



State of Utah

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Department of Government Operations
Division of Facilities Construction and Management

JENNEY REES
Executive Director

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Division Director

To: University of Utah
From: Jim Russell, DFCM Director
Date: August 23, 2022
Subject: **Orin G. Hatch Center Renovation Non-State Funded Project Authorization**
Presenter: Ken Nye, Deputy Chief Facilities Officer

Authorization

DFCM has approved the Orin G. Hatch Center Renovation to proceed as authorized by UCA 63A-5b-404 and as detailed in this document (including the attachments).

Background

The University of Utah has the funding to cover the project budget of \$9,111,290 for this project. They are evaluating the impact of escalating construction costs and the affect this may have on their budget and have confirmed that funding is in place to cover any increases. The sum will cover the cost to renovate property purchased in Washington DC to provide housing for up to 50 student interns and provide a gathering place for alumni, donors and visiting faculty and includes a build-out of 1,080 sq. feet of additional space on the fourth and fifth floors.

The University has indicated they will not request appropriations from the Legislature for this project nor will they request an increase in state funding for O&M or capital improvements. All future O&M and improvement costs associated with this addition will be funded by donations and revenues associated with the operations of this facility.

The University of Utah Board of Trustees approved the project at their March 8, 2022 meeting and by the Board of Higher Education on May 20, 2022.

DFCM Authority

63A-5b-404. Exceptions to requirement of legislative approval for capital development projects.

- (1) (a) Except as provided in this section, a capital development project may not be constructed on state property without legislative approval.

- (b) The division may authorize a capital development project on state property without legislative approval only as provided in this section.
- (2) (a) Legislative approval is not required for a capital development project that consists of the design or construction of a new facility if:
 - (i) the division determines that the requesting agency has provided adequate assurance that state funds will not be used for the design or construction of the facility;
 - (ii) the agency provides to the division a written document, signed by the head of the agency:
 - (A) stating that funding or a revenue stream is in place, or will be in place before the project is completed, to ensure that increased state funding will not be required to cover the cost of operations and maintenance for the resulting facility or for immediate or future capital improvements; and
 - (B) detailing the source of the funding that will be used for the cost of operations and maintenance and for immediate and future capital improvements to the resulting facility; and
 - (iii) the division determines that the use of the state property:
 - (A) is appropriate and consistent with the master plan for the property; and
 - (B) will not create an adverse impact on the state.
- (b) For a facility constructed without legislative approval under Subsection (2)(a), an agency may not request:
 - (i) increased state funds for operations and maintenance; or
 - (ii) increased state capital improvement funding.


R23-24-4. Policy

Utah Administrative Code R23-24-4 applies, provided that references therein to the Utah State Building Board shall mean DFCM.

DFCM is confident that the University of Utah has met the requirements as indicated above and can move forward with this non-state funded project.

Please let me know if you have any additional questions.

Sincerely,



James R. Russell, Director
Division of Facilities Construction and Management