Operation and Maintenance Costs and Funding for State Owned Buildings

A Report to the Legislative Fiscal Analyst and
the Infrastructure and General Government Appropriations Subcommittee
of the Utah State Legislature

Utah State Building Board

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Table of Contents

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Part I – Operation and Maintenance Study

Executive Summary

Senate Bill 217, *Capital Improvement and Development Project Amendments,* from the 2015 General Session required the State Building Board (SBB) to collaboratively prepare a report exploring new processes and funding for operation and maintenance (O&M) in state facilities. Specifically, the bill directed the Board to:

1. Propose a process for tracking O&M costs at an individual building level
2. Explore alternative funding models for O&M including:
    a. Incorporating actual expenses, facility purpose, age, and location
    b. Considering internal service funds, appropriation line items, and formulas

In cooperation with the Utah System of Higher Education (USHE) and the Division of Facilities, Construction and Management (DFCM), the State Building Board formed two workgroups following the 2015 legislative session to study these issues. The workgroups defined scope, investigated issues, and made recommendations to the Board. This report constitutes the analysis and recommendation of the State Building Board and their partners in response to the statutory requirement.

Process for Tracking Individual Building O&M

After reviewing the current Building Board facilities management standards, the workgroup recommended the addition of a requirement for agencies and institutions to annually report O&M costs by individual facility and to meter utilities (see Appendix A). These standards set the expectation for the operation and maintenance of state facilities and are used by O&M auditors in their annual facility assessments. The Board is scheduled to adopt these changes in the September Board meeting.

In order to track operation and maintenance costs at an individual building level the State Building Board developed a form for tracking direct and indirect O&M costs (see Appendix B). The Board requested that all agencies and institutions fill out the form in aggregate for operation and maintenance expenses in FY 2014, which was accomplished in July 2015 (see Appendix C for responses).

The State Building Board asked agencies and institutions to compile and submit operation and maintenance expenses at the individual building level by the end of calendar year 2015. The Board recognizes that there will be some estimation required by agencies and institutions, especially those that do not currently have utility metering on all individual facilities or do not track indirect expenditures. As metering expands and as facility operations adapt to the new requirements, data collection will improve. The Building Board recommends creation of a database as a repository for this information to accumulate multi-year submissions and report generation.

Alternative O&M Funding Model: New Facilities

The Building Board proposes that agencies and institutions requesting new facilities estimate the new operation and maintenance budgets for those facilities based on actual expense information. The current O&M budget request process for new facilities uses predetermined cost per square foot rates applied against all facilities within a certain type

(office, lab, classroom, etc). The proposed process would use actual O&M expense data from existing facilities to support new O&M requests. Replacement and renovation projects would use actual O&M expenses for the existing facility when determining the costs to net out of a new project request.

The new process would require agencies and institutions requesting funding for a new facility to submit the actual O&M costs from the prior year for three or more similar facilities as part of their request. The requesting entity would be allowed to recommend using a particular facility as a prototype for O&M funding or suggest a reasonable O&M budget based on actual expense information. The Building Board would then review the request and make a recommendation for O&M funding based primarily on actual costs of similar buildings.

While this proposed process will better tie O&M funding requests to the initial estimated actual costs of a facility it will require additional funding consideration for the components of O&M cost that increase over time due to inflation (see next section).

Alternative O&M Funding Model: Previously Funded Budgets

The State Building Board explored the possibility of allocating O&M budgets by formula, through an internal service fund, and within a line item appropriation. While these methods have both benefits and disadvantages, the Board focused on the end goal of adequately addressing the long-term operation of state facilities without implementing a time-intensive and costly procedure for close to 2,800 buildings maintained with state funding. To that end the Board believes that program-level funding and reporting within a line item will be of most benefit to the State and allow both transparency and flexibility in O&M budgeting. **The Board further recommends as part of the on-going budgeting process, that inflationary costs of goods and services be reviewed and adjusted on an annual basis similar to the current internal service fund model for facilities maintained by DFCM.**

At the legislative level, O&M expenses are generally budgeted within an agency's or institution's larger operational line item, which can make finding them difficult in legislative budgets even though they are accounted for separately by institutions and agencies in their operating budgets. Creating a separate line item for O&M would improve visibility of those expenses, but would constrain spending when fluctuations occur due to emergency repairs or utility costs. Program-level funding within a line item serves similar purposes of budgetary transparency while preserving the ability to respond internally to fluctuations in expenses and the ability to adjust O&M expenses over time.

The Building Board, therefore, recommends creating O&M program budgets within the agency and institutional line items where they reside to track and report O&M expenditures. Greater detail on individual building expenditures within these O&M programs would be available from the O&M reporting described in the previous section. **The Board also recommends that the legislature consider annual adjustments to the non-personnel components of the O&M budgets contained in each program based on actual experience.** These program budgets could be in place for the FY 2018 budget cycle if this process is approved in the 2016 legislative General Session.

Background

Colleges and universities use the definitions and nationally accepted accounting procedures sanctioned by the National Association of College and University Business Officers (NACUBO) for reporting of operation and maintenance (O&M) expenses through annually submitted budget forms. The NACUBO definition includes all expenses for the administration, supervision, operation, maintenance, preservation, and protection of an institution's (or agency's) physical plant such as:

- janitorial and utility services
- repairs and ordinary or normal alterations of buildings
- care of grounds
- maintenance and operation of buildings and other plant facilities
- security
- earthquake and disaster preparedness
- safety
- hazardous waste disposal
- property, liability, and all other insurance relating to property
- space and capital leasing
- facility planning and management
- central receiving

The NACUBO definition does not include interest expenses on plant-related debt and only includes information technology (IT) that directly supports the physical plant O&M services. Items such as wiring and associated equipment for data, voice, computing and other related information technology services are not included. Furniture and equipment expenses are not included in Utah institutional O&M reporting.

Workgroups

Given the limited time frame (March to September) to respond to the legislative directive, the SBB organized two workgroups or task forces to investigate, analyze, and recommend policy and procedural improvements. The workgroups were intentionally limited to a handful of key institutional and agency participants to preserve agility and focus. Each workgroup consisted of a member of the State Building Board, who chaired the proceedings, a representative from a higher education institution involved in facility management, the director of DFCM, and Building Board and Board of Regent staff.

The first workgroup developed a process for tracking operation and maintenance costs by building including reporting requirements and standards. The workgroup met three times on April 21, May 6, and May 19 and also developed the feasibility requirements required by S.B. 217.

The second workgroup built on the actions of the first workgroup to develop policies and rules as well as an alternative funding mechanism for operation and maintenance. This workgroup met three times on June 23, July 8, July 21, and August 11 to develop proposals for presentation to the full State Building Board.

The following items in this report document the findings and recommendations of these two workgroups.

Process for Tracking Individual Building O&M

Senate Bill 217 requires the State Building Board to propose a "process for tracking direct and indirect operations and maintenance costs on an individual building basis." The legislation also amends the duties of the State Building Board to include "establish[ing] standards and requirements for reporting operations and maintenance expenditures for state-owned facilities, including standards and requirements relating to utility metering." The first workgroup addressed these requirements with the following findings, analysis, and proposed process.

Background

The following table details the square footage and number of buildings maintained with state-appropriated O&M funding by each of the building operators:

Entity Providing Operation and Maintenance	Gross Sq. Ft.	# Buildings
Division of Facilities, Construction and Management	6,530,521	170
Utah System of Higher Education	23,197,986	897
UCAT	1,608,190	43
Department of Corrections	2,068,602	204
Department of Human Services	1,524,665	121
Department of Transportation	1,789,243	554
Department of Natural Resources	1,651,541	780
Utah National Guard	1,101,064	27
Total Operated and Maintained Facilities	**39,471,812**	**2,796**

Building Board Facility Management Standards

The Utah State Building Board requires agencies and institutions to follow facilities management standards that specify minimum requirements for maintaining state owned facilities. Operation and maintenance auditors use these standards as part of their annual audits, reported to the Board, to measure agency and institution O&M practices. These standards include requirements on:

- Documentation
- Equipment databases and tagging
- Corrective Maintenance
- Preventative Maintenance
- Boilers
- Life Safety
- Air conditioning and refrigerated equipment
- Plumbing
- Electrical systems
- Facility inspections

- Indoor air quality and energy management

As part of its ongoing process of policy updating and modernization, the State Building Board has been in the process of updating these standards. The workgroup felt that the standards required by S.B. 217 could be incorporated into the update of the Facility Management Standards. The workgroup discussed potential changes and moved to include two additional sections in the standards:

- "The agencies and institutions shall report current and accurate operations and maintenance costs tracked to the individual building level for any facility measuring 3,000 GSF or greater. Locations consisting of multiple facilities that individually do not meet the minimum GSF requirement shall report operation and maintenance costs at the campus/complex level."
- "All utility costs at facilities meeting the criteria listed [in the above bullet] shall be metered and made available at the facility so that energy usage can be accurately determined and optimized."

The updated standards are included in Appendix A and will be presented to the State Building Board in September for public comment and adoption. In order to help implement these new standards, the State Building Board allocated $1,500,000 of the FY 2016 capital improvement (CI) funding to assist agencies and institutions in installing metering at individual buildings and tracking individual building energy use. Additional allocations from subsequent CI funding pools to continue this metering process are also anticipated.

Direct and Indirect O&M Costs in Individual Buildings

The first workgroup examined O&M expense data provided by DFCM and USHE institutions. Though these entities track O&M expenses in a slightly different manner due to differing national standards and diverse information technology systems, the main categories of expenditure are the same. These categories include:

- Personnel costs including salary and benefits
- Utility costs (electrical, natural gas, water)
- Current expenses (goods and services)
- Travel costs
- Equipment and capital costs

Agencies and institutions currently have varying levels of O&M expense reporting. DFCM operates as an internal service fund, which bills other agencies for O&M services. DFCM tracks individual building costs in order to properly bill agency customers for their portion of the O&M costs. USHE institutions report aggregate operation and maintenance expenditures annually through an A1 budget form required of each institution. This form requires reporting of personnel costs, utilities, travel, and current expenses (goods and services). The institutions have not historically broken out utility costs by individual building due to the centralized nature of utility infrastructure distribution. Other agencies, including Corrections and Human Services, do not provide reporting on either aggregate or individual building O&M expenses. These costs are part of their overall operational budgets.

In order to develop a process for tracking O&M expenditures at a building level, as directed by the legislation, the workgroup proposed first collecting aggregate O&M expenditures from the agencies and institutions. The workgroup created a form that would collect more detailed information than the currently reported categories of expenditure listed above. This information includes:

- Direct Costs
    - Custodial services
    - Utilities
    - Building Repair and maintenance
        - Preventative maintenance
        - Corrective maintenance
        - Emergency maintenance
    - Space and capital leasing
- Indirect Costs
    - Facilities administration
    - Grounds, landscape, and hardscape services
    - Vehicles and motor pool
    - Security and safety

After developing the form, the workgroup sent it to all state agencies and institutions requesting they fill it out and return by July, 2015. Appendix B contains the form and instructions sent to agencies and institutions. Appendix C contains agency and institution responses. This aggregate cost information provides the foundation for assessing O&M needs in state agencies and institutions.

The form also serves as a template for collecting O&M expenditure information for individual buildings. The State Building Board asked agencies and institutions to compile and submit operation and maintenance expenses at the individual building level by the end of calendar year 2015. The Board recognizes that there will be some estimation required by agencies and institutions, especially those that do not currently have utility metering on all individual facilities or do not track indirect expenditures. As metering expands and as facility operations adapt to the new requirements, data collection will improve.

The form requests categorical information such as building type (classroom, office, laboratory, etc.) and geographic area (Wasatch Front, Southeastern, etc.) that may be useful for future comparison. The workgroup recommends creation of a database as a repository for this information to facilitate multi-year submissions and report generation. Individual building O&M costs with identified building type and geographic area may provide useful information to decision makers for future O&M funding needs and allow better comparison of O&M costs across agencies and institutions.

Proposed Process

Based on the findings and analysis presented above, the State Building Board proposes the following process for tracking direct and indirect operations and maintenance costs on an individual building basis:

1. Update SBB Facility Management Standards in the September Board meeting to include requirements for tracking O&M costs at individual building levels and achieve individual facility metering.
2. Require agencies and institutions to submit aggregate operation and maintenance information to the State Building Board.
3. Require agencies and institutions to annually submit individual building operation and maintenance information to the State Building Board

Alternative O&M Funding Model: New Facilities

Senate Bill 217 required the State Building Board to propose "alternative funding mechanisms for operations and maintenance costs for state-owned and state-operated facilities." In exploring "alternative funding mechanisms" the Legislature asked the Board to incorporate "actual expenses, the purpose for which the facility is used, the age of the facility, the condition of the facility, and the location of the facility." The second workgroup addressed this requirement with the following findings, analysis, and proposed procedure.

Background

The Building Board recognizes that the current statewide requesting and funding processes for funding O&M for new facilities have deficiencies:

1. There are two different processes for calculating O&M for new facilities (DFCM managed facilities, and non-DFCM managed facilities).
2. There are several procedures for funding O&M (internal service fund adjustments, initial O&M funding, personnel increases, and occasional O&M building blocks for fuel and power).
3. Established rates for calculating O&M funding needs for new non-DFCM managed facilities have not been examined for many years.

New and remodeled capital developments projects funded by state sources (General or Education Fund) typically receive (O&M) funding from the Legislature at the time of construction. Agencies and institutions submit requests for capital development to the State Building Board including a capital budget estimate (CBE) and a projected O&M calculation. Higher education and non-DFCM managed facilities (Corrections, DHS), however, use a different method to determine requested O&M amounts for new capital development projects from that used by DFCM.

DFCM, as mentioned previously, operates an internal service fund to charge user agencies for building maintenance services. DFCM tracks O&M expenses at the building level for most of the facilities they manage (office buildings, liquor stores, armories, etc). When requesting a new facility, DFCM uses actual O&M expenditure experience to estimate the new O&M for the facility.

Higher education and non-DFCM managed agencies currently use a formula to calculate new O&M expenses for capital development requests. The calculation multiplies the square footage of types of space (classroom, lab, etc.) by a rate set by the State Building Board. Current O&M costs are netted out of the funding for existing facilities that will be

remodeled or replaced. The *Operations and Maintenance Budget Request Model* used in this process was adopted by Board of Regents on May 30, 2003 and by the State Building Board on June 4, 2003

The original O&M rates used in the calculation that vary by facility type were established at that time and have been adjusted each year since then by the relevant increases in the Consumer Price Index (CPI) The State Building Board has the responsibility for adjusting these rates each year based on this initial strategy and procedure. Current O&M rates for new facilities by type of space are:

- Classroom/Office $8.31 per square foot
- Libraries/Student Centers $7.33 per square foot
- Service/Shops $8.54 per square foot
- Laboratories $9.49 per square foot
- Physical Education $7.30 per square foot

Higher education uses actual average cost per square foot O&M rates to calculate to net existing space out of the request for new O&M funding for projects involving replacement or renovation of existing space. Each year institutions submit budget forms that include an A-1 form and an S-2 form. The A-2 form requires institutions to report actual expenditures by expense category and program category including O&M expenses. From the A-2 form interested parties can see how much each institution spent on personnel, travel, fuel and power, equipment, and current expenses for O&M. The S-2 form requires institutions to calculate a gross square foot cost for O&M using the existing square footage maintained and the O&M aggregate expense from the A-1 form (see Appendix E for the S-2 form). Institutions use this O&M cost per square foot calculation from the S-2 form when netting out square footage for existing facilities from the request for O&M on a new building.

Actual Expense Formula and Process

The Board finds that calculations of O&M are most meaningful when information is based on actual costs and relevant facility maintenance estimates. Recognizing the legislature's interest in seeing O&M costs estimated based on analytical data, the Board proposes that agencies and institutions use a new process for requesting operation and maintenance funding for new capital development projects. The proposed process would use actual O&M expense data from existing facilities to support new O&M requests. Replacement and renovation projects would use actual O&M expenses for the existing facility when determining the net O&M costs for new project requests.

The new process would require agencies and institutions requesting funding for a new facility to submit the actual O&M costs from the prior year for at least three similar facilities as part of their request. The requesting entity would be allowed to recommend using a particular facility as a prototype for O&M funding or suggest a reasonable O&M budget based on actual expense information. Expense information should contain the detailed information required by the individual O&M expense data (direct and indirect costs, personnel, goods and services, fuel and power, etc.). The Building Board would then review the request and either endorse the request or make a separate recommendation for O&M funding based primarily on actual costs of similar buildings.

Data from the new individual building O&M reports would aid in this process as collecting data at an individual building level provides the opportunity for a more thorough analysis of operation and maintenance across the state of Utah. The database will not only contain detailed direct and indirect O&M cost information, but also categorical information such as type of facility (purpose), year built (age), and geographic location; which may aid in providing more focused O&M estimates.

While this proposed process will better tie O&M funding requests to the estimated actual costs of a facility it will require additional funding consideration for the components of O&M cost that increase over time due to inflation. Non-DFCM institutions and agencies do not have currently have the benefit of annual legislative adjustments to existing O&M funding amounts. O&M expenditures fluctuate over the life of the facility and, in the case of goods and services generally, increase annually due to inflation. As the Legislature considers this new process of requiring agencies and institutions to use actual facility costs for O&M in determining funding needs, the State Building Board requests consideration of adjusting O&M annually for inflation to be consistent with that current practice for DFCM managed facilities.

Proposed Process

- O&M requests for new capital development projects would be calculated based on actual O&M expenses experienced in facilities of similar type and geographic area.
- Agencies would submit the actual O&M expenses for three to four similar facilities

Alternative O&M Funding Model: Line Item Appropriations

Senate Bill 217 required the State Building Board to propose "alternative funding mechanisms for operations and maintenance costs for state-owned and state-operated facilities." In exploring "alternative funding mechanisms" the Legislature asked the Board to consider "an internal service fund, individual appropriation line items, and a formula to determine funding." The second workgroup addressed this requirement with the following findings, analysis, and proposed procedure.

Background

Operation and maintenance costs increase over time due to four primary pressures:

1. utility rate increases
2. personnel salary and benefit increases
3. inflationary cost increases to goods and services
4. facility age related problems

As an internal service fund, DFCM requests and receives annual adjustments to O&M for managed facilities through a separate legislative budget process than capital development funding requests. If O&M needs come in higher or lower than expected, the legislature annually adjusts them.

On average approximately half of the O&M at higher education institutions goes toward personnel, 30 percent to fuel and power, and 20 percent for goods and services (see USHE table below). Personnel receive annual compensation and benefit adjustments funded statewide by the legislature. Fuel and power for institutions of higher education have received occasional budget increase from budget building blocks approved by the legislature, but are not adjusted annually based on experience. The O&M component for goods and services does not currently receive any adjustment for inflation. Therefore, a facility funded $100,000 in 1984 for O&M current expenses would continue to receive a $100,000 budget for goods and services despite the CPI having risen 236 percent (see Appendix D).

Institution	Personnel	Travel	Current Expense	Fuel and Power	Equipment	Total Expense
UofU	$18,627,241	$72,977	$9,592,399	$26,454,342	$251,117	$54,998,076
USU	16,025,616	18,341	6,232,918	9,481,853	17,627	31,776,355
WSU	7,504,534	37,896	1,922,402	2,515,105	44,788	12,024,725
SUU	4,751,901	17,935	1,035,386	1,797,961	119,455	7,722,638
Snow	2,318,788	15,884	955,674	1,396,535	193,066	4,879,947
DSU	3,006,875	25,119	1,179,093	1,637,596	45,036	5,893,718
UVU	8,598,678	6,167	3,409,699	2,539,657	1,385,103	15,939,304
SLCC	8,899,273	26,896	4,950,864	2,783,201	372,010	17,032,244
USHE Total	**$69,732,905**	**$221,214**	**$29,278,436**	**$48,606,249**	**$2,428,203**	**$150,267,007**
% of Total	**46.4%**	**0.1%**	**19.5%**	**32.3%**	**1.6%**	**100.0%**

Souce: 2014 Utah System of Higher Education A-1 Budget Forms

As noted above, while personnel increases and utility rates (to some extent) for higher education and non-DFCM managed facilities have been addressed through current budgeting processes, goods and services do not receive annual increases.

O&M Funding – Internal Service Fund

Internal Service Funds (ISF) provide goods and services to other state agencies for a fee and are designed to take advantage of economies of scale and to avoid duplication of efforts. They employ business practices and accounting. ISFs are intended to break even – charging the cost of services to other agencies and institutions. The Legislature monitors and controls the size and scope of internal service funds by:

- Approving an annual budget
- Approving rates, fees, and other charges and prohibiting any additional fees or rates that are not included in an appropriations act
- Approving the number of full-time employees
- Appropriating estimated revenue based on the rate and fee structure
- Prohibiting capital acquisitions or transfers without legislative approval

Unlike traditional budgets, internal service funds may borrow from the General Fund to cover revenue shortfalls and capital expenditures without legislative approval.

Each year internal service funds review the rates charged to customer agencies and request adjustments based on over or under collecting their costs. These entities take their rate adjustment requests to the legislature for funding. Unlike tradition budget requests, these adjustments are not made to the requesting ISF entity, but rather to the customer agencies that pay for the service. As adjustments are made for multiple agencies and institutions, these funding decisions are made statewide. In recent years the State Legislature has incorporated the funding of ISFs into a separate appropriation bill (S.B. 8 in the 2015 General Session) and treated the increases as a mandatory budget increases (as opposed to discretionary increases).

As an internal service fund DFCM benefits from annual adjustments to operating expenses. Each year as utility costs increase (or decrease) and as goods and services rise, DFCM is able to take the costs of specific facilities forward to the Legislature and receive funding. The State Building Board recognizes the benefit of adjusting O&M annually and that small, incremental increases are easier to make than large, across-the-board funding increases. Likewise acknowledging O&M as a necessary budget adjustment, before making other budget adjustments, is a best practice for facility management.

Although acknowledging the benefits of an internal service fund, it would be difficult to operate higher education and other state agencies as ISF. The DFCM business model allows for revenue from a variety of sources (federal, restricted funds, fees, etc) to be applied toward a portion of a facility occupied by a specific agency or institution. Charging for space used allows a centralized management of office space throughout the state and allows agencies with outside funding sources, dedicated solely to their mission, to buy only that space needed. Higher education, Corrections, and Human Services operate multiple facilities in a campus environment. Rather than multiple external agencies with various funding sources and missions co-locating in a single facility, these entities serve a single mission with multiple facilities and few unique funding sources. The Board believes that a program line item approach described below will offer better flexibility in O&M budgeting.

O&M Funding – Program Line Item Budget

A line item budget refers to an annual legislative appropriation bill where each budget section is given a "Line Item" number. Budgetary procedures within the State prohibit agencies and institutions from expending more money than contained within the line item appropriated by the legislative bill or from transferring money between line items. Each line item in an appropriations bill may contain multiple programs wherein funds may be expended. Budgetary procedures do allow agencies and institutions to move funds between programs as long as they are contained in the same line item.

Funding for O&M in higher education, corrections, and human services is currently funded within a broader operational line item. Higher education budgets O&M in the Education and General line item, which traditionally only has one program – Education and General. Corrections and human services budget O&M within programs in their various operational line items. For example, O&M for the State Hospital complex is funded within the State Hospital program, which is one of many programs in the larger line item for the Division of Substance Abuse and Mental Health. As an internal service fund charging O&M for agency-used facilities, the Legislature budgets DFCM within its own line item.

Discussion of creating a line item budget for O&M highlights the challenge posed by fluctuations that can occur in O&M expenses in any given year due to emergency repairs or utility costs. A line item prevents the flexibility that could be needed by agencies and institutions to respond to such unforeseen circumstances. Therefore, it is instead recommended that the Legislature consider program-level budgeting for O&M expenses within the existing agency and institutional line items where they reside.

Creating a new budget program for O&M within each agency and institutional line items could improve visibility of those expenses. Even though institutions provide O&M detail in annual budget forms, having a program-level budget within an appropriation bill could better allow decision-makers to see funding levels and needs. A program item would also allow the legislature to annually adjust non-personnel and non-utility expenses independent of the other components of the line item budget.

The key for creating a program level O&M budget would be the opportunity for the Legislature to make annual O&M funding adjustments. Breaking out these expenditures into identifiable programs provides the visibility needed to see annual changes in goods and services and utility costs. This opportunity is also intrinsically tied to the proposal to adjust the new funding mechanism of new capital development requests. In order for facilities to adequately cover inflationary O&M costs over their 50-year life (much more in some cases), agencies and institutions need some mechanism to increase the ongoing O&M funding levels. A program level budget provides this opportunity.

The State Building Board recommends that the Legislature fund all O&M budget adjustments similar to the approach currently taken with internal services funds – treating them as mandatory, rather than discretionary, expenses. As the Legislature considers ISF adjustments, the Board asks the Legislature to consider O&M adjustments in the same bill and adjust non-personnel and non-utility O&M program budgets by the current rate of inflation. Recognizing the long and complex history of O&M funding for non-DFCM maintained buildings, the Board also recommends that any adjustments made preserve the current O&M funding levels (i.e. increases and decrease not to fall below the current FY 2015 budgets for O&M).

Proposed Process

- Create an O&M program within an agency or institution's budgetary line item
- Annually adjust O&M current expenses (non-personnel and non-utility expenses) for inflation to goods and services through the program budgets and "mandatory" internal service fund process

Summary of Proposed Processes

Process for Tracking Individual Building O&M

- Update State Building Board Facility Management Standards in the September Board meeting to include requirements for tracking O&M costs at individual building levels and achieve individual facility metering.
- Require agencies and institutions to submit aggregate operation and maintenance information to the State Building Board.
- Require agencies and institutions to annually submit individual building operation and maintenance information to the State Building Board

Alternative O&M Funding Model

- O&M requests for new capital development projects would be calculated based on actual O&M expenses experienced in facilities of similar type and geographic area.
- An O&M program budget would be created within an agency or institution's budgetary line item
- The Legislature would annually adjust O&M expense for inflation to goods and services (non-personnel and non-utility expenses) through the program budgets and internal service fund process

Potential Timeframe of Implementation

Implementation by State Building Board

- July 2015 – Agencies and institutions submit aggregate direct and indirect operation and maintenance costs for FY 2014.
- September 2015 – The State Building Board adopts a revised facility management administrative rule that includes a requirement to track operation and maintenance costs at an individual building level and meter utilities
- December 2015 – Agencies and institutions submit direct and indirect operation and maintenance expenses at an individual building level.

Potential Legislative Changes and Implementation

- 2016 Legislative General Session – Legislature makes statutory changes to require program-level O&M budgeting, annual increases to O&M current expenses, and actual O&M costs for O&M requests on new facilities.
- July 2016 – Agencies and institutions use a new method of calculating O&M for new facility requests in FY 2018 (for the 2017 Legislature)
- September 2016 – Agencies and institutions revise budgets to break out O&M from operational budgets into separate programs for the FY 2018 budget submitted to the Governor and the 2017 Legislature.
- December 2016 – The Governor's Office of Management and Budget and the Legislative Fiscal Analyst include agency and institution O&M current expense inflation in "mandatory" budgeting

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Part II – Other Procedural Requirements of Senate Bill 217

Executive Summary

Senate Bill 217 also added two procedural requirements to the State Building Board capital development process and maintenance oversight responsibility. Specifically, the bill directed the Board to:

1. Develop new procedures to require:
    a. A "feasibility study" for capital development project requests
    b. Ongoing facility maintenance audits for state-owned facilities

Feasibility Study

Senate Bill 217 requires the State Building Board to make a rule establishing "standards and requirements for a capital development project request, including a requirement for a feasibility study."

The State Building Board assigned a workgroup to create a "feasibility study" template for capital development project requests. The workgroup prepared a document titled *Capital Development Project Request and Feasibility Statement*. This new document is based on the formerly used *State-funded Capital Development Project Request* that was revised to include statutorily required information and to assess the viability of requested projects. **Appendix F** contains a copy of the new document, which the Board implemented for project requests submitted for funding consideration by the 2016 Legislature.

Operation and Maintenance Audits

Senate Bill 217 requires the State Building Board to "conduct ongoing facilities maintenance audits for state-owned facilities." This program has been functionally in place since 2012 and currently has two auditor positions after the Legislature added an additional auditor to the program in the 2014 General Session. The following table highlights the audit results reported to the Legislature in July 2015.

Total Audit Results by Agency									
	Audited 2012	Audited 2013	Audited/Sched. FY-15	FY-15 % of Bldgs	FY15 Avg. Score	3yr. Total Buildings	3yr. Total Square Feet	3yr. % Sq.Ft.	3yr. Average Score
Administrative Services	57	37	97	57%	93.74	191	10,508,040	100%	93.90
Corrections	8	7	14	9%	84.80	29	2,925,019	100%	87.76
Higher Education	59	109	498	107%	90.68	666	31,341,253	100%	91.33
Fairpark	45	45	45	100%	77.00	135	1,115,478	100%	75.07
Human Services	46	12	134	92%	93.44	192	2,617,136	100%	92.68
National Guard	5	4	8	53%	92.50	17	1,879,350	100%	92.48
Natural Resources	164	218	176	24%	91.89	558	1,715,891	100%	92.64
Schools Deaf and Blind	11	11	11	100%	90.25	33	467,322	100%	87.75
UDOT	66	20	52	36%	90.09	138	1,639,561	100%	88.25
Veterans Affairs	2	1	2	67%	93.80	5	281,000	100%	93.08
Statewide Totals	463	464	1,037	64%	89.82	1,964	54,490,050	100%	89.49

The table reports the number of buildings audited with the associated square footage and the audit scores. Audit scores are derived from a score sheet that awards points based on maintenance standards adopted by the State Building Board. These standards were discussed previously in this report and a workgroup was assigned to updated those standards (found in Appendix A) to also include a heightened focus on the condition of the facilities.

Auditors have recently made changes to the score sheet to shift priority in score weights from administrative requirements to more critical physical requirements. This change impacted all agencies scores in the state and has lowered overall scores on average by 2 percent or more. It is now more critical that managing agencies make the maintenance of their facilities a high priority.

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Part III – Appendices

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Appendix A – Proposed Updated Facilities Management Standards

Facilities Management Standards rev 8-12-2015

Purpose
The purpose of these standards is to outline the minimum requirements for maintaining state owned facilities and infrastructures in a manner that will maximize the usefulness and cost effectiveness of these facilities in enhancing the quality of life of Utah state employees, citizens, and visitors. Additional work may be required to satisfy code or judicial requirements.

All agencies and institutions shall comply and will be audited against these standards by the Utah State Building Board. Exempt agencies are to review their maintenance programs against these standards and to report the degree of compliance of each of their complexes to the legislature through the Utah State Building Board.

1.0 Documentation

1.1 Architectural and Mechanical

1.1.1 At least one copy of the Operations and Maintenance Manuals shall be maintained at the facility.

1.1.2 At least one copy of the architectural, mechanical, and electrical as built drawings shall be maintained at the facility.

1.1.3 A mechanism shall be provided whereby as built drawings are promptly updated upon changes in the structural, mechanical, electrical, or plumbing systems.

1.1.4 As built drawings shall be reviewed periodically to assure that they reflect the current building or infrastructure configuration to be maintained at the facility.

1.1.5 Reserve copies of all building documentation shall be archived in an appropriate and separate location from the facility.

2.0 Equipment Data Base and Tagging

2.1 An appropriate equipment numbering system shall be utilized and metal, plastic tags or labels placed on all building equipment and electrical panels.

2.2 All equipment name plate data shall be collected, documented, and filed in a computerized data base.

3.0 Corrective Maintenance

3.1 A work request system shall be defined and made available to the user of the facility/infrastructure so that maintenance problems can be reported and logged promptly by the maintenance department. A log of all requests shall be maintained indicating the date of the request and the date of completion.

3.2 A work order system shall be established to govern the procedures for corrective maintenance work. The work order system shall capture maintenance time, costs, nature of repair, and shall provide a basis for identifying maintenance backlog on the facility/infrastructure.

3.3 Maintenance backlogs on the facility/infrastructure shall be regularly reviewed and older requests processed so that no request goes unheeded and all requests are acted upon in a timely manner.

3.4 A priority system for corrective maintenance shall be established so that maintenance work is accomplished in an orderly and systematic manner. The facility user shall be made aware of the priority of requested maintenance and the time expected to accomplish the correction. If the stated goal cannot be met, the user shall be informed of the new goal for completing the request.

3.5 The agency and institution shall report current and accurate operations and maintenance costs tracked to the individual building level for any facility measuring 3,000 GSF or greater. For locations consisting of multiple facilities that individually do not meet the minimum GSF requirement shall be required to report operations and maintenance costs at the campus/complex level.

3.6 All operations and maintenance reports shall contain accurate costs including but not limited to: Utilities (Steam, High Temp Water, Chilled Water, Electrical, Gas/Fuel, Sewer and Water), Labor, Materials, Custodial, Landscape & Grounds services.

4.0 Preventive Maintenance

4.1 State facilities managers shall automate preventive maintenance scheduling and equipment data bases.

4.2 All equipment (e.g. chillers, boilers, air handlers and associated controls, air compressors, restroom exhaust fans, domestic hot water circulating pumps, automatic door operators, temperature control devices, etc.) shall be on a computer based preventive maintenance schedule the frequency of preventive maintenance procedures shall be determined by manufacturer's recommendations and local craft expertise and site specific conditions.

4.3 A filter maintenance schedule shall be established for HVAC filters and a record of filter changes maintained.

4.4 Preventive maintenance work orders shall be issued for both contract and in house preventive maintenance and the completion of the prescribed maintenance requirements documented.

4.5 Emergency generators shall be test run at least monthly. If test runs are not automatic, records of these test runs shall be maintained at the site. At least yearly, the transfer from outside power to emergency power shall be scheduled and successfully performed.

5.0 Boilers

5.1 Steam Boilers

5.1.1 Steam boilers shall be checked daily when operational.

5.1.2 Low water cut off devices shall be checked for actual boiler shut down at the beginning of the heating season and at least quarterly thereafter by duplicating an actual low-water condition.

5.1.3 Boiler relief valves shall be tested for proper operation at least annually.

5.1.4 A record of these tests shall be maintained near the location of the boiler.

5.1.5 A daily log of the operating parameters shall be maintained on boilers when they are operational to include pressures, temperatures, water levels, condition of makeup and boiler feed water, and name of individual checking parameters.

5.2 Hot Water And Steam Boilers

5.2.1 All boilers shall receive inspections and certification as required from an authorized state agent or insurance inspector. The certificate of compliance shall be maintained at the boiler.

5.2.2 Monthly tests of boiler water pH and Total Dissolved Solids shall constitute the basis upon which to add water treatment chemicals. A log of these tests shall be maintained in the boiler room.

6.0 Life Safety

6.1 All elevators shall receive regular inspections and maintenance by certified elevator maintenance contractors. Records of such maintenance shall be maintained at the site. Telephones within elevators shall be checked monthly for proper operation. 6.1.1 All elevators shall have current Permits to Operate posted near the elevator equipment as required by the Utah State Labor Commission.

6.2 Fire Protection Equipment

6.2.1 Detection and notification systems (e.g. control panel, smoke detection devices, heat sensing devices, strobe alarm lights, audible alarm indicating devices, phone line communication module, etc.) shall be inspected annually and tested for operation at least semi-annually by a properly certified technician. A record of these inspections shall be maintained and FACP needs to be properly tagged as required by the Utah State Fire Marshal.

6.2.2 Halon/Ansulor pre-action systems shall be inspected and tested by a certified inspector semi-annually to assure their readiness in the event of a fire. Testing and inspection of these systems shall be documented.

6.2.3 Fire extinguishers shall be inspected monthly and tagged annually by a certified inspector and all tags should be properly and legibly completed

6.2.4 Automatic fire sprinkler systems, standpipes and fire pumps shall be inspected annually by a certified technician. Tags should be properly and completely filled out including the type of inspection, month and year those inspections were performed, the person who performed the inspection, and the person performing the inspections certificate of registration number.

6.3 Uninterruptible power supply systems for data processing centers shall be inspected and tested appropriately to assure their readiness in the event of external power interruptions. Maintenance on these systems shall be documented.

6.4 Emergency directional and exit devices (e.g. exit signs, emergency lights, ADA assist equipment, alarm communicators, etc.) shall be inspected at least monthly for proper operation.

7.0 Air Conditioning and Refrigerated Equipment

7.1 Chillers

7.1.1 A daily log of important data (e.g. chilled water supply and return temperature, condenser water supply and return temperature, current draw, outside air temperature, oil level and pressure, etc.) should be kept, and the information trended to identify changes in the system operation; the causes should then be determined and corrected to prevent possible system damage.

7.1.2 The systems shall be leak checked on a quarterly basis during the operating season and once during the winter.

7.1.3 A factory trained technician should perform a service inspection annually to include an oil analysis. Any abnormal results should be discussed with the chiller manufacturer to determine a proper course of action.

7.1.4 Chillers shall not be permitted to leak in excess of 15% of their total charge annually. Losses exceeding this amount are in violation of the law and may result in costly fines.

7.1.4.1 Should refrigerant need to be added to a system, the amount of refrigerant added should be carefully documented and record the cause of the loss and type of work done to repair it.

7.1.5 An adequate supply of refrigerant for the uninterrupted operation of existing CFC chillers shall be maintained until the chiller is converted or replaced. Examples of CFCs are R11, R12, R113, R502, etc..

7.1.6 Maintenance personnel who perform work other than daily logs and visual inspections on CFC chillers or refrigeration equipment containing CFCs or HCFCs must by law have an EPA certification matching the type of equipment being worked on.

7.1.7 The condition of refrigerant cooling water systems such as cooling towers shall be checked visually at least weekly for algae growth and scaling and appropriate treatment administered.

7.2 Roof Top and Package Units

7.2.1 Annually check and clean as needed the condenser coil and evaporator coil.

7.2.2 The following preventive maintenance items should be completed annually: tighten belts, oil motors, leak check, clean evaporator pans and drains.

7.2.3 Quarterly check filters and replace where necessary.

7.3 Small Refrigerated Equipment

7.3.1 Annually clean condenser coil.

7.3.2 Annually oil the condenser fan motor and visually inspect the equipment and make necessary repairs as needed.

8.0 Plumbing

8.1 All Backflow Prevention Devices shall be tested by a certified technician at least annually and proper documentation shall be filed with the appropriate agency. Proper documentation shall be kept on site and readily available.

8.2 Cross-connection control shall be provided on any water operated equipment or mechanism using water treating chemicals or substances that may cause pollution or contamination of domestic water supply.

8.3 Any water system containing storage water heating equipment shall be provided with an approved, UL listed, adequately sized combination temperature and pressure relief valve, and must also be seismically strapped

8.4 Pressure vessels must be tested annually or as required and all certificates must be kept current and available on site.

9.0 Electrical Systems

9.1 All electrical panels shall have a thermal-scan test performed bi-annually on all components to identify hot spots or abnormal temperatures. The results of the test shall be documented.

9.2 A clearance of three feet, or as required by NEC shall be maintained around all electrical panels and electrical rooms shall not be used for general storage.

9.3 Every electrical panel shall be properly labeled identifying the following: panel identifier, area being serviced by each individual breaker, equipment being serviced by each breaker or disconnect.

9.4 All pull boxes, junction boxes, electrical termination boxes shall have proper covers in place and panels accessible to persons other that maintenance personnel shall remain locked to guard against vandalism or personal injury.

9.5 Only qualified electrical personnel shall be permitted to work on electrical equipment.

10.0 Facility Inspections

10.1 The facility shall periodically receive a detailed and comprehensive maintenance audit. The audit shall include HVAC filter condition, mechanical room cleanliness and condition, corrective and preventive maintenance programs, facility condition, ADA compliance, level of performance of the janitorial service, condition of the grounds, and a customer survey to determine the level of user satisfaction with the facility and the facility management and maintenance services.

10.2 A copy of the above audit shall be maintained at the facility.

10.3 Each year a Facility Risk Management Inspection shall be conducted, documented, and filed with the Risk Management Section of the Department of Administrative Services.

10.4 Actions necessary to bring the facility into compliance with Risk Management Standards shall be completed within two months following the above Risk Management Inspection for routine maintenance items. Items requiring capital expenditures shall be budgeted and accomplished as funds can be obtained.

10.5 Every five years the facility shall be inspected and evaluated by an Architect/Engineer (A/E), qualified third party or qualified in-house personnel to determine structural and infrastructural maintenance and preventive maintenance needs.

10.5.1 The structural inspection and evaluation may include interior and exterior painting, foundations, walls, carpeting, windows, roofs, doors, ADA and OSHA compliance, brick work, landscaping, sidewalks, structural integrity, and exterior surface cleanliness.

10.5.2 The mechanical and electrical evaluation shall include the HVAC systems, plumbing systems, security, fire prevention and warning systems, and electrical distribution systems.

10.6 The above inspection shall be documented and shall serve as a basis for budgeting for needed capital improvements.

10.7 Intrusion alarm systems that communicate via phone line shall be tested monthly to assure proper operation.

10.8 Periodic inspections of facilities may be requested of local fire departments and the identified deficiencies promptly corrected. These inspections and corrections shall be documented and kept on file at the facility.

11.0 Indoor Air Quality and Energy Management

11.1 Indoor air quality shall be maintained within pertinent ASHRAE, OSHA, and State of Utah guidelines.

11.2 All utility costs (gas, electric, water, etc.) at facilities meeting the criteria listed in section 3.5 of the Facility Maintenance Standards shall be metered and made available at the facility so that energy usage can be accurately determined and optimized.

11.3 Based on the ongoing analysis of energy usage, appropriate energy conservation measures shall be budgeted for, implemented, and the resulting energy savings documented.

12.0 The following documents shall be on hand at the facility (where applicable) in an up- to-date condition:

12.1 A Hazardous Materials Management Plan

12.2 An Asbestos Control and Management Plan

12.3 A Laboratory Hygiene Plan

12.4 A Lockout/Tag out Procedure for Performing Maintenance on Building Equipment

12.5 A Blood Born Pathogen Program

12.6 An Emergency Management Plan to include emergency evacuation and disaster recovery.

12.7 A Respirator Program

12.8 A Hearing Conservation Program

12.9 A Permit Confined Space Entry Program

12.10 A Lead Exposure Program

12.11 A Trenching Standard

13. 0 Available DFCM Maintenance Management Services

DFCM can provide certain maintenance management, energy management, and preventive maintenance services to agencies at cost. The following services are available:

- maintenance management consulting
- maintenance audits of facilities
- energy management audits and energy management consulting
- development of the documents listed in 12.0 above.

Appendix B – Template for Direct and Indirect Building Costs

AGENCY/INSTITUTION SUMMARY OF ALL BUILDINGS

Agency/Institution:		Number of Buildings	
Building Name:	*(NA for this summary)*	Total Sq. Ft.	
Type of Building:	*NA*		
Geographic Region:	*NA*		

DIRECT COSTS

Personnel		
Custodial		
Contracted Services		
Garbage/Waste Removal		
Property Insurance		
Utilities		
Natural Gas		
Electricity		
Water		
Sewer		
Oil/Fuel		
Subtotal Utilities	$ -	
Building Repair & Maintenance		
Supplies & Equipment		
Preventative Maintenance		
Corrective Maintenance		
Emergency Maintenance		
Demolition		
Other (Specify)		
Subtotal - Repair & Maintenance	$ -	
Space & Capital Leasing		
TOTAL DIRECT COSTS		$ -
ALLOCATED INDIRECT COSTS		$ -
TOTAL COSTS		$ -

TEMPLATE FOR COLLECTING INDIRECT COSTS

INDIRECT COSTS

Facilities Administration	
Administrative Costs	
Campus Planning	
Facilities Related IT	
Subtotal - Facilities Administration	**$ -**
Grounds & Landscape Services	
Hardscape	
Vehicles/Motor Pool	
Security & Safety	
Safety	
Security	
Earthquake & Disaster Preparedness	
Environmental Health & Safety	
Hazardous & Other Waste Disposal	
Subtotal - Security & Safety	**$ -**
Central Receiving	
Other (Specify)	
TOTAL INDIRECT COSTS	**$ -**

Guidelines and Definitions for the Direct and Indirect Building Costs Form

Direct costs – Plant operation and maintenance costs that are directly chargeable to a building include the following:

- Custodial Services – this category includes cleaning of floors, windows, and other surfaces; emptying of trash; and care of restrooms.

- Utilities – This subcategory includes fuel and power expenses for those utilities required for proper operation of building systems and central heating and cooling facilities. Also included are the costs of water and sewage disposal. Utilities infrastructure costs should be included in this category.

- Building Repair and Maintenance - Maintenance to repair unscheduled and scheduled deficiencies during the time period in which they occur. This includes preventive maintenance for buildings, structures, and installed building equipment (IBE) as recommended by the manufacturer. It also includes engineering and/or contracted Architectural and Engineering (A&E) services that support planning, design and execution of maintenance activities.

  Systems typically related to maintenance include plumbing, electrical, Heating Ventilating and Air Conditioning (HVAC), HVAC controls/automation, roofing, building envelop (painting, masonry, exterior wood, etc.), building interiors (painting, doors, locks, etc.), electronics, refrigeration, heating and cooling plants, etc. It is broken down into the following categories:

  Preventive Maintenance – Scheduled servicing, repairs, inspections, adjustments, and replacement of parts that result in fewer breakdowns and fewer premature replacements and achieve the expected life of constructed assets and IBE. These activities can be conducted within a frequency of 1 – 10 years.

  Corrective Maintenance – Unscheduled maintenance repairs to correct deficiencies during the year in which they occur.

  Emergency maintenance – Maintenance activities that are unscheduled repair, to include call outs, to correct an emergency need to prevent injury, loss of property, or return asset to service. These repairs are initiated within a very short time period from which the need is identified, usually within hours.

  Demolition – Dismantling and removal of a deteriorated or otherwise unneeded asset or item of IBE, including necessary clean-up work. (Excludes demolition of an entire building)

- Space and Capital Leasing – Expenses associated to leasing of space.

Indirect Costs – These are the costs that support the operation and maintenance of the building or physical plant and include the following:

- Facilities Administration - This subcategory includes expenses for administrative activities that directly support physical plant operations. Activities related to the development of plans for plant expansion or modification, as well as plans for new construction, should be included in this subcategory. Also included are property, liability, and all other insurance relating to property.

  This subcategory also includes O&M of Information Technology (IT) components that directly support the plant O&M functions of the institution or agency including Computerized Maintenance Management Systems (CMMS), fire alarm and protection systems, etc. The costs of operation and maintenance of other general IT services should not be included.

- Grounds and Landscape Services – This subcategory includes expenses related to improving the appearance of an area of land surrounding a building, roadway, etc.). It includes planting and care of trees, shrubs, or grass, as well as altering the contours of the ground. It also includes the general upkeep of grounds including mowing, fertilizing and maintenance of sprinkler systems.

- Hardscape – This subcategory includes expenses related to maintaining surface parking, plazas, sidewalks and access roads.

- Security and Safety **-** This subcategory includes expenses related to security; earthquake and disaster preparedness; safety, including environmental safety; and hazardous waste disposal.

- Central Receiving – This subcategory, when applicable, deals with expenses associated to operating and maintaining a warehouse or associated area for receiving and stocking supplies.

Appendix C – O&M Costs by Agency and Institution

Entity Providing Operation and Maintenance	Gross Square Ft.	Number Buildings	O&M Expenditures	Average SF Cost
Department of Corrections	2,068,602	204	$8,735,667	$4.22
Department of Human Services	1,524,665	121	$14,963,618	$9.81
Department of Natural Resources	1,651,541	780	$21,915,388	$13.27
Department of Transportation	1,789,243	554	$16,589,655	$9.27
Division of Facilities, Construction and Mgt.	6,530,521	170	$28,553,143	$4.37
Utah College of Applied Technology	1,608,190	43	$9,177,912	$5.71
Utah National Guard	1,101,064	27	$9,157,147	$8.32
Utah System of Higher Education	23,197,986	897	$150,267,007	$6.48
Total Operated and Maintained Facilities	**39,471,812**	**2,796**	**$259,359,537**	**$6.57**

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Appendix D – Consumer Price Index

Historical Consumer Price Index for All Urban Consumers (CPI-U): US city average, all items

	Semi-Annual Avg.			% Change
Year	1st Half	2nd Half	Annual Avg	Annual Avg
1984	102.90	104.90	103.90	4.3%
1985	106.60	108.50	107.60	3.6%
1986	109.10	110.10	109.60	1.9%
1987	112.40	114.90	113.60	3.6%
1988	116.80	119.70	118.30	4.1%
1989	122.70	125.30	124.00	4.8%
1990	128.70	132.60	130.70	5.4%
1991	135.20	137.20	136.20	4.2%
1992	139.20	141.40	140.30	3.0%
1993	143.70	145.30	144.50	3.0%
1994	147.20	149.30	148.20	2.6%
1995	151.50	153.20	152.40	2.8%
1996	155.80	157.90	156.90	3.0%
1997	159.90	161.20	160.50	2.3%
1998	162.30	163.70	163.00	1.6%
1999	165.40	167.80	166.60	2.2%
2000	170.80	173.60	172.20	3.4%
2001	176.60	177.50	177.10	2.8%
2002	178.90	180.90	179.90	1.6%
2003	183.30	184.60	184.00	2.3%
2004	187.60	190.20	188.90	2.7%
2005	193.20	197.40	195.30	3.4%
2006	200.60	202.60	201.60	3.2%
2007	205.71	208.98	207.34	2.8%
2008	214.43	216.18	215.30	3.8%
2009	213.14	215.94	214.54	-0.4%
2010	217.54	218.58	218.06	1.6%
2011	223.60	226.28	224.94	3.2%
2012	228.85	230.34	229.59	2.1%
2013	232.37	233.55	232.96	1.5%
2014	236.38	237.09	236.74	1.6%
2015	236.27	-	-	

Source: CPI Detailed Report, Data for June 2015, Bureau of Labor Statistics, US Department of Labor

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Appendix E – Utah System of Higher Education S-2 Form

Utah System of Higher Education

FORM S-2: INSTITUTIONAL GROSS FT² OF EDUCATION & GENERAL
FACILITIES OPERATED AND AVERAGE COSTS/GSF OPERATED

Institution:
Prepared by:
Due Date:
Submission Date:

2014

I. GROSS SQUARE FEET OF E&G FACILITIES OPERATED

	Owned Facilities	Leased Facilities	Total Operated and Maintained
A. Facilities as of June 30, 2013 (gross square feet)			0
B. Additions/(Deletions) During 2013-14			
(1)			0
(2)			0
(3)			0
(4)			0
(5)			0
(6)			0
(7)			0
(8)			0
(9)			0
(10) Net Changes	0	0	0
C. Facilities as of June 30, 2014 (gross square feet)	0	0	0
D. Anticipated Additions/(Deletions) During 2014-15			
(1)			0
(2)			0
(3)			0
(4)			0
(5)			0
(6)			0
(7) Net Changes	0	0	0
E. Anticipated Facilities June 30, 2015 (gross square feet)	0	0	0

II. SUMMARY COST ANALYSIS

	Actual 2012-13	Actual 2013-14	Budget 2014-15
A. Total physical plant expenditures (**Ties to A-1 form**)			
B. Calculated average cost per GSF operated	$0.00	$0.00	$0.00

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Appendix F – Feasibility Study

FY 2017 Capital Development Project Request & Feasibility Statement

Note: In order to facilitate brevity, instructions in italics should be deleted in the submitted document.

Type of Request: ☐State Funded ☐Non-State Funded
☐Non-State Funded with O&M Request

Agency/Institution: _____

Project Name: _____

Agency/Institution Priority: _____

Project Scope:

Total Project Space (Gross Square Feet) _____

New Space Requirement (Gross Square Feet) _____
Remodeled Space (GSF) _____
Space to be Demolished (GSF) _____

Types of Space - Describe the types and amounts of space proposed to meet the programmatic requirements.

Capital Funding:

Preliminary Cost Estimate: $_____

Include comparable costs for two to three buildings of similar size and function. Provide names and locations of comparable facilities.

Insert preliminary construction budget estimate (CBE) statement of DFCM opinion of viability cost estimate

Previous State Funding $_____

Identify state funding previously provided for this project; i.e., planning, land purchase, etc.

Other Sources of Funding $_____

Identify other sources of funding such as donations, federal grants, and debt and indicate whether that funding is in hand. If debt is proposed for the project, identify the funding source for its repayment.

FY 2017 Requested Funding $_____

Ongoing Operating Budget Funding:

Increase in State Funded O&M: $_____ _____**% of total O&M**

This amount will be based on the O&M funding formula that was approved by the Building Board and the Board of Regents.

- *If applicable, describe all alternate proposed sources of O&M funding. (fees, tuition, usage charges, etc.)*
- *Explain why this project should receive ongoing state funding, including O&M and future capital improvement funding.*
- *Other than the State requirement to comply with the high efficiency building standard, describe any other strategies that you plan to employ in the facility that will make its operation more efficient.*

New Program Costs: $_____

Estimate the cost of new or expanded programs and services that will result if the project is funded and provide a brief description of the additional program costs and anticipated funding sources below. This should include any operating budget increase that will be required, other than O&M, in order to operate the programs that will be housed in the requested facility. If this request will make existing state space available

for alternative uses, the above estimate should also include the estimated cost of new or expanded programs and services that will be housed in this vacated space.

New FTEs Required for O&M and Programs O&M _____ Programs _____

Provide a separate estimate of the number of new employees that will be required for O&M and for program purposes if the project is funded. Provide a brief description below; i.e., staff for new or expanded programs or to maintain the facility. This includes any FTE that will be paid for from Increased O&M Funding or New Program Costs noted above.

Existing Facility:

How is the existing program housed? Why is the existing facility not able to meet your needs? What is the proposed use or disposition of the existing facility if your request is funded?

Where applicable, if the proposed facility is not intended to be replacement space, (existing facility serving this function will not be demolished) describe the future use of the existing facility. Include functions to be served, costs of remodeling or expansions as well as the amount of deferred maintenance and code compliance that will need to take place in the existing facility to enable it for continued use.

Existing Space (square feet) Currently Occupied _____

Project Executive Summary:

Use this section to provide a detailed justification of why the project is needed. Please address the following bullets in your summary.

- *Describe the purpose for the project in detail, including all programs and services to be offered in the proposed facility.*

- *How would this facility benefit the State of Utah? Describe the various populations or constituencies served and how they will benefit. Estimate any increase in program capacity that will result if this request is funded, i.e. number of FTE students taught, prisoners housed, court cases handled, etc.*

- *Explain how this facility would function to satisfy some facet of the institution or agency mission.*

- *Summarize your decision-making process that has led to this project request: e.g., construction of a new facility versus remodeling an existing building or a combination of build new and remodel existing. Discuss economic, functional, and programmatic considerations involved in your proposal.*

- *Explain the degree of urgency for the project and your options and strategies should this facility not be funded, both in the interim and in the long term.*

Feasibility/Planning:

- *Explain how this facility and its functions correspond with your agency or institution's Strategic Plan and campus Master Plan. Indicate when your Strategic Plan and Master Plan was last updated.*

- *Summarize the primary priorities of program or service growth at your institution or agency and describe how the proposed facility will serve those needs.*

- *Where applicable, describe the potential positive and/or adverse economic and community impacts of the project.*

- *Describe any special transportation considerations for this facility including parking, transit, and pedestrian requirements*

- *Describe your efforts to work with the surrounding communities should this facility be approved; including impacts to traffic, pedestrian safety, security, noise, excessive nighttime lighting, etc.*

- *Describe the extent that you have evaluated facility siting, including alternative sites where applicable, to include:*

    - *Identification, including location, size, and characteristics of the site, and estimated costs of any required environmental remediation*

    - *If the site is not owned by the state, address the availability and cost of purchasing the site and the results of any appraisals that have been performed. Agencies should work with DFCM's real estate staff in addressing potential purchases.*

- *Explain any special soils preparation requirements or seismic conditions that could increase site and structural costs beyond those considered standard for your area.*

- *Describe the availability and capacity of utility services, including IT, for the proposed facility. Specify whether the utilities services will be provided by municipal, private, or local campus centralized services.*

Land Bank Acquisition Requests:

Requests for purchase of land from funds to be appropriated by the State Legislature for future use by an agency or institution will be evaluated based upon approved programmatic planning and facilities master plan requirements of the agencies and institutions.

General Considerations *- Provide detail for the following considerations that will be taken into account in evaluation of these requests.*

- *Location and description of the property including any existing permanent structures.*

- *Current availability of the land and "time sensitivity" of the window of opportunity for its purchase.*

- *Intended use of the land and its relative importance in the context of the agency or institutions role and mission assignment and strategic plan for the future.*

- *Suitability of the property for the intended use (ingress/egress, proximity of utilities, percentage of buildable area, geo-technical, etc. where applicable).*

- *Reasonableness of cost as determined by an appraisal or other reasonable estimate of the value of the land.*

- *Condition of the land, including the potential liability of the institution pertaining to clearing the property, potential existence of hazardous waste, greenhouse gas emissions, etc.*

- *Condition and potential use of existing structures, if any.*

UCAT Statutory Requirements *- State statute specifies that the State Building Board must determine that the requirements of UCA 53B-2a-112 have been met before it may consider a funding request from the Utah College of Applied Technology pertaining to new capital facilities and land purchases. UCAT requests for such purchases should describe in detail how each of these statutory requirements have been met including: inclusion of letters from school districts stating that they do not have space available for UCAT use; an inventory/utilization report of the current UCAT space; a summary of the ATE programs being offered by the college campuses in the UCAT area and copies of current cooperative agreements or a summary of efforts to develop such agreements.*

Photographs and Maps*:*

Photographs and other graphics justifying the project and/or maps showing where the facility will be located are requested to be submitted in electronic format if possible. These should help explain the project and justify why it should be funded.

Scoring Analysis for Building Board Request Evaluation Guide:

Please provide the following justification to aid the Building Board and DFCM in applying the attached Capital Development Request Evaluation Guide.

1. Existing Building Deficiencies and Life Safety Concerns

   If the request involves the renovation or replacement of an existing state owned facility, provide a summary (one page maximum) of critical life safety and other deficiencies in the existing facility. Address the potential impact and probability of occurrence of life safety deficiencies. Coordinate with assigned DFCM staff to identify the extent to which the project addresses documented deficiencies in the existing facility. Document the extent of existing nonfunctional or dilapidated space.

2. Essential Program Growth

   Summarize demographic data which justifies the scope of the project including any increased space requested. Document the extent of any existing shortages of space. Attach the source and date of demographic data. Examples of demographic data that may be used include workload, enrollment, and population changes.

3. Cost Effectiveness

If an alternative approach is being suggested that is less costly than a standard approach, demonstrate the immediate and long term savings of the alternative approach. Conversely, if a more expensive cost approach is being suggested explain why.

4. Project Need: Improved Program Effectiveness and Support of Critical Programs/Initiatives

   Demonstrate how the requested project will improve the effectiveness and/or capacity of the associated program(s) and thereby improve the delivery of services. Demonstrate the criticality of the program or initiative that will be supported by the requested project. Demonstrate how the requested project supports a critical state program or initiative.

5. Alternative Funding Sources

   Document, by category, the amount of alternative funding that is in hand, the amount for which enforceable commitments have been obtained, and any additional amount for which alternative funding is being sought. With the exception of donations, identify any timing constraints associated with the alternative funding.

5-Year Plan

Please list below the anticipated State Funded Capital Development projects planned for your agency/institution over the next five years. Include a short one paragraph description/justification of each project and the approximate cost of the project.

Project #1

Project #2

Project #3

Project #4

Project #5

CBE*

***Note: After the Building Board's prioritization process, DFCM may verify the project preliminary cost estimate.**

Appendix G – Senate Bill 217

CAPITAL IMPROVEMENT AND DEVELOPMENT PROJECT
AMENDMENTS
2015 GENERAL SESSION
STATE OF UTAH
Chief Sponsor: Wayne A. Harper
House Sponsor: Gage Froerer

LONG TITLE
General Description:
This bill amends provisions relating to capital improvement and capital development projects.
Highlighted Provisions:
This bill:
< modifies the State Building Board's duties;
< addresses the process by which the State Building Board recommends and prioritizes capital development projects;
< requires the State Building Board to complete a process report relating to operations and maintenance costs; and
< makes technical and conforming changes.
Money Appropriated in this Bill:
None
Other Special Clauses:
None
Utah Code Sections Affected:
AMENDS:
63A-5-103, as last amended by Laws of Utah 2013, Chapter 250
63A-5-104, as last amended by Laws of Utah 2014, Chapters 113 and 195
63I-2-263, as last amended by Laws of Utah 2014, Chapters 172, 423, and 427
ENACTS:
63A-5-104.1, Utah Code Annotated 1953

Be it enacted by the Legislature of the state of Utah:
Section 1. Section 63A-5-103 is amended to read:
63A-5-103. Board -- Powers.
(1) The State Building Board shall:
(a) in cooperation with state institutions, departments, commissions, and agencies, prepare a master plan of structures built or contemplated;
(b) submit to the governor and the Legislature a comprehensive five-year building plan for the state containing the information required by Subsection (2);
(c) amend and keep current the five-year building program for submission to the governor and subsequent legislatures;
(d) as a part of the long-range plan, recommend to the governor and Legislature any changes in the law that are necessary to insure an effective, well-coordinated building program

for all state institutions;
(e) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, make rules:
(i) that are necessary to discharge its duties and the duties of the Division of Facilities Construction and Management;
(ii) to establish standards and requirements for life cycle cost-effectiveness of state facility projects; [and]
(iii) to govern the disposition of real property by the division and establish factors, including appraised value and historical significance, in evaluating the disposition;
(iv) to establish standards and requirements for a capital development project request, including a requirement for a feasibility study; and
(v) to establish standards and requirements for reporting operations and maintenance expenditures for state-owned facilities, including standards and requirements relating to utility metering;
(f) with support from the Division of Facilities Construction and Management, establish design criteria, standards, and procedures for planning, design, and construction of new state facilities and for improvements to existing state facilities, including life-cycle costing, cost-effectiveness studies, and other methods and procedures that address:
(i) the need for the building or facility;
(ii) the effectiveness of its design;
(iii) the efficiency of energy use; and
(iv) the usefulness of the building or facility over its lifetime;
(g) prepare and submit a yearly request to the governor and the Legislature for a designated amount of square footage by type of space to be leased by the Division of Facilities Construction and Management in that fiscal year; [and]
(h) assure the efficient use of all building space[.]; and
(i) conduct ongoing facilities maintenance audits for state-owned facilities.
(2) In order to provide adequate information upon which the State Building Board may make its recommendation under Subsection (1), any state agency requesting new full-time employees for the next fiscal year shall report those anticipated requests to the building board at least 90 days before the annual general session in which the request is made.
(3) (a) The State Building Board shall ensure that the five-year building plan required by Subsection (1)(c) includes:
(i) a list that prioritizes construction of new buildings for all structures built or contemplated based upon each agency's, department's, commission's, and institution's present and future needs;
(ii) information, and space use data for all state-owned and leased facilities;
(iii) substantiating data to support the adequacy of any projected plans;
(iv) a summary of all statewide contingency reserve and project reserve balances as of the end of the most recent fiscal year;
(v) a list of buildings that have completed a comprehensive facility evaluation by an architect/engineer or are scheduled to have an evaluation;
(vi) for those buildings that have completed the evaluation, the estimated costs of needed improvements; and
(vii) for projects recommended in the first two years of the five-year building plan:
(A) detailed estimates of the cost of each project;

(B) the estimated cost to operate and maintain the building or facility on an annual basis;
(C) the cost of capital improvements to the building or facility, estimated at 1.1% of the replacement cost of the building or facility, on an annual basis;
(D) the estimated number of new agency full-time employees expected to be housed in the building or facility;
(E) the estimated cost of new or expanded programs and personnel expected to be housed in the building or facility;
(F) the estimated lifespan of the building with associated costs for major component replacement over the life of the building; and
(G) the estimated cost of any required support facilities.
(b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the State Building Board may make rules prescribing the format for submitting the information required by this Subsection (3).
(4) (a) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the State Building Board may make rules establishing circumstances under which bids may be modified when all bids for a construction project exceed available funds as certified by the director.
(b) In making those rules, the State Building Board shall provide for the fair and equitable treatment of bidders.
(5) (a) A person who violates a rule adopted by the board under Subsection (1)(e) is subject to a civil penalty not to exceed $2,500 for each violation plus the amount of any actual damages, expenses, and costs related to the violation of the rule that are incurred by the state.
(b) The board may take any other action allowed by law.
(c) If any violation of a rule adopted by the board is also an offense under Title 76, Utah Criminal Code, the violation is subject to the civil penalty, damages, expenses, and costs allowed under Subsection (1)(e) in addition to any criminal prosecution.
Section 2. 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) "Capital developments" means a:
(i) remodeling, site, or utility project with a total cost of $2,500,000 or more;
(ii) new facility with a construction cost of $500,000 or more; or
(iii) purchase of real property where an appropriation is requested to fund the purchase.
(b) "Capital improvements" means a:
(i) remodeling, alteration, replacement, or repair project with a total cost of less than $2,500,000;
(ii) site and utility improvement with a total cost of less than $2,500,000; or
(iii) new facility with a total construction cost of less than $500,000.
(c) (i) "New facility" means the construction of a new building on state property regardless of funding source.
(ii) "New facility" includes:
(A) an addition to an existing building; and
(B) the enclosure of space that was not previously fully enclosed.
(iii) "New facility" does not mean:

(A) the replacement of state-owned space that is demolished or that is otherwise removed from state use, if the total construction cost of the replacement space is less than $2,500,000; or

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

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

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

(2) (a) The State Building Board, on behalf of all state agencies, commissions, departments, and institutions shall submit its capital development recommendations and priorities to the Legislature for approval and prioritization.

(b) In developing the State Building Board's capital development recommendations and priorities, the State Building Board shall:

(i) require each state agency, commission, department, or institution requesting an appropriation for a capital development project to complete a study that demonstrates the feasibility of the capital development project, including:

(A) the need for the capital development project;

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

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

(D) the economic and community impacts of the capital development project; and

(ii) verify the completion and accuracy of the feasibility study described in Subsection (2)(b)(i).

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

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

(i) the requesting state agency, commission, department, or institution has provided adequate assurance that:

(A) state funds will not be used for the design or construction of the facility; and

(B) the state agency, commission, department, or institution has a plan for funding in place that will not require increased state funding to cover the cost of operations and maintenance to, or state funding for, immediate or future capital improvements to the resulting facility; and

(ii) the use of the state property is:

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

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

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

(ii) For facilities constructed under the exemption provided in Subsection (3)(b), a state agency, commission, department, or institution may not request:

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

(B) state capital improvement funding.

(d) Legislative approval is not required for:

(i) the renovation, remodeling, or retrofitting of an existing facility with nonstate funds that has been approved by the State Building Board;

(ii) a facility to be built with nonstate funds and owned by nonstate entities within research park areas at the University of Utah and Utah State University;
(iii) a facility to be built at This is the Place State Park by This is the Place Foundation with funds of the foundation, including grant money from the state, or with donated services or materials;
(iv) a capital project that:
(A) is funded by:
(I) the Uintah Basin Revitalization Fund; or
(II) the Navajo Revitalization Fund; and
(B) does not provide a new facility for a state agency or higher education institution; or
(v) a capital project on school and institutional trust lands that is funded by the School and Institutional Trust Lands Administration from the Land Grant Management Fund and that does not fund construction of a new facility for a state agency or higher education institution.
(e) (i) Legislative approval is not required for capital development projects to be built for the Department of Transportation:
(A) as a result of an exchange of real property under Section 72-5-111; or
(B) as a result of a sale or exchange of real property from a maintenance facility if the real property is exchanged for, or the proceeds from the sale of the real property are used for, another maintenance facility, including improvements for a maintenance facility and real property.
(ii) When the Department of Transportation approves a sale or exchange under Subsection (3)(e), it shall notify the president of the Senate, the speaker of the House, and the cochairs of the Infrastructure and General Government Appropriations Subcommittee of the Legislature's Joint Appropriation Committee about any new facilities to be built or improved under this exemption.
(4) (a) (i) The State Building Board, on behalf of all state agencies, commissions, departments, and institutions shall by January 15 of each year, submit a list of anticipated capital improvement requirements to the Legislature for review and approval.
(ii) The list shall identify:
(A) a single project that costs more than $1,000,000;
(B) multiple projects within a single building or facility that collectively cost more than $1,000,000;
(C) a single project that will be constructed over multiple years with a yearly cost of $1,000,000 or more and an aggregate cost of more than $2,500,000;
(D) multiple projects within a single building or facility with a yearly cost of $1,000,000 or more and an aggregate cost of more than $2,500,000;
(E) a single project previously reported to the Legislature as a capital improvement project under $1,000,000 that, because of an increase in costs or scope of work, will now cost more than $1,000,000; and
(F) multiple projects within a single building or facility previously reported to the Legislature as a capital improvement project under $1,000,000 that, because of an increase in costs or scope of work, will now cost more than $1,000,000.
(b) Unless otherwise directed by the Legislature, the State Building Board shall prioritize capital improvements from the list submitted to the Legislature up to the level of appropriation made by the Legislature.
(c) In prioritizing capital improvements, the State Building Board shall consider the

results of facility evaluations completed by an architect/engineer as stipulated by the building board's facilities maintenance standards.
(d) Beginning on July 1, 2013, in prioritizing capital improvements, the State Building Board shall allocate at least 80% of the funds that the Legislature appropriates for capital improvements to:
(i) projects that address:
(A) a structural issue;
(B) fire safety;
(C) a code violation; or
(D) any issue that impacts health and safety;
(ii) projects that upgrade:
(A) an HVAC system;
(B) an electrical system;
(C) essential equipment;
(D) an essential building component; or
(E) infrastructure, including a utility tunnel, water line, gas line, sewer line, roof, parking lot, or road; or
(iii) projects that demolish and replace an existing building that is in extensive disrepair and cannot be fixed by repair or maintenance.
(e) Beginning on July 1, 2013, in prioritizing capital improvements, the State Building Board shall allocate no more than 20% of the funds that the Legislature appropriates for capital improvements to:
(i) remodeling and aesthetic upgrades to meet state programmatic needs; or
(ii) construct an addition to an existing building or facility.
(f) The State Building Board may require an entity that benefits from a capital improvement project to repay the capital improvement funds from savings that result from the project.
(g) The State Building Board may provide capital improvement funding to a single project, or to multiple projects within a single building or facility, even if the total cost of the project or multiple projects is $2,500,000 or more, if:
(i) the capital improvement project or multiple projects require more than one year to complete; and
(ii) the Legislature has affirmatively authorized the capital improvement project or multiple projects to be funded in phases.
(h) In prioritizing and allocating capital improvement funding, the State Building Board shall comply with the requirement in Subsection 63B-23-101(2)(f).
(5) The Legislature may authorize:
(a) the total square feet to be occupied by each state agency; and
(b) the total square feet and total cost of lease space for each agency.
(6) If construction of a new building or facility will be paid for by nonstate funds, but will require an immediate or future increase in state funding for operations and maintenance or for capital improvements, 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.
(7) (a) Except as provided in Subsection (7)(b) or (c), the Legislature may not fund the design or construction of any new capital development projects, except to complete the funding of projects for which partial funding has been previously provided, until the Legislature has appropriated 1.1% of the replacement cost of existing state facilities and infrastructure to capital improvements.
(b) (i) As used in this Subsection (7)(b):
(A) "Education Fund budget deficit" is as defined in Section 63J-1-312; and
(B) "General Fund budget deficit" is as defined in Section 63J-1-312.
(ii) If the Legislature determines that an Education Fund budget deficit or a General Fund budget deficit exists, the Legislature may, in eliminating the deficit, reduce the amount appropriated to capital improvements to 0.9% of the replacement cost of state buildings and infrastructure.
(c) (i) The requirements under Subsections (6)(a) and (b) do not apply to the 2008-09, 2009-10, 2010-11, 2011-12, and 2012-13 fiscal years.
(ii) For the 2013-14 fiscal year, the amount appropriated to capital improvements shall be reduced to 0.9% of the replacement cost of state facilities.
(8) It is the policy of the Legislature that a new building or facility be approved and funded for construction in a single budget action, therefore the Legislature may not fund the programming, design, and construction of a new building or facility in phases over more than one year unless the Legislature has approved each phase of the funding for the construction of the new building or facility by the affirmative vote of two-thirds of all the members elected to each house.
(9) (a) If, after approval of capital development and capital improvement priorities by the Legislature under this section, emergencies arise that create unforeseen critical capital improvement projects, the State Building Board may, notwithstanding the requirements of Title 63J, Chapter 1, Budgetary Procedures Act, reallocate capital improvement funds to address those projects.
(b) The State Building Board shall report any changes it makes in capital improvement allocations approved by the Legislature to:
(i) the Office of Legislative Fiscal Analyst within 30 days of the reallocation; and
(ii) the Legislature at its next annual general session.
(10) (a) The State Building Board may adopt a rule allocating to institutions and agencies their proportionate share of capital improvement funding.
(b) The State Building Board shall ensure that the rule:
(i) reserves funds for the Division of Facilities Construction and Management for emergency projects; and
(ii) allows the delegation of projects to some institutions and agencies with the requirement that a report of expenditures will be filed annually with the Division of Facilities Construction and Management and appropriate governing bodies.
(11) It is the intent of the Legislature that in funding capital improvement requirements under this section the General Fund be considered as a funding source for at least half of those costs.
(12) (a) Subject to Subsection (12)(b), at least 80% of the state funds appropriated for capital improvements shall be used for maintenance or repair of the existing building or facility.

(b) The State Building Board may modify the requirement described in Subsection (12)(a) if the State Building Board determines that a different allocation of capital improvements funds is in the best interest of the state.

Section 3. Section 63A-5-104.1 is enacted to read:

63A-5-104.1. State Building Board -- Process study and recommendations.

(1) (a) The State Building Board, in collaboration with the Board of Regents, each higher education institution, as defined in Section 53B-1-201, the Utah Schools for the Deaf and the Blind, and any other state entity that the State Building Board invites to participate, shall prepare a report that proposes:

(i) a process for tracking direct and indirect operations and maintenance costs on an individual building basis; and

(ii) alternative funding mechanisms for operations and maintenance costs for state-owned and state-operated facilities that incorporate actual expenses, the purpose for which the facility is used, the age of the facility, the condition of the facility, and the location of the facility.

(b) In preparing a proposal described in Subsection (1)(a)(ii), the State Building Board shall consider an internal service fund, individual appropriation line items, and a formula to determine funding.

(2) No later than September 1, 2015, the State Building Board shall submit the report described in Subsection (1) to:

(a) the legislative fiscal analyst; and

(b) the Infrastructure and General Government Appropriations Subcommittee.

Section 4. Section 63I-2-263 is amended to read:

63I-2-263. Repeal dates, Title 63A to Title 63M.

[(1) Section 63A-1-115 is repealed on July 1, 2014.]

(1) Section 63A-5-104.1 is repealed on January 1, 2016.

(2) Section 63C-9-501.1 is repealed on July 1, 2015.

[(3) Subsection 63J-1-218(3) is repealed on December 1, 2013.]

[(4) Subsection 63J-1-218(4) is repealed on December 1, 2013.]

[(5) Section 63M-1-207 is repealed on December 1, 2014.]

[(6)] (3) Subsection 63M-1-903(1)(d) is repealed on July 1, 2015.

[(7) Subsection 63M-1-1406(9) is repealed on January 1, 2015.]