

Utah State Building Board



MEETING

May 4, 2016

MINUTES

Members in Attendance:

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

Guests in Attendance:

Jeff Reddoor	Utah State Building Board
Ken Hansen	Department of Administrative Services
Patricia Yacks	Department of Administrative Services
Eric Tholen	Division of Facilities Construction & Management
Bruce Whittington	Division of Facilities Construction & Management
Jim Russell	Division of Facilities Construction & Management
Lee Fairbourn	Division of Facilities Construction & Management
Darrell Hunting	Division of Facilities Construction & Management
Dorothy Taylor	Division of Facilities Construction & Management
CeeCee Niederhauser	Division of Facilities Construction & Management
Bianca Shama	Division of Facilities Construction & Management
Alan Bachman	Attorney General's Office
Nicole Alder	Attorney General's Office
Rich Amon	USHE
Ben Berrett	Utah State University
Malin Francis	Salt Lake Community College
Tiger Funk	Southern Utah University
Marvin Dodge	Southern Utah University
Scott Wyatt	Southern Utah University
Julie Attig	Reaveley Engineers
Fran Pruy	CRSA
Linda Hansen	Ensign Engineering
Robert Kempe	Utah Department of Corrections
Jodi Geroux	FFKR Architects

MikeAnne Hurst	DPS/DLD
Chris Caras	DPS/DLD
Mike Rapich	UHP/DPS
Bryan Webb	Layton Construction
Rachel Legree	Gordian
Jacob Guy	Gordian
Rochelle Randazzo	University of Utah
Richie Wilcox	GOMB

On Wednesday, May 4, 2016, 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 9:00 am and noted a quorum was present.

☐ APPROVAL OF MEETING MINUTES OF April 6, 2016

Chair Carnahan asked for comments or corrections to the minutes.

MOTION: Fred Hunsaker moved to approve the Minutes of April 6, 2016. The motion was seconded by David Tanner and passed with four in favor and one abstention. Voting recorded as follows:

David Tanner	Yes
David Fitzsimmons	Yes
Chip Nelson	Yes
Fred Hunsaker	Yes
Bob Fitch	Abstained

☐ AMENDMENTS TO DFCM RULE 23-23 HEALTH REFORM – HEALTH INSURANCE COVERAGE IN STATE CONTRACTS -- IMPLEMENTATION

Assistant Attorney General Alan Bachman reported amendments to R23-23 are required in order to comply with HB 282 of the 2016 General Legislative Session. Under the authority of the Board, this rule provides for the discharge of duties of the DFCM as well as Section 63A-5-205 and requires changes to the health insurance requirements imposed on contractors and subcontractors of a certain level. The limits have been raised to \$2 Million for contractors and \$1 Million for subcontractors. In addition, the Health Department is now required to post the benchmark on their website and DFCM, as a courtesy, will post on theirs. Mr. Bachman is requesting a motion to file amendments to R23-23 as an emergency rule and a regular rule. This is an emergency rule because the statute has already been changed and signed by the Governor. In addition, it should be filed as a regular rule so it will stay in place after the emergency and go through the regular rule making process. Amendments for R23-23 consist of state law changes. In addition, it contains an idea from the Supplemental General Conditions requiring DFCM provide a certification form and a statement of actuarial equivalency to be completed by general contractors with general contractors collecting this information from their subcontractors. If there are no negative comments to R23-23 during the public comment period, Mr. Bachman requested the Board grant permission for the rule to be made effective without returning to the Board for approval.

MOTION: David Tanner moved to approve Amendments to R23-23 Health Reform – Health Insurance Coverage in State Contracts – Implementation, and that the rule be filed as both an emergency and regular rule and be made effective without returning to the Board for additional approval. The motion was seconded by Bob Fitch and passed unanimously.

❑ AMENDED LONG TERM LEASE REQUEST IN CEDAR CITY, UTAH FOR A NEW PUBLIC SAFETY AND DEPARTMENT OF CORRECTIONS BUILDING

Real Estate Manager Wayne Christensen, Department of Corrections Facility Manager Jerry Jensen, and Division Director Mike Rapich from the Department of Public Safety presented a long term lease request for a 25 year lease for Public Safety and the Department of Corrections Building. The original lease was approved by the Board in January, 2015, for a 20 year lease term. However, after the architectural drawings were prepared and an RFP issued, the bids came in over budget. Iron County requested and received an additional \$700,000 from their Permanent Community Impact Fund at a favorable rate of 2.5% interest and changed the term of the bond to 25 years. Approval is being requested for a 25 term lease in order to help keep the annual rental rates affordable for these agencies. It is expected the actual rental cost after construction completion will be \$17.50 sf for this 24,582 square foot facility in Cedar City. Jeff Reddoor said these rates are consistent with other state facilities. The new building will be sized for the 25 year growth of Public Safety and Corrections.

MOTION: Chip Nelson moved to approve the Amended 25 Year Long Term Lease Request in Cedar City, Utah for a New Public Safety and Department of Corrections Building. The motion was seconded by David Tanner and passed unanimously.

❑ FUNDING CERTIFICATION FOR SOUTHERN UTAH UNIVERSITY'S NEW BUSINESS BUILDING AND REMODEL OF THE OLD LEAVITT BUSINESS BUILDING

SUU President Scott Wyatt reported during the 2016 Legislature session, the state appropriated \$8 Million for the construction of this project with alternate funding of \$9 Million from SUU, provided through donations and other institutional sources, totaling \$17 Million. President Wyatt presented a booklet to the Board containing specific information concerning funding, donor profiles, donor pledge documents and budget/timelines. SUU presently has verified pledges of \$9.7 Million from proven donors who have a history with SUU. Their plan is to have SUU's portion of the project paid with 100% donations; however, if circumstances change, SUU is prepared to cover their \$9 Million portion of the project with institutional funding. President Wyatt presented a budget/timeline showing the percentage split of project costs: SUU 52.9% and State of Utah 47.1%. Alan Bachman asked if SUU presently has sufficient funds on hand should all donors fall through. President Wyatt said they have funds for Stage 1 and will not begin Stage 2 or 3 until sufficient funds are available. Mr. Bachman clarified his questions to ask as each stage approaches, and if pledges were to fall through, would SUU have the funds in hand to cover each stage at the time the stage occurs? President Wyatt answered in the affirmative. Board members expressed appreciation for the excellent information provided during the presentation.

MOTION: David Tanner moved to approve the Funding Certification for Southern Utah University's New Business Building and Remodel of the Old Leavitt Business Building. The motion was seconded by Fred Hunsaker and passed unanimously.

□ **UNIVERSITY REPORTS**

Rochelle Randazzo, Associate Director for Finance of Facilities Management at the University of Utah, reported in behalf of Ken Nye. The most significant agreements for professional services were for design, energy analysis, and commissioning of the Alumni House – items 1, 7, and 8 in the report. There were no significant construction contracts this reporting period. The Project Reserve Fund did not have any significant activity. The Contingency Reserve did not have any increases but a decrease for \$29,316.84 to the High Temp Water Plant Replace Boiler 1 Project due to the unforeseen lead-based primer paint that required abatement before the new equipment could be welded to the existing steel structure.

Board member David Fitzsimmons informed the Board that Ken Nye is now the interim VP of Facilities Administrative Services for Mike Perez, whose last day will be Friday. Mr. Perez will be working for Vanderbilt University. Chair Carnahan asked for a vote of appreciation for Mr. Perez and asked Ms. Randazzo to please convey the Board's sincere appreciation to him. The vote was unanimous.

USU's Facilities Planning, Design and Construction Director Ben Berrett reported they had 6 professional contracts and 8 construction contracts. Notable projects in this report are:

- 1) Summit Hall Remodel -- Seismic evaluation and re-roof engineering services of the last portion of the Student Living Center which consists of 7 four-story dormitory buildings.
- 2) Clinical Services Building – Built by DFCM; however USU is hiring out the FFME which will provide design services related to furniture, fixtures and equipment
- 3) Planning & Design FY16 Method Studio: An update to the master plan for the Blanding Campus
- 4) Planning & Design FY16 MHTN Architects: Provide Master Planning Services at the USU Botanical Center in Kaysville
- 5) Planning & Design FY 16 Design Workshop: Provide landscape design for USU's Quad

Of the 8 construction projects, notable projects in this report are:

- 1) RBW/Family Life Chilled Water – Upgrade and refurbish a very old existing steam tunnel.
- 2) NE Auxiliary Tunnel Extension – Chilled water connection at USU's Junction Building
- 3) Medium Voltage Upgrade FY16 – Upgrade to the 15k volt distribution center to stay ahead of cable and switch replacements

The Contingency Reserve Fund had one decrease of \$40,364.44 for the final change order on a mechanical system upgrade on the Nutrition and Food Science Building which included additional piping and insulation to complete the project. The current balance is \$523,247.33. The Project Reserve Fund had no activity and maintains a balance of \$475,209.87.

Chair Carnahan recognized and welcomed DAS Director Kim Hood who was in attendance at the meeting.

❑ ADMINISTRATIVE REPORT FOR DFCM

DFCM Director Eric Tholen reported there were no significant lease items to report; however there were 3 amendments to renewals on existing leases. Contracts consisted of 16 professional services agreements awarded – 12 for design and 4 for planning/other services. In addition, there were 29 construction contracts awarded – one new space, 24 remodeling, 3 roofing/paving, and 2 other types of contracts. Notable projects:

- 1) UDOT Roosevelt Maintenance Building Trench Drain Improvements had a minor bid overrun resulting in funds being used from the Project Reserve for this contract.
- 2) UDOT Scipio Storage Shed Emergency Power was over budget; however, UDOT is covering the amount over the original construction budget.

Both projects are relatively small.

The Capital Development Contingency Reserve Fund saw transfers to 7 projects, totaling \$530,000. There were zero transfers out of the fund. The Capital Improvement Contingency Reserve Fund saw transfers to 10 projects, totaling \$255,000. There were zero transfers out of the fund. Mr. Tholen reminded the Board as required by HB 2; \$5 Million will be removed from the Contingency Reserve Fund and reallocated to other priorities. The Capital Development Project Reserve Fund had no activity and continues to have a balance of \$3 Million. The Capital Improvement Project Reserve Fund had 17 transfers to the fund for \$312,842. There were 4 transfers out of the fund totaling \$191,090. The balance of the Capital Improvement Project Reserve Fund is at \$6.3 Million. Again, as required by HB 2, \$1.225 Million will be reallocated from this account.

Chair Carnahan announced the Business Meeting and luncheon will take place in Room 4112 SOB at 10:00 am. This is an open/public meeting so members of the public are welcomed to attend.

❑ ADJOURNMENT

MOTION: David Tanner moved to adjourn the meeting. The motion was seconded by Bob Fitch and passed unanimously.

The meeting adjourned at 9:40 am.

BUSINESS MEETING

Members in Attendance:

Ned Carnahan, Chair
David Tanner
David Fitzsimmons

Guests in Attendance:

Matt Lund
Angela Oh
Steve Allred
GOMB
LFA
LFA

Chip Nelson	Cee Cee Niederhauser	DFCM
Fred Hunsaker	Jeff Reddoor	Building Board
Bob Fitch	Jennifer Evans	DHS
	Richie Wilcox	GOMB
	Ken Hansen	DAS
	Kim Hood	DAS
	Alan Bachman	AGO
	Nicole Alder	AGC
	Ken Nye	U of U
	Jacob Guy	Gordian
	Rachel Legree	Gordian
	Patty Yacks	DAS
	Lee Fairbourn	DFCM
	Bruce Whittington	DFCM
	Eric Tholen	DFCM
	Rich Amon	USHE

Chair Carnahan reconvened the Board Meeting at 10:03 am.
Jeff Reddoor distributed copies of SB 156 and reviewed the following parts of the bill

□ DISCUSSION ON SENATE BILL 156 AND REQUIRED RULE MAKING

Jeff Reddoor reported one of the most important changes created by SB 156 is that Capital Improvement Projects now have an increased limit from \$2.5 Million to \$3.5 Million and site infrastructure improvements increased to \$7 Million. Mr. Reddoor reviewed the significant changes line by line in the bill:

- Line 252 – the rule making powers of the Board
- Line 264 – requires the Board to establish standards for project development requests including requirements for feasibility study, (the Board addressed this last year in the Needs Statement).
- Line 262 - 266 – requires standards for operations and maintenance expenditures for state owned facilities including utility metering, and operation and maintenance
- Line 267 – establish standards for operation and maintenance program for all agency and institutional line items – on and before Sept 1, 2016 (rules will need to be made). The Building Board will create a program to address this line item. This line should be cross-referenced with line 289 indicating each agency shall revise the agency's budget to comply with these rules.
- Line 269 – reviewing and adjusting for inflationary costs of goods and services on an annual basis. Cross-referenced with line 291 indicates beginning on Dec 1, 2016 the LFA and GOMB shall insure budgets for agencies are adjusted in line with the rule. There were concerns regarding the implementation of this program over 4 - 5 year period. It is unclear whether the Building Board creates standards for the review of inflationary costs. The review could be done by the LFA or GOMB. A subcommittee could be called to assist in creating standards.
- Line 271 – determining the actual cost for operations and management requests for a new facility;
- Line 286 – rules or standards for new agency requests. (The Board will set standards

for agencies to determine the actual cost of operation and maintenance for their buildings).

- Line 396 – when an institution submits a request for a Capital Development Project, they should address how this facility will help meet the demand for future jobs, training, and employment in the current market. (Jeff will make changes to the Needs Statement).
- Line 408-411 -- SB 288 brought attention to the differences in the two systems of prioritizations for Higher Ed and the Building Board. Rich Amon was assigned to brief the Building Board on the process used by the Board of Regents. SB 156 indicates the Building Board will have a new sixth area to score in their prioritization. This additional area will have a weighing factor influenced by the Board of Regents prioritization. After the tour, and before the Regents' prioritization, the two boards will meet to share information.
- Line 412 indicates total costs for a Capital Development Project could be allowed to change due to increase construction costs or modifications on the scope of project.

Subcommittees will be assigned to address some of the tasks delegated to the Board. Dave Tanner suggested the Board have an August meeting prior to the tour in order to meet the September Legislative deadline. In addition, Higher Ed budgets for O&M will have a September deadline. USHE and the GOMB could address these items separately and then meet together. Bruce Whittington indicates someone should notify state agencies to begin tracking.

❑ DISCUSSION ON O&M DATABASE AND COLLECTION

Presently, the Board is receiving data from many agencies and institutions; via the form created last year; however, follow up is needed for UVU (Rich Amon will follow up). The Board received one time funding to assist with collection of information and development of a web-based O&M database which will allow the agency/institution to directly input this information. The goal is to have the new collection system ready by July of this year. This data collection will assist in making accurate decisions concerning O&M increases.

❑ DISCUSSION ON UNIFORM PRESENTATION DOCUMENT

The Board's assignment is to provide a uniform process for the presentation of Capital Development Projects prior to the hearing in October. Board members suggested the following items be included in presentation requirements:

- 1) How the project meets the current and future needs of the agency/institution (measure relative need)
- 2) Impact of this project on the citizens of the state
- 3) Would the acquisition of the land/or new project compete with private enterprise?
- 4) Land banking:
 - a. Projected time this property will be needed
 - b. Are there other local, city, county or state properties that could be used?
 - c. Infrastructure requirements to utilize this property that will impact future development of the property (cost to be able to put a building on the property)
 - d. Proposed use of the property
 - e. Evidence of growth -- The Board should insist on some evidence that the agency/institution is going to have growth and can growth be handled in another

- way? Does it fill the need? There should be a pattern of growth.
- f. Fair market value/study
 - g. Federal and available state properties
 - h. Does property fit into the master plan of the agency/institution?

Rich Amon shared the criteria used by the Board of Regents, i.e., environment assessments, code reviews, engineering assessment, clear title, past O&M experiences, land survey, and appraisal. Additional suggestions could be emailed to the Chair. There was agreement that Land Banking and Capital Development should continue to be separate prioritizations.

☐ STATE BUILDING BOARD SECRETARIAL STAFF UPDATE

Administrative Support for the Board will be transitioned to Patricia Yacks from the Department of Administrative Services. This will take place gradually over the next year.

☐ 2016 STATE BUILDING BOARD TOUR UPDATE

The National Guard has assured the Board they can accommodate all members. There will also be two representatives from LFA, Higher Ed and one from GOMB who will accompany the Board on tour (total of 17 people). The goal is to tour more of the state this year with requests being submitted mid-July. There is the possibility of a Board meeting after the tour to discuss the projects

☐ CAPITAL DEVELOPMENT NEEDS STATEMENT CHANGES

Jeff Reddoor felt this agenda item had previously been address in item 394 – 396 of SB 156.

It was noted that Jared Haines is presently serving as the Interim President of Utah Applied Technology College. The Board had previously requested UATC's report on their prioritization process and postponed this report until new leadership is in place.

☐ ADJOURNMENT

The meeting adjourned at 11:45 am.