

**MINUTES OF THE
INFRASTRUCTURE AND GENERAL GOVERNMENT
APPROPRIATIONS SUBCOMMITTEE MEETING**

Room 445, State Capitol

February 14, 2012

Members Present: Sen. Stuart Adams, Co-Chair
Rep. Gage Froerer, Co-Chair
Rep. Derek Brown, House Vice-Chair
Sen. Lyle W. Hillyard
Sen. David Hinkins
Sen. Mark B. Madsen
Sen. Karen Mayne
Sen. Aaron Osmond
Sen. Kevin T. Van Tassell
Rep. Fred C. Cox
Rep. Brad L. Dee
Rep. Janice M. Fisher
Rep. Craig Frank
Rep. Lynn N. Hemingway
Rep. Neal B. Hendrickson
Rep. Patrick L. Painter

Members Excused: Rep. Wayne A. Harper

Members Absent: Rep. David Butterfield
Rep. Johnny Anderson

Staff Present: Mark Bleazard, Legislative Fiscal Analyst
Gary Ricks, Legislative Fiscal Analyst
Richard Amon, Legislative Fiscal Analyst
Cami Deavila, Secretary

A list of visitors and a copy of handouts are filed with the Subcommittee minutes.

Co-Chair Adams called the meeting to order at 8:06 A.M.

1. Call to Order/ Approval of Minutes

MOTION: Rep. Hendrickson moved to approve the minutes for the January 31, 2012 and February 3, 2012 meetings. The motion passed unanimously with Sen. Hillyard, Sen. Hinkins, Sen. Madsen, Rep. Cox, Rep. Dee, and Rep. Fisher absent for the vote.

2. Requests for Appropriation

Sen. Okerlund asked for an appropriation of \$300,000 for the Automated Geographic Reference Center (AGRC). They are vital to county roads, especially rural. The money goes directly to AGRC and then counties apply for it. Counties have to match the amount of money given.

Sen. VanTassell stated that the maps have proven to be important in defining and setting boundaries and he supports the appropriation.

Rep. Wilson presented a request for a \$20,000 one-time appropriation for honoring fallen Utah Highway Patrol Troopers. House Bill 182, *Sinage Honoring Fallen Highway Patrol Officers*, will allow signs to be placed on I-15 or state roads with a safety message and a memorial for a fallen trooper. It is a request for a one-time \$20,000.

Co-chair Adams asked if the appropriation was for the materials. Rep. Wilson stated yes and the department will install the signs.

3. Department of Administrative Services Budget and Issues

Analyst Rich Amon presented the budget for the Post Conviction Indigent Defense Fund, which pays for the defense of people on death row. The Analyst recommends a FY 2013 budget of \$33,900 and a one-time appropriation of \$100,000 in FY 2012 .

The Judicial Conduct Commission oversees judicial complaints in the court system. The Analyst recommends a FY 2013 budget of \$227,800 and non-lapsing authority in FY 2012 of up to \$80,000.

The Department of Administrative Services Fees have had no major changes and the request is the same as last year.

4. Department of Administrative Services Internal Service Funds Budget and Issues

Mr. Amon explained that the General Services Internal Service Fund (ISF) administers the Mail, Cooperative Contracting, Print Services, and Surplus programs and is requesting to administer the Purchasing program in the future. As the Purchasing program moves to this ISF, instead of receiving general fund money, it will charge fees to other entities. The request to move to the ISF will reduce the General Fund appropriation to the Purchasing program as detailed in the last meeting. Internal Service Funds are governed by three items approved by the Legislature: Full Time Equivalent (FTE) positions, capital outlay authority, and rates. The General Services ISF requests capital outlay authority of \$3,510,900 in FY 2013 for copier replacement and to upgrade equipment. The Analyst recommends approval of estimated revenues of \$17,843,600, FTE of 71.2, capital outlay of \$3.5 million for FY 2013. The analyst also recommends approving the addition of 14.5 FTE and estimated revenue of \$1,225,400 for FY 2012 and 2013 to allow Purchasing to transition to an ISF.

The Fleet Operations ISF includes the Fuel Network, Motor Pool, and Travel Office programs. Fleet Operations request intent language to carry over capital outlay authority from FY 2012 to FY 2013 to buy vehicles. The ISF also requests capital outlay authority in FY 2013 of \$21,382,000 to replace vehicles in the state fleet and update the fuel network. The Analyst recommends approval of estimated revenues of \$62,248,000, FTE of 31.6, capital outlay authority of \$21,382,000 and intent language granting nonlapsing capital outlay authority. The

Analyst further recommends a transfer of \$2 million of retained earnings back to the general fund.

Sen. Mayne asked if department cars have a log as to where they go so there is accountability and justification for the car usage. The Director of Fleet Operations, Sam Lee stated that there is an audit of vehicle mileage to track which cars are being used and what can be turned in.

Rep. Hemmingway asked how many vehicles are alternate fuel, natural gas or hybrid. Mr. Lee replied 432 hybrids, a few electric and 81 natural gas out of approximately 7,300 vehicles.

Rep. Cox asked if there was a budget to convert gasoline cars to natural gas and would there be savings on a long-term basis. Mr. Lee replied that there is a fund associated with that conversion and it collects a monthly rate.

Mr. Amon continued with the Division of Facilities, Construction and Management ISF, which operates and maintains state buildings with the exception of Higher Education, Human Services, and Corrections. Each building in the state has its own fund and accounting for operations and maintenance such as grounds keeping, custodial and utilities. Each year rates are adjusted based on costs and collections. The ISF requests intent language to add up to three FTE and two vehicles if new customers request services in FY 2013. The Analyst recommends approval of estimated revenues of \$28,151,400, FTE of 141 and capital outlay authority of \$63,000.

The Risk Management ISF self-insures the state for property insurance and liability. The rates for FY 2013 have not changed, but premiums have changed based on risk factors. The Division requests an additional FTE for increasing workload issues. The Analyst recommends approval of estimated revenues of \$37,312,500, FTE of 26, and capital outlay of \$300,000 to complete the integration of new claims processing software.

The Division of Finance ISF houses the Purchasing card program. The Department of Administrative Services is requesting the consolidation of budget and accounting functions within the department into a new ISF program under Finance. The Analyst recommends approval of estimated revenues of \$250,000 for the P-card program, 1 FTE and the addition of a second FTE. The Analyst also recommends the Committee consider the Departments' request to consolidate budget and accounting functions.

DAS Internal Service Funds (ISF) Rates for FY 2013 are presented for committee approval in the Issue Brief entitled, "DAS Internal Service Fund FY 2013 Rates. The Mail Distribution is requested to increase and several building rates for the DFCM ISF are requested to be adjusted in FY 2013.

5. Debt Service Budget and Issues

Mr. Amon stated that the Debt Service budget has increased each year and is now almost half a billion dollars, most of which is to pay the bonds on transportation projects. There are currently

\$3.5 billion of General Obligation bonds outstanding. The Analyst briefly reviewed the Issue Brief, "State Debt Obligations" that describes an additional \$5 billion in debt associated with the state including the public school debt guarantee, which has \$2.5 billion of debt outstanding.

Rep. Cox asked what would happen to the debt limit if Utah Department Of Transportation (UDOT) completes the I-15 corridor under budget and they use half of that to decrease debt? Mr. Amon replied that it won't do anything to outstanding debt, but would decrease future bonding because they would not be issuing new bonds.

Mr. Amon continued explaining that the Debt Service line item had a \$12 million non-lapsing balance in FY 2011, but most of the balance is committed to future revenue bond payments. The State used to have about a \$3 billion cushion under the Constitutional Debt Limit, but now the State is at about half a billion dollars under the limit or 87 percent of the constitutional debt limit. Each year the State pays off \$300 million in outstanding debt and bonds are amortized on a 15-year schedule.

The Analyst recommends FY 2013 increases to the debt service line item of \$51,935,800 from the Transportation Investment Fund (TIF), \$8,868,300 from the Critical Highway Needs Fund (CHNF), \$882,100 from the County of the First Class Fund and a decrease of \$1,622,700 from the Centennial Highway Fund. Two adjustments are needed for FY2012 debt service: an increase of \$22,304,700 from the TIF and \$2,051,600 from the CHNF.

Mr. Amon explained that the current bond scenario to complete authorized highway projects will require bonding in FY2013 for \$185 million and in FY2014 for \$82 million. Outstanding debt under this scenario is projected to be about 90 percent of the Constitutional Debt Limit with an assumed property value decrease of seven percent. Not bonding for the \$185 million in FY 2013 would reduce the outstanding debt to 85.5% of the Constitutional Debt Limit. The Department of Transportation has enough fund balances to absorb the \$185 million without bonding; however, because of large bond payments July 1 of each year, the Department's monthly cash flow would be negative for several months. The Analyst and the Department of Transportation project that enough revenue will come in each month to end each year in the positive. The Department could borrow from state funds for the short term and pay back the funds by the end of the year. The Analyst presented this as one option the Legislature has to reduce future bonding. No action is needed, but the committee can adopt this as a resolution or the department has the authority to do it on its own.

Rep. Frank clarified that no action is needed from the subcommittee because the department can handle it internally, though, maybe uncomfortably. Mr. Amon stated that legislative action would give UDOT cover and that the Department would prefer to have Legislative direction.

Rep. Cox asked what would happen to the monthly deficit if bonding was not set at zero for 2013, but at \$85 million. Mr. Amon replied that it eliminates the monthly deficit in FY 2013 and reduces the deficit a little in FY 2014.

Mr. Amon explained the issue brief entitled "Unissued Bond Authorizations" . There was a bond authorized for the St. George Airport that wasn't needed but is still authorized in statute for \$42 million. There was also a minor number change to a bond authorization when the Oxbow prison was removed several years ago, which failed to update the numbers in statute. The Analyst recommends updating these sections of code in the next bond bill.

6. Final Action on Infrastructure and General Government Budgets

(Action items identified in the motions below refer to items in the Infrastructure and General Government Appropriations Subcommittee Budget Action document attached as Appendix 1.)

MOTION: Co-Chair Froerer moved to approve the Department of Technology Services (DTS) Budget Action Items 1, 2a, 2b and 2c. The motion passed unanimously with Sen. Hillyard, Sen. Madsen, Sen. VanTassell, Rep. Brown and Rep. Dee absent for the vote.

MOTION: Rep. Hendrickson moved to approve DTS Budget Action Items 3 and 4. The motion passed with Sen. Hillyard, Sen. Madsen, Sen. VanTassell, Rep. Brown, and Rep. Dee absent for the vote.

MOTION: Rep. Hemingway moved to approve DTS Budget Action Item 5. Co-chair Adams placed the motion. The motion passed with Sen. Hillyard, Sen. Madsen, Sen. VanTassell, Rep. Brown and Rep. Dee absent for the vote.

MOTION: Rep. Frank moved to approve the DTS Internal Service Funds Items 1 and 2. The motion passed unanimously with Sen. Hillyard, Sen. Madsen, Sen. VanTassell, Rep. Brown and Rep. Dee absent for the vote.

MOTION: Co-chair Froerer moved to approve the Capital Improvements Items 1, 2 and 3. The motion passed unanimously with Sen. Hillyard, Sen. Madsen, Sen. VanTassell, Rep. Brown and Rep. Dee absent for the vote.

MOTION: Rep. Fisher moved to approve the Department of Administrative Services Budget Items 1 through 9. The motion passed unanimously with Sen. Hillyard, Sen. Madsen, Sen. VanTassell, Rep. Brown and Rep. Dee absent for the vote.

MOTION: Co-chair Froerer moved to approve the Debt Service Items 1a, 1b, 1c, 1d, 1e, and 2. The motion passed unanimously with Sen. Hillyard, Sen. Madsen, Sen. VanTassell, Rep. Brown and Rep. Dee absent for the vote.

MOTION: Rep. Painter moved to approve the Department of Administrative Services Internal Service Fund Items 1 through 8. The motion passed unanimously with Sen. Hillyard, Sen. Madsen, Sen. VanTassell, Rep. Brown and Rep. Dee absent for the vote.

(Page numbers identified in the motions below refer to items in the Department of

Transportation Budget Action document attached as Appendix 2.)

MOTION: Sen. Osmond moved to approve the Department of Transportation Base Budget as presented on page 1 including Sources of Finance, Line Items, Other Data, and Department of Transportation Budget Increases. The motion passed unanimously with Sen. Hillyard, Sen. Madsen, Sen. VanTassell, Rep. Brown and Rep. Dee absent for the vote.

MOTION: Sen. Mayne moved to approve Construction Management intent language on page 2, excluding paragraph 2 and 3. She further moved to approve the intent language for; Engineering Services, Equipment Management, Operation/Maintenance Management, Mineral Lease, Region Management, Safe Sidewalk Construction, and Support Services on pages 2 through 4.

Rep. Painter spoke against the motion, specifically the portion that takes out the two paragraphs under Construction Management.

Co-chair Adams wanted clarification that the language is not currently in, that it is intent language they are adding. Analyst Mark Bleazard replied that is correct, all of the intent statements will go into another bill.

SUBSTITUTE MOTION: Rep. Painter moved to accept all intent language on pages 2, 3 and 4, including paragraphs 2 and 3 on page 2.

Rep. Cox would like to see the two paragraphs separately from the main motion. Co-chair Adams stated that wouldn't be in order because there is a substitute motion in front of them and Sen. Mayne's motion was dividing those out.

Sen. Osmond asked for clarification on what the issue is about and would like context about the debate. Rep. Painter replied that paragraphs 2 and 3 relate to the substantial savings on the I-15 core and Sen. Mayne's motion takes out the intent language which has been included in the budget brief. Mr. Bleazard stated that Sen. Mayne's motion would be taking out the intent language. The substitute motion is that all intent statements will be included in a bill. Co-chair Adams clarified that intent statements expire after one year so the intent language needs to be replaced in the bill. Rep. Frank asked why the course change? They are within the constitution in debt limits. He suggests holding the course and to vote for Rep. Painter's motion that includes the 2 paragraphs of intent language. Rep. Fisher added that in previous sessions there was a delicate compromise to continue on with I-15 further south and she supports Rep. Painter's motion. Sen. Madsen stated his strong support to keep the wording in. Utah County supported infrastructure in the northern part of the state and it is unfair to make Utah County wait.

Co-chair Adams placed the substitute motion. The motion passed with Co-chair Adams, Sen. Mayne and Rep. Cox voting in opposition, and Sen. Hillyard, Sen. VanTassell and Rep. Dee absent for the vote.

MOTION: Rep. Cox moved to approve the Department of Transportation fees on pages 5 and 6.. The motion passed unanimously with Sen. Hillyard, Sen. VanTassell and Rep. Dee absent

for the vote.

MOTION: Sen. Mayne moved to approve FY2012 UDOT Supplemental FTE Transfers and FY 2013 UDOT FTE Transfers on page 7 and 8. The motion passed unanimously with Sen. Hillyard, Sen. VanTassell and Rep. Dee absent for the vote.

MOTION: Rep. Froerer moved to approve the additional intent language: The Legislature intends that the Department of Transportation provide \$2,000,000 of the funds appropriated from the Transportation Investment Funds of 2005 to Tooele City for roads around the Utah State University campus. The motion passed unanimously with Sen. Hillyard, Sen. VanTassell and Rep. Dee absent for the vote.

MOTION: Rep. Froerer moved to approve the additional intent language: The Legislature intends that the Department of Transportation use maintenance funds previously used on state highways that now qualify for Transportation Investment Funds of 2005 to address maintenance and preservation issues on other state highways. The motion passed unanimously with Sen. Hillyard, Sen. VanTassell and Rep. Dee absent for the vote.

(Priorities and reallocations identified in the motions below refer to items in the FY 2013 Ongoing General Education Fund Priorities document attached as Appendix 3.)

MOTION: Rep. Froerer moved to approve the FY 2013 ongoing General/Education Fund Priorities 1 through 4.

Rep. Cox suggested striking priority number 4, the \$750,000 for the S.J. Quinney College of Law Building O&M, and suggested the University get donations instead. Rep. Brown spoke in favor of the motion to adopt the priorities as they have been read.

The motion passed unanimously with Sen. Hillyard, Sen. VanTassell and Rep. Dee absent for the vote.

MOTION: Rep. Painter moved to approve FY2013 One-time General/Education Fund Priorities Items 1 through 7. The motion passed unanimously with Sen. Hillyard, Sen. VanTassell and Rep. Dee absent for the vote.

MOTION: Rep. Brown moved to approve the FY 2013 Internal Reallocations as listed. The motion passed unanimously with Sen. Hillyard, Sen. VanTassell and Rep. Dee absent for the vote.

(Recommendations identified in the motions below refer to items in the Non-State Funded Capital Development Recommendations, 2012 G.S. document attached as Appendix 4.)

MOTION: Rep. Frank moved to approve the Non-State Funded Capital Development Recommendations. The motion passed unanimously with Sen. Hillyard and Rep. Dee absent for

the vote.

MOTION: Sen. VanTassell moved to approve Non-State Funded Projects that require O&M. The motion passed with Sen. Madsen absent for the vote.

(Priorities identified in the motions below refer to items in the State Funded Capital Development Priorities, 2012 General Session document attached as Appendix 5.)

Rep. Froerer introduced the State Funded Capital Development Priorities. Sen. Hinkins asked the committee to consider item 7 for the Utah State University (USU)/College of Eastern Utah (CEU) project because the \$50 million originally requested for University of Utah (U of U) was dropped to \$25 million. Sen. Osmond asked if \$25 million would get the University of Utah (U of U) what they need. U of U Associate Vice President for Facilities, Mike Perez stated that the minimum requirement is \$38 million of authorization to enter into contracts. The University could make do with a cash flow of \$25 million but would need to have intent language to enter into contracts valued at \$38 million. Sen. Osmond asked what will happen if they don't get the allocation or authorization. Mr. Perez stated that it will constrain them, slow the process down, and may cost more money. Sen. Osmond asked if there were private funds that could be allocated to the project. Mr. Perez replied no. Sen. Hinkins asked if the subcommittee had ever received a copy of the project plan. Mr. Perez stated that it had been forwarded to the subcommittee. Rep. Hemingway asked what the risk to students is if the money is not allocated. Mr. Perez stated that there is no risk to people other than losing power and being a disruption to activities on campus. Rep. Hemingway stated that there was a question of long-term delivery items. Mr. Perez replied that a commitment of \$38 million is needed to order materials.

MOTION: Rep. Frank moved to approve the State Funded Capital Development Priorities Items 1 through 6 and Item 8 and put the U of U amount at \$37 million.

SUBSTITUTE MOTION: Sen. Hinkins moved to approve Items 1 through 8 on the State Funded Capital Development Priorities. The motion passed unanimously.

MOTION: Rep. Hendrickson moved to adjourn.

Co-Chair Admas adjourned the meeting at 9:56 A.M.

Minutes were reported by Cami Deavila, Senate Secretary

Sen. Stuart Adams, Co-Chair

Rep. Gage Froerer, Co-Chair