

# Utah State Building Board



**MEETING**

**July 8, 2015**

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## **MINUTES**

### **Members in Attendance:**

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

### **Guests in Attendance:**

Jeff Reddoor	Utah State Building Board
Kim Hood	Department of Administrative Services
Bruce Whittington	Division of Facilities Construction & Management
Jim Russell	Division of Facilities Construction & Management
CeeCee Niederhauser	Division of Facilities Construction & Management
Lee Fairbourn	Division of Facilities Construction & Management
Dorothy Taylor	Division of Facilities Construction & Management
Wayne Christensen	Division of Facilities Construction & Management
John Harrington	Division of Facilities Construction & Management
Bianca Shama	Division of Facilities Construction & Management
Paul Tonks	Attorney General's Office
Nicole Alder	Attorney General's Office
Ralph Hardy	USHE
Ken Nye	University of Utah
Mike Perez	University of Utah
Ben Berrett	Utah State University
Charles Darnell	Utah State University
Kevin Griffin	UDOT
Malin Francis	Salt Lake Community College
Daniel Hansen	Salt Lake Community College
Angela Oh	Legislative Fiscal Analyst Office
Jennifer Evans	Department of Human Services

Brent Tippets	VCBO
Rachel Legree	The Gordian Group
Sylvia Moreno	The Gordian Group
Jerry Jensen	Department of Corrections
Richie Wilcox	GOMB
Tyson Gregory	Utah State Building Board
Mike Smith	Utah State Building Board
Jim Nielson	Dixon & Associates
Darlene Batatain	Terracon
Kris Bowser	VCBO Architects

On Wednesday, July 8, 2015, the Utah State Building Board held a regularly scheduled meeting in Room 250 of the Utah State Capitol Building in Salt Lake City, Utah. Chair Carnahan called the meeting to order at 9:03 am.

□ **APPROVAL OF MINUTES OF JUNE 3, 2015**

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

**MOTION: David Fitzsimmons moved to approve the Minutes of June 3, 2015. The motion was seconded by Gordon Snow and passed unanimously.**

□ **FY 2015 MAINTENANCE AUDIT EXECUTIVE SUMMARY REPORT**

Jeff Reddoor reported the Maintenance Audit Report, distributed approximately every six months, provides information on maintenance level performance for 16 agencies and 9 institutions. The program has been in place since 1997; however, recent changes in scoring indicate a shift in priority (weighting) from administrative to the more critical physical requirements, thus impacting all agencies and lowering overall scores an average of two percent or more.

**Corrections** – UDC’s recent score of 84.8% is below the required 90% minimum. This trend has continued for several years and is partly attributed to the absence of a department-wide CMMS (Computerized Maintenance Management System), only functional at the Draper and Central Utah Correction Facilities. UDC has committed to distribute an RFP to develop and expand the CMMS. This should greatly increase the level of compliance with the administrative portion of the audit, and in turn should help to improve the physical condition of those facilities by providing a means of generating routine preventive maintenance task for maintenance personnel. As a result, the Board should expect to see an increase in scores by the next Facility Maintenance Audit in December, 2015.

**Utah State Fairpark** – The Fairpark has also consistently fallen below the standard for many years. Their present score is 77%. Past improvements to the Park have proven to be insufficient to bring the compliance level above the required 90% standard. As a result of this ongoing failure, the Board requested that DFCM review the delegation authorization for the Utah State Fairpark upon signing of their new lease. Bruce Whittington will begin the discussion concerning delegation at the Fairpark Board

Meeting and will report to the Legislative Management Committee in October with recommendations from DFCM after which he will report to Board members. DFCM estimates the Fairpark needs an investment of \$11 Million in order to update infrastructure and improvements at the facilities.

**Department of Human Services** -- DHS scores are acceptable with the exception of the Developmental Center which fell below the standard. The DHS has recently restructured their organization which appears to be a broad de-centralization of their facilities operations. It is imperative that the DHS develop and implement a strong plan to handle this new change in order to maintain the expected level of facility maintenance.

**Higher Education** – All USHE facilities are at risk of reduced audit scores. This is due to the restructuring of the audit weighting factors. USU is currently maintaining a compliance level just above the required 90%. It is critical that all identified deficiencies are promptly addressed in order to maintain their level of minimum requirement. Mr. Reddoor reported the University of Utah has failed to meet the standard, operating at 87.8%. The University has committed to make widespread and immediate improvements to their Environmental Health and Safety and Preventive Maintenance programs to facilitate improvement.

Jeff Reddoor expressed appreciation to the Board's auditing staff -- Mike Smith and Tyson Gregory. This year a total of 1,097 buildings were reviewed, which is commendable. This agenda item was for information only. Board approval was not required.

□ **PROPOSED PROPERTY TRADE FOR THE NEW FOURTH DISTRICT COURTHOUSE  
IN PROVO**

Lee Fairbourn, DFCM Real Estate Manager on behalf of Alan Lunceford, reported Provo City is proposing a property swap involving the property for the new Fourth District Courthouse in Provo. They are requesting trading  $\frac{3}{4}$  of the block that is owned by the state for  $\frac{3}{4}$  of the block directly to the west which is owned by Provo City. This property swap, will simplify several issues related to the construction of the new courthouse and will also benefit Mountainland Applied Technology College which will take over the existing Courthouse facility. Details include:

1. The City will construct a high rise parking structure that will accommodate parking for the MATC, Utah County Convention Center, and a new hotel.
2. The City parking structure will also provide public parking and as a result, parking needs for the Courthouse will be reduced.
3. The property swap will allow the new courthouse to be constructed so the judicial chambers will overlook a residential property rather than a high-rise commercial development.

Appraisals have been requested of both properties based on construction ready value. This proposed property trade is for informational purposes only but in the future will need approval from the Judicial Council, DFCM Director, and the Chairs of the Infrastructure and General Government Appropriations Subcommittee.

□ **APPROPRIATION FOR BUILDING UTILITY METERING**

Jeff Reddoor requested the Board approve the distribution list for Utility Metering Funds from the Capital Improvement List for FY 2016. These limited funds, distributed on a “first come, first serve” basis could not meet all the needs for metering in the state and as a result some funding will have to come from Capital Improvements or additional Legislative funding in the future. It is proposed that DFCM manage the distribution of these funds in order to ensure they are being used exclusively for metering. Board members were concerned that these funds be distributed to agencies and institutions with the greatest need and thus resulting in the greatest rate of return. DFCM Energy Manager, John Harrington, counseled that focus should be on electricity, gas, and water meters with sub-metering of steam after the basics are addressed. There is a huge need for metering which will result in more energy maintenance savings for the state. Fred Hunsaker questioned the timeline and urgency of moving ahead immediately rather than requesting more information so that the greatest needs can be determined.

**MOTION: David Tanner moved to approve the Appropriation for Building Utility Metering and that a detailed report be provided showing the priority and how these funds were spent by each institution**

Gordon Snow requested Mr. Tanner amend his final motion to include a comprehensive plan be provided in the future outlining metering needs throughout the state.

**AMENDED MOTION: David Tanner moved to approve the Appropriation for Building Utility Metering as presented by Jeff Reddoor and that a report be provided to the Board showing the priority and how these metering funds were spent by each institution. In addition, the Board should receive a comprehensive plan in the future outlining metering needs throughout the state. The motion was seconded by David Fitzsimmons and passed with five in favor and one opposed. Voting recorded as follows:  
Yes: David Tanner, Bob Fitch, Gordon Snow, Chip Nelson and David Fitzsimmons  
No: Fred Hunsaker**

David Tanner clarified that the Comprehensive Utility Metering Plan be provided to the Board prior to next year’s Capital Improvements.

□ **UDOT’S REQUEST FOR A REALLOCATION OF FY 2016 CAPITAL IMPROVEMENT FUNDS**

Kevin Griffin, Director of Maintenance at UDOT requested a reallocation of \$100,004.00 of FY 2016 Capital Improvement Funds. UDOT previously received an allocation for Region Four Various Heater Upgrades during that year. Because of the immediate need to keep their maintenance facilities heated during the previous winter, UDOT pulled other funds from their Region Four budget to replace these heating units. Therefore, UDOT would like to reallocate the \$100,004.00 to a project called Lighting Upgrades Various Locations, Region Four. This project will include replacing current lighting systems in various Regional Four Maintenance Stations with new T-8 lighting and LED fixtures to provide a more efficient and functional lighting

system. With the Board's approval, UDOT would like to leverage this funding by combining it with the Rocky Mountain Rebate Program and proposes to upgrade as many facilities as possible with the available funding. This project would significant lower utility costs at these facilities. Jeff Reddoor reported he has reviewed this request against other needs for the state and felt this was a practical use of these funds.

**MOTION: Gordon Snow moved to approve UDOT's Request for a Reallocation of FY 2016 Capital Improvement Funds. The motion was seconded by Chip Nelson and passed unanimously.**

□ **ADMINISTRATIVE REPORTS FOR UNIVERSITY OF UTAH AND UTAH STATE UNIVERSITY**

Ken Nye, Director of Business Services at the University of Utah, reported they had five design agreements and four planning/study/other agreements. Notable was a new contract with a firm that specializes in auditing construction costs (R. L. Townsend and Associates) for several of their projects to review the costs incurred under CM/GC contracts. This contract will also provide training to project managers on any issues determined by the audit. There were 10 remodeling contracts and three site improvement contracts. Of additional interest was the East Chiller Plant Controls Upgrade for \$210,533.00 and awarded to Johnson Controls on a sole source basis in order to address compatibility issues with the existing control system for this central plant. The Project Reserve received funds from Capital Improvement Projects that were recently closed out as required by statute. There were two draws from the Contingency Reserve Fund -- the Science Area Chiller Plant for \$25,000.00 and the HYPER Chiller Plant Upgrade for \$55,000.00.

Ben Berrett, Director of Planning, Design and Construction at Utah State University, reported they had eight professional services contracts. Notable was the UBC Infrastructure Improvements consisting of an infrastructure project funded by the Legislature which amended their Capital Improvements. It consists of water, sewer, some parking and road infrastructure on the Kaysville Campus of USU; and Upgrade to the Tunnel Ventilation on the Price Campus. USU's utility metering request is for their Price Campus and they presently have a study underway to quantify all of their metering costs for this campus. There were many construction contracts during this reporting period. Notable was a large HVAC Upgrade in the Nutrition and Food Science Building. This project came in over budget which required using funds from the Project Reserve. The Old Main Roof Replacement on the North Wing Project will be using a composite shingle that is historically correct. The south and center wing will be completed in subsequent years. The Contingency Reserve Fund on page 4 indicates contributions from the new FY 2016 Capital Improvement Projects. There were two decreases to the Fund – 1200 East Walk Way Improvements for \$35,791.00 and Elevator Upgrades FY15 for \$20,060.00. The Project Reserve on page five indicates the decreases for Old Main Roof Replacement North Wing for \$186,000 which came in over budget and NFS Mechanical System Phase 2 for \$27,489. The Project Reserve is at \$380,107.07 which is healthy.

□ **ADMINISTRATIVE REPORT FOR DEPARTMENT OF TRANSPORTATION**

Kevin Griffin, UDOT Director of Maintenance reported there were no new contracts this month. UDOT has several projects moving forward – one is the Hooper Maintenance Facility. Project design is complete and this project is moving forward with the intent that they will move in by the

November timeline. The old Clinton Maintenance station is currently for sale. When this property is sold, the funds will be used to build another maintenance facility replacement. UDOT will return to the Board for approval of this new project. The property is ready for construction of the new Morgan Maintenance Facility and design will begin on this project next month. UDOT plans to advertise this project much earlier than usual, from late August to October, so that all approvals and design can take place in the winter months resulting in a quicker turn around for the project. The Morgan Maintenance Facility is being funded solely by UDOT dollars which will lapse on June 30, 2016, thus the reason for the accelerated project.

□ **ADMINISTRATIVE REPORT FOR DFCM**

DFCM Interim Director, Bruce Whittington reported DFCM processed three leases for agency customers this month – one for new space and two for renewal. In addition, DFCM awarded 33 professional service agreements and 36 construction contracts during this reporting period. Of the 36 construction contracts only six of those contracts required funds from the Project Reserve Fund totally \$365,000.00. The Capital Development Contingency Reserve saw a transfer for three projects totally \$245,000.00. Two projects made of the bulk of the transfer with \$214,000.00 going to the University of Utah Infrastructure for an unknown condition where they were boring under a road and ran into a large boulder and had to reroute and increase the size of that work. In addition, \$26,000.00 was an omission for the Utah State University Brigham City Building related to access controls needed to finalize a project. This leaves a balance of \$3.2 Million in the Contingency Development Reserve Fund. The Contingency Reserve for Capital Improvements had transfers to six projects for a total of \$58,000.00 and left a balance of \$4.1 Million in the Fund. The Capital Development Reserve Fund has a balance of \$1.8 Million with no activity this reporting period. The Project Reserve Fund for Capital Improvements increased slightly to \$4.5 Million.

□ **DISCUSSION OF FUTURE AGENDA ITEMS**

Chair Carnahan expressed appreciation to Board Member David Fitzsimmons for his attendance at the Ground Breaking Ceremony for the Unified State Lab. In addition, he thanked Board Member David Tanner for his work on the Subcommittees which are presently addressing Legislative assignments.

Jeff Reddoor informed the Board of two Legislative audits:

- 1) Follow-up Audit for Higher Education – Operation and Maintenance. This has been released and is on the website. This audit addresses procedural issues, auxiliary issues, definitions, etc.
- 2) DFCM Audit – Will be released on July 14. This will be discussed in the Business Meeting.

□ **ADJOURNMENT**

**MOTION: Gordon Snow moved to adjourn the meeting. The motion was seconded by Chip Nelson and passed unanimously.**

The meeting adjourned at 11:12 am and reconvened for lunch and a business meeting in room 4112 State Office Building.

## **BUSINESS MEETING**

### **1. FEEDBACK AND ADDITION TO THE CAPITAL DEVELOPMENT REQUEST AND FEASIBILITY STATEMENT**

Jeff Reddoor explained the Capital Development Request document has been expanded to include feasibility requirements for each project and as a result will not create undue hardship or expenses for agencies and institutions for a real feasibility study. This document has already been distributed to agencies and institution in order to obtain needed information for new projects this fiscal year. Relative need should also be addressed.

### **2. O&M TRACKING DATA DOCUMENTS**

The O&M Tracking documents have been distributed to agencies and institutions and responses are being forwarded to Jeff Reddoor. This will give an overview of an institution's costs for O&M. Eventually this document will be fine-tuned to include: personnel, custodial, construct services, garbage removal, property reinsurance, utilities, gas, water electrical, sewer, oil and water, O&M supplies, preventative maintenance, etc. and will be patterned like the tracking sheet used by DFCM, capturing most operational costs for a facility. In addition, building list, name, square footage and building type, and age will be included in this information. Bruce Whittington demonstrated the DFCM Excel sheet used for tracking O&M costs. Mike Perez commented that some older buildings on campus were under-resourced from the beginning. The Capital Improvement Program didn't start until the 1990's so older buildings suffered for decades without the support of this program. The build-up of deferred maintenance issues drains existing resources. Some older buildings cost more to operate due to poor mechanical design. The subcommittee discussed that the current formula provides the same O&M funding for the beginning and the end of a building's life. However the first year of a building's life is covered with warrantees and as a result, these funds can be pooled. When something goes wrong with a building, this pool of funds can be used in an emergency but is not replenished unless the institution is constructing new buildings consistently. There should be a mechanism in place that allows for inflationary increases for these older buildings. Bruce Whittington commented the new tracking system will allow O&M budgets to be adjusted based on need. Subcommittee members agreed they should move forward with a new O&M model.

### **3. O&M MODEL DISCUSSIONS**

Jeff Reddoor suggested that the Board have recommendations for the IGG Subcommittee and not just a model which could take considerably longer. The O&M discussion continued. Mike Perez reported the University has been impacted by the decision directing them to use their allotment of Capital Improvement Funding toward their Infrastructure project for the past three years which resulted in less money in their improvement pool to apply toward different maintenance-type elements. The University of Utah is the oldest and largest campus in the state with numerous old buildings. They are trying to incorporate more energy efficient projects which could be self-supporting and would not be a burden to deferred maintenance budgets. Charles Darnell from Utah State reported they have been able to stay on top of their deferred maintenance issues, but anticipate there could be problems in the future. So far, the prioritization process has enabled them to address these critical projects when needed. Jeff Reddoor presented a slide with 10-year projections of deferred maintenance from the Condition Assessment Program. Presently, there are \$413 Million in deficiencies which represent 72% of

the inventory for state agencies and higher education facilities. This includes major system components only such as roofs, boilers and heating, air conditioning systems and the addition of \$23 Million is now being added for infrastructure. Presently the state's infrastructure replacement value is at \$1.6 Billion which includes higher education and all state agency buildings. Ten years later, this \$413 Million with the addition of infrastructure will increase to \$1.2 Billion in deferred maintenance. This data is for buildings 10,000 sf and above; so there are other smaller buildings which will have Capital Improvement needs in the future that are not a part of this assessment. A recommendation for an increase to the 1.1% in Capital Improvements may be needed.

#### **4. TOUR DISCUSSION**

After polling Board members, the dates for the tour were changed to August 20 and 21 which will accommodate more members. Requests are coming in and a solid schedule will be provided shortly after the deadline of July 17th. The tour could possibly start at UVU and tour northward, traveling as far as Bear Lake with stops along the way to view requested projects. Most likely, the tour will include SLCC, University of Utah, Utah State University, some of the ATC's and possibly the Department of Agriculture and Environmental Quality. Board members suggested the possibility of visiting some of the local agencies and institutions immediately after a monthly Board meeting rather than trying to incorporate so many stops in the tour.

#### **5. STATE INFRASTRUCTURE UPDATES**

Jeff Reddoor reported on the state's infrastructure report which was commissioned last year. He demonstrated the summary and details of this report showing the value of the present infrastructure at \$1.6 Billion. The entire system has been mapped and will allow various searches to reveal individual asset ID, name, address, square footage, building area, imagery, hard scape, etc. The next step is to update with replacement costs for each project.

#### **6. LEGISLATIVE UPDATES**

The audits have been completed. There are several assignments for the Board, involving policies and processes but things are moving forward. The DFCM Audit will be available on July 14<sup>th</sup>.

#### **7. ADJOURNMENT**

**The meeting adjourned at 1:10 pm.**