

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

Room 445, State Capitol

January 27, 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. Karen Mayne
Sen. Aaron Osmond
Sen. Kevin T. Van Tassell
Rep. David Butterfield
Rep. Fred C. Cox
Rep. Brad L. Dee
Rep. Lynn N. Hemingway
Rep. Neal B. Hendrickson
Rep. Patrick L. Painter
Rep. Craig Frank

Members Excused: Rep. Wayne A. Harper

Members Absent: Sen. Mark B. Madsen
Rep. Johnny Anderson
Rep. Janice M. Fisher

Staff Present: Mark Bleazard, Legislative Fiscal Analyst
Gary Ricks, Legislative Fiscal Analyst
Richard Amon, Legislative Fiscal Analyst
Ruby J. Roberds, Secretary

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

1. Call to order/Approval of Minutes

Co-Chair Froerer called the meeting to order at 8:03 a.m. There were no minutes to approve.

2. Capital Improvement Budget and Issues

a. Capital Improvement

Bill Sederberg, Commissioner of Higher Education, explained the building needs of higher education. There is a new process in prioritizing the needs in building facilities and an increasing

need for more facility space on campuses. The regents have established a two-part process. One is a quantitative analysis, where the regents look at future projected needs, amount of private funds given and functionality of buildings. The second is a qualitative component. Bob Marquardt, Regent, Higher Education, has taken the quantitative data, added the qualitative analysis to it, as he and a committee visit all campuses. The committee has looked at all the growth needs, condition of the facilities, program requirements for accreditation, critical infrastructure needs and satellite branch campuses.

Mr. Marquardt explained that his committee has prioritized the list by looking at the point structure and their own observations at each campus and all projects are worthy and in need of funding. The top priority on the list is the University of Utah (U of U) Infrastructure Project which is in a critical situation with frequent power outages and decaying infrastructure, causing inconsistent power throughout the whole campus. The next priorities on the Regent's list are the Weber State University's and Snow College's Science Buildings. Science, Technology, Engineering and Math (STEM) programs are a big priority for higher education and both Weber State and Snow have an inadequate science building with a high volume of students taking classes.

Sen. Mayne asked why the U of U project wasn't done a little at a time, instead of waiting until catastrophe mode. Mr. Marquardt replied that the state spent the savings of bulk purchased power for other purposes instead of giving it back to the University of Utah to maintain that system. There have been tight budget years so this wasn't funded. Commissioner Sederberg added that the regents consider this proposal a shared responsibility between the state and the institution, with half from the state and half from institutional resources.

Co-Chair Adams asked for clarification on how utilities are reimbursed. Commissioner Sederberg stated that historically there was an effort that the state would pay, but with budget cuts it has shifted to come out of institutional funds. Regent Marquardt added that the bill is allocated out of all revenue sources of the institution, part comes from instructional, part from health sciences and part from research funding.

Greg Stauffer, Associate Commissioner of Higher Education, mentioned that part of the issue is a smaller campus can use the allocated \$2.5 million to keep facilities in decent shape on an annual basis. The dilemma is that \$2.5 million at a time is not enough for an institution with a \$125 million asset for infrastructure.

Co-Chair Adams said that it is his understanding that money for utility bills are not taken out of programs, or departments, they get allocated and paid in arrears. Mr. Stauffer replied that is correct, institutions get appropriations for the amount of fuel and power needs in the amount of the bill. There was a two to three year period that the state budget didn't allow for the significant increase in power bills and some campuses put in student fees to make up the difference.

Sen. Hillyard stated that this isn't something that can be done one year and wait four years to pick it up again. This is a crucial issue for the U of U. Every school's infrastructure should be in place before any new buildings are built. The state should pay off the facilities to get it done, and take

an in-depth look at the infrastructure problem. A long-term plan is needed. Capital improvements alone are not enough.

Rep. Cox asked what would happen if the state funds part of that \$50 million and then can't come up with the additional amount, and what is the smallest amount they could take to fund the project? Commissioner Sederberg stated that the U of U is an old institution and has grown rapidly and the aging infrastructure has caught up with them. An infrastructure study needs to be done. Regent Marquardt stated that an infrastructure study would be done as soon as the Space Standard Study is complete.

Sen. Hillyard stated that this is only one list, and that there will also be other state buildings. The entire state building infrastructure needs to be looked at before it is too late. In 10 years the state will have a big problem.

b. FY 2013 Capital Improvement Requests.

Analyst Rich Amon gave an overview of capital improvements budget. The state approves \$2.5 million for smaller projects to improve infrastructure. The state has a statute that requires an appropriation of 1.1% of the replacement value of all buildings to the Capital Improvement line item. During FY2006, FY2007, and FY2008 the funding exceeded the 1.1% level; however, when the recession hit funding declined and was considered a rainy day fund. Currently the funding is at 0.5%, which makes it out of compliance with the statute. The legislature needs to make a decision to either not fund any capital development, to fund the 1.1%, which will add \$52 million on-going into the budget, or run a bill exempting the state from following the statute, which has happened for the last 3 years. The building board allocates the budget based on the size of the institution and the need. The subcommittee was referred to a list of requests for FY 2013 from all the institutions and agencies. The action required from this committee is to strike out any project they don't agree with and approve the list so it can go to the building board to allocate the money. The maintenance backlog is divided into immediate needs, five year needs and 10 year needs. There is \$1.9 billion in outstanding needs to the state over the next 10 years. Immediate needs are at \$400 million. The base budget is \$42 million for FY 2013 while requests for capital improvements are nearly \$200 million.

2. State Funded Capital Development Requests

a. University of Utah Infrastructure

David Pershing, President, University of Utah (U of U) explained that the university's situation is not a result of neglect by the university. They spend 30 percent of the capital improvement dollars to keep the systems repaired and that is not enough. Power loss affects students in the classroom, and research is interrupted when power goes out in the middle of an experiment, which can result in a year's work being lost.

Mike Perez, Associate Vice President of Facilities Management, showed a video on the University of Utah infrastructure history and explained that the strategy is to increase rates by 30

percent. The U of U anticipates asking for \$4.5 million from the state and \$1.5 million from auxiliaries next year to support a revenue bond. He commented on Rep. Cox's question is that this is a \$99 million project, with a request of \$50 million from capital funds and \$49 million in bonding. The starting project needs \$38 million of project commitment. For the first year outflow would be \$25 million and if the funding is maintained it would be \$34 million in year two and \$27 million in year three.

b. Ogden Juvenile Courts

Alyn Lunceford, Facilities Director, State Courts gave an overview of the building needs of the Courts. A new Second Judicial District Juvenile court facility is being requested because the current building does not comply with current statutory standards, it is not ADA accessible, and the building cannot be expanded. From a security point it is not a safe building and is difficult to maintain. The building has outgrown its capacity and cannot function as a courtroom and there is no room for expansion. There is no parking and probation officers are double bunked. The building is in good shape, and the plan is to re-task it for the guardian ad litem. The property was purchased in 2009, the project was programmed in 2010, environmental issues are being worked out and hopefully it can be funded.

Co-Chair Froerer asked that there be no questions because of time. But added that this is a major safety hazard and urged a full investigation into the project.

c. UVU Classroom Building

Matthew Holland, President, Utah Valley University (UVU) explained UVU is experiencing rapid growth and is projected to have 46,000 students by the end of the decade. Currently there are 33,000 students and the university has the lowest square footage per student committed to education on campuses in the state, and will get worse with the projected growth. The pressures faced are overflowing hallways, students sitting on tables in the classroom, and dance classes warming up in hallways. The impact is causing enrollment caps and accreditors are concerned. A classroom building is the highest need with plans for a plain classroom and office building with 250,000 square feet.

Rep. Frank added concern that this is a health and safety issue. He noted that the digital learning center had private donations and asked what kind of private donations has UVU had for the classroom building. President Holland said that fund raising is a big focus but is a challenge because of the difficult economic environment. UVU does not have a large network of alumni for donations, that other universities may have access to. UVU is still fund raising for the science building, but will shift to raising money for the classroom building when it is complete.

d. Southwest ATC Health Science Building

Dana Miller, President, Southwest Applied Technology Center (SATC) proposed a building with 68,000 square feet that would house half of the campus' programs, administration and student services. The adult enrollment has quadrupled and upgrade training for 359 companies in

the region is provided. It is estimated that by 2018 enrollment will double in Iron County. A new building will increase the number of people that can be put to work.

Brendon White, Director, Iron County Economic Development addressed the concern one company had in finding an able work force in Cedar City. There is a labor crisis because of a lack of skilled laborers. President Miller added that their student completion rate was 73 percent, their placement rate was 80 percent in the student's field of study, and 100 percent of students who took a licensure exam passed it. With the expansion there could be add programs to match the work force needs. Rep. Evan Vickers also added that SWATC puts people to work and brings jobs to the area.

Sen. Mayne commented that 25 percent of occupations require a four-year degree, 75 percent are highly skilled. These type of facilities are needed in the State of Utah.

e. Weber State University Science Lab Building

Weber State President, Ann Milner could not attend the meeting today. Norm Tarbox, Vice-President of Administrative Services, stated that Weber State University (WSU) buildings are 40 years old and will need to be replaced or renovated in the near future. The science building needs to be replaced because of its condition, age, and additional space and updated equipment are needed. The plan is to replace the science lab and buildings three and four on the handout. These buildings are currently seismically unsafe and it is cheaper to replace it than retrofit it. There is no fire suppression system and it is full of asbestos which makes it much more costly.

f. Dixie ATC Land and Building

Rich VanAusdal, President, Dixie Applied Technology Center, is requesting a building and the purchase of a portion of the old St. George airport property. Access to the property is an issue but a new road is in the plan. It is an ideal location and they have a request to the city for part of the runway and the old terminal building that should last 30 years. The city would like to partner with them and is donating 10 acres including the old terminal building, parking lot, the landscaping and part of the runway, and is willing to commit the remaining 20 acres at \$83,000 an acre with the state's involvement.

MOTION: Co-Chair Adams moved to approve minutes from the October 20 and October 21, 2011 meetings. The motion passed unanimously.

g. Corrections Prison Expansion

Tom Patterson, Executive Director, Department of Corrections stated the he won't make recommendations contrary to Governor Herbert's budget. Department of Corrections is in a growth pattern of 147 new inmates per year. They have been addressing the growth through jail contracting partnership with 21 counties. By 2015 they will have utilized all available county beds and will need another maximum-security facility, which will take two to three years to build.

Co-chair Froerer asked that any questions be taken after the meeting and that the DNR Wasatch Park Renovation present on Tuesday.

g. USU Brigham City Campus

Stan Albrecht, President, Utah State Utah (USU) stated that the highest priority project is the Brigham City regional campus academic building. It will be a 60,000 square foot building that will house the cafeteria, classrooms, office space, and a bookstore. The cost is \$50 million and Brigham City will cover half, the other half would be funded by the state.

h. USU CEU Arts and Education Building

Joe Peterson, Chancellor, USU Eastern Campus, explained a request for a fine arts and education building. The building would unify their fine and performing arts, which are currently scattered around the campus. Rather than bring current buildings up to date, the buildings need to be replaced. The Eastern Campus has gone 12 years without capital improvements and request to provide the basic infrastructure of a college campus.

MOTION: Rep. Brown moved to adjourn.

Co-Chair Froerer adjourned the meeting at 10:05 a.m.

Minutes were reported by Cami Deavila, Senate Secretary

Sen. Stuart Adams, Co-Chair

Rep. Gage Froerer, Co-Chair