

Office of the  
Legislative Fiscal Analyst

## **FY 2002 Budget Recommendations**

Joint Appropriations Subcommittee for  
Capital Facilities and Administrative Services

### **Capital Projects**

Contents:

- 1.0 Summary
- 2.0 Issues
- 3.0 Programs
- 4.0 Additional Information



## 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.

	<b>Analyst FY 2002 Base</b>	<b>Analyst FY 2002 Changes</b>	<b>Analyst FY 2002 Total</b>
<b>Financing</b>			
General Fund	35,505,300	29,594,100	65,099,400
Uniform School Fund	11,816,100	12,481,900	24,298,000
Transportation Fund, One-time		1,399,000	1,399,000
Federal Funds		6,286,700	6,286,700
Dedicated Credits - Revenue Bonds		18,235,800	18,235,800
<b>Total</b>	<b>\$47,321,400</b>	<b>\$67,997,500</b>	<b>\$115,318,900</b>
<b>Programs</b>			
Capital Improvements	21,753,000	17,841,000	39,594,000
Capital Planning	2,050,000	(2,050,000)	
Capital Development	23,518,400	52,206,500	75,724,900
<b>Total</b>	<b>\$47,321,400</b>	<b>\$67,997,500</b>	<b>\$115,318,900</b>
<b>FTE/Other</b>			

## 2.0 Issues

### 2.1 Recommended State Projects

The projects listed in the table below comprise the Analyst's recommendation for approval in the 2001 General Session. The plan assumes the use of nearly \$101 million in FY 2001 Uniform School Funds for Higher Education projects and the appropriation of \$28.5 million in Olympic Revenue to begin restoration of the State Capitol.

Project	FY 2001 USF	General Fund	Uniform School Fund	Trans. Fund	Federal Funds	Revenue Bond	Non-State Funds	Total Project
Capital Improvements		\$22,594,000	\$17,000,000					\$39,594,000
<i>Capital Developments</i>								
USU Heating Plant Design	29,713,400							\$29,713,400
CEU Main Building	10,827,100							\$10,827,100
UVSC Classroom Building	18,704,700							\$18,704,700
USU Engineering Building	23,237,900							\$23,237,900
WSU Davis Campus	23,113,600							\$23,113,600
Package Savings	(4,626,300)							(\$4,626,300)
Ogden-Weber ATC Land Purchase			364,000					\$364,000
U of U Engineering Building		12,679,000	6,934,000					\$19,613,000
Cache County Courts		11,593,800					300,000	\$11,893,800
Capitol Remodel		12,491,600					28,500,000	\$40,991,600
Utah Field House of Natural History		5,741,000					1,000,000	\$6,741,000
Canyonlands Youth Corrections Facility					5,100,000			\$5,100,000
DWS Cedar City Office					1,186,700			\$1,186,700
DABC Warehouse Expansion						8,281,000		\$8,281,000
DABC Magna Store						957,100		\$957,100
DABC South Valley Store						1,497,700		\$1,497,700
UDOT Richfield Warehouse				799,000				\$799,000
UDOT Echo Station				300,000				\$300,000
UDOT Roosevelt Station				300,000				\$300,000
<b>Total</b>	<b>\$100,970,400</b>	<b>\$65,099,400</b>	<b>\$24,298,000</b>	<b>\$1,399,000</b>	<b>\$6,286,700</b>	<b>\$10,735,800</b>	<b>\$29,800,000</b>	<b>\$238,589,300</b>

### 2.2 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 \$3,600,000 to fund Capital Improvements.

**General Fund .....\$3,600,000**

### 2.3 Ongoing Funds Restoration

Last year the Legislature converted \$13.4 million of the capital budget to one time funding. As part of a plan to eliminate debt on capital facilities, the Analyst recommends restoring the entire amount to ongoing.

**Uniform School Fund (Ongoing).....\$13,400,000**

## 2.4 Bonding

Last year, the Legislature began a program that would convert all facility financing to a cash basis. The pay as you go plan will take five years to fully implement. As bonds are retired, the Analyst recommends transferring debt service funds into the capital budget to fund ongoing needs for capital improvements and capital developments. This year debt service will be lower by \$25,076,000 – the net of a \$29 million savings in General Fund and an increase of \$4 million in Uniform School Fund. The Analyst recommends transferring this amount from the Debt Service line item into the Capital Budget as part of the pay as you go plan.

**Transfer General Fund.....\$29,584,100**

**Transfer Uniform School Fund..... (\$4,518,100)**

## 2.5 Maintenance Backlog

During the 1999 interim the Analyst presented a report on statewide maintenance backlogs to the Executive Appropriation Committee. This year the Building Board reviewed the report again. The Analyst continues to recommend an increase in Capital Improvement funding and suggests 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](http://www.le.State.ut.us/lfa/lfa.htm).

## 2.6 Phased Funding

Recent policy by the Legislature has been to refrain from phased funding of capital developments. 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.

## 2.7 Building Board Responsibilities

During the Interim, the Building Board requested a report from the Analyst regarding Board roles and responsibilities as perceived by the Legislative Branch. The Building Board wanted to find a process that would result in a project list that would be accepted by both the Board and the Legislature. The Analyst report notes that “separation of powers... inevitably leads to some amount of friction when priority lists differ from agency to Board and from Board to Legislature.” The Analyst believes that State interests are best served by a system that allows different groups to form varying opinions in regard to facility priorities. The full text of the Analyst’s report, found below in section 3.1, offers further analysis of the relationship between the Building Board and the Legislature.

## **2.8 Maintenance Funding**

The Building Board joins the Legislature in noting the importance of eliminating the maintenance backlog. Last year the Building Board recommended that all cash funds be appropriated for Capital Improvements. This year the Board continued to focus on the importance of increasing the level of Capital Improvements following a Legislative Audit of DFCM. The Analyst applauds this commitment to taking care of facilities already in the State inventory, but notes in Section 3.1 that the Board's policy contains some misperceptions regarding methods to reduce the maintenance backlog.

## **2.9 Standardized Classroom Buildings**

DFCM believes that standardizing classroom buildings will save the State as much as fifteen percent if projects are grouped and built together using a design-build process. The Analyst prefers using design build as a way to accelerate projects, save money and transfer risk to vendors. Section 3.2.3 considers using a standardized process to build classrooms at the College of Eastern Utah, Utah Valley State College, Weber State University, and Utah State University.

### 3.0 Programs: Capital Budget

#### 3.1 Capital Improvements

The Analyst is recommending Capital Improvement funding of \$39,594,000.

	2000	2001	2002	Est/Analyst
<b>Financing</b>	<b>Actual</b>	<b>Estimated</b>	<b>Analyst</b>	<b>Difference</b>
General Fund	29,875,900	21,753,000	22,594,000	841,000
General Fund, One-time		15,000,000		(15,000,000)
Uniform School Fund	3,682,100		17,000,000	17,000,000
<b>Total</b>	<b>\$33,558,000</b>	<b>\$36,753,000</b>	<b>\$39,594,000</b>	<b>\$2,841,000</b>
<b>Expenditures</b>				
Other Charges/Pass Thru	33,558,000	36,753,000	39,594,000	2,841,000
<b>Total</b>	<b>\$33,558,000</b>	<b>\$36,753,000</b>	<b>\$39,594,000</b>	<b>\$2,841,000</b>
<b>FTE/Other</b>				

Capital Improvements are major alteration, 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 percent 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 1999 interim, the State's maintenance backlog approaches \$400 million. Capital Improvement funds help to reduce the backlog but cannot 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. The Building Board continues to express dismay that the entire cash portion of the capital budget is not dedicated to Capital Improvements. The Analyst believes it would be unwise to dedicate all cash funds to Capital Improvements. Such a policy would force the State to issue debt to fund new facilities and it would not provide substantive change in the State's maintenance backlog.

*Building Board  
Response to Audit*

This year the Building Board focused on a Legislative Audit that recommended maintenance funding at a level of two to four percent of the aggregate current replacement value of facilities. The Board interprets this to mean that *Capital Improvement* funding should be set at two to four percent. In fact, the two to four percent recommendation cited by the Auditor included routine maintenance as well as exceptional maintenance such as AR&I. In 1999 the Analyst calculated that the State expends more than \$100 million annually on regular maintenance in addition to Capital Improvement funding. Even if the regular maintenance amount were exactly \$100 million, the State would be spending 3.17 percent of the replacement value of its buildings every year:

<b>Maintenance Funding</b>	
Regular Maintenance	\$100,000,000
AR&I	<u>\$39,594,000</u>
	<u><u>\$139,594,000</u></u>
Replacement Value	\$4,399,333,333
Maintenance Percent	3.17%

*Maintenance Backlog  
can not be eliminated  
in one year.*

The maintenance backlog accrued over 100 years and accelerated over the last forty years. Facilities built during the large capital expansions of the 1960s and 1970s are now reaching the end of their life cycle and must be significantly upgraded or replaced. Statute restricts capital improvement funding to projects with a total cost of less than \$1 million. To assume that the Capital Improvement program can resolve all maintenance backlog needs is to assume that the \$400 million backlog can be addressed \$1 million at a time. The Analyst supports the Capital Improvement program and supports efforts to increase the amount of funds available for the program. However, the Analyst also believes that the best way to address the maintenance backlog is to prioritize capital development projects that restore large buildings and erase significant portions of the backlog at one time. Most importantly, the Legislature should realize that it has made a significant commitment to erasing the backlog through the Capital Improvement process. Minimum funding for capital improvements this year will be more than two and a half times the amount dedicated for the program in Fiscal Year 1994.

*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 percent, raising the level of funding by approximately \$9 million. The increase can be handled within next year's existing base budget but cash for capital developments will be more limited. The Analyst supports this increase because it will accelerate elimination of the backlog by raising annual expenditures to nearly 3.5 percent of the replacement value of State buildings. The Analyst prefers an accelerated rate since the backlog increased over the course of many years when funding lagged behind need.



*FY 2001 AR&I  
Funding*

Capital improvement funding continues to increase, reaching \$36,753,000 in Fiscal Year 2001.

Capital Improvement Expenditures					
	Higher Education	Public Education	General Government	Law Enforcement	Total
<b>FY 2001</b>	17,462,500	1,270,500	15,311,300	2,708,700	36,753,000
<i>FY 01 %</i>	48%	3%	42%	7%	
<b>FY 2000</b>	15,842,300	1,687,800	13,044,100	2,983,800	33,558,000
<i>FY 00 %</i>	47%	5%	39%	9%	
<b>FY 1999</b>	17,231,543	2,638,435	9,565,535	3,037,937	32,473,450
<i>FY 99 %</i>	53%	8%	29%	9%	
<b>FY 1998</b>	13,235,366	2,938,200	14,197,632	1,681,900	32,053,098
<i>FY 98 %</i>	41%	9%	44%	5%	
<b>FY 1997</b>	12,667,800	1,969,200	12,171,500	2,333,100	29,141,600
<i>FY 97 %</i>	43%	7%	42%	8%	
<b>FY 1996</b>	9,059,350	1,069,900	6,431,550	1,963,800	18,524,600
<i>FY 96 %</i>	49%	6%	35%	11%	
<b>FY 1995</b>	5,605,100	555,000	7,678,100	1,465,000	15,303,200
<i>FY 95 %</i>	37%	4%	50%	10%	
<b>FY 1994</b>	4,536,600	635,700	7,270,200	1,894,400	14,336,900
<i>FY 94 %</i>	32%	4%	51%	13%	
<b>Average</b>	<b>Higher Education</b>	<b>Public Education</b>	<b>General Government</b>	<b>Law Enforcement</b>	<b>Increase FY 94-01</b>
<b>FY 94-01</b>	44%	6%	41%	9%	256%
1994-1997: Law enforcement category includes Courts, Corrections and Public Safety.					
1998-2001: Law enforcement category includes above plus Youth Corrections.					

*Statewide AR&I  
Issues*

In FY 2001 the Building Board allocated more than \$5.3 million in capital improvement funds for “Statewide funding issues.” Statewide funding issues are listed in the table below.

Project	FY 2000	FY 2001
Facility Audits	\$215,000	\$215,000
Condition Assessments	700,000	950,000
Energy Program	815,700	800,000
Scanning of Documents	80,000	125,300
Topographical Surveying	50,000	42,000
DFCM CAD Standards	150,000	132,000
Hazardous Materials	850,000	801,500
Emergency Power Source (Generators)	354,000	
Paving PM	250,000	350,000
Paving UCI	150,000	235,000
Roofing PM	200,000	500,000
Roofing UCI	300,000	300,000
Roofing - Seismic		300,000
Emergency Roofing	200,000	300,000
Emergency Funds	300,000	200,000
Land Option		100,000
<b>Total - Statewide Issues</b>	<b>\$4,614,700</b>	<b>\$5,350,800</b>

### 3.2 Capital Developments and Planning

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

	2000	2001	2002	Est/Analyst
<b>Financing</b>	<b>Actual</b>	<b>Estimated</b>	<b>Analyst</b>	<b>Difference</b>
General Fund	17,384,400	11,702,300	42,505,400	30,803,100
General Fund, One-time		(1,600,000)		1,600,000
Uniform School Fund	8,134,000	11,816,100	7,298,000	(4,518,100)
Transportation Fund, One-time		611,000	1,399,000	788,000
Federal Funds	3,662,500	1,170,000	6,286,700	5,116,700
Dedicated Credits Revenue	9,028,000	428,000	18,235,800	17,807,800
Dedicated Credits - GO Bonds	54,501,200	8,600,000		(8,600,000)
Transfers - Project Reserve Fund		2,189,200		(2,189,200)
Transfers - Youth Corrections		130,000		(130,000)
Transfers/Donations	4,949,000		40,000,000	40,000,000
<b>Total</b>	<b>\$97,659,100</b>	<b>\$35,046,600</b>	<b>\$115,724,900</b>	<b>\$80,678,300</b>
<b>Expenditures</b>				
Other Charges/Pass Thru	97,659,100	35,046,600	115,724,900	80,678,300
<b>Total</b>	<b>\$97,659,100</b>	<b>\$35,046,600</b>	<b>\$115,724,900</b>	<b>\$80,678,300</b>
<b>FTE/Other</b>				

#### 3.2.1 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 steam lines that must be repaired. The replacement plan adopted last year by the Legislature called for construction of a utility tunnel to house steam lines and water pipes. Last year the Analyst offered the following recommendation in regard to utility tunnels:

*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.*

**The Analyst continues to believe that this is the best long term option for the State and recommends an appropriation of \$29,713,400 to complete the project.** Total cost for the project totals \$38,912,300, \$400,000 less than anticipated during the 2000 Legislative Session.

*Heat Plant  
Funding Plan*

Original estimates for the project exceeded \$41 million. The additional cost included USU's desire to erect a parking structure on the site of the current heat plant. The Analyst believes that the costs of removing the existing heat plant structure and construction of the new parking facility should be borne by the University's auxiliary enterprises that include campus parking.

### 3.2.2 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. As it prepared to renovate the building, several options were considered including phased remodeling, relocation of capitol functions to other buildings and construction of surge space on Capitol Hill.

The options account for costs associated with storing art and equipment, moving employees and leasing new space. These costs are fairly straightforward and change little from one scenario to the next.

The four options formally considered by the Board were as follows:

1. Phased Construction to keep the Capitol open;
2. Close the Capitol and lease space during construction;
3. Close the Capitol and build an extension
4. Close the Capitol and use the State Office Building as the temporary Capitol.

*Option A: Phased  
Construction  
\$90,379,000*

The idea of phased construction provides problems with cost, safety and noise. Closing part of the Capitol for renovation while continuing to hold the Legislative session seems impractical. Phasing construction will add as much as nine months to the project, increasing the price of the total project. If construction crews are asked to cease work from January to March, the costs escalate even more as crews have to ramp-up and take down equipment.

Construction equipment and staging areas would take up a significant portion of the grounds and interior work would present a hazard to legislators, staff and the public. Even if construction areas are walled off, the space available for staff, citizens and lobbyists would shrink substantially and committee meetings would have to be held in the State Office Building.

Lease costs in this scenario may be overstated as one might expect a critical number of Legislative and Gubernatorial staff to remain in the building throughout the construction period. The real cost in this scenario is the cost associated with an extended construction cycle – estimated to be \$69 million based on conversations with general contractors. Even if this estimate is three times too high, the cost would be \$23 million.

*Option B: Close  
Capitol, lease space:  
\$36,518,000*

Almost all costs (\$32 million) associated with this plan come from leases. It would be fairly easy (but expensive) to locate Capitol staff in leased space. The difficulty is in finding appropriate space to conduct a legislative session. The plan estimates that the Salt Palace could be rented for three months over four sessions at a total cost of nearly \$15 million. These costs include laying phone and computer lines, installing tote boards and providing gallery space. At the end of four years, the State will have spent more than \$30 million and will have nothing to show for it. Even so, it is significantly cheaper than *Option A* and is less disruptive than *Option D*. One down side to this plan is that public access during the session will be more difficult unless a parking agreement could be reached with Salt Lake City.

*Option C: Close  
Capitol, build surge  
space  
\$37,955,000*

This option provides the least impact by creating a new extension to the north of the existing capitol building. The extension would increase secured parking and provide enough space to permanently house staff and temporarily accommodate legislative sessions. Moving and storage costs are minimized since there will be only one move and most artwork and equipment can be used in the new wing. This option also provides an option to create appropriate office space for legislators within the Capitol Building.

*Option D: Use SOB  
as temporary  
Capitol  
\$27,445,000*

The State Office Building provides critical elements needed for the session: meeting rooms, network and phone systems and office space for staff. However, using the SOB requires two major employee movements – the first requiring Administrative Services to vacate the building into leased or new space and the second moving Capitol staff to the building. The SOB would need approximately \$10 million in renovations to create chambers and meeting rooms that would serve the Legislature and allow access to the public. Lease costs for displaced executive branch divisions will exceed \$3.5 million annually (the four year construction cost comes in at about \$14 million, but the DAS lease will continue). With a permanent lease, it seems likely that proposals would arise to use the lease as a funding source to fund the “lease purchase” of a new building for Administrative Services.

Although this scenario is the least costly option of the four, it is the least costly because the only consideration is costs directly associated with the Capitol project. This option could lead to the purchase of a new office building for the Department of Administrative Services, leaving the State Office Building to be used by the Legislature and Governor. An advantage to this plan is that it allows for the creation of appropriate legislative meeting space within the Capitol while Capitol staff from both Executive and Legislative branches remain housed in the SOB.

*Other Options*

The Analyst considered other options that the Capitol Preservation Board did not formally address. In addition to the options listed above, the Analyst considered the possibility of holding Legislative Sessions at Fair Park, the University of Utah or the LDS Conference Center. Each of these facilities could house legislative activities but present problems with interim meetings, staff office space or public access.

<i>Option A: Hold Session at Fair Park</i>	The Fair Park site offers the most accessible venue for the public. However, telephone infrastructure on the Fair Grounds would need major upgrades to handle traffic. Since there is not much office space at the Fair, there would be a significant cost to house Capitol staff – perhaps as much as \$17 million. There would also be substantial renovation costs to provide computer lines, meeting space and public galleries.
<i>Option F: Hold Session at University of Utah</i>	The Student Union at the University of Utah has two ballrooms and office space that could be used to temporarily house both the Legislature and Capitol staff. The facility is part of the University's Auxiliary services, so the State would still have to pay lease costs for the space. The facility would also need to be renovated to allow public access to chamber galleries. Parking is already a major problem on campus – the impact of a Legislative Session on parking facilities would likely be overwhelming.
<i>Option G: Hold Session at LDS Conference Center</i>	The LDS Conference Center is certainly large enough to house the Legislative Session. The main auditorium and theatre provide ample gallery space for chamber activities. Even if the LDS church agreed to allow such a use during the Session, there is still a problem with locating committee rooms, housing staff, conducting interim meetings and providing adequate parking.
<i>Problems with Moving</i>	One of the difficulties of moving legislative sessions off of Capitol Hill is finding adequate parking and gallery space for the public. Option C above is the most desirable of plans offered because it accommodates elected officials, staff and the public while investing expenditures in a capital asset rather than lease payments. If investing in a capital asset is preferable, then it may be worthwhile to find a State agency or higher education institution that may need a facility in the near future.
<i>Option: Hold Session at New Facility on SLCC's West Jordan Campus</i>	Salt Lake Community College will open its West Jordan campus in January of 2001, initially serving 1500 to 2000 students. Campus growth will include a shared applied technology education facility to be built by the Jordan School District next year. The master plan ultimately calls for a full campus similar in size to the Redwood Road Campus. College administrators envision a request in the near future for a student center to be funded with student fees. Student centers are built with meeting rooms, large open spaces, food preparation areas and office space. The Legislature may consider building a student center on the West Jordan campus that could easily be adapted to serve as temporary legislative space. There would be ample parking, the ability to allow for public access, office space for staff and accommodations for interim meetings. The Governor could office from the Kearns Mansion until completion of the Capitol renovation project. Once the Capitol is re-opened, the building can be turned over to SLCC students whose fees will fund the entire project.

**Recommendation**

The Analyst believes that the most prudent path to take in this project is to build an extension to the Capitol that will serve as the temporary home of the Legislature during the four years of renovation. This is a unique project that will impact State government for another 100 years. An extension will expand access, create meeting space for legislators and allow for changing needs throughout the next century. Even though Legislators officially serve part time, more and more Members are spending significant amounts of time at the Capitol. Already there is demand for individual meeting space – an extension to the Capitol provides an opportunity to move staff out of the Capitol Building, thus freeing space for elected officials to work and meet with their constituents. By providing \$40,991,600 the Capitol Preservation Board can construct surge space to house Legislative functions during Capitol restoration and base isolation. The amount also provides sufficient funds to seismically upgrade the parking plaza behind the Capitol so that it can continue to be used during the main renovation phase.

**To further the work of the Capitol Preservation Board, the Analyst recommends an appropriation of \$12,491,600 in General Fund and \$28,500,000 in Olympic Special Revenue to build a Capitol extension and to retrofit the plaza to make it seismically sound.**

### 3.2.3 Standardized Classroom Buildings

*Potential cost savings less than promised*

At the January 4, 2001 meeting of the State Building Board, DFCM Stated that standardizing classroom buildings will save the State as much as fifteen percent if projects are grouped and built together using a design-build process. The Analyst prefers using design-build as a way to accelerate projects, save money and transfer risk to vendors. The package developed by DFCM does not rise to the ten percent savings expected by the Governor, much less the fifteen percent anticipated by DFCM. In fact, the standardization process offers less than eight percent savings on the total construction budget and is just over six percent for the entire package, including soft costs. It seems that savings from bidding, designing and constructing the packages together should offer greater savings to the State.

*Analyst Adjustments*

In Analyzing details of DFCM construction estimates, the Analyst found fees that seem to be related directly to design located in the “soft costs” of each project. To account for this, the Analyst shows design fees that include management services and “special services” for estimating and scheduling. Since the Analyst believes that estimating and scheduling are costs that should be funded in DFCM’s base budget, the amounts charged to each project for those services is removed from the Analyst’s recommended maximum. The Analyst also removed funding for “percent for the arts” – given the great needs for facilities, it seems that art departments within each school could provide sufficient artwork. Other deductions of note are found below as part of each project’s write up.

	CEU Main Bldg.	UVSC Classroom Bldg.	WSU Davis Campus	USU Engineering	Total Package	Projected Savings
Total Construction	\$8,641,642	\$14,773,714	\$16,554,856	\$14,101,140	\$54,071,352	4,243,869
Escalation	201,351	644,134	1,008,192	616,220	\$2,469,897	112,386
Design Fees	510,475	1,235,558	1,257,747	1,026,497	\$4,030,277	270,000
Furnishings & Equipment	969,370	790,000	2,565,000	1,997,255	\$6,321,625	
Other Soft Costs	667,666	1,510,244	2,616,006	1,480,549	\$6,274,465	
<b>Total Cost</b>	<b>\$10,990,504</b>	<b>\$18,953,650</b>	<b>\$24,001,801</b>	<b>\$19,221,661</b>	<b>\$73,167,616</b>	<b>\$4,626,255</b>
Design Fee Percentage	5.91%	8.36%	7.60%	7.28%	7.45%	6.36%
Construction Percentage	78.63%	77.95%	68.97%	73.36%	73.90%	n/a
	CEU Main Bldg.	UVSC Classroom Bldg.	WSU Davis Campus	USU Engineering	Total Package	Projected Savings
Gross Square Feet	64,929	116,429	90,714	101,460	373,532	373,532
Cost per GSF	\$169	\$163	\$265	\$189	\$196	(\$12.39)
Net Square Feet	45,450	81,500	63,500	60,828	251,278	251,278
Cost per NSF	\$242	\$233	\$378	\$316	\$291	(\$18.41)
Net to Gross Ratio	70%	70%	70%	60%	67%	n/a
Construction \$/GSF	\$133	\$127	\$182	\$139	\$145	(\$11)
Construction \$/NSF	\$190	\$181	\$261	\$232	\$215	(\$17)
Analyst Adjustments	(\$163,404)	(\$248,950)	(\$888,201)	(\$1,927,261)	(\$3,227,816)	
<b>Recommended Maximum</b>	<b>\$10,827,100</b>	<b>\$18,704,700</b>	<b>\$23,113,600</b>	<b>\$17,294,400</b>	<b>\$69,939,800</b>	



*CEU Main Building**Five Year Book Page B4*

The College of Eastern Utah amended its request for replacement of the Main Building this year, taking the Geary Theater out of the request. This is a change informally supported by the Legislature for three years and one that allowed the project to leap to the top of the Regents priority list. The Geary Theater stands next to the Main Building, connected by a corridor that is not vital component of either facility. Although the Geary Theatre is aging and could use some repairs and an expansion, the Analyst held that it should stand on its own merits rather than piggyback on the Main Building project.



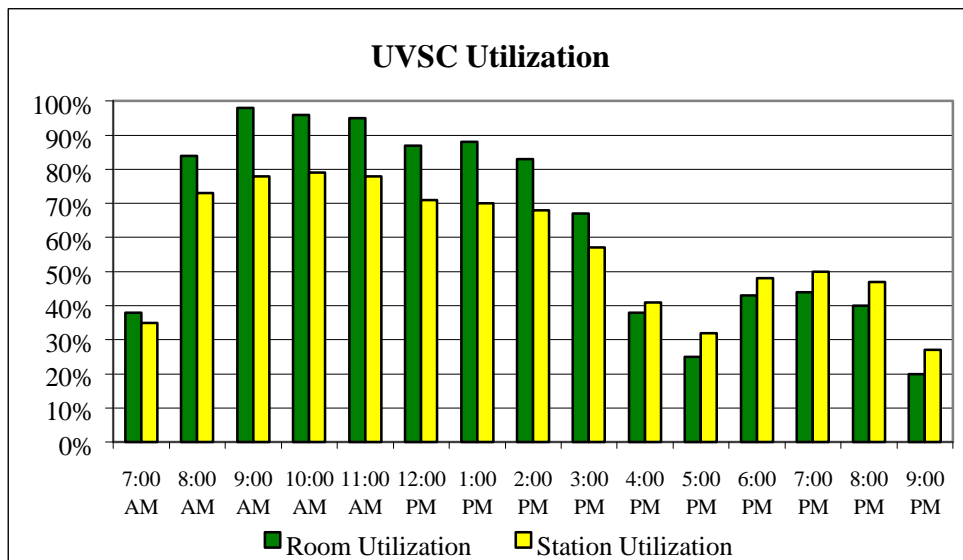
*Figure 1: Window air conditioners provide relief from an inadequate cooling system.*

The proposed project for CEU will replace the Main Building facility which currently houses classrooms, administration and distance learning facilities. There are numerous life safety issues with the building, most notably a central exiting plan that could trap staff and students on both ends of the building if a fire were to break out. The Analyst recommendation ranks this facility as the top Statewide priority, not including Capital Improvements and the final funding of the Utah State University Heat Plant. **The Analyst recommends an appropriation of \$10,827,100 to replace the CEU Main Building. This includes \$163,400 in savings from public arts, planning and special services.**

## UVSC Classroom Building

Five Year Book Page 10

Enrollment at Utah Valley State College continues to surge. Growth over the last ten years averaged eight percent per year – and tripled the growth in square footage. Given the lack of a plan to cap enrollment and a College strategy to add fifteen upper division programs over the next two years, the Analyst expects to see UVSC's growth continue. The Legislature may want to take a more in-depth look at the long range mission of UVSC to ensure that its growth will not outstrip the overall role that the College plays in the Statewide education structure.



In the meantime the College has tremendous space needs that can be addressed this year with the addition a new classroom facility. **The Analyst recommends an appropriation of \$18,704,700 to add a prototypical classroom building to the Orem campus. This includes reductions totaling \$248,950 for public arts and special services.**

## USU Engineering Building

Five Year Book Page B7

Were it not for the catastrophic nature of risk posed by the Heat Plant at Utah State University, the top priority for USU last year would have been the Engineering Building. The Engineering Building comprises two key components. The first is a central facility that creates dangerous code issues due to open stairwells and an HVAC system that uses corridors for air return. In the instance of a large fire, hallways would fill with smoke and those inside would have to use open stairwells to exit. The second key component is a classroom/auditorium that blocks access to disabled students and lacks any sort of resistance to even minor seismic activity.

Two years ago when the University presented this project to the Legislature, cost estimates exceeded \$36 million to seismically stabilize the classroom structure and to remodel the central building. The Analyst noted at that time that the Legislature could fund a new building at that cost and USU responded by rethinking their request. The new request calls for the addition of a new classroom building, a more modest remodel of the central facility and the demolition of the old classroom/auditorium building. This new plan will add approximately 74,000 square feet at a projected cost of \$33 million. Utah State University plans to raise \$10 million of the total, bringing the State cost to \$21 million.

In developing a recommendation, it seems prudent to ensure that the University raises its promised \$10 million before all funds are encumbered. Therefore, the Analyst recommends initial funding of \$21 million to complete the entire project. However, **the Analyst recommends that \$17,294,400 be used to construct the new classroom and laboratory building and recommends that the balance of State funds be placed in escrow.** This amount includes \$1,927,261 in savings calculated by removing funding for public art, the planning fund, furnishings and equipment. Furnishings and equipment can be funded from donated funds promised by the University to complete the entire project.

USU Engineering	
Total Project Cost	\$33,237,900
Donated Funds	10,000,000
<b>Total State Funds</b>	<b>\$23,237,900</b>
New Construction	17,294,400
Balance	5,943,500

Once the classroom project is underway, the remaining balance of State funds should be held in escrow by DFCM until USU raises the full \$10 million promised. To ensure the funds are not spent prior to having the cash in hand, the Analyst offers the following intent language:

*It is the intent of the Legislature that DFCM use \$17,294,400 to erect a new Engineering lab and classroom building at Utah State University and place \$5,943,500 in escrow to be matched against \$10 million in non-State funds raised by the University. It is further the intent of the Legislature that no State funds be expended on the remodel of the USU Engineering Building until the University has all \$10 million in hand.*

*WSU Davis  
Campus*

*Five Year Book Page B14*

Five years ago the Legislature purchased 106 acres for a new higher education campus in Layton, just south of Hill Air Force Base. Weber State provides many night classes in local high schools but lacks sufficient space in its current Davis facility to offer a full array of classes during the day. Given that thirty-five percent of all WSU students live in Davis County, USHE officials are confident that an expanded daytime program will be successful on the Layton Campus.

Last year the Legislature appropriated funds to Weber State to provide programming money for the facility. It appeared that the campus would be a top priority during the 2002 General Session but unexpected budget surpluses provide the Legislature an opportunity to take care of this need in FY 2002.



*Figure 2: WSU Davis Campus - formerly a Mountain Fuel office facility*

The Analyst is concerned that the \$24 million estimate provided by DFCM is too high – especially given that the project is similar in scope to the just completed SLCC Jordan Campus. SLCC's project cost approximately \$22.2 million for a somewhat elaborate 75,000 square foot facility with a central heating plant and a \$3.6 million utility tunnel. Even considering significant differences in site preparation costs and escalation, the Analyst believes the Davis County facility should be comparable in cost to the SLCC Jordan Campus facility.

**The Analyst recommends including the Weber State University Davis County building in the standardized building program at a cost not to exceed \$23,113,600.** This includes \$888,200 in savings from eliminating programming money, public art, special services fees and connection fees. The Analyst believes that Weber State should pursue non-State funding to finance the \$450,000 cost of connecting utilities to the campus.

*Expected Savings  
from grouping  
projects*

Recommendations above reflect the cost of each project built as a stand alone project. DFCM proposes to build all four projects as part of one design-build project, thus saving the State approximately \$4.6 million. The Analyst is disappointed that DFCM estimates are less than half of those publicly promised but is encouraged that four projects can be combined to achieve some level of savings. The Analyst's recommendation above assumes a pre-package price of \$69,939,800. **To achieve the package savings, The Analyst recommends offsetting expenditures of \$4,626,300 to reflect the savings to be achieved through the standardization project.** The Analyst further recommends the following intent language in regard to the standardization plan:

*It is the intent of the Legislature that DFCM create a bid package to design and construct classroom/laboratory facilities at the College of Eastern Utah, Utah Valley State College, Utah State University and Weber State University (Davis Campus). It is further the intent of the Legislature that DFCM demonstrate that the final bid price and final cost of the four building package will not exceed \$65,313,500.*

### 3.2.4 Engineering Initiative and the U of U

The Legislature is considering plans to implement a comprehensive engineering initiative that will greatly expand capacity for programs at the University of Utah and Utah State University (Facility needs for Utah State University are discussed above.) If the initiative is to be successful the University of Utah will need to quickly upgrade capital facilities dedicated to the teaching and advancement of new technology. The University plans to raise \$30 million toward a \$50 million total project that calls for remodeling the existing Merrill Engineering Building (MEB) and constructing a new high-tech facility for computer science and bio-engineering programs.

#### *Merrill Engineering Building*

Modern engineering programs create an impossible situation in the forty year old Merrill Engineering Building. Students build projects in hallways and common areas, professors use office space tucked under stairwells, there are no firewalls and there is only one women's restroom. DFCM estimates that the project will cost \$5,005,800. As with the USU project discussed above, the Analyst recommends that funding for planning, furnishings and equipment come from University funds as part of their internal reallocation or fundraising. The Analyst also removed a \$40,000 "user fee" described as "U of U fees and services." This fee is more properly paid from discretionary funds controlled by the Dean or the President. **With these changes, the Analyst recommends an appropriation of \$4,618,800 to remodel the Merrill Engineering Building on the University of Utah Campus.**

The second phase of the project calls for the creation of a new engineering building to house computer science and bio-engineering programs. The University is confident that it can raise \$30 million to fund two-thirds of a \$45 million project that will create a State of the art facility for high-tech engineering. **The Analyst supports this project and recommends that the Legislature provide \$15 in an escrow account to be expended after the University completes its fundraising efforts.** To accomplish this, the Analyst recommends the following intent language as part of a \$19,618,800 appropriation:

*It is the intent of the Legislature that DFCM use \$4,618,800 to remodel the Merrill Engineering Building at the University Of Utah and place \$15,000,000 in escrow to be matched against \$30 million in non-State funds raised by the University. It is further the intent of the Legislature that no State funds be expended on the new Engineering Building until the University has all \$30 million in hand.*

### 3.3 Higher Education Non State Funded 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 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 Non-State Funded Projects					
Agency	Project	Amount	Source of Funds	Requested O/M	Recommended O/M
Utah State	HPER Building Expansion	\$3,500,000	Donation	\$90,000	\$60,000
	Engineering Building Remodel	\$10,000,000	Donation	\$481,000	\$296,000
U of U	Moran Eye Center II	\$38,700,000	Donation	\$660,000	\$540,000
	E.E. Jones Medical Science Addition	\$7,000,000	Donation	\$133,000	\$100,000
	Huntsman Cancer Research Hospital	\$70,000,000	Donation		
	Museum of Natural History	\$60,000,000	Federal/Donations	\$782,250	
	Hospital Expansion	\$25,000,000	Hosp. Revenue		
SLCC	Cafeteria Remodel/Student Study Center	\$6,000,000	Student Fees		
Dixie College	Gardner Student Center Expansion	\$1,500,000	Student Fees		
	Hurricane Education Center	\$440,000	Donation	\$24,750	\$18,000
SUU	Shakespearean Festival Performing Arts Bldg.	\$60,000,000	Donation		
Corrections	Wasatch Family History Center	\$375,000	Donation	\$14,400	\$13,600

#### *Recommended O&M*

The Analyst recommends operation and maintenance funding of \$4 per square foot. This amount is the current cost for DFCM maintained buildings.

As facilities come online they carry an impact for routine operation and maintenance. Legislative policy requires agencies to acknowledge State funded obligations when requesting non-State funded buildings. In the past, the Legislature expressed concern that O&M funds were not considered in acceptance of non-State funded buildings. Agencies also expressed frustration that O&M funds often were not appropriated once facilities were approved. To bridge this gap, committee chairs of the Capital Facilities and Administrative Services subcommittee now communicate with chairs of operational committees that will be affected by future O&M requests. While this is not a guarantee of future funding, it is an attempt to use as much information as possible in accepting buildings.

#### *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. O&M requests for the University of Utah are for research space and public museum space – each of the projects listed meet Regent guidelines to request funding but the Legislature may not view these projects as part of a school's core mission to teach students. The Analyst believes that if these projects are approved, State funding should not be more than \$4 per square foot. The Analyst agrees that other non-State projects requested by the Regents should not be eligible for future operation and maintenance funds or capital improvement dollars.

### 3.4 Public Education

#### Ogden Weber ATC Land Purchase

*Five Year Book Page 21*

Residential land adjacent to the Ogden Weber ATC property became available for purchase over the summer. The four acre lot is on the northwest corner of campus and will provide future growth space for community training programs. OWATC obtained a fair appraisal for the property and the Analyst agrees that purchase of this property would further State educational interests. **Therefore, the Analyst recommends the Legislature appropriate \$364,000 to purchase the four acres adjacent to the Ogden Weber ATC campus.**

### 3.5 General Government

#### *Utah Field House of Natural History*

*Five Year Book Page B8*

One of the top priorities for the Department of Natural Resources is to upgrade the natural history museum operated by the Division of Parks and Recreation in Vernal. The fossil specimens collected by researchers at the museum rival those of any collection in the United States but the display areas are severely lacking and pose a constant threat to artifacts and employees. Following multiple plans to meet perceived goals of the Legislature and Building Board, DFCM and DNR agreed to a plan that would completely replace the facility on its existing site for an estimated \$6.8 million in State funds. The Analyst removed an additional \$1.1 million in State funds by using an additional \$500,000 from the community or federal sources and by deducting \$600,000 in “exhibit design” than is properly the role of scientists employed at the museum. **Based on these reductions, the Analyst recommends State funding of \$5,741,000 to replace the Utah Museum of Natural History in Vernal.**

#### *Workforce Services*

*Five Year Book Page B13*

For the past three years the Legislature attempted to fund an expansion of the Cedar City Employment Center. For each of those years, the project fell victim to other pressing Statewide needs. The current facility is too small to house all employees, so workers are spread across two buildings. This makes it difficult to provide services for clients and encroaches on space used by other State agencies. An expansion will bring all of DWS Cedar City together and will provide needed space for the Department of Health. There are Federal funds available for the purchase this year. Use of Federal funds for DWS buildings is a common practice and the Federal Government already owns an equity interest in the current facility. The Analyst believes that the expansion will be a great benefit to DWS in Cedar City and recommends the following intent language:

*It is the intent of the Legislature that the Department of Workforce Services shall use \$1,187,000 in Federal Funds to expand its Cedar City Offices.*

*UDOT**Five Year Book Page C18-20*

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

- ◆ UDOT's request to replace the Richfield Warehouse is now in its third year. The Department believes it satisfied concerns expressed by the Legislature and will now have support from key stakeholders in the area. The current warehouse lacks climate control to store water based paving paint. The building is no longer able to accommodate modern equipment and the lack of a sprinkler system creates a hazard to employees and equipment.
- ◆ The Roosevelt and Echo Stations are too narrow to allow trucks to pull all the way in when they have a plow mounted on the front. This makes it difficult to perform routine maintenance or to repair vehicles during winter months. Provided funds are available in the Transportation program, the Analyst recommends remodeling for each of these stations. However, the Analyst notes that although the two projects are identical in nature, the Echo station carries an estimated price that is \$100,000 higher than the Roosevelt Station. Given that similar proposals offered two years ago were requested at \$250,000, the Analyst believes that both of these projects can be completed for \$300,000 each.

<b>Recommended UDOT Projects</b>	<b>Trans. Fund</b>	<b>New O&amp;M</b>
Roosevelt Maintenance Project	\$300,000	\$14,880
Richfield District Warehouse	\$699,000	\$28,000
Echo Maintenance Complex	\$300,000	\$8,480
Total	<u>\$1,299,000</u>	<u>\$51,360</u>

*UDOT Surplus Property*

UDOT owns maintenance facilities and property in locations that developers may find very desirable. Last year, the Legislature gave the Department the ability to complete "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. The Analyst is concerned that 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 that is not fully advertised and bid has great potential to create the appearance of a "sweetheart deal." To prevent this from happening, the Legislature requires UDOT to inform the Legislature of any pending deal if it is to occur during the interim. Although the program is new, the Analyst believes the Department will act in accordance with Legislative intent should a potential trade arise.



**DABC***Five Year Book Page C14-16*

The Utah Department of Alcoholic Beverage Control funds all operations through sales of liquor, wine and heavy beer. Profits from sales fund programs such as free and reduced lunch and returns more than \$30 million a year to the General Fund for appropriation. As a true enterprise fund, DABC must fund growth within its revenue. The Analyst recommendation reflects an appropriation for a new store in south Salt Lake County, replacement of the Magna store and an expansion and upgrade of the warehouse. If approved, DABC will issue revenue bonds to fund construction. Sales revenue will provide a funding source to amortize the debt.

- ♦ *South Valley Store* – growth in southern Salt Lake County exceeds the capacity of the Sandy store to provide service to customers. DABC is considering several locations to place the new store and will consult with local officials before settling on a site. The new store will cost \$1,498,000.



Figure 3: Magna - The last full service ABC store



Figure 4: Logan - Example of new self service store

- ♦ *Magna Store* – the Magna Store is the last of the old full-service stores. The store is a shotgun style layout with a counter in front and a small self service area. To make a purchase patrons “order” what they want and employees gather it for them. Magna’s recent growth spurt makes the store too small to provide quality service and sufficient selection. The new store will likely remain on old Main Street and will cost \$957,000.
- ♦ *Warehouse Expansion* – DABC’s warehouse on 9<sup>th</sup> West in Salt Lake City is too small to fully serve all package stores. Merchandise is stored in loading areas, aisles and in front of doorways. An expansion will add an automated racking system that will store new merchandise, pull requested merchandise and track rotation to ensure freshness. The system can be added to the rear of the facility and will enhance productivity while providing cubic storage space that could not be managed with a traditional forklift. Cost for the expansion is \$8,281,000 and should provide sufficient space for ten years.

**To allow DABC to continue its mission, the Analyst recommends approval of revenue bonds totaling \$10,736,000.** Debt Service will be funded from Agency revenue.

### 3.6 Corrections Facility Policy and Federal Funds

#### *VOI/TIS*

Last year the Department of Corrections requested funding 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. The Department was unable to find a suitable site for the transition center and will carry forward some \$2.7 million in Federal Funds this year to combine with an anticipated \$3.3 million in Fiscal Year 2002. The VOI/TIS program provides States with funds to offset the cost of giving longer sentences to violent offenders. The funds may be used for building new beds or for contracting with the private sector to house non-violent offenders to free up beds for more difficult inmates. Since the funds are one-time in nature, the Analyst believes that the State should use this source to construct new beds for adult and youth offenders.

#### **Youth Corrections**

*Five Year Book Page B19*

The Division of Youth Corrections operates as part of the Division of Human Services. Over the last ten years, the Division constructed new facilities around the State to house youth offenders. With the opening of a new facility in Richfield, only the Canyonlands region is operating with the older multi-use facility. The Division is still working with San Juan County to determine if the 24 bed facility location will be in Monticello or Blanding. The Analyst believes that construction of this facility represents the State's best use of Federal VOI/TIS money for Fiscal Year 2002.

Members of the Capital Facilities and Administrative Services Subcommittee expressed concern that youth correctional facilities may be overbuilt when gyms with hardwood floors are added to the design. While the Analyst understands the programmatic need for indoor exercise space, it is clear that programming does not require hardwood floors with thirty foot ceilings. This design adds construction costs and is expensive to heat and cool. According to DFCM, the cost savings from not constructing the high ceiling gym could fund an additional eight beds within a facility. To encourage savings on this project and future facilities the Analyst recommends the following intent language be applied to the funding of the Canyonlands Youth Detention Center:

*It is the intent of the Legislature that the Division of Youth Corrections use \$5,100,000 in Federal VOI/TIS funds to construct a 32 beds detention center in the Canyonlands Region.*

*It is the intent of the Legislature that Youth Corrections provide programmatic exercise space at the lowest cost possible both for construction and ongoing operations when constructing new facilities.*

## Department of Corrections

### Oxbow Jail Purchase

Five Year Book Page B19

The Department of Corrections continues to seek funding for purchase of Salt Lake County's Oxbow Jail. The Department plans to use it as a women's prison, requesting \$21,151,000 to purchase the jail, two adjoining houses and to construct a UCI facility on site. The Department first proposed the Oxbow purchase at the August interim meeting of the Law Enforcement and Criminal Justice Committee. At that time, the Department claimed land value for the 14.83 acre site topped \$9.7 million. This figure was repeated at the October 4, 2000 meeting of the State Building Board as evidence of the great value the State would receive through the Oxbow purchase. The Department presented documents that demonstrated a total cost of \$20.6 million, but the final request came in more than \$500,000 higher:

<b>Oct. 4 Oxbow Presentation</b>	
Facility Purchase	\$17,725,000
Remodel	2,378,375
Home Purchase	500,000
<b>Total</b>	<b>\$20,603,375</b>
Request	\$21,151,000
Difference	(\$547,625)

Source: Utah Department of Corrections, October 4, 2000

Given that the Department request included the \$9.7 million in land costs as justification for the value of the purchase, the Analyst was pleased to learn that DFCM re-evaluated the land cost, finding that the actual value of the land was closer to \$1.5 million. Unfortunately, this discrepancy did not result in a reduction in the cost of the facility.

Regardless of the land price, the total purchase price for the facility is prohibitive. With 552 beds, the per bed cost rises to more than \$38,000. Furthermore, the entire Oxbow facility is based on a dormitory setting and the Department likely will need further remodeling money to create cells for more violent offenders who can not be housed in an open setting.

### Five Year Projection

As the Department presented its plan to purchase the Oxbow Jail they provided the Legislature with a five year projection estimating inmate growth at 325 inmates per year. The Department attached a facility list to the inmate projections to show how they planned to handle future growth:

<b>DOC Facility Plan</b>	
Growth (325 per year)	1625
CUCF II	288
County Jails	300
Oxbow	552
Outsourced	400
CUCF III	192
CUCF IV	192
<b>Total</b>	<b>1924</b>
Difference	299

*Low cost beds  
are possible*

Two years ago the Department built a 300 bed minimum security dormitory in Draper for \$12,000 per bed. At the time, the Legislature commended the Department for finding ways to house inmates at dramatically lower costs. Rather than spending \$21 million to purchase a ten year old facility, the Analyst believes that the Department should develop a plan similar to the one implemented two years ago that would find ways to construct facilities on the Draper site where there would be no land costs and special populations could be housed in “softer” settings, thus freeing up “hard” beds for more problematic inmates.

*County Beds as an  
alternative*

Several Counties within the State built large facilities to house State inmates and charge rates nearly 1/3<sup>rd</sup> less than the cost of housing State inmates. At \$43.95 per day (plus about \$6 for transportation and medical costs), the county system offers a great alternative to the \$60 per day that the State must spend to house inmates in DOC facilities. Additionally, this saves the State capital money and debt service that is not included in the daily operational rate. The Department agrees that housing inmates in county facilities closer to their families provides enhanced programming as well:

“Gang activity, drug use and violent behavior is much, umch less at the county jails than it is at (State prisons).” Wallace Shulsen, DOC Deputy Director of Inmate Placement. Quoted from the Deseret News, January 14, 2001.

When the Department of Corrections uses county facilities to house inmates, it saves the State money in both operations and facility costs while enhancing rural economies. The Analyst is concerned that counties may continue to add beds beyond State capacity, over-building to the point that the State may have to bail out local governments when supply outstrips demand. To strike a balance between value to the State and a risky surplus of beds, the Analyst offers the following intent language:

*It is the intent of the Legislature that the Department of Corrections use county jail contracting in preference to the purchase or construction of State owned facilities. It is further the intent of the Legislature that the Department of Corrections present an annual report to the Legislature showing approved county contract expansions to ensure that supply does not exceed the State’s need.*

### 3.7 Court Facilities

*Cache County  
Court*

*Five Year Book Page B22*

Last year the Legislature provided funding to purchase land and begin design of the Cache County Courts. The First District Court occupies leased space in a county building that is rapidly deteriorating and no longer can meet the needs of the Cache County. The County would like to replace the facility with a new building but can not proceed until the State moves out. **The Analyst recommends an appropriation of \$11,593,800 to complete the expansion of the Cache County First District Court Facility.** This recommendation is \$726,200 less than the DFCM estimate due to removal of the furnishings budget, art funding and “special services.”

### 3.8 Summary of All Projects

The Analyst recommends that as the Legislature determines the most appropriate uses for available funds that facility needs are considered as a top priority. The Analyst recommends an appropriation of \$100,970,400 in FY 2001 Uniform School Fund to complete the Utah State University Heat Plant and to construct the standardized building project described above. Should the Legislature choose to use only the \$89 million in the FY 2002 capital budget for facilities, the Analyst would recommend the following projects be the top priorities:

<b>Project</b>	<b>FY 2002</b>
Capital Improvements	39,594,000
USU Heat Plant	29,713,400
College of Eastern Utah	10,827,100
UU Merrill Eng. Remodel	5,000,000
State Capitol Planning	<u>4,262,900</u>
<b>Total</b>	<b><u>89,397,400</u></b>

When considering all sources of funds, the Analyst recommendation for facilities totals \$520 million in new or expanded facilities. The recommendation employs just over \$100 million in FY 2001 funds to expand the State facility program without adding new general obligation debt. Recommended revenue bond projects use direct revenue collections to fund debt service and donated projects exceed \$200 million. If additional funds become available, the Analyst recommends three additional projects for funding:

<b>Project</b>	<b>Rec. Funding</b>
Dixie Graff Fine Arts Building	14,088,800
Snow College Performing Arts	16,806,800
SUU Main/Braithwaite Restoration	<u>5,000,000</u>
<b>Total</b>	<b><u>35,895,600</u></b>

The next page contains a table that brings together all funding sources for all projects recommended for approval in the 2001 General Session.

**FY 2001 Analyst Recommendation – All Projects**

Project	FY 2001 USF	General Fund	Uniform School Fund	Trans. Fund	Federal Funds	Revenue Bond	Non-State Funds	Total Project	Cumulative Total	Annual O/M
Capital Improvements		\$22,594,000	\$17,000,000					\$39,594,000	\$39,594,000	N/A
<i>Capital Developments</i>										
USU Heating Plant Design	29,713,400						\$10,000,000	\$39,713,400	39,713,400	N/A
CEU Main Building	10,827,100							\$10,827,100	50,540,500	139,000
UVSC Classroom Building	18,704,700							\$18,704,700	69,245,200	
USU Engineering Building	23,237,900							\$23,237,900	92,483,100	
WSU Davis Campus	23,113,600							\$23,113,600	115,596,700	
Package Savings	(4,626,300)							(\$4,626,300)	110,970,400	
Ogden-Weber ATC Land Purchase			364,000					\$364,000	111,334,400	
U of U Engineering Building		12,679,000	6,934,000				\$30,000,000	\$49,613,000	160,947,400	
Cache County Courts		11,593,800					300,000	\$11,893,800	172,841,200	
Capitol Remodel		12,491,600					28,500,000	\$40,991,600	213,832,800	
Utah Field House of Natural History		5,741,000					1,000,000	\$6,741,000	220,573,800	
Canyonlands Youth Corrections Facility					5,100,000			\$5,100,000	225,673,800	
DWS Cedar City Office					1,186,700			\$1,186,700	226,860,500	
DABC Warehouse Expansion						8,281,000		\$8,281,000	235,141,500	
DABC Magna Store						957,100		\$957,100	236,098,600	
DABC South Valley Store						1,497,700		\$1,497,700	237,596,300	
UDOT Richfield Warehouse				799,000				\$799,000	238,395,300	
UDOT Echo Station				300,000				\$300,000	238,695,300	
UDOT Roosevelt Station				300,000				\$300,000	238,995,300	
USU HPER Expansion							3,500,000	\$3,500,000	242,495,300	60,000
USU Engineering Building							10,000,000	\$10,000,000	252,495,300	296,000
UU Moran Eye Center II							38,700,000	\$38,700,000	291,195,300	540,000
UU Jones Medical Science Addition							7,000,000	\$7,000,000	298,195,300	100,000
UU Huntsman Cancer Research Hospital							70,000,000	\$70,000,000	368,195,300	
UU Museum of Natural History							60,000,000	\$60,000,000	428,195,300	
UU Hospital Expansion							25,000,000	\$25,000,000	453,195,300	
SLCC Cafeteria/Technology Infrastructure						6,000,000		\$6,000,000	459,195,300	
Dixie Student Center Expansion						1,500,000		\$1,500,000	460,695,300	
Dixie Hurricane Education Center							440,000	\$440,000	461,135,300	18,000
SUU Shakespearean Perf. Arts Building							60,000,000	\$60,000,000	521,135,300	
Corrections Wasatch Family History Ctr.							375,000	\$375,000	521,510,300	13,600
<b>Total</b>	\$100,970,400	\$65,099,400	\$24,298,000	\$1,399,000	\$6,286,700	\$18,235,800	\$344,815,000	\$561,104,300	\$561,104,300	836,000

**Building Board Ranking**

<b>B.B. Rank</b>	<b>Agency/Institution</b>	<b>Project</b>	<b>Cost</b>
<b>Capital Improvements</b>			
1	DAS/DFCM	Capital Improvements	\$ 39,594,000
<b>Critical Projects</b>			
2	Utah State University	Central Heat Plant	\$ 29,713,000
3	College of Eastern Utah	Main Building Complex Replacement	\$ 10,281,000
4	Snow College	Performing Arts Center	\$ 18,009,000
5	Dixie College	Fine & Performing Arts Center	\$ 14,904,000
6	Utah State University	Eng. Bldg Renovation/Replacement	\$ 23,857,000
7	Parks & Recreation	Utah Field House of Natural History	\$ 6,841,000
8	Courts	Cache County First District Court	\$ 12,320,000
9	Utah Valley State College	Classroom Building	\$ 18,950,000
<b>Urgent Projects</b>			
10	Salt Lake Community College	Auto Trades Building Adaptive Reuse	\$ 4,800,000
11	University of Utah	UT Museum of Fine Arts Adaptive Reuse	\$ 2,669,000
12	Workforce Services	Cedar City Center Remodel/Addition	\$ 1,187,000
13	Weber State University	Davis Campus Building/Infrastructure	\$ 24,000,000
<b>Important Projects</b>			
14	Southern Utah University	Teacher Ed/General Classroom Bldg.	\$ 19,146,000
15	Uintah Basin ATC	Vernal Branch Campus	\$ 6,719,000
16	National Guard	Vernal Readiness Center	\$ 2,655,000
17	Wildlife Resources	Southeastern Regional Office	\$ 1,083,000
18	Human Services	Canyonlands Youth Corrections	\$ 5,097,000
19	Corrections	Oxbow Women's Facility	\$ 19,500,000
<b>Land Purchases</b>			
1	Ogden Weber ATC	Land Purchase	\$ 364,000
2	Courts	Sandy Court Land Purchase	\$ 950,000
<b>Total Project Cost</b>			<b>\$ 262,639,000</b>
<b>Projects Prioritized by Board of Regents not Ranked by Building Board</b>			
n/a	SLCC	Health Sciences Building	
n/a	CEU	San Juan Center Building	
n/a	Dixie	Student Services Center	

### Utah System of Higher Education Priority List

<b>Regents</b>			
<b>Rank</b>	<b>Agency/Institution</b>	<b>Project</b>	<b>Cost</b>
1	Utah State University	Central Heat Plant	\$ 29,713,000
2	Dixie College	Fine & Performing Arts Center	\$ 14,904,000
3	College of Eastern Utah	Main Building Complex Replacement	\$ 10,281,000
4	Utah State University	Eng. Bldg Renovation/Replacement	\$ 23,857,000
4	Utah Valley State College	Classroom Building	\$ 18,950,000
4	Salt Lake Community College	Auto Trades Building Adaptive Reuse	\$ 4,800,000
7	Southern Utah University	Teacher Ed/General Classroom Bldg.	\$ 19,146,000
8	Snow College	Performing Arts Center	\$ 18,009,000
9	Weber State University	Davis Campus Building/Infrastructure	\$ 24,000,000
10	SLCC	Health Sciences Building	\$ 18,000,000
11	University of Utah	UT Museum of Fine Arts Adaptive Reuse	\$ 2,669,000
12	CEU	San Juan Center Building	
13	Dixie	Student Services Center	
<b>Total Project Cost</b>			<b>\$ 184,329,000</b>

### Utah State Board of Education Priorities

<b>USOE</b>			
<b>Rank</b>	<b>Agency/Institution</b>	<b>Project</b>	<b>Cost</b>
1	Ogden Weber ATC	Land Purchase	\$ 364,000
2	Uintah Basin ATC	Vernal Branch Campus	\$ 6,719,000
<b>Total Project Cost</b>			<b>\$ 7,083,000</b>



**4.0 Table**

	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
<b>Financing</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated</b>	<b>Analyst</b>
General Fund	44,168,900	46,061,900	47,310,300	35,541,800	65,099,400
General Fund, One-time				13,400,000	
Uniform School Fund	1,000,000	11,000,000	11,816,100	11,816,100	24,298,000
Uniform School Fund, One-time		10,500,000			
Transportation Fund, One-time	3,177,300	2,118,900		611,000	1,399,000
Federal Funds	2,700,000	3,505,800	3,662,500	1,170,000	6,286,700
Dedicated Credits Revenue	33,407,600	59,868,600	9,028,000	428,000	18,235,800
Dedicated Credits - GO Bonds	55,145,400	48,505,300	54,501,200	8,600,000	
Transfers/Donations		686,300	4,949,000		40,000,000
Transfers - Project Reserve Fund				2,189,200	
Transfers - Youth Corrections				130,000	
<b>Total</b>	<b>\$139,599,200</b>	<b>\$182,246,800</b>	<b>\$131,267,100</b>	<b>\$73,886,100</b>	<b>\$155,318,900</b>
<b>Programs</b>					
Capital Improvements	29,980,600	31,893,500	33,558,000	36,753,000	39,594,000
Capital Planning	153,000	40,000	50,000	2,086,500	
Capital Development	109,465,600	150,313,300	97,659,100	35,046,600	115,724,900
<b>Total</b>	<b>\$139,599,200</b>	<b>\$182,246,800</b>	<b>\$131,267,100</b>	<b>\$73,886,100</b>	<b>\$155,318,900</b>
<b>Expenditures</b>					
Other Charges/Pass Thru	139,599,200	182,246,800	131,267,100	73,886,100	155,318,900
<b>Total</b>	<b>\$139,599,200</b>	<b>\$182,246,800</b>	<b>\$131,267,100</b>	<b>\$73,886,100</b>	<b>\$155,318,900</b>
<b>FTE/Other</b>					