

# Compendium of Budget Information for the 2014 General Session

## Infrastructure and General Government Appropriations Subcommittee

### Agency: Capital Budget

#### ***Function***

The Capital Budget funds new construction, major remodeling, alterations, repairs, improvements, real estate, roofing, and paving projects.

The Capital Budget is divided into five line items:

1. Capital Developments
2. Capital Improvements
3. Property Acquisition
4. Land Banking
5. DFCM Planning Fund

#### ***Statutory Authority***

UCA 63A-5-104 defines "Capital Developments" as one of the following:

- A remodeling, site, or utility project with a cost of \$2,500,000 or more
- A new facility with a construction cost of \$500,000 or more
- A purchase of real property where an appropriation is requested to fund the purchase

The same statute defines "Capital Improvements" as one of the following:

- A remodeling, alteration, replacement, or repair project with a total cost of less than \$2,500,000
- A site and utility improvement with a total cost less than \$2,500,000
- A new facility with a total construction cost of less than \$500,000

UCA 63A-5-103 requires the State Building Board to develop and maintain a Five-Year Building Program for submission to the governor and Legislature that includes:

- A priority list of new building construction
- Detailed information for each project recommended in the first two years of the plan

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- A summary of Contingency Reserve and Project Reserve balances
  - Information about state leased facilities
  - The results of facility condition assessments including the cost of needed improvements

UCA 63A-5-104(2) requires the State Building Board to submit its capital development recommendations and priorities to the Legislature for approval and prioritization. The Board makes recommendations on behalf of all state agencies, commissions, departments, and institutions.

UCA 63A-5-104(3) states that a capital development project may not be constructed without legislative approval unless:

- The Building Board determines that a requesting agency or institution has provided adequate assurance that state funds will not be used for construction, operation and maintenance (O&M), or future capital improvements of the facility, and the new facility is consistent with the needs of the institution and the state
- The renovation, remodeling, or retrofitting of an existing facility will be done with non-state funds
- Facilities will be built with non-state funds and owned by non-state entities within research park areas at the U of U or USU
- Facilities will be built at This is the Place State Park
- Projects are funded by the Navajo Trust Fund or Uintah Basin Revitalization Fund, and do not provide a new facility for a state agency or higher education institution
- Projects are on school and institutional trust lands and funded from the Land Grant Management Fund, and do not provide a new facility for a state agency or higher education institution
- The project will be constructed by UDOT as a result of an exchange of real property under UCA 72-5-111; however, when UDOT approves these exchanges it must notify the Senate President, House Speaker, and Capital Facilities and Government Operations appropriations subcommittee co-chairs about any new facilities to be built under this exemption

UCA 63A-5-104(4) requires the State Building Board, on behalf of all state agencies and institutions, to submit by January 15 of each year a list of anticipated capital improvement requirements to the Legislature. Unless otherwise directed by the Legislature, the Building Board must prioritize capital improvements from the list submitted to the Legislature up to the level of money appropriated. In an emergency situation the Building Board may reallocate capital improvement funds.

The State Building Board may provide capital improvement funding to a single project, or to multiple projects within a single building, even if the total cost of the project(s) is more than \$2,500,000, if the project(s) will take more than one year to complete and the Legislature has affirmatively authorized the project(s).

UCA 63A-5-104(6) Prohibits the Legislature from funding the design or construction of any new capital development projects, except to complete projects already begun, until the Legislature has appropriated 1.1 percent of the replacement cost of existing state facilities to capital improvements. However, during a time of budget deficit, the Legislature may reduce the appropriation to 0.9 percent of the replacement cost of existing state facilities. The 1.1 percent and 0.9 percent requirements do not apply to fiscal years 2009 through 2014.

"Replacement cost" is determined by the Division of Risk Management, except for auxiliary facilities as defined by the Building Board.

The Building Board may make rules allocating to institutions and agencies their proportionate share of capital improvement funding.

UCA 63A-5-104(9) declares the intention of the Legislature to fund at least half of the capital improvement requirement with the General Fund.

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UCA 63A-5-104(11) declares at least 80% of the state funds appropriated for capital improvements shall be used for maintenance or repair of the existing building or facility.

UCA 63J-1-601(3)(d) prohibits transfers from a line item of any agency or institution into the Capital Projects Fund without the prior express approval of the Legislature.

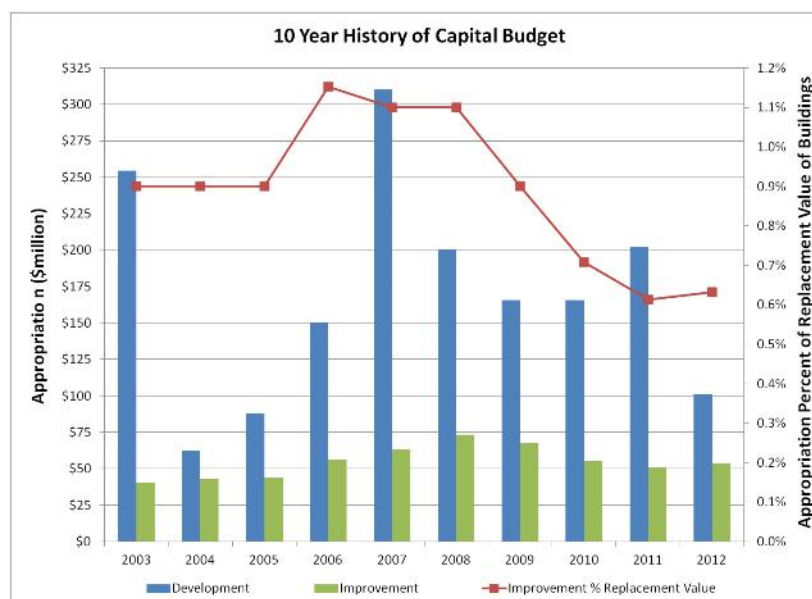
### ***Special Funds***

The Project Reserve Fund is a subfund of the Capital Project Fund required by law to receive funds resulting from construction bids coming in under budget and any residual funds left over when a capital project is completed. The reserve fund may only be used by DFCM to award construction bids that exceed the amount budgeted. However, the Legislature retains the right to make appropriations from the fund for other building needs, including the cost of administration. The Project Reserve Fund ended FY 2013 with a balance of \$6.0 million.

The Contingency Reserve Fund receives funds based on a statutory percentage of construction cost which ranges from 4.5 percent to 6.5 percent for new construction, and from 6 percent to 9.5 percent for remodeling projects, depending on the size and complexity of the project. The Contingency Reserve Fund is used for unforeseen project costs, the majority of which are construction change orders. The Legislature may re-appropriate these funds to other building needs, including administrative costs, in any amount that is determined to be in excess of the reserve required to meet future contingency needs. The Contingency Reserve Fund had a balance of \$7.4 million at the end of FY 2013.

### ***Funding Detail***

The following chart shows a ten year history of capital improvement and capital development funding (state funds and general obligation bonds).



The table shown below includes all appropriations in the capital budget. It does not show bond proceeds or other non-appropriated (for example, donated) funds.

In FY 2010 and FY 2012 the Legislature funded a portion of the Capital Improvement budget from the Project Reserve Fund. The Fund had significant balances in those years as a result of favorable construction bids and sizable residuals on major construction projects.

In FY 2008 and FY 2009 the Legislature appropriated excess funds from the Contingency Reserve Fund to the Property Acquisition and Land Banking line items.

**Table 1: Operating and Capital Budget Including Expendable Funds and Accounts**

Sources of Finance	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
General Fund	\$20,167,300	\$20,167,300	\$0	\$20,167,300	\$2,619,700	\$22,787,000
General Fund, One-time	\$16,625,000	\$83,800,000	\$0	\$83,800,000	(\$9,318,200)	\$74,481,800
Education Fund	\$21,571,800	\$21,571,800	\$0	\$21,571,800	\$2,418,500	\$23,990,300
Education Fund, One-time	\$41,675,000	\$57,500,000	\$1,000,000	\$58,500,000	\$84,884,500	\$143,384,500

Veterans' Nursing Home Fund	\$0	\$0	\$0	\$0	\$0	\$0
Project Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$100,039,100</b>	<b>\$183,039,100</b>	<b>\$1,000,000</b>	<b>\$184,039,100</b>	<b>\$80,604,500</b>	<b>\$264,643,600</b>

Line Items	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
Capital Development - Higher Education	\$24,175,000	\$58,500,000	\$1,000,000	\$59,500,000	\$50,700,000	\$110,200,000
Capital Development - Other State Government	\$1,625,000	\$36,300,000	\$0	\$36,300,000	\$12,400,000	\$48,700,000
Capital Development - Public Education	\$0	\$0	\$0	\$0	\$1,500,000	\$1,500,000
Capital Improvements	\$71,739,100	\$87,739,100	\$0	\$87,739,100	\$12,504,500	\$100,243,600
Property Acquisition	\$2,500,000	\$500,000	\$0	\$500,000	\$3,500,000	\$4,000,000
<b>Total</b>	<b>\$100,039,100</b>	<b>\$183,039,100</b>	<b>\$1,000,000</b>	<b>\$184,039,100</b>	<b>\$80,604,500</b>	<b>\$264,643,600</b>

Categories of Expenditure	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
Other Charges/Pass Thru	\$100,039,100	\$183,039,100	\$1,000,000	\$184,039,100	\$80,604,500	\$264,643,600
<b>Total</b>	<b>\$100,039,100</b>	<b>\$183,039,100</b>	<b>\$1,000,000</b>	<b>\$184,039,100</b>	<b>\$80,604,500</b>	<b>\$264,643,600</b>

**Table 8: Capital Project Funds**

Sources of Finance	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
Transfers	\$322,156,100	\$0	\$383,590,100	\$383,590,100	(\$332,651,000)	\$50,939,100
Beginning Fund Balance	\$150,200,500	\$0	\$38,763,700	\$38,763,700	(\$16,409,900)	\$22,353,800
Ending Fund Balance	(\$38,763,700)	\$0	(\$22,353,800)	(\$22,353,800)	\$12,054,400	(\$10,299,400)
<b>Total</b>	<b>\$433,592,900</b>	<b>\$0</b>	<b>\$400,000,000</b>	<b>\$400,000,000</b>	<b>(\$337,006,500)</b>	<b>\$62,993,500</b>

Line Items	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
DFCM Capital Projects Fund	\$422,764,500	\$0	\$398,417,600	\$398,417,600	(\$335,424,100)	\$62,993,500
SBOA Capital Projects Fund	\$10,828,400	\$0	\$1,582,400	\$1,582,400	(\$1,582,400)	\$0
Total	\$433,592,900	\$0	\$400,000,000	\$400,000,000	(\$337,006,500)	\$62,993,500

Categories of Expenditure	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
Personnel Services	\$164,500	\$0	\$0	\$0	\$0	\$0
Current Expense	\$29,434,000	\$0	\$65,750,000	\$65,750,000	(\$40,356,500)	\$25,393,500
DP Current Expense	\$2,500	\$0	\$0	\$0	\$0	\$0
Capital Outlay	\$386,759,300	\$0	\$334,250,000	\$334,250,000	(\$296,650,000)	\$37,600,000
Other Charges/Pass Thru	\$17,232,600	\$0	\$0	\$0	\$0	\$0
Total	\$433,592,900	\$0	\$400,000,000	\$400,000,000	(\$337,006,500)	\$62,993,500

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.