

Compendium of Budget Information for the 2014 General Session

Infrastructure and General Government Appropriations Subcommittee

Agency: Capital Budget

Line Item: Capital Development Fund

Function

Capital developments include renovations or other projects costing \$2,500,000 or more, new facilities costing \$500,000 or more, or real property purchases needing an appropriation for financing. The Legislature uses this line item to appropriate funds for construction of new capital developments. The Legislature divides capital developments into two types: state-funded developments and "other"-funded developments.

Background

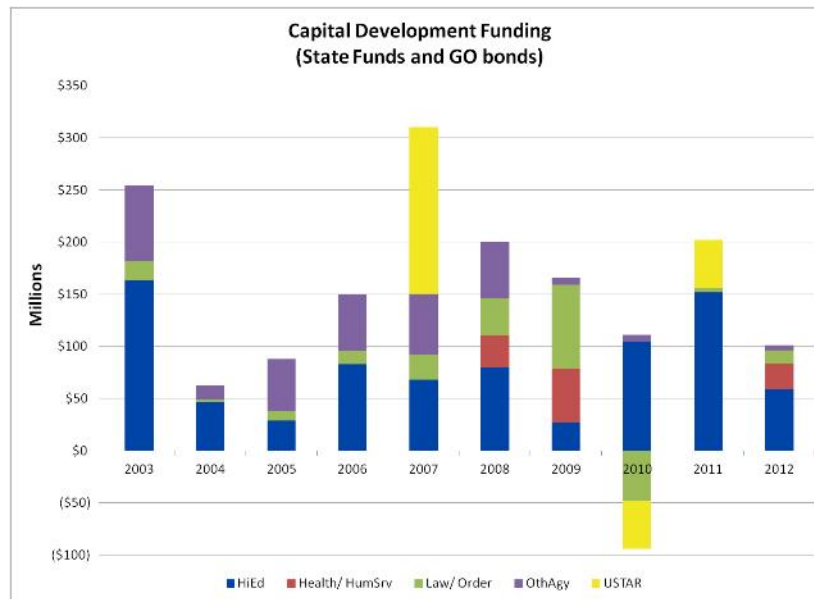
STATE-FUNDED CAPITAL DEVELOPMENTS

For purposes of capital developments, 63A-5-104(1)(A) defines "state funds" as public monies appropriated by the Legislature.

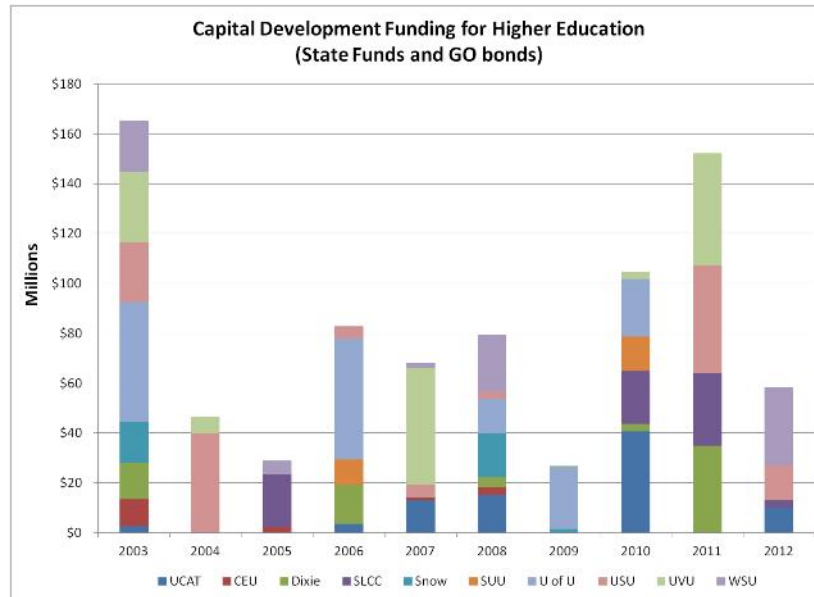
Each October the State Building Board meets to fulfill its statutory responsibility to determine its capital development priorities and recommendations on behalf of all state agencies and institutions. There is no queue for projects - each year projects are prioritized based on merit. This avoids lining up projects that may or may not meet changing state or institutional priorities.

The Legislature enacted statute during the 2013 General Session that states the Legislature may not authorize the new building or facility until the Legislature appropriates funds for: (a) the portion of operations and maintenance, if any, that will require an immediate or future increase in state funding; and (b) the portion of capital improvements, if any, that will require an immediate or future increase in state funding.

The following chart shows a ten year history of state funded capital developments by State agency groupings. Note that in FY 2010 the Legislature removed \$46 million of funding for USTAR buildings (subsequently restored in FY 2011) and \$52 million of funding for the Gunnison prison expansion.



The following chart shows a ten year history of state funded capital developments for higher education by institution.



OTHER-FUNDED CAPITAL DEVELOPMENTS

For purposes of capital developments, statute defines state funds as public monies appropriated by the Legislature. By extension, other funds include any monies from non-state sources that the Legislature does not directly appropriate, such as donations or revenue bonds (which the Legislature approves, but does not appropriate).

Each October the State Building Board hears and determines recommendations for all other-funded requests submitted by higher education institutions and state agencies. These projects bring value to the state by using donations, fees, restricted funds, or federal funds instead of state tax funds to construct buildings. However, these projects also represent new operational costs, fuel and power costs, assets to maintain, and (in some cases) revenue bond commitments.

Unlike state-funded buildings, other-funded buildings may not receive funding for O&M (if eligible to receive such) until the projects are completed. Appropriations subcommittees that oversee the operational budgets of the entities requesting other-funded projects recommend budget increases for O&M. The chairs of the Infrastructure and General Government Appropriations Subcommittee communicate anticipated O&M costs to chairs of those subcommittees.

Since other funds are not appropriated by the Legislature, the Legislature approves these types of projects in a bill other than an appropriations act.

Intent Language

The Legislature intends that the Courts may use existing funds to enter into a High cost Lease agreement that may include a lease-purchase option for the Juab County Courthouse.

The Legislature intends that before bids are issued and a contract awarded on the Ogden Courts Building, that the Department of Environmental Quality shall certify that the site is remediated to state and federal standards. The Legislature further intends that the total amount appropriated to this building and site is \$29,300,000. Any additional costs due to site or environmental remediation will come from these project funds, which may include downsizing of the building to cover remediation requirements and construction costs and change orders.

Funding Detail

During the 2008 Second Special Session the Legislature replaced \$30 million in ongoing state funds (General Fund or Education Fund) in this line item with one-time funds thereby eliminating all ongoing funding.

During the 2008 General Session the Legislature funded a Department of Corrections inmate housing project in Gunnison with \$54.5 million of General Fund. These funds were transferred to the Capital Projects Fund (as are all state-funded projects) to await planning, design, and construction. In the 2009 General Session, the Legislature removed \$52 million from Capital Projects Fund for the Gunnison prison project in order to balance the budget. The remaining \$2.5 million left in the project was used for planning and design. The table below shows the \$54.5 million appropriation and a \$54.5 million expenditure as a result of the transfer to the Capital Projects Fund. However, the final \$52 million reduction to the project is not shown.

In addition to removing the \$52 million for the Gunnison prison, the 2009 Legislature also removed \$46 million of cash for USTAR buildings from the capital projects fund; which was replaced in the 2010 G.S. by G.O. bonds. The 2009 Legislature further removed \$30 million of cash for the Salt Lake multi-agency office building and the Snow College library from the capital projects fund and replaced those funds with bonding. Neither reduction affected this line item.

The Legislature authorized bonds in FY 2010 and FY 2012 instead of cash-funded appropriations to construct capital development projects; therefore, the table below does not show state funding for FY 2010 or 2012. In FY 2012 the Legislature appropriated \$12.7 million from the Veterans' Nursing Home restricted account to construct nursing homes in Utah and Washington counties.

COBI contains unaudited data as presented to the Legislature by state agencies at the time of publication. For audited financial data see the State of Utah's Comprehensive Annual Financial Reports.