

---

---

## Issue Brief – USHE New Facilities O & M

---

---

NUMBER USHE-01

### SUMMARY

The Analyst recommends approval of funding in the amount of \$1,952,800 for the FY 2008 operations and maintenance of 14 new facilities on five campuses. The Analyst also recommends offsetting this amount by \$202,700 to reflect the portion of FY 2008 that these buildings will not be open and available for occupancy.

### OBJECTIVE

Funding of O & M for new and renovated facilities helps to maintain the buildings and preserve the State's capital investments on USHE campuses.

### DISCUSSION AND ANALYSIS

Two years ago, the Legislature approved a new policy where the O & M for a new building was approved at the time the building was approved. The O & M funding was to be appropriated, and would be offset with a one-time reduction until the building was completed and ready for occupancy. This policy brings the O & M costs to the attention of the Legislature as a cost of the building, not as a cost later on that needs to be prioritized with other requests. This policy seems to be working to the benefit of both the Legislature and the institutions.

This policy only applies to state-funded buildings, so the O & M for non-state funded buildings still needs to go through the request process. In addition, buildings that were approved prior to the new policy do not have the O & M funded and need to go through the request process.

Nine of these facilities were approved for O & M funding last year, but towards the end of the session, the O & M allocation was reduced by approximately half, leaving these nine buildings with only half of the funding needed for O & M. Four of the buildings are non-state funded projects, and have not received O & M funding previously.

There are eight building projects at the University of Utah, two at Utah State University, one at Weber State University, two at the College of Eastern Utah, and one at Salt Lake Community College. These projects are described below:

#### University of Utah

The ***Emma Eccles Jones Medical Research Building*** is a non-state funded building for academic and medical research in the fields of pathology and biochemistry. The building has approximately 129,117 square feet of laboratory space and qualifies for state funding of the operations and maintenance. The Legislature funded \$646,200 in the 2005 General Session and \$264,700 in the 2006 General Session. The balance of a full fiscal year funding is \$196,900.

The ***Chemistry Glauss Building*** is a non-state funded building with 23,400 square feet of laboratory space for academic research. The Legislature provided O & M funding in the amount of \$107,750 in 2006, leaving a balance of \$80,150.

The ***Warnock Engineering Building*** was approved for state and non-state funding. It has 100,000 square feet of laboratory space for academic research. The funding approved for FY 2007 was \$366,550 compared to the full year funding needs of \$693,100. The balance is \$272,550.

The ***Moran Eye Center II*** is a non-state funded building with academic research and clinical functions. The building has 99,900 square of laboratory space. The full year O & M costs are estimated at \$665,300; the FY 2007 approved funding was \$381,550, leaving a balance of \$283,750.

The ***Marriott Library Facility Adaptation*** is for remodeling of approximately 302,000 square feet of current space. The function remains academic libraries. There is an increase in the O & M of the space in the amount of

\$1.02 per square foot. The O & M costs are estimated at \$322,900. Last year, the Legislature approved partial funding in the amount of \$185,150, leaving a shortfall of \$137,750.

The ***Social Work Building*** is a non-state funded building of 15,000 square feet for classroom and office space. The O & M costs for FY 2008 are expected at \$27,700.

The ***Humanities Building*** is a non-state funded building with classroom and office space. There are approximately 55,000 square feet. The FY 2008 O & M costs are \$53,200.

The original ***Moran Eye Center*** is a non-state funded building that is now available for conversion to academic space. The 35,000 square feet will be used for offices and classroom space. The O & M costs are estimated at \$195,800 for FY 2008.

#### Utah State University

Funding for the ***South Animal Farm Teaching and Research Building*** was provided through the Legislature's two \$5 million appropriations to relocate the agriculture buildings to the southern part of the Cache Valley. O & M funding for this facility is recommended at \$115,300 with a one-time reduction of \$76,900.

The ***D G Sant Engineering Innovation Building*** is a facility partially funded with state funds but without any O & M funding. The full year O & M costs are recommended is recommended at \$167,700, but because it will only be operational for 3 months during FY 2008, the Analyst also recommends a one-time reduction of \$125,800.

#### Weber State University

The ***Reed K. Swenson Building*** received state funding for remodeling and renovation with major infrastructure upgrades. The building is used primarily for physical education, but also has some classrooms. The O & M for the remodeled building is \$75,400. Partial funding was provided during the 2006 General Session in the amount of \$43,200, leaving a recommended balance of \$32,200.

#### College of Eastern Utah

The San Juan campus' ***Library and Health Sciences Building*** was approved by the Legislature for state funding. The 28,080 square foot building houses the library, Health Sciences, and some administrative functions such as Faculty Assistance, Development/Grant Office, student financial aid, testing, counseling, and advising. The annual O & M costs are \$131,700. Last year, funding of \$75,550 was provided, leaving a balance of \$56,150.

The San Juan campus also has a state/non-state funded "***Quad***" building. The building houses the bookstore, food services, student services, and staff offices. Of the total 9,600 square footage, 4,336 will be for instructional and staff use. The recommendation to complete the total O & M is \$8,650.

#### Salt Lake Community College

The College's new ***Health Sciences Building*** was approved for state funding in the 2005 General Session. The 127,000 square foot building, on the Jordan Campus, will serve the nursing, medical assistant, medical laboratory technician, physical therapy assistant, radiological technology, and surgical technology programs. The annual O & M costs are estimated at \$762,000. For FY 2007, the full-year funding was recommended, but offset by \$698,500 (11 months of FY 2007). The Legislature provided O & M funding for FY 2007 for this building in the amount of \$437,000, but offset it by the full recommended amount of \$698,500 which leaves a shortfall in both FY 2007 and FY 2008 of \$325,000.

**USHE New Facilities Operations and Maintenance  
FY 2007 and FY 2008**

	<u>Recommended FY 2007</u>	<u>Recommended FY 2008</u>	<u>One-time Reduction FY 2008</u>	<u>Net Recommendation FY 2008</u>
<u>O &amp; M For Legislatively-Approved Projects:</u>				
University of Utah				
Emma Eccles Jones Medical Research Bldg. *		\$196,900		\$196,900
Chemistry Glauss House *		80,150		80,150
Warnock Engineering Building *		272,550		272,550
Moran Eye Center II *		283,750		283,750
Marriott Library Facility Adaptation *		137,750		137,750
Social Work Building		27,700		27,700
Humanities Bldg.		53,200		53,200
Moran Eye Center		195,800		195,800
Utah State University				
South Animal Farm Teaching/Research		115,300	(76,900)	38,400
D G Sant Engineering Innovation Bldg.		167,700	(125,800)	41,900
Weber State University				
Reed Swenson Building Remodel & Renovation *		32,200		32,200
College of Eastern Utah				
San Juan Library and Health Sciences Building *		56,150		56,150
San Juan "Quad" Building *		8,650		8,650
Salt Lake Community College				
Health Sciences Building *	325,000	325,000		325,000
<b>Total FY 2008 USHE Funding Needed</b>	<b>\$325,000</b>	<b>\$1,952,800</b>	<b>(\$202,700)</b>	<b>\$1,750,100</b>

\* Buildings that received partial O & M funding in FY 2007.

Four USHE buildings have received approval for construction in previous sessions with an accompanying amount for O & M. Projects approved in the 2005 General Session include the Marriott Library Facility Adaptation at the University of Utah, the Teacher Education Building at Southern Utah University, and the Health Sciences Building at Dixie State College. During the 2006 General Session, the Legislature also authorized the Digital Learning Center at Utah Valley State College. Of these four projects, only the Teacher Education Building will be completed and ready for occupancy during FY 2008. The other three buildings will be completed during FY 2009. The Analyst recommends continuing one-time reductions of the O & M funding that is in the base budgets for these buildings. Since the SUU building will be completed during FY 2008, the Analyst recommends a partial one-time reduction of the O & M funding that is built into the base budget. This recommendation is outlined in the following table.

In the event that any of these buildings are completed earlier than projected, the Legislature could provide one-time funding during the 2008 General Session for the portion of FY 2008 when the funding would be needed.

**USHE New Facilities Operations and Maintenance  
FY 2008 One-time Reductions**

	<u>Expected Completion</u>	<u>Base Budget FY 2008</u>	<u>One-time Reduction FY 2008</u>	<u>Net Recommendation FY 2008</u>
<u>O &amp; M For Previously-Approved Projects:</u>				
University of Utah				
Marriott Library Facility Adaptation	Aug-08	\$480,000	(\$480,000)	\$0
Southern Utah University				
Teacher Education Building	Sep-07	242,500	(60,600)	181,900
Dixie State College				
Health Sciences Building	Aug-08	413,100	(413,100)	0
Utah Valley State College				
Digital Learning Center	Jul-08	1,053,400	(1,053,400)	0
<b>Total FY 2008 USHE One-time Reductions</b>		<b>\$2,189,000</b>	<b>(\$2,007,100)</b>	<b>\$181,900</b>