

Utah State Building Board



MEETING

January 8, 2014

MINUTES

Members in Attendance:

Ned Carnahan, Chair
David Fitzsimmons
Chip Nelson
David Tanner
Fred Hunsaker
Gordon Snow
Bob Fitch

Members Excused:

Kristen Cox, Ex-Officio

Guests in Attendance:

Matt Lund
Rich Amon
Jeff Reddoor
Alan Bachman
Cee Cee Niederhauser
John Harrington
Bruce Whittington
Josh Haines
Jim Russell
Wayne Christensen
Bob Anderson
Tom Shaw
Brian Bales
Fran Pruy
Ralph Hardy
Jerry Jensen
Ben Berrett
David Cowley
Charles Darnell
Mark Bleazard
Ken Nye
Mac McDonald

Governor's Office of Management and Budget
Department of Administrative Services
Utah State Building Board
Attorney General's Office
Division of Facilities Construction & Management
CRSA
Utah System of Higher Education
Department of Corrections
Utah State University
Utah State University
Utah State University
Legislative Fiscal Analyst
University of Utah
Department of Human Services

Bret Hardy	USDC
Bob Askerlund	Salt Lake Community College
Malin Francis	Salt Lake Community College
Gregg Stauffer	USHE
Jeff Palmer	Layton Construction
Tracy Neale	GSBS Architect
Ron Berggren	Southern Utah University
Ben Johnson	Southern Utah University
Rich Kendell	Southern Utah University
Tyler Brinkerhoff	UCAT
Kirt Michaelis	MATC
Clay Christensen	MATC
Russ Bachmeier	FFKR Architects
Amy Mayberry	Company AP
Matt Tison	GExpro
Amber Craighill	BHB Engineers
Nancy Wolthuis	Calder Richards Structural Engineers
Lin Alder	McKinstry
Bin Juszczak	UDOT
Sherry J. Ruesch	Dixie State University

On Wednesday, January 8, 2014 the Utah State Building Board held a regularly scheduled meeting in Room 250 of the Utah State Capitol Building, Salt Lake City, Utah. Chair Ned Carnahan called the meeting to order at 9:04 am.

☐ APPROVAL OF MINUTES OF DECEMBER 4, 2013.

Chair Carnahan asked if there were any correction or additions to the minutes. There were none.

MOTION: Dave Tanner moved to approve the Meeting Minutes of December 4, 2014. The motion was seconded by Fred Hunsaker and passed unanimously.

☐ REQUEST FOR APPROVAL OF A TECHNOLOGY BUILDING FOR MOUNTAINLAND APPLIED TECHNOLOGY COLLEGE

President Clay Christensen and Kirt Michaelis from MATC returned to the Board to report on their new technology building which was previously tabled at the October 30, 2013 meeting with a request that MATC return with additional information. President Christensen clarified this was not a request for funding but a request for permission to proceed with a technology and trades building at Thanksgiving Point Campus which will be funded through institutional funds, donations, and existing MATC funding currently being used for lease payments. Previously MATC provided a letter from Utah County Commissioners indicating that they were willing to bond for \$8 Million and go as high as \$10 M if needed for the project. President Christensen reported their O & M would be approximately \$304,000.00, based on \$7.61 per square foot for this 40,000 square foot building. In answer to concerns about the impact this funding would

have on the student population, President Christensen assured the Board there would be no increase in student fees. Jeff Reddoor explained to the Board that this project was initially for \$6.9 Million but after the CBE was completed DFCM indicated this initial estimate made by the Architect was not sufficient to complete the project and should increase to \$10.6 Million. MATC will make adjustments in square footage and equipment replacements to make sure this project is within the \$10.6 Million recommended budget. President Christensen agreed to work with Jeff Reddoor to supply updates on exact changes in bonding, square footage and cost adjustments as well as coordinate with DFCM.

MOTION: Dave Tanner moved to approve the Technology Building for MATC as a non-state funded project with the following stipulation: 1) that MATC show they can meet the O&M over the life of the building which will result in consistent funding and no increase to student fees or costs, 2) that they receive Legislative approval in order to move forward and 3) That MATC provide a business plan to the Building Board Director which would include information from the County and UCAT on Bonding payment commitments.

The Board discussed the time frame for MATC's submittal of a business plan and President Christensen indicated that they would like to have until the end of March after the conclusion of the Legislative session.

AMENDED MOTION Dave Tanner amended his motion to include that MATC should provide a business plan to the Building Board Director in March.

The motion was seconded by Gordon Snow and passed unanimously.

☐ BRIGHAM CITY/PRICE CIB DESIGN COMPLETION APPROVAL

During the 2013 Legislative session, USU was appropriated \$1 Million for planning of their instructional facility at Price and Brigham City. USU has supplemented the original appropriation with their own funds in order to complete full design development for each building. There is concern that USU and DFCM should not proceed with design due to the wording used in the Legislation – specifically does the word “planning” include “design”. Charles Darnell, Associate Vice President of Facilities at USU came before the Board to discuss concerns with the money appropriated by the Legislature for these two projects. They do not believe it was the intent of the Legislature to prevent USU from completing design on these facilities. Mr. Darnell reported that the Legislature appropriated far more funding than was actually required to only accomplish programming for each facility and believes the intent of the Legislation was to proceed as far as possible with the funds provided which would include design development. USU would like clarification from the Board.. Mr. Darnell referred to the enrolled copy of SB 3 which didn't specify planning or design but only listed as an appropriation for each facility under the heading of Capital Development. Jeff Reddoor responded that \$500,000 for each project clearly is not enough to complete the design of a project of that nature. There was considerable discussion about this issue particularly.

MOTION: Chip Nelson moved to approve the request from USU to proceed with the planning and design based on the funds that were allocated and using additional funding within their organization to complete the planning and design functions.

USU indicated they would like this to include CMGC functions but the Board felt that this should not be included. The Board agreed that design could be an architect, an engineer and/or consulting advice from a general contractor. It does not include the hiring of a general contractor for construction. The parameter of design authority does not include actual construction authority for this project. David Fitzsimmons clarified that this is called pre-construction services.

CLARIFICATION OF MOTION:

Chip Nelson clarified his motion to read that USU has approval to proceed with the design and planning of their instructional facilities in Brigham City and Price using the appropriated funds, plus their own internal funds. This part of pre-construction services could include consultation with a contractor only. This motion does not include any interpretation of construction services beyond that. It also includes acknowledgement that USU will not return to the Board for additional funding.

The motion was seconded by Dave Tanner and passed with the voting recorded as follows:

Five in favor
One abstained

☐ PROPOSED RULE R23-33, RULES FOR PRIORITIZATION AND SCORING OF CAPITAL IMPROVEMENTS BY THE UTAH STATE BUILDING BOARD

Jeff Reddoor and Alan Bachman reported that this Administrative Rule codifies the new capital improvement and prioritized scoring processes which are approved by the Board for distribution to the appropriate legislative committee. Discussions included questions about rule content, and the processes included with Capital Improvement Funding as well as clarifications of definitions in the rule. David Tanner commented that the rule and new processes will bring order and capability to judge projects on a fair basis for all agencies and institutions. Alan Bachman said that after input from the general public today, if the Board approves R23-33 for filing, and if there aren't any negative comments filed; then he asked that he be allowed to file an effective date for the rule without returning to the Board for approval.

MOTION: Dave Tanner moved to approve R23-33, Rules for Prioritization and Scoring of Capital Improvements by the Utah State Building Board and that this approval includes the filing of an effective date without returning for additional approval from the Board. The motion was seconded by David Fitzsimmons and passed unanimously.

After voting on the rule, Charles Darnell asked for clarification concerning the Capital Improvement Funding list that would be approved today. In addition USU had a theater (auditorium) which is also used as a classroom but was not classified as such and received lower points. The board agreed that this should be reviewed

❑ REQUEST FOR APPROVAL OF THE FINAL LIST OF FY 2015 CAPITAL IMPROVEMENT FUNDING

Jeff Reddoor presented the Final List of FY 2015 Capital Improvements which will be presented to the Legislature. He went over some of the changes that appeared on the list and which were not on the previous list presented to the Board.

- 1) Changes to miscellaneous funding requests
- 2) Utah Department of Transportation Clinton funding which was encumbered
- 3) The U of U Infrastructure allocation changes
- 4) Dept. of Human Services funding for infrastructure

There was discussion concerning the allocations that results when critical projects arise and require immediate funding, resulting in hardships for other agencies and institutions. The Board concluded that this is a new process approved by the Legislature. There may be corrections to the system but for the most part it will aid in identifying the high critical projects which should be addressed. The Board will be open to address problems as the need arises. As required by state statute, this list will be submitted to the Infrastructure and General Government Subcommittee on or before January 15.

MOTION: Chip Nelson moved to approve the Final List of FY 2015 Capital Improvement Funding. The motion was seconded by Dave Tanner and passed unanimously.

❑ REQUEST FOR APPROVAL FOR THE DEPARTMENT OF HUMAN SERVICES, UTAH DEVELOPMENTAL CENTER INFRASTRUCTURE.

Mack MacDonald, Program Administrator for the Department of Human Services explained the critical nature of infrastructure at the Utah Developmental Center. Their infrastructure system, which was installed in 1929, continues to deteriorate rapidly and the agency is constantly trying to patch, repair and make difficult adjustments to keep it functioning. They are experiencing significant loss of steam with steam leaks coming through sidewalks which have to be barricaded for patient safety. The condensation lines and heat tubes are being contaminated with sediment and dirt which accelerates this deterioration in the line. In addition, there is a leak resulting in the loss of 700 gallons of treated water per hour. They also have concerns with maintaining consistent water temperatures. Several residents have accidentally been burned in the shower due to the fluctuating water temperatures. Federal regulations require that the Developmental Center maintain their water temperatures within 5 degrees and this is extremely difficult to meet because of the deterioration of this antiquated system. The \$1 Million request is to address this critical need on their campus. Jeff Reddoor clarified that the \$6.75 would only be awarded to DHS if the Capital Improvement List was funded at 1.1%.

There was considerable discussion concerning the ratio of buildings to the number of patients, the age and condition of the buildings on the property, the lease of the northern area of the Developmental Center property to create a cash flow for the Center, and master plans for the facility.

MOTION: Dave Tanner moved to approve the Request for \$6.75 Million for the Department of Human Services, Utah Developmental Center Infrastructure along with the request that additional design funds be acquired to move forward with design as soon as possible.

The motion was seconded by David Fitzsimmons and passed with the voting recorded as follows:
Four in favor
Two opposed

□ REPORT ON SUU'S CENTER FOR THE ARTS

Dorian Page and President Rich Kendall presented an update on their plan for funding SUU's Beverly Sorenson Center for the Arts. It will include a new Shakespeare Theater, a state of the art production facility for props and costumes, etc. and will include the Southern Utah Museum of Art, and site improvements complementing the Randall Jones Theater. This non-state funded project is being funded from both public and private sources with a budget of \$30 Million and an additional \$5 Million added for extras (things they would like to do) if the funds can be raised. They feel they are close to this. The University has the following funding sources:

\$17.7 Million in cash

\$13.5 Million in cash equivalents (from very solid sources)

\$ 2.8 Million in outstanding pledges

\$34,075,665.00 – this is the total raised for this project

There is another \$2,550,000.00 of solicitations in progress

The design documents are underway and they hope to begin construction in June of this year. Board members expressed concern about cash equivalents because state law requires that funds are in hand at the time the contract is executed. SUU assured the Board they will be in compliance.

□ REQUEST FOR APPROVAL FOR SNOW COLLEGE LEASE BUYOUT

Representative Kay McIlff reported on his proposal to the Legislature that they appropriate \$3 Million to buyout a pre-paid long term lease which the Sevier School District has on the education wing of the Sevier Valley Center. The Center was completed and occupied approximately 9 years ago. The education wing of this facility is presently leased and being used by the Sevier School District for additional classroom space for Richfield High School which is in close proximity. Sevier School District has broken ground on a new high school in Richfield and no longer needs the classroom wing of the Sevier Valley Center. They are proposing that the Legislature appropriate \$3 Million to Snow College so that they can buy-out

the portion of the lease. There will be no additional O&M costs if this facility if acquired

MOTION: Gordon Snow moved to support the Snow College Lease Buyout. The motion was seconded by Bob Fitch and passed unanimously.

❑ REQUEST FOR APPROVAL OF UDOT SARATOGA SPRINGS MAINTENANCE STATION

UDOT representative, Kevin Griffin requested approval for a new maintenance facility in Saratoga Spring. This is a fully "UDOT Funded" Capital Improvement Project which will replace the facility being removed as part of the road way expansion program; specifically the Pioneer Crossing Highway. UDOT feels confident from their recent construction at the Panguitch Station that they can complete this project within the allowable \$2.5 Million limit.

MOTION: Gordon Snow moved to reapprove the UDOT Saratoga Springs Maintenance Station. The motion was seconded by Bob Fitch and passed unanimously.

❑ REQUEST FOR APPROVAL FOR THE UDOT MOAB CITY LIONS PARK

Bob Anderson from DFCM and Rustin Anderson from UDOT presented their request for the UDOT Moab City Lions Park. The proposed park improvements are primarily located on land that is currently owned by UDOT. UDOT has an agreement in place with Moab City that states they will lease the Lions Park property to the City for the improvements on a thirty year initial term. UDOT needs to retain ownership of the property for future highway purposes if the need arises. The park will be a modern energy-efficient and sustainable infrastructure that will serve as a gateway to Moab City. It will consists of demolition of aging facilities in the park and construction of new restrooms, pavilion, large parking areas, walking trails, zero scape, interpretive signage and a water feature fed by a local spring. Moab City has obtained funding from the following sources to complete the project:

- 1) Scenic Byways funding in the amount of \$1,204,592.00 which is utilized throughout Utah to enhance the experience and feel of Utah's scenic highways.
- 2) Enhancement funding in the amount of \$625,000.00 which is used by local governments to enhance and beautify their communities

The total funding for this project is \$1,829,592.00. Both funding sources will required a 20% match by Moab City and are administered by the Federal Highway Administration guidelines. DFCM will oversee construction of this project.

MOTION: David Fitzsimmons moved to approve the UDOT Moab City Lions Park. The motion was seconded by David Tanner and passed unanimously.

❑ ADMINISTRATIVE REPORTS FOR UNIVERSITY OF UTAH AND UTAH STATE UNIVERSITY

Ken Nye from the University of Utah said that the report to the Board contained all items that

were worthy to note. There were no questions for Mr. Nye.

Ben Berrett from Utah State reported that there were two professional contracts and sixteen construction contracts during this reporting period. Three projects used funds from the Contingency but the Contingency Fund is still healthy. The Price SAC Study Project has closed and contributed a small amount to the Project Reserve Fund. Of the sixteen construction contracts, several were for orders for several emergency generators. There were no questions from Board members.

ADMINISTRATIVE REPORT FOR DFCM

Because of the length of the meeting, DFCM Director Josh Haines asked the Board if there were any questions concerning the report. Dave Tanner had concerns with Change Order #15 and Mr. Haines indicated that DFCM did have a problem there but that corrective procedures have been put in place to make sure this does not happen again. There was concern about whether the Design Team should be billed for some of the costs associated with problems with the design of the roof. There were no additional questions from the Board.

ADJOURNMENT

Chair Carnahan announced that the meeting will adjourn for lunch in 4114 State Office Building and then reconvene in 4112 for the Business portion of the meeting. The meeting adjourned at 12:22 pm.

Attendees at the luncheon include:

Chair Ned Carnahan
David Fitzsimmons
Chip Nelson
Fred Hunsaker
David Tanner
Jeff Reddoor
Josh Haines
Bruce Whittington
Cee Cee Niederhauser

Representative Gage Froerer
Mark Bleazard
Matt Lund
Jim Russell
Rich Amon
Dorothy Taylor
Darrell Hunting

BUSINESS MEETING

Members in Attendance:

Ned Carnahan, Chair
David Fitzsimmons
Chip Nelson
David Tanner
Fred Hunsaker
Gordon Snow

Members Excused:

Kristen Cox, Ex-Officio

Bob Fitch

Guests in Attendance:

Matt Lund	Governor's Office of Management and Budget
Rich Amon	Department of Administrative Services
Jeff Reddoor	Utah State Building Board
Cee Cee Niederhauser	Division of Facilities Construction & Management
Bruce Whittington	Division of Facilities Construction & Management
Jim Russell	Division of Facilities Construction & Management
Craig Wessman	Division of Facilities Construction & Management
Ralph Hardy	Utah System of Higher Education
Jerry Jensen	Department of Corrections
Ben Berrett	Utah State University
Charles Darnell	Utah State University
Mark Bleazard	Legislative Fiscal Analyst
Ken Nye	University of Utah
Mac McDonald	Department of Human Services
Gregg Stauffer	Utah System of Higher Education
Rep. Gage Froerer	Utah House of Representatives

The Board meeting reconvened at 1:10 pm

☐ Department of Human Services Infrastructure Discussion

Chair Carnahan opened the meeting and suggested that Mr McDonald continue to address the Board concerning their Infrastructure Project at the Utah Developmental Center. Specifically Mr. Carnahan asked how the DHS would use the \$1 Million to repair their infrastructure. Mr. McDonald said their first attack would be a band aid approach to the direct buried lines in an effort to stop the huge water leak and repair problems with steam leaks and condensation in their system which is affecting their water temperatures. The insulation in the trenches (which contains asbestos) has fallen out of place due to the steam issues and needs to be eradicated. Those are the most urgent repairs. Mr. McDonald distributed a copy of the campus master plan and explained their hopes for future expansion.

Board members expressed concerns with the high ratio of buildings to patients. Mr. McDonald explained that there were approximately 50 buildings for 250 patients. However these buildings were not all residential. This building count includes service stations, maintenance buildings, a hospital, kitchen, laundry, administration buildings, HR and a recreational building for clients. In addition they have approximately 650 staff members. There was also discussion concerning whether there is a better way to heat and cool residential single level buildings. Gordon Snow said that \$24 Million, estimate to replace the entire infrastructure system, is a huge amount of money to put into an aged facility and encouraged that other options be considered, specifically the possibility of building a new facility. Mr. Reddoor commented that the initial plan, in order to keep the Developmental Center operational and things moving, is to build a system completely parallel to the existing system which keeps things moving but substantially increases the costs.

The \$24 Million cost could be substantially reduced to approximately \$11 Million.

Mac McDonald said that DHS has completed a master plan and developmental study for the northern phase of their property which was just approved by Governor Herbert. This plan anticipates and recommends working with a developer for retail commercial development on the northern half of the property and create a system where DHS would receive a perpetual revenue. Revenue projections are around \$74 Million over 10 years and would generate revenue back into the system. The next step is to put that plan into action.

The Board suggested that DHS work with DFCM for direction or a possible feasibility study and return to the Board.

Board Authority Discussion

Jeff Reddoor addressed the discussion concerning Building Board authority. State statute indicate that the Board has the rule making, policy setting authority under their purview to deal with capital improvements, development and conditions that deal with state facilities. Recently there have been questions concerning proportional sharing vs. prioritized sharing. Statute indicates the Board may, not shall distribute Capital Improvements proportionately. Mr. Reddoor said the Board is operating within their purview and have the authority to make changes to Capital Improvements as allocated.

Utah State University Issues

In previous correspondence, Charles Darnell had indicated he would like to address the Board during the Business meeting. Mr. Darnell said that with today's approval of the Capital Improvement Funding at the previous meeting had addressed many of their concerns. They still have significant concerns about extremely large allocations out of Capital Improvement Funds to address different infrastructure issues. Mr. Darnell said that Utah State is usually allocated about 9% of the Capital Improvement budget. Every ten million dollars that is redirected for critical issues out of Capital Improvement Funding results in about a \$900,000.00 loss to Utah State's funding. This is creating a counter-productive competitive environment among facility people in the state. This has been discussed with UAPPA and the Board of Regents. After considerable discussion, members of the Board reminded Utah State representatives that the State Legislature had directed Mr. Reddoor to come up with a more equitable system for distribution of Capital Improvements. This new system has been approved by the Board and the Legislature. DFCM and Mr. Reddoor are simply carrying out direction from the Legislature. Board members agreed that O&M and Capital Improvement Funds are always inadequate for our state buildings. There simply is not enough funding for adequate distribution.

Ken Nye shared a history of infrastructure funding for the University of Utah and reminded the Board that the University has always pursued their infrastructure funding through Capital Development. However, between FY07 and FY12 the University spent \$22 Million out of their share of Capital Improvement to address these issues. Their request this year is through Capital Development. The Legislature has traditionally funded a portion and asked the University to look for other funding sources which has resulted in the University requesting

permission to issue a \$29.4 Million revenue bond which will be paid entirely by the University of Utah. Much of that repayment will come from students because they are the occupants of university housing which is paying for its share of the infrastructure. Another \$5.5 Million will be put into their infrastructure as well. The University feels they have made a huge investment.

Review of New Capital Improvement Process

Jeff Reddoor felt there had been ample discussion on the Capital Improvement process. There was no further discussion.

Goals and Objectives for the Board

Chair Carnahan addressed the future goals and objectives for the year. He indicated the Board would look at other Administrative Rules in the future and particularly the issues of project phasing, programming, design, and construction may be addressed at future business meetings.

The Board had previously discussed having an agency visit after some of their Board meetings and the Chair encouraged Board members to consider this.

In addition, the Board should examine plans to expand the Capital Development Tour this year. Mr. Reddoor has scheduled five days for this event but the Board members should determine which days and how many days for the tour so this can be placed on the calendar. Chip Nelson suggested that the Board also include critical or larger Capital Improvement needs on this year's tour. Gordon Snow suggested that the tour be divided with two days in the Spring and two days in the Fall. Previously the Board had requested that they tour the entire state rather than rotating the north or south areas for alternate years. The tour is scheduled for the week of August 18th – 22nd.

Other

Chair Carnahan reported that in the past the Board's budget was a portion of the DFCM budget. The Board and DFCM still have a synergy and close working relationship. However, starting this year, the Building Board's budget will be separated. Board members suggested that Jeff Reddoor use this funding to hiring an addition staff member to perform facility audits. Funding for this has been requested through a Building Block this year.

Adjournment

The meeting adjourned at 3:03 pm.