

SPACE UTILIZATION STUDY

2019 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Brady Brammer

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies a provision relating to capital development.

Highlighted Provisions:

This bill:

▶ adds a space utilization study to the requirements for a feasibility study that an agency submits for a requested capital development project.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

63A-5-104, as last amended by Laws of Utah 2017, Chapter 355

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **63A-5-104** is amended to read:

63A-5-104. Definitions -- Capital development and capital improvement process -- Approval requirements -- Limitations on new projects -- Emergencies.

(1) As used in this section:

(a) (i) "Capital developments" means a:



- 28 (A) remodeling, site, or utility project with a total cost of \$3,500,000 or more;
- 29 (B) new facility with a construction cost of \$500,000 or more; or
- 30 (C) purchase of real property where an appropriation is requested to fund the purchase.

31 (ii) "Capital developments" does not include a project described in Subsection

32 (1)(b)(iii).

33 (b) "Capital improvements" means:

34 (i) a remodeling, alteration, replacement, or repair project with a total cost of less than
35 \$3,500,000;

36 (ii) a site or utility improvement with a total cost of less than \$3,500,000;

37 (iii) a utility infrastructure improvement project that:

38 (A) has a total cost of less than \$7,000,000;

39 (B) consists of two or more projects that, if done separately, would each cost less than
40 \$3,500,000; and

41 (C) the State Building Board determines is more cost effective or feasible to be
42 completed as a single project; or

43 (iv) a new facility with a total construction cost of less than \$500,000.

44 (c) (i) "New facility" means the construction of a new building on state property
45 regardless of funding source.

46 (ii) "New facility" includes:

47 (A) an addition to an existing building; and

48 (B) the enclosure of space that was not previously fully enclosed.

49 (iii) "New facility" does not include:

50 (A) the replacement of state-owned space that is demolished or that is otherwise
51 removed from state use, if the total construction cost of the replacement space is less than
52 \$3,500,000; or

53 (B) the construction of facilities that do not fully enclose a space.

54 (d) "Replacement cost of existing state facilities and infrastructure" means the
55 replacement cost, as determined by the Division of Risk Management, of state facilities,
56 excluding auxiliary facilities as defined by the State Building Board and the replacement cost
57 of infrastructure as defined by the State Building Board.

58 (e) "State funds" means public money appropriated by the Legislature.

59 (2) (a) The board shall, on behalf of all state agencies and in accordance with
60 Subsection (4), submit capital development recommendations and priorities to the Legislature
61 for approval and prioritization.

62 (b) In developing the board's capital development recommendations and priorities, the
63 board shall require each state agency that requests an appropriation for a capital development
64 project to:

65 (i) submit to the board a capital development project request; and

66 (ii) complete and submit to the board a study that demonstrates the feasibility of the
67 capital development project, including:

68 (A) the need for the capital development project;

69 (B) the appropriateness of the scope of the capital development project;

70 (C) any private funding for the capital development project; ~~and~~

71 (D) the economic and community impacts of the capital development project[-]; and

72 (E) a space utilization study of the agency's current space.

73 (c) The board shall verify the completion and accuracy of a feasibility study that a state
74 agency submits to the board under Subsection (2)(b).

75 (d) The board shall require that an institution of higher education described in Section
76 [53B-1-102](#) that submits a request for a capital development project address whether and how,
77 as a result of the project, the institution will:

78 (i) offer courses or other resources that will help meet demand for jobs, training, and
79 employment in the current market and the projected market for the next five years;

80 (ii) respond to individual skilled and technical job demand over the next 3, 5, and 10
81 years;

82 (iii) respond to industry demands for trained workers;

83 (iv) help meet commitments made by the Governor's Office of Economic
84 Development, including relating to training and incentives;

85 (v) respond to changing needs in the economy; and

86 (vi) based on demographics, respond to demands for on-line or in-class instruction.

87 (e) The board shall give more weight in the board's scoring process to a request that is
88 designated as a higher priority by the State Board of Regents than a request that is designated
89 as a lower priority by the State Board of Regents only when determining the order of

90 prioritization among requests submitted by the State Board of Regents.

91 (3) (a) Except as provided in Subsections (3)(b), (d), and (e), a capital development
92 project may not be constructed on state property without legislative approval.

93 (b) Legislative approval is not required for a capital development project that consists
94 of the design or construction of a new facility if:

95 (i) the board determines that the requesting state agency has provided adequate
96 assurance that state funds will not be used for the design or construction of the facility;

97 (ii) the state agency provides to the board a written document, signed by the head of the
98 state agency:

99 (A) stating that funding or a revenue stream is in place, or will be in place before the
100 project is completed, to ensure that increased state funding will not be required to cover the
101 cost of operations and maintenance to the resulting facility for immediate or future capital
102 improvements; and

103 (B) detailing the source of the funding that will be used for the cost of operations and
104 maintenance for immediate and future capital improvements to the resulting facility; and

105 (iii) the board determines that the use of the state property is:

106 (A) appropriate and consistent with the master plan for the property; and

107 (B) will not create an adverse impact on the state.

108 (c) (i) The Division of Facilities Construction and Management shall maintain a record
109 of facilities constructed under the exemption provided in Subsection (3)(b).

110 (ii) For facilities constructed under the exemption provided in Subsection (3)(b), a state
111 agency may not request:

112 (A) increased state funds for operations and maintenance; or

113 (B) state capital improvement funding.

114 (d) Legislative approval is not required for:

115 (i) the renovation, remodeling, or retrofitting of an existing facility with nonstate funds
116 that has been approved by the board;

117 (ii) a facility to be built with nonstate funds and owned by nonstate entities within
118 research park areas at the University of Utah and Utah State University;

119 (iii) a facility to be built at This is the Place State Park by This is the Place Foundation
120 with funds of the foundation, including grant money from the state, or with donated services or

121 materials;

122 (iv) a capital project that:

123 (A) is funded by the Uintah Basin Revitalization Fund or the Navajo Revitalization
124 Fund; and

125 (B) does not provide a new facility for a state agency or higher education institution; or

126 (v) a capital project on school and institutional trust lands that is funded by the School
127 and Institutional Trust Lands Administration from the Land Grant Management Fund and that
128 does not fund construction of a new facility for a state agency or higher education institution.

129 (e) (i) Legislative approval is not required for capital development projects to be built
130 for the Department of Transportation:

131 (A) as a result of an exchange of real property under Section [72-5-111](#); or

132 (B) as a result of a sale or exchange of real property from a maintenance facility if the
133 real property is exchanged for, or the proceeds from the sale of the real property are used for,
134 another maintenance facility, including improvements for a maintenance facility and real
135 property.

136 (ii) When the Department of Transportation approves a sale or exchange under
137 Subsection (3)(e), it shall notify the president of the Senate, the speaker of the House, and the
138 cochairs of the Infrastructure and General Government Appropriations Subcommittee of the
139 Legislature's Joint Appropriation Committee about any new facilities to be built or improved
140 under this exemption.

141 (4) (a) (i) On or before January 15 of each year, the board shall, on behalf of all state
142 agencies, submit a list of anticipated capital improvement requirements to the Legislature for
143 review and approval.

144 (ii) The board shall ensure that the list identifies:

145 (A) a single project that costs more than \$1,000,000;

146 (B) multiple projects within a single building or facility that collectively cost more than
147 \$1,000,000;

148 (C) a single project that will be constructed over multiple years with a yearly cost of
149 \$1,000,000 or more and an aggregate cost of more than \$3,500,000;

150 (D) multiple projects within a single building or facility with a yearly cost of
151 \$1,000,000 or more and an aggregate cost of more than \$3,500,000;

152 (E) a single project previously reported to the Legislature as a capital improvement
153 project under \$1,000,000 that, because of an increase in costs or scope of work, will now cost
154 more than \$1,000,000;

155 (F) multiple projects within a single building or facility previously reported to the
156 Legislature as a capital improvement project under \$1,000,000 that, because of an increase in
157 costs or scope of work, will now cost more than \$1,000,000; and

158 (G) projects approved under Subsection (1)(b)(iii).

159 (b) Unless otherwise directed by the Legislature, the board shall prioritize capital
160 improvements from the list submitted to the Legislature up to the level of appropriation made
161 by the Legislature.

162 (c) In prioritizing capital improvements, the board shall consider the results of facility
163 evaluations completed by an architect/engineer as stipulated by the building board's facilities
164 maintenance standards.

165 (d) In prioritizing capital improvements, the board shall allocate at least 80% of the
166 funds that the Legislature appropriates for capital improvements to:

167 (i) projects that address:

168 (A) a structural issue;

169 (B) fire safety;

170 (C) a code violation; or

171 (D) any issue that impacts health and safety;

172 (ii) projects that upgrade:

173 (A) an HVAC system;

174 (B) an electrical system;

175 (C) essential equipment;

176 (D) an essential building component; or

177 (E) infrastructure, including a utility tunnel, water line, gas line, sewer line, roof,
178 parking lot, or road; or

179 (iii) projects that demolish and replace an existing building that is in extensive
180 disrepair and cannot be fixed by repair or maintenance.

181 (e) In prioritizing capital improvements, the board shall allocate no more than 20% of
182 the funds that the Legislature appropriates for capital improvements to:

- 183 (i) remodeling and aesthetic upgrades to meet state programmatic needs; or
184 (ii) construct an addition to an existing building or facility.
- 185 (f) The board may require an entity that benefits from a capital improvement project to
186 repay the capital improvement funds from savings that result from the project.
- 187 (g) The board may provide capital improvement funding to a single project, or to
188 multiple projects within a single building or facility, even if the total cost of the project or
189 multiple projects is \$3,500,000 or more, if:
- 190 (i) the capital improvement project is a project described in Subsection (1)(b)(iii); and
191 (ii) the Legislature has not refused to fund the project with capital improvement funds.
- 192 (h) In prioritizing and allocating capital improvement funding, the State Building
193 Board shall comply with the requirement in Subsection [63B-23-101\(2\)\(f\)](#).
- 194 (5) The Legislature may authorize:
- 195 (a) the total square feet to be occupied by each state agency; and
196 (b) the total square feet and total cost of lease space for each agency.
- 197 (6) If construction of a new building or facility will require an immediate or future
198 increase in state funding for operations and maintenance or for capital improvements, the
199 Legislature may not authorize the new building or facility until the Legislature appropriates
200 funds for:
- 201 (a) the portion of operations and maintenance, if any, that will require an immediate or
202 future increase in state funding; and
203 (b) the portion of capital improvements, if any, that will require an immediate or future
204 increase in state funding.
- 205 (7) (a) Except as provided in Subsection (7)(b), the Legislature may not fund the design
206 or construction of any new capital development projects, except to complete the funding of
207 projects for which partial funding has been previously provided, until the Legislature has
208 appropriated 1.1% of the replacement cost of existing state facilities and infrastructure to
209 capital improvements.
- 210 (b) If the Legislature determines that there exists an Education Fund budget deficit or a
211 General Fund budget deficit as those terms are defined in Section [63J-1-312](#), the Legislature
212 may, in eliminating the deficit, reduce the amount appropriated to capital improvements to
213 0.9% of the replacement cost of state buildings and infrastructure.

214 (8) (a) The Legislature may not fund the design and construction of a new facility in
215 phases over more than one year unless the Legislature approves the funding for both the design
216 and construction by a vote of two-thirds of all the members elected to each house.

217 (b) An agency is required to receive approval from the board before the agency begins
218 programming for a new facility that requires legislative approval under Subsection (3).

219 (c) The board or an agency may fund the programming of a new facility before the
220 Legislature makes an appropriation for the new facility under Subsection (8)(a).

221 (9) (a) Notwithstanding the requirements of Title 63J, Chapter 1, Budgetary Procedures
222 Act, after the Legislature approves capital development and capital improvement priorities
223 under this section, if an emergency arises that creates an unforeseen and critical need for a
224 capital improvement project, the board may reallocate capital improvement funds to address
225 the project.

226 (b) The board shall report any changes the board makes in capital improvement
227 allocations approved by the Legislature to:

- 228 (i) the Office of Legislative Fiscal Analyst within 30 days of the reallocation; and
- 229 (ii) the Legislature at its next annual general session.

230 (10) (a) The board may adopt a rule allocating to institutions and agencies their
231 proportionate share of capital improvement funding.

232 (b) The board shall ensure that the rule:

- 233 (i) reserves funds for the Division of Facilities Construction and Management for
234 emergency projects; and
- 235 (ii) allows the delegation of projects to some institutions and agencies with the
236 requirement that a report of expenditures will be filed annually with the Division of Facilities
237 Construction and Management and appropriate governing bodies.

238 (11) It is the intent of the Legislature that in funding capital improvement requirements
239 under this section the General Fund be considered as a funding source for at least half of those
240 costs.

241 (12) (a) Subject to Subsection (12)(b), at least 80% of the state funds appropriated for
242 capital improvements shall be used for maintenance or repair of the existing building or
243 facility.

244 (b) The board may modify the requirement described in Subsection (12)(a) if the board

245 determines that a different allocation of capital improvements funds is in the best interest of the
246 state.