

Utah State Building Board



MEETING

July 9, 2014

MINUTES

Members in Attendance:

Ned Carnahan, Chair
David Fitzsimmons
Chip Nelson
David Tanner
Fred Hunsaker
Gordon Snow
Bob Fitch
Kristen Cox, Ex-Officio

Guests in Attendance:

Matt Lund
Senator Wayne Harper
Kim Hood
Rich Amon
Jeff Reddoor
Mark Bleazard
Paul Tonks
Bruce Whittington
Josh Haines
Jim Russell
Darrell Hunting
Cee Cee Niederhauser
Ralph Hardy
Ben Berrett
David Petersen
Ken Nye
Mike Perez
John McNary
Bob Simonton
Mack McDonald
Alyn Lunceford

Governor's Office of Management and Budget
Utah State Senate
Department of Administrative Services
Department of Administrative Services
Utah State Building Board
Legislative Fiscal Analyst Office
Attorney General's Office
Division of Facilities Construction & Management
Division of Facilities Construction & Management
Division of Facilities Construction & Management
Division of Facilities Construction & Management
Division of Facilities Construction & Management
USHE
Utah State University
Utah State University
University of Utah
University of Utah
University of Utah
University of Utah
University of Utah
Department of Human Services
Utah Courts

Bob Askerlund	Salt Lake Community College
Bart Mace	Salt Lake Community College
Mike Smith	DAS/Utah State Building Board
Mike Steele	Utah State Fair Park
Chris Coutts	Architectural Nexus
Lori Haglund	VBFA
Lin Alder	McKinstry
Julee Attig	Reaveley Engineers
Alexi Hatch	EDA Architects
Amber Craighill	BHB Engineers
Rachel Legree	The Gardian Group
Donavon Minnis	Okland Construction

On Wednesday, July 9, 2014 the Utah State Building Board held a regularly scheduled meeting at The Promontory Building, Utah State Fairpark in Salt Lake City, Utah. Building Board Chair Ned Carnahan called the meeting to order at 9:08 am.

☐ APPROVAL OF MINUTES OF JUNE 4, 2014.

Chair Carnahan asked if there were any corrections or additions to the minutes. Board members made several changes including:

Page 6 – line 6 should read, motion passed unanimously
Page 6 – motion should be corrected to Fred Hunsaker
Page 9 – line 34 should read, motion passed unanimously
Page 10 – line 27 replace values with the word “valves”

These corrections were noted by Cee Cee Niederhauser and changes were made to the official copy of the minutes.

MOTION: Fred Hunsaker moved to approve the Meeting Minutes of June 4, 2014 with corrections as noted. The motion was seconded by David Tanner and passed unanimously.

☐ SALT LAKE COMMUNITY COLLEGE REALLOCATION OF FY 2014 CAPITAL IMPROVEMENT FUNDS FOR ROOFING

Darrell Hunting from DFCM and Bob Askerlund from Salt Lake Community College explained that in FY 2014 the Salt Lake Community College was funded \$400,000 in Capital Improvement Funding to replace the roof of the Meadowbrook Campus Building B which was leaking. Upon examination, it appeared that the leaks were non-roof related and did not warrant a total roof replacement and as a result \$1,470 was spent for the investigation. Recently, Salt Lake Community College has decided to transfer ownership of the building to a non-state agency. As a result, they would like to reallocate the balance of \$398,530 to the Redwood Road Campus – Business and Technology Building Roof Replacement. There was concern that \$400,000 had been allocated without a thorough up front evaluation of the project. DFCM Director Josh

Haines explained that DFCM has corrected their process for evaluating Capital Improvement projects – making it more thorough with the allotment of additional time to gather information. There was discussion about whether SLCC should be allowed to keep the allocation or if it should be return to the state for a higher roofing priority

MOTION: David Fitzsimmons moved to accept the request to reallocate funds from SLCC Meadowbrook Campus Building B to the Business and Technology Building Roof Replacement at the Redwood Campus.

Chair Carnahan called for a second to this motion but there was none.

The motion died for lack of a second.

Chair Carnahan asked if there was an alternative motion.

MOTION: David Tanner moved to approve the design for the roof for the Business and Technology Building at Redwood Campus as an urgent need and that SLCC be required to return to the Board with the actual cost estimate.

Chair Carnahan informed the Board that he didn't think that SLCC could do design on the roof without a portion of the funds being allocated for this purpose. Chip Nelson asked what would happen to the funds if this motion is not passed. Jeff Reddoor explained that the money would come back to the Board for reallocation for another project – most likely a roofing project.

AMENDED

MOTION: David Tanner amended his motion and moved to approve the design for the roof for the Business and Technology Building at Redwood Campus as an urgent need and that SLCC be allowed to retain the funds until they return to the Board with the actual cost estimate for the project after which time the Board would allow SLCC to proceed with this roofing project.

Chair Carnahan called for a second to this amended motion but there was none.

The amended motion died for lack of a second.

There were concerns about whether the funds should be returned to Salt Lake Community College, the DFCM Roofing Fund or the Capital Improvement Fund for FY 2014. Director Haines said for the past five years, Capital Improvement Funds have always been reallocated back to the agencies. Jeff Reddoor explained that the policy was changed last year and these funds would go to the highest priority rather than the agency. This policy was approved by the Board last year as the new Capital Improvement procedures where Capital Improvement Funds are allocated by priorities rather than proportional.

MOTION: Gordon Snow moved to deny SLCC request to reallocate FY 2014 Capital Improvement Funds for Roofing and that the \$398,530.00 be moved to the DFCM Roofing Fund for reallocation and that DFCM Roofing Manager, Matt

Boyer would determine highest need. It is with the understanding that SLCC may be allocated these funds for their Business and Technology Building if they are the highest need in the state. The motion was seconded by Chip Nelson and passed unanimously.

DFCM representatives clarified that sometimes the priority list for roofing will change throughout the year as potential projects are brought to their attention.

❑ UTAH COURTS REALLOCATION OF FY 2014 CAPITAL IMPROVEMENT FUNDS

Alyn Lunceford from Utah Courts explained this redirection of FY 2014 Funds for his agency. They have two projects:

Tooele Theater Lighting Project -- \$83,000. This project was funded with FY 2014 Capital Improvement money. State Courts reported to the Board that this project had been funded and completed through other funding sources.

West Jordan Clerical Counter Remodel Project -- \$250,000. This project was also funded with FY 2014 Capital Improvement money. State Courts previously reported that these funds would be redirected to another project based on programmatic changes in court operations. The court system is in the process of changing filing and records storage from paper to electronic media which has affected this project. In addition, there are security issues at the service counters in the building. Future need of this project will be determined at a later date and as a result Courts will need funding of this project.

Courts would like to reallocate the \$333,000 from these two projects to their number one priority project -- **Matheson Courtroom Sound System Replacement Project.** The Sound System Replacement Project, proposed for phased funding, was initially funded at \$500,000 with FY 2015 Capital Improvement Funds. This was requested as a multiyear request in order to reduce the impact on court operations. Redirecting the \$333,000 will reduce future improvement requests and add continuity to the work flow of the sound system project. Courts will require some additional money for this project through their FY 2016 Capital Improvement request. An up-to-date sound system is needed because Courts is required by code to make a video and audio recording of every trial. This system has not been replaced since 1995 and required frequent repairs in order to obtain the best recording.

MOTION: Chip Nelson moved to approve the Utah Courts Reallocation of FY 2014 Capital Improvement Funds. The motion was seconded by Bob Fitch and passed unanimously.

❑ UNIVERSITY OF UTAH REALLOCATION OF FUNDING FOR BIOMEDICAL POLYMERS ELEVATOR RENOVATION

Ken Nye from the University of Utah clarified that this is a request to reallocate funds from the Project Reserve Fund. It is not a request to reallocate funds from one project to another. Mr. Nye explained Utah Code 63A-5-209(c) giving the Board authority to authorize use of Project Reserve Funds for a Capital Improvement Project. The University's original Capital Improvement request for FY 2015 included the renovation of the two elevators in the Biomedical

Polymers Research Building. With the decision to fund the University's Infrastructure Project from Capital Improvements Funds, it was not possible to fund many of their capital improvement requests that otherwise would have been funded and as a result, this request is needed. Recently one of the two passenger elevators failed and cannot be operated safely. The University has determined that repairing the existing elevator is not cost effective. The only elevator in the building is of the same age and condition. Due to the long lead time for some of the components, it is critical that the renovation of both elevators begin immediately. They have used their Study/Design Capital Improvement Funds to cover the cost of design and need \$338,000 to fully fund the project. They are requesting that this project be funded from their Capital Improvement Project Reserve Fund which has a current balance of \$680,760. This would leave the Project Reserve at \$342,760 which is tight but adequate. This amount will renovate both elevators.

MOTION: Fred Hunsaker moved to approve the University of Utah reallocation of Project Reserve Funds for the Biomedical Polymers Elevator Renovation. The motion was seconded by David Tanner and passed unanimously.

Chair Carnahan noted that Kristen Cox, Director of the Governor's Office of Management and Budget had arrived and welcomed her and Kim Hood, Director of the Department of Administrative Services to the meeting. He also noted that Senator Wayne Harper was in the meeting.

☐ UPDATES FOR THE UNIVERSITY OF UTAH MASTER PLAN

Mike Perez and John McNary shared the updated details of their 2010 Master plan which included adjustments to building siting/orientation, roadway, ADA, bike and sidewalk reconfiguration. Mr. McNary explained that the University incorporates specific principles; precinct planning and extensive studies when doing planning on campus. For example, strategic facility studies are conducted to make sure planning meets the needs of academic organizations on campus. The Master Plan also includes plans to relocate the School of Medicine which will be called the Medical Education Discovery Building.

MOTION: David Fitzsimmons moved to approve the Updates for the University of Utah Master Plan. The motion was seconded by Bob Fitch and passed unanimously.

Jeff Reddoor introduced and welcomed Mike Smith and new employee Tyson Gregory and explained they will be conducting facility condition assessments for the Board.

☐ ADMINISTRATIVE REPORTS FOR UNIVERSITY OF UTAH AND UTAH STATE UNIVERSITY

Ken Nye reported the University of Utah had four design agreements and three other types of agreements this reporting period. Worthy of note is item #5 on the report for building inspection services. The University does a term contract with a firm to do inspections for all of the

University's projects that have been delegated to them. This selection was for a 3-year term contract. John Staley & Associates was selected for this contract. Under Construction Contracts, there were 9 remodeling contracts and one site contract. Of these items, #6 was noteworthy – Fire Alarm Equipment Upgrade. The University experienced a failure in critical elements of the fire alarm system protecting two of their complexes. To address this critical situation, \$64,614 was provided from the FY 2014 capital improvement allocation to the University for Miscellaneous Critical Improvements. This contract was awarded directly to Nelson Fire due to the emergency condition as well as the fact that most of the cost was for equipment that had to be sole sourced to one manufacturer in order to function within the University's fire alarm system. The labor for installation was less than \$10,000 and did not warrant the delay for a bidding effort. The Project Reserve Fund had one increase for \$50,000 from the Henry Eyring Chemistry HVAC Project that came in under budget. The Contingency Reserve Fund had two decreases: 1) The Genetics Building Heating Water Piping Replacement which was a transfer of \$27,378 to cover the cost of replacing heating water pipes in the north and south stairwells. These pipes were missed in the preparation of bidding documents. It was necessary to fund this work with contingency since the pipes were failing and were part of the original scope for the project. 2) HTW Plant – Generator Replacement, which was a very large boiler. This transfer of \$208,693.85 was for abatement of hazardous materials in and around the boilers and removal of the boiler. As workers got into the project, it was determined that there was additional abatement of hazardous materials (primarily asbestos but also some fly ash) that was not originally detectable until the demolition work proceeded. It was also determined while the equipment was being removed that this equipment actually provided part of the structural system for the building and necessitated work to replace these structural elements. In addition, demolition of the coal hopper exposed heavily corroded roof decking that had to be replaced as well as other unforeseen conditions. David Tanner questioned the sole sourcing of the fire alarm equipment upgrade and if the University did obtain competitive pricing. Mr. Nye explained that the University did.

Ben Berrett reported Utah State University had three small professional contracts consisting of two planning and design studies and one fire protection design on the BNR Building which is the last phase of a full fire sprinkler/alarm project. There were 18 construction contracts this month which consisted of mostly smaller projects. Notable was the Moab ADA Upgrades consisting of repairs to the parking lot which ran into some unexpected conditions. The Contingency Fund show all the increases for new Capital Improvement Project transfers. There were five projects that required Contingency Reserve Funds this reporting period. The balance is close to \$900,000 and in good order. There were two projects that closed and contributed to the Project Reserve Fund and two projects requiring a transfer of funds to award projects that went over budget. Ending balance is at \$215,348.97.

❑ ADMINISTRATIVE REPORT FOR DEPARTMENT OF TRANSPORTATION

Kevin Griffin from the Department of Transportation said they have not issued any new contracts since their last reporting period. They currently do not have a Contingency Fund. In the past all of their monies have gone to maintenance station replacement. This will change this next fiscal year to where 100% of UDOT's request for Capital Improvement Funds will be for Capital Improvement projects rather than building replacement for old facilities. UDOT currently

has 29 projects on the project list most of these projects were funded with UDOT's own Land and Building Fund provided by the Legislature to supplement their Capital Improvement Funds from the Board. Of those 29 projects, nine are in completion and 18 will be completed within the next three months. There are two that are outstanding that will continue into the current calendar year:

- 1) Salina Maintenance Station Replacement which is their Capital Improvement project for FY 2014. This was a design/build project with a good bid from their contractor. They were able to build a block building rather than a steel building for a lower cost. UDOT has been pleased with their experience working with DFCM on this project.
- 2) UDOT Office Building in Price, UT. They are teaming with the Department of Public Safety who is building a new building to provide office space for UDOT for a proportionate share of the costs of construction. It is scheduled for completion by the end of the calendar year.

UDOT's next report will include the list of FY 2015 projects. David Tanner requested that UDOT provide the amounts for all change orders on their project reports even if they come out of UDOT's Land and Building Fund. He also expressed concern that engineer's estimates were significantly higher on some projects than the actual contract amount. Board members suggested there may be a better process for this so these amounts are in alignment. Mr. Griffin explained that these are both "in house" but most building replacements are done by an independent Architect. Salt Storage Building estimates are being provided by their own office and they are working on producing better estimates for these. Costs are increasing due to current market conditions. UDOT feels that sometimes their costs are increasing due to the availability of contractors who are willing to bid on these small jobs.

ADMINISTRATIVE REPORT FOR DFCM

DFCM Director, Josh Haines reported their Lease Report had no significant items. For Professional Services Agreements, there were 28 agreements consisting of 21 Design Agreements, seven Planning/Study/Other Agreements. Under Construction Contracts, there were 36 Contracts issued including one new space contract, 16 remodeling, eight paving/roofing and eleven other types of contracts such as hazmat. For the Contingency Reserve Fund there were a few large decreases for the Ogden Juvenile Courts which is about 30% complete with a 1% change order rate and UVU Classroom Building which is about 50% complete with a 1.8% change order rate. David Tanner commented the addition of change orders and justification or description on the change orders for this report makes it much easier to understand. He added that other reports to the Board should include this information.

ADJOURNMENT

MOTION: Chip Nelson moved to adjourn the meeting. The motion was seconded by David Fitzsimmons and passed unanimously.

The meeting adjourned at 11:06 am.

At the conclusion of the meeting, the Board took a ten minute break and reconvened for their

business meeting.

BUSINESS MEETING

Chair Carnahan requested that Agenda Item #4 be heard first on the Business Meeting Agenda.

❑ FAIRPARK MASTER PLAN AND FCA UPDATE

Josh Haines, DFCM Director gave an overview of the Fairpark Master Plan. He said there was an executive summary for the report as well as a decision tree that was presented to the Governor's Office. The purpose of the master plan was to identify the land value, land use, potential opportunities and provide multiple options to members of the Legislature and Governor's Office who will make the decisions concerning the Fairpark. The City of Herriman had expressed an interest to move the Fair to their location, however there was an overwhelming desire to see the Fair stay in its present setting. Immediate attention is needed for improvements to this location. DFCM's role is to protect the state's assets which includes this 71 acre historical and cultural location. Improvements were estimated at \$33 Million over a 20 year period but Mr. Haines said that is really in the \$10-\$15 Million range today in today's standards. David Tanner expressed concern that improvement to Salt Lake City neighborhoods should also continue so that people want to live in this area. He expressed interest in a multi-use plan that could utilize the Fairpark year round and partner with the county and city. He expressed interest in a State Master Plan which prioritizes the location of state properties and studies the economic value these properties add to an area. Mr. Haines added that this Master Plan provides information about state fairs throughout the country that are successful and why they are doing well. This report was for informational purposes only.

Gordon Snow asked whether the state constitution addresses the state fair and does it have to be located in the State Capitol. Paul Tonks responded that he did not see any requirements in the state constitution that requires the state to have a state fair. However statute 63H-6-102 and 103 defines the State Fairpark with location and gives the Utah State Fair Corporation the authority to operate the state fair at that address. DAS Director, Rich Amon said there was a constitutional amendment in 1988, article 19 which removed a section of the Constitution which required the fair to be at that location. Mr. Ammon requested that legal counsel look into this matter. Paul Tonks responded that Article 19 does not show up in the present state constitution. There was discussion concerning whether the fair was operating at a profit or loss, the competition for annual events, and the facility condition assessment for the Fairpark. Jeff Reddoor said that \$1.5 Million in Capital Improvements were identified for the Fairpark. In conjunction with the Master Plan, there was a facility condition assessment ordered. There was \$1.4 Million in immediate needs identified for FY 2014. This was not infrastructure related, but facility related repairs only. The condition assessment is limited to projects over \$10,000 and consists of the building envelope, major equipment such as HVAC, roofs, lighting and electrical repairs. With a projection of 10 years there were \$2.6 Million in identified deficiencies. Mr. Reddoor reminded the Board at their previous meeting the Board approved \$612,000 to be used for Capital Improvements. However, additional funding may be required in the future to address the many abatement projects needed at the Fairpark.

❑ RULE 23-22 DISCUSSION

Chair Carnahan indicated he did not attend last month's Board meeting. However he understood there were some questions from Board members concerning this rule regarding General Procedures for Acquisition and Selling of Real Property and asked if there were any discussion concerning this. Chip Nelson commented that this rule does not address an adequate process for analyzing and purchase of raw land but does address structures well. He was concerned that the rule did not require a geo-technical study on raw property. He said this rule does not address conflict of interest in the acquisition or disposal of property and doesn't define a good process for getting properties on the market with intent of full value. In addition, it reads that "title insurance is required in acquisitions above \$500,000 are optional below" which makes no sense because every piece of property should have a title insurance policy. Mr. Nelson requested that he and members of the DFCM Real Estate group meet with Mr. Bachman to refine this administrative rule. Mr. Reddoor informed the Board that Assistant Attorney General Alan Bachman was away on vacation but had requested that the Board allow this rule to be filed and that in the future, amendments could be made to the rule as deemed necessary. In addition, Mr. Nelson requested that future administrative rules be presented to the Board for review several months prior to their deadline for filing so that adjustments can be made before that time.

❑ SB 172 DISCUSSION

Gordon Snow reminded the Board that this bill has a lot to do with phased funding and has been presented because the Board continuously receives requests from agencies and institutions for design funding. Sponsor of the bill, Senator Wayne Harper, indicated that the bill's purpose was to create focus on the Building Board's prioritization of projects and encourage the Legislature to fund from this list and not have their decision be influenced by whether or not a project has had previous planning or design work. Gordon Snow expressed concern with institutions that are funding their own design with the intent that these funds would be reimbursed once the project is funded by the Legislature. He reminded the Board that when design is funded by the institution without reimbursement, then the real planning begins and buildings will be funded as they are truly needed. Senator Harper encouraged Board members to review the bill, discuss it and then bring clarification either by statute or rule to the Board and Legislature. David Fitzsimmons said that the idea of phased funding allows some things to happen with more precision and accuracy. If planning is allowed early and then funding is addressed when the nature of the project is understood, you have a much better grip on what you are funding for and tighten up your view on what the allocations ought to be for actual construction and design. The Board agreed that pre-planning and design puts agencies at a disadvantage since they do not have excess funds to use for these purposes. There were questions concerning the DFCM Planning fund. Director Haines indicated there is currently about \$600,000 in this account which is used for agencies and smaller institutions such as Snow College. This design is for planning only and does not cover design costs. David Tanner said that programming usually take from six months to a year. It actually defines and refines a project so that cost estimates, site analysis, and all the institutional needs are brought together. The Board agreed this item needed further discussion in the future.

❑ FACILITY MAINTENANCE STANDARDS DISCUSSION WITH O&M COST TRACKING CHANGE

The Building Board adopted the Facility Maintenance Standards in 1997. These outdated standards will be revised and scheduled to be approved by the Board later this year. The tracking of costs for building operation and maintenance continues to be a concern. The new Facility Maintenance Standards could possibly include a requirement that agencies and institutions track the cost O&M for that facility. Usually this is done for a group rather than a specific building and would include the cost of maintenance staff, materials, utilities, etc. and be required by policy rather than statute. Most institutions and some state agencies are presently doing this and others will need to put their programs in place. This will ensure the most cost effective programs and buildings are in place. There was discussion concerning the DFCM Roofing and Paving Funds and whether they should be combined. Because of recent changes made by the Legislature, Dave Tanner asked that the minutes clarify to agencies and institutions that the reallocation of funds within the agency or institution will no longer happen. These funds must come back to the Capital Improvement Fund for allocation to the highest need in the state. Agencies and Institutions need to come back to the Board with their needs or be placed on the Capital Improvement list. Bob Fitch requested that this information be communicated by Memo to all State Agencies and Institutions. Fred Hunsaker said this may encourage some bad decision making. A "use it or lose it" policy may encourage misuse of funds. Chair Carnahan agreed that a clarifying memo to the agencies should be sent from the Board.

❑ AUGUST CAPITAL DEVELOPMENT TOUR

The dates for the tour were set for August 20th and 21st. An additional day could be added if needed. The Board will be touring the Salt Lake and Southern Utah areas. Destinations include MATC, Utah Courts Building in Provo, Snow College, Dixie State University, a Utah Travel Council location, DXATC with a stop off in Cedar City to visit Southern Utah University. Chair Carnahan requested that the Board also make a stop at SWATC and indicated that if there were other locations the Board would like to visit to please notify him.

❑ ADJOURNMENT

Following meeting adjournment, Board members met for lunch in the Bonneville Building followed by a tour of the Fairpark.

The meeting adjourned at 1:05 pm.