sought as the plan moves forward.
3. *Capitol Hill must be secure and accessible.* An unfortunate truth of the modern era is that public buildings provide appealing targets to persons seeking to cause destruction. No security plan can prevent determined terrorist acts, but measures can be taken to prevent random acts of violence. The Board should find a way to make the Capitol accessible to the public while protecting the safety of employees and visitors.

To further the work of the Capitol Preservation Board, **the Analyst is recommending an appropriation of \$2,086,500 to research, plan and design the restoration of the Capitol.**

	General Fund	Transfer	Total
Capitol Planning	\$2,050,000	\$36,500	\$2,086,500

The Analyst recommends the following intent language to address this item:

It is the intent of the Legislature that \$36,500 in funds remaining from planning for prototypical design be used to address planning for restoration of the Capitol.

UVSC Classroom Additions

Enrollment at Utah Valley State College continues to surge. Growth since 1995 averages 7 percent per year and the College now has more than 20,000 students on campus. There appears to be no end to growth on the campus, and the Analyst expects to see UVSC’s growth continue in the absence of a plan to cap enrollment. The recent master planning process conducted by the State Board of Regents assumes no enrollment cap at Utah Valley State College. The Legislature may want to look at the facility impacts that the College will have if growth continues at current rates.

In the meantime the College has tremendous space needs that can be addressed this year with the addition of eight classrooms. **The Analyst recommends an appropriation of \$1,465,000 to add eight classrooms to the Gunther Trades Building on the Orem campus.**

Ogden Weber ATC Maintenance Shed

Ogden Weber ATC maintenance and grounds employees operate from a building that was originally constructed when Utah was still a Territory. The facility’s walls are crumbling, pieces of masonry are non-existent in some places and the exterior smokestack is a disaster waiting to happen. Replacement of the maintenance shed will solve serious deferred maintenance issues and reduce the school’s level of risk. DFCM estimates the project to cost \$2,000,000. The Analyst believes that a more realistic escalation factor, institutional funds and in-house demolition can provide significant savings.

	DFCM	Analyst
Construction	\$1,633,272	\$1,539,800
Institutional Resources		(170,000)
Contingency	101,340	91,600
Program/VE	57,000	
Other Fees	208,388	208,400
Total	\$2,000,000	\$1,669,800

The Analyst believes that the 11.5 percent escalation used by DFCM is too high. More recent data shows construction inflation rates to be more in line with overall inflation. The Analyst used an escalation factor of seven percent for construction costs.

\$100,000 in savings will come from OWATC’s commitment to add brick fascia through their brick laying program and by having their own maintenance crew tear down and haul away two sheds that will be replaced by the new facility. The school also has \$70,000 of institutional funds to contribute to the project. **The Analyst recommends an appropriation of \$1,669,800 from the Uniform School Fund to replace the maintenance facility at Ogden Weber ATC.**

3.3 Other Projects

Each year there are projects that merit consideration but do not rise to the level of “most critical” in relation to other needs throughout the State. With limited funds available this year, the Analyst recommendation focuses on the five most critical projects described above. However, the Analyst notes that there are several compelling projects that the Legislature may want to consider as it makes its final allocations.

*Wasatch County
Olympic Upgrades:
\$960,000*

Wasatch County will host the cross country skiing and biathlon events at Soldier Hollow during the 2002 Winter Olympics. The state has an opportunity to build on a \$10 million investment from the Salt Lake Organizing Committee by building a day lodge on the site to allow citizens and tourists the opportunity to use the facility once the Olympics are over.

Wasatch County officials also would like to tie in a project to construct a new depot for the Heber Valley Railroad. Currently, there is no depot, forcing passengers to wait in the train yard or in their vehicles before boarding. A depot will create a better waiting environment and allow the railroad to operate a gift shop. Wasatch County committed \$200,000 to the project.

*Bear Lake
Campground
Expansion:
\$2,195,000*

Bear Lake State Park is one of the most popular camping destinations in the state. The Rendezvous Beach campground is full for the entire camping season, providing recreation for 85,000 visitors a year. The Division of Parks and Recreation evaluated using revenue bonds to fund expansion but the new revenue generated by the campsites fell just short of making that a viable opportunity. One option for this project may be to fund the project out of the capital development base budget with an agreement that a part of the new revenue generated will be transferred to the Division’s internal capital improvement account.

*Snow South Property
Purchase:
\$425,000*

Snow College South in Richfield seeks to acquire property for expansion of the campus there. Since joining Snow College, the former applied technology center has experienced rapid growth. This purchase would allow them to plan more accurately for future growth.

3.4 Non State Funded/ Transportation Projects

The table below shows projects that the Building Board recommended for funding from sources other than state funds. The Analyst is concerned that current facilities continue to carry maintenance backlogs as the State continues to accept donated buildings or approve fee-driven projects. The Analyst also recognizes that many donated or fee-driven projects provide extraordinary value to the State.

Building Board - Recommended "Other Funds" Projects				
Agency	Project	Amount	Source of Funds	State O/M
Board of Regents	Office Building (Non-State)	\$8,000,000	Revenue Bond	
Utah State	Edith Bowen Renovation/Expansion (Non-State)	\$9,989,000	Donation	\$210,000
	Engineering Building Design	\$2,000,000	Donation	
U of U	College of Science Math Center (Non-State)	\$1,814,000	Donation	\$29,340
	Burbidge Athletics/Academics Bldg (Non-State)	\$2,400,000	Donation	
	Bookstore Expansion (Non-State)	\$500,000	Fees	
	Health Sciences/Basic Sciences Bldg (Non-State)	\$27,990,000	Donation	\$532,000
SLCC	Jordan School District ATC (Non-State)	N/A	Jordan District	
Weber State	Stadium Expansion (Non-State)	\$4,200,000	Donation	
UVSC	Baseball Stadium (Non-State)	\$750,000	Donation	
Snow College	Student Housing	N/A	Third Party	
SUU	Weight Training Room	\$350,000	Donation	
Workforce Services	Logan Property Purchase (Non-State Funded)	\$197,000	Surplus Property	
UDOT	Region 3 Office Addition & Remodel	\$3,000,000	Surplus Property	\$118,036
	Lehi Maintenance Complex	\$1,500,000	Surplus Property	
	Cache Junction Maintenance Complex	\$911,000	Trans. Fund	\$73,500
	Echo Maintenance Complex	\$682,000	Trans. Fund	\$14,840
	Richfield District Warehouse	\$668,000	Trans. Fund	\$49,000
Parks and Recreation	This is the Place Infrastructure Improvements	\$1,500,000	Fees	
Corrections	Privatized Parole Centers	\$2,777,800	Federal	\$5,500,000

USU Engineering Building

Utah State University recently found a potential source of alternative funds to begin design on its second priority - a remodeling project for its engineering building. The building’s open stairwells present a fire hazard, classrooms are built on a steep angle preventing disabled students from taking classes there and the auditorium is one of Utah’s most severe seismic hazards. Original plans called for a complete remodel that approached \$35 million. After discussing further options with the Legislature, the University realized that it would be more cost efficient to build a classroom addition to the building and destroy the current classroom facility. Utah State University invested an enormous amount of time and resources re-programming the facility and may have a donation that will fund building design. Given the fact that this project will reduce the University’s maintenance backlog and that it will likely be a top Regent priority until it is funded, the Analyst recommends allowing Utah State University to proceed with the design of the engineering building using donated funds should they become available this year.

Higher Education Projects

The Analyst recommends each of the projects requested by Higher Education subject to approval of the Higher Education Appropriations Subcommittee for those projects that will seek state funded operation and maintenance. The new office building for the Board of Regents and student loan administration will not require new O/M, but it will need the ability to take advantage of capital improvement funds in the future. The Analyst believes that other non-state projects requested by the Regents should not be eligible for future operation and maintenance funds or capital improvement dollars.

<i>Operation and Maintenance Request</i>		<i>Project</i>	<i>O/M</i>
Utah State	Edith Bowen Renovation/Expansion (Non-State)	\$9,989,000	\$210,000
U of U	Health Sciences/Basic Sciences Bldg (Non-State)	\$27,990,000	\$532,000
	College of Science Math Center (Non-State)	\$1,814,000	\$29,340
Board of Regents	Office Building (Non-State)	\$8,000,000	
<i>No state O/M or Capital Improvement Funds</i>			
U of U	Burbidge Athletics/Academics Bldg (Non-State)	\$2,400,000	
	Bookstore Expansion (Non-State)	\$500,000	
SLCC	Jordan School District ATC (Non-State)		N/A
Weber State	Stadium Expansion (Non-State)	\$4,200,000	
UVSC	Baseball Stadium (Non-State)	\$750,000	
Snow College	Student Housing		N/A
SUU	Weight Training Room	\$350,000	

Workforce Services

The Analyst recommends the following intent language in regard to the Workforce Services request:

It is the intent of the Legislature that the Department of Workforce Services shall use proceeds from property sales to purchase property at 446 North 100 West in Logan.

Parks and Recreation

The Analyst recommends the following intent language in regard to the request from administrators at This is the Place State Park:

It is the intent of the Legislature that This is the Place State Park shall use \$1,500,000 in proceeds from parking fees to provide infrastructure upgrades throughout the park.

UDOT

The Utah Department of Transportation must balance facility requests against road construction needs. UDOT is requesting Transportation Funds for three facilities: a new Maintenance Complex for Cache Junction, an expansion of the Echo Maintenance Station, and the replacement of a warehouse in Richfield. The Analyst provides the following summary in regard to the requested maintenance stations:

- The Cache Junction facility is 65 years old and no longer resides in the area served by its crew. Lack of an efficient heating system makes it difficult to de-ice trucks, creating a hazard for workers who are responsible for snow removal.
- The Echo Station is too narrow to allow trucks to pull all the way in when they have a plow mounted on the front, but this is more of an inconvenience than a critical need.

Cache Junction Complex Recommended

With funding for road construction at a premium, the Analyst recommends funding only the facility at Cache Junction. The project is estimated to cost \$911,000. The Analyst recommendation includes using \$300,000 from the DFCM project reserve fund that has been built up through savings in other transportation projects.

Recommended UDOT Projects	Total	Trans. Fund	Project Reserve
Cache Junction Maintenance Complex	\$911,000	\$611,000	\$300,000
Recommended Subject to Sale of Property		Sale of Surplus Property	
Richfield District Warehouse	\$668,000		\$668,000
Region 3 Office Addition & Remodel	\$3,000,000		\$3,000,000
Lehi Maintenance Complex	\$1,500,000		\$1,500,000
Not Recommended			
Echo Maintenance Complex	\$0		

Richfield Warehouse

The Department of Transportation continues to request money from the Transportation fund to replace the Richfield Warehouse while at the same time seeking to build a new Region 3 office complex with the proceeds from the sale of surplus property. The Analyst believes that the sale of surplus property should be used to take care of problems such as those in the Richfield Warehouse before new office space is added. Therefore the Analyst recommends the following intent language:

It is the intent of the Legislature that the Utah Department of Transportation use funds from the sale of surplus property to replace the Richfield Warehouse. Any funds left over may be used to design and construct an expansion on the Region 3 Headquarters.

UDOT Surplus Property

UDOT owns maintenance facilities and property in locations that developers may find very desirable. The Department expresses a desire to work “even trade” deals with developers – allowing developers to build comparable facilities in another location as an even trade for facilities in areas ripe for development. This definition of “even trade” assumes that trading facility for facility is the same, regardless of the market value of the land involved in the deal. If this definition is adopted the process may allow a developer to acquire property at a fraction of its market value – potentially costing the state millions of dollars. Additionally, a transaction like the one described above has great potential to create the appearance of a “sweetheart deal”. The Analyst believes that any sale of property by UDOT should be fully advertised and sold at fair market value as assessed by an independent appraiser.

3.4 Federal Funds and the Department of Corrections

Set Aside VOI/TIS funds for future use

This year the Department of Corrections request is for a Privatized Parole Transition Center to be built or purchased with federal funds from the Violent Offender Incarceration/ Truth In Sentencing (VOI/TIS) program. Just as donated buildings for Higher Education are not free, correctional facilities built with federal funds are not free. The Privatized Parole Transition Center would add 400 beds at a cost of \$40 per day – a total operating impact of \$5.5 million. Given the fact that the Department will not open a new 288 bed unit at the Gunnison site, it seems that the need for additional beds is not critical. One of the beneficial aspects of the VOI/TIS program is that funds can be saved and accumulated. The Analyst believes that the State would be better off if the VOI/TIS funds were saved for future use and recommends the following intent language:

It is the intent of the Legislature that the Department of Corrections not build or purchase property for a privatized parole transition center. The Department shall place \$2,777,800 into an account that will carry forward into Fiscal Year 2002. The funds are to be saved for future State needs as they relate to Correctional Facilities.

3.5 Youth Corrections

The Division of Youth Corrections has been searching for a solution to problems with its facility in St. George. There seems to be consensus that the original design lacked the foresight to accommodate growth in the southwest part of the state and was already too small by the time it was completed. The Department attempted to relocate several times over the last few years, but were unsuccessful in their attempts. After careful study, DFCM developed a plan to add another floor to the building by creating a basement that will add 26 beds to the facility. The Analyst is recommending \$130,000 in agency funds be matched to \$1,170,00 in federal VOI/TIS funds to construct the addition. As a dormitory expansion that does not require additional administration, recreation or kitchen facilities the cost per bed is \$50,000 – well below the \$145,000 per bed funded for the Cache Valley Youth Corrections Facility. Analyst recommends the following intent language in regard to the Washington County Youth Corrections facility:

It is the intent of the Legislature that the Division of Youth Corrections use \$130,000 in agency funds and \$1,170,000 in Federal VOI/TIS funds to expand the Washington County Youth Detention Center by 26 beds.

3.6 Summary of All Projects

The Analyst recommendation emphasizes the need to take care of the buildings the State already owns. Of \$62 million in General Fund and Uniform School Fund, only \$1,465,000 (UVSC's classroom addition) is recommended for a project that will not reduce the State's maintenance backlog.

When considering all sources of funds, the Analyst recommendation for facilities totals \$123 million in new or expanded facilities. The recommendation does not use bonding as a source of funds and takes advantage of surpluses in the Project Reserve Account to add funds for Capital Improvements.

The next page contains a table that brings together all funding sources for all projects.

FY 2001 Analyst Recommendation – All Projects

Project	General Fund	Uniform School Fund	Transportation Fund	Federal Funds	Donated/ Agency Funds	Project Reserve	Total Project	Cumulative Total	Annual O/M
Capital Improvements	\$35,207,900	\$6,692,900				\$1,700,000	\$43,600,800	\$43,600,800	N/A
<i>Capital Development</i>									
USU Heating Plant Design		2,000,000					2,000,000	45,600,800	N/A
State Hospital - Rampton II	13,235,800						13,235,800	58,836,600	N/A
Capitol Preservation Board	2,000,000						2,000,000	60,836,600	N/A
UVSC Classroom Additions		1,465,000					1,465,000	62,301,600	50,000
OWATC Maintenance Building		1,669,800					1,669,800	63,971,400	N/A
<i>Transportation/Federal</i>									
Cache Junction Maintenance Complex			\$531,400			\$379,600	911,000	64,882,400	73,500
Youth Corr. - Washington County				\$1,170,000	\$130,000		1,300,000	66,182,400	56,000
<i>Non-State Funded</i>									
Board of Regents - Office Building					8,000,000		8,000,000	74,182,400	N/A
Utah State - Edith Bowen Renovation/Expansion					9,989,000		9,989,000	84,171,400	210,000
U of U - College of Science Math Center					1,814,000		1,814,000	85,985,400	29,340
U of U - Burbidge Athletics/Academics Bldg					2,400,000		2,400,000	88,385,400	60,100
U of U - Bookstore Expansion					500,000		500,000	88,885,400	N/A
U of U - Health Sciences/Basic Sciences Bldg					27,990,000		27,990,000	116,875,400	532,000
Weber State - Stadium Expansion					4,200,000		4,200,000	121,075,400	N/A
UVSC - Baseball Stadium					750,000		750,000	121,825,400	N/A
SUU - Weight Training Room					350,000		350,000	122,175,400	N/A
Workforce Services - Logan Property Purchase					197,000		197,000	122,372,400	N/A
UDOT - Richfield District Warehouse					668,000		668,000	123,040,400	49,000
UDOT - Region 3 Office Addition & Remodel					3,000,000		3,000,000	126,040,400	118,036
This is the Place Infrastructure Improvements					1,500,000		1,500,000	127,540,400	N/A
Snow College - Student Housing					14,000,000				N/A
SLCC - Jordan School District ATC					18,000,000				N/A
Total	\$50,443,700	\$11,827,700	\$531,400	\$1,170,000	\$93,488,000	\$2,079,600	\$127,540,400	\$127,540,400	1,177,976

Building Board Priority List

Building Board FY 2001 Capital Development Recommendations			
Rank	Category	State Funding Amount	Cumulative
1	Capital Improvements	\$57,000,000	\$57,000,000
	Critical Renovation/Replacement Projects		
2	<i>Utah State University Heat Plant and Infrastructure</i>	\$30,998,000	\$87,998,000
3	State Hospital Rampton II Building	\$14,300,000	\$102,298,000
	Additions to Existing Buildings and/or Renovations/Replacement Projects		
4	<i>Dixie College Fine Arts Building</i>	\$16,319,000	\$118,617,000
5	Youth Corrections Washington County	\$1,300,000	\$119,917,000
6	<i>Utah Valley State College Classroom Additions</i>	\$1,465,000	\$121,382,000
7	<i>Utah State University Engineering Building</i>	\$32,151,000	\$153,533,000
8	DNR Utah Field House of Natural History	\$7,537,000	\$161,070,000
9	<i>Ogden Weber ATC Maintenance Facility</i>	\$2,000,000	\$163,070,000
10	DNR Bear Lake Campground Expansion	\$2,195,000	\$165,265,000
11	<i>Weber State University Chiller Plant</i>	\$3,986,000	\$169,251,000
12	National Guard Vernal Armory	\$2,656,000	\$171,907,000
13	<i>UCCDHH Addition to Deaf Center</i>	\$1,102,000	\$173,009,000
	Business Plan and Programming*		
	Capitol Preservation Board Strategic Planning	\$1,500,000	
	<i>CEU Main Building Renovation</i>	\$48,000	
	<i>Snow College Performing Arts Building</i>	\$79,000	
	Archives Building	\$40,000	
	<i>Uintah Basin ATC Vernal Branch Campus</i>	\$70,000	
		\$1,737,000	\$174,746,000

Public Education Request

Public Education FY 2001 Request (As prioritized by the State Board of Education)			
	Item	Amount	Cumulative
WFSATC	New ATC	\$13,650,000	\$13,650,000
OWATC	Relocation of Maintenance Facility	\$2,000,000	\$15,650,000
UBATC	Vernal Branch Campus	\$5,250,000	\$20,900,000
UCCDHH	Addition to Center	\$1,144,200	\$22,044,200
DATC	Computer/Transportation Tech Bldg.	\$7,000,000	\$29,044,200
BATC	Advanced Technology Building	\$7,500,000	\$36,544,200

Utah System of Higher Education Prioritized Request

Higher Education FY 2001 Project List				
(As prioritized by the State Board of Regents)				
Institution	Project	Q&P Points	Amount	Cumulative
USU	Heating Plant	80	\$31,000,000	\$31,000,000
Dixie	Performing Arts Center	76	\$16,318,832	\$47,318,832
UVSC	Classroom Additions	73	\$1,500,000	\$48,818,832
USU	Engineering Building	71	\$35,000,000	\$83,818,832
UVSC	Classroom Building	68	\$15,000,000	\$98,818,832
Snow	Performing Arts Bldg.	64	\$11,000,000	\$109,818,832
SUU	Education Bldg. Remode	63	\$7,100,000	\$116,918,832
SLCC	Perimeter Road/Bldgs	63	\$4,975,000	\$121,893,832
WSU	Chilled Water Plant	62	\$4,200,000	\$126,093,832
CEU	Main Bldg. Remodel	60	\$4,000,000	\$130,093,832
USU	Merrill Library	59	\$30,000,000	\$160,093,832
WSU	Davis Campus	49	\$35,000,000	\$195,093,832
CEU SJC	Resource Center	49	\$5,000,000	\$200,093,832
SLCC	Health Sciences Bldg	44	\$17,800,000	\$217,893,832
UofU	Fine Arts Museum	43	\$2,700,000	\$220,593,832
UofU	Health Sciences Bldg	38	\$42,000,000	\$262,593,832
Dixie	Health Sciences Bldg	37	\$9,000,000	\$271,593,832
WSU	Science Building	33	\$22,000,000	\$293,593,832
SUU	Business Building	29	\$6,400,000	\$299,993,832
Snow	South Classroom/Admin	25	\$6,996,000	\$306,989,832
UVSC	Humanities/Arts Bldg	17	\$17,800,000	\$324,789,832

Utah System of Higher Education Non-State Funded Request

Building Board - Recommended Non-State Projects		
Agency	Project	Amount
Board of Regents	Office Building (Non-State)	\$8,000,000
Utah State	Edith Bowen Renovation/Expansion (Non-State)	\$9,989,000
U of U	College of Science Math Center (Non-State)	\$1,814,000
	Burbidge Athletics/Academics Bldg (Non-State)	\$2,400,000
	Bookstore Expansion (Non-State)	\$500,000
	Health Sciences/Basic Sciences Bldg (Non-State)	\$27,990,000
SLCC	Jordan School District ATC (Non-State)	N/A
Weber State	Stadium Expansion (Non-State)	\$4,200,000
UVSC	Baseball Stadium (Non-State)	\$750,000

4.0 Table

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
	Actual	Actual	Actual	Estimated	Analyst
Financing					
General Fund	\$44,055,900	\$44,168,900	\$46,061,900	\$47,310,300	\$50,505,300
General Fund, One-time	4,433,400				
Uniform School Fund	1,000,000	1,000,000	11,000,000	11,816,100	11,816,100
Uniform School Fund, One-time	985,500		10,500,000		
Transportation Fund, One-time	2,277,200	3,177,300	2,118,900		611,000
Federal Funds		2,700,000	3,505,800	3,662,500	1,170,000
Dedicated Credits - GO Bonds	31,000,000	55,145,400	48,505,300	54,501,200	
Dedicated Credits - Revenue Bonds	32,171,600	33,407,600	59,868,600	9,028,000	
Transfers			686,300	4,949,000	2,000,000
Total	\$115,923,600	\$139,599,200	\$182,246,800	\$131,230,600	\$67,968,900
% Change		20.4%	30.6%	-28.0%	-48.2%
Programs					
Capital Improvements	\$28,936,600	\$29,980,600	\$31,893,500	\$33,558,000	\$43,600,800
Capital Planning		153,000	40,000	13,500	2,086,500
Capital Development	86,987,000	109,465,600	150,313,300	97,659,100	22,281,600
Total	\$115,923,600	\$139,599,200	\$182,246,800	\$131,230,600	\$67,968,900
Expenditures					
Other Charges/Pass Thru	\$115,923,600	\$139,599,200	\$182,246,800	\$131,230,600	\$67,968,900
Total	\$115,923,600	\$139,599,200	\$182,246,800	\$131,230,600	\$67,968,900