

Utah State Building Board



MEETING

September 4, 2013

MINUTES

Utah State Building Board Members in Attendance:

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

Guests in Attendance:

Matt Lund	Governor's Office of Management and Budget
Rich Amon	Department of Administrative Services
McKenzie Ashman	Department of Administrative Services
Jeff Reddoor	Utah State Building Board
Cee Cee Niederhauser	Division of Facilities Construction & Management
Jake Jacobson	Division of Facilities Construction & Management
Lynn Hinrichs	Division of Facilities Construction & Management
John Harrington	Division of Facilities Construction & Management
Bruce Whittington	Division of Facilities Construction & Management
Ben Berrett	Utah State University
Charles Darnell	Utah State University
Alyn Lunceford	Courts
Ken Nye	University of Utah
Mike Perez	University of Utah
Tiger Funk	Southern Utah University
Viron Lynch	Weber State University
David Buhler	Utah System of Higher Education
Greg Stauffer	Utah System of Higher Education
Ralph Hardy	Utah System of Higher Education
Bob Askerlund	Salt Lake Community College

Mack McDonald	Department of Human Services
Rick Stock	Sunrise Engineering
Jerry Jensen	Department of Corrections
Keith Jensen	Architectural Nexus

On Wednesday, September 4, 2013 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 9:08 am.

☐ APPROVAL OF MINUTES OF JULY 9, JULY 10, AND AUGUST 21, 2013.

Chair Carnahan asked if there were any correction and additions to the minutes of July 9, 10th and August 21, 2013. He suggested that the Board approve the minutes individually and asked for comments and a motion on the July 9th Minutes. Board member Dave Tanner suggested that the Minutes of the Business Meeting on July 9th, page 4 under Capital Improvement Process should clarify that the new five step process for Capital Improvements is still actively evolving and has not received final approval from the Board. The way it is presently written, it could be mistaken that this process has already been approved with no further discussion. This should be corrected. Jeff Reddoor included that the continued development of the process will also involve the approval of Administrative Rules which hopefully will be presented to the Board during the October 30th meeting. Cee Cee Niederhauser suggested that the Board approve the minutes with these corrections.

MOTION: Dave Tanner moved to approve the meeting minutes of July 9, 2013 as amended with the following changes: that the Capital Improvement process will continue to be developed and that the Administrative Rules associated with this new process be presented to the Board for approval in October. The motion was seconded by Fred Hunsaker and passed unanimously.

Chair Carnahan asked for comments regarding the Minutes of July 10, 2013. There were no changes for these minutes.

MOTION: Fred Hunsaker moved to approve the meeting minutes of July 10, 2013. The motion was seconded by Chip Nelson and passed unanimously.

Chair Carnahan asked for comments or concerns regarding the Minutes of August 21, 2013. There were no changes for these minutes.

MOTION: Chip Nelson moved to approve the meeting minutes of August 21, 2013. The motion was seconded by Bob Fitch and passed unanimously.

☐ REALLOCATION OF FUNDS FROM SHARWAN SMITH BOILER REPLACEMENT TO THE CENTRUM RAMP CONCRETE REPLACEMENT PROJECT AT SUU

Tiger Funk, Executive Director for Facilities Management and Planning at Southern Utah University explained that the concrete ramp access on the north side of the Centrum Arena has deteriorated due in part to freeze-thaw and the necessary use of ice melt. The new ramp was a funded capital improvement project in the fall of 2013. In addition to the new ramp, SUU would like to add a cross-linked polyethylene pipe heating system to melt snow and ice on the ramp, thus improving safety and longevity. The Sharwan Smith Student Center boiler was replaced in the spring of 2013 due to an earlier than expected failure. As a result of this immediate need, University reserves were used to replace the boiler prior to the release of the requested Capital Improvement funds. Southern Utah University requests that the \$94,000 originally allocated to the Sharwan Smith Boiler Replacement be reallocated to the Centrum Ramp Concrete Replacement Project.

Chair Carnahan said he was familiar with this area and gave his recommendation for the project. Dave Tanner agreed and said this was a very steep area and slippery in winter. It would be very helpful to install heat in that area in order to solve this problem. David Fitzsimmons asked if SUU had acquired estimates for this project. Mr. Funk said the estimates to install the heat were approximately \$70,000. The intent for the remaining funds would be to continue replacing adjacent concrete to the Centrum Ramp which would extend the scope of that project. Jeff Reddoor clarified that this \$94,000 would be combined with \$100,000 already allocated to this project. Mr. Funk said this project is scheduled for completion this fall.

MOTION: Dave Tanner moved to approve the Reallocation of Funds from Sharwan Smith Center Boiler Replacement to the Centrum Ramp Concrete Replacement Project at SUU. The motion was seconded by Chip Nelson and passed unanimously.

☐ USHE UTILITIES INFRASTRUCTURE STUDY PRESENTATION.

Commissioner David Buhler and Dr. Greg Stauffer from the Utah Commission of Higher Education reported that the USHE Utilities Infrastructure Study was the result of an effort begun more than a year ago by a group tasked with researching and documenting the condition of the utilities infrastructure piece of capital facilities on the USHE campuses. They thanked Ralph Hardy, Assistant Commissioner for Facilities Planning for the USHE System who helped to coordinate the study, facilitate meetings and was the primary author of the materials that comprise the report

Key issues of the report:

- The recommended minimum budget allocation for capital renewal of buildings is 2.0% of the Current Replacement Value (CRV) of the facilities (1.5% for capital renewal and 0.5% for remodeling). While Utah was once a leader in addressing this important need, present statutory target of 1.1% is below the 2.0% recommended by professional industry studies. While the CRV base used to calculate the amount of improvement funds available does not include the full replacement cost for utility distribution systems and generating plants, 28% of the Capital Improvement funds allocated over the past 15 years have been needed for utilities infrastructure projects.

- Five USHE institutions have their own high-voltage substations, and a sixth is in the process of being installed. All institutions own and operate electrical distribution systems. The advantages of these institutionally-owned electrical power production and distribution systems include:
 - Power rate-based cost reduction
 - Reliability of power
 - Quality of power
 - Service responsiveness
 - Accessibility for Maintenance
- The mechanisms used to fund maintenance, repair and replacement of facilities on USHE campuses
- The condition, capacity and sustainability of the assets being maintained should be considered by Legislature when considering funding.
- Key desired outcome of this report: focus attention on the need to dedicated, permanent revenue streams for the rehabilitation and replacement of USHE utilities production and distribution infrastructure

Recommendations:

- Institutional Ownership of Utilities Infrastructure
- Routine Maintenance and Repair
- Capital Renewal Funding for Buildings and Non-Utilities Infrastructure
- Utilities Production and Distribution Infrastructure
- Deferred Maintenance

Commission Buhler invited Charles Darnell Associate Vice President of Facilities from Utah State and Bob Askerlund, Vice President of Facilities from Salt Lake Community College to explain their experience and interest with infrastructure problems and expressed support for the study. In addition there was discussion on the span and inclusions of the study, clarification of projected funding, O & M for newer vs. older buildings, fees associated with maintaining infrastructure and the plan to keep members of the IGG Subcommittee informed of needs. Commissioner Dave Buhler encouraged the Board to find ways to start addressing the infrastructure issue in the state.

❑ REALLOCATION OF CAPITAL IMPROVEMENT FUNDS FOR ABC STORES

Jake Jacobson from DFCM requested a reallocation of Capital Improvement Funds for the Alcohol Beverage Control Stores. He explained they had 3 projects, totaling \$160,000 that were previously funded. They were for:

1) Waterproofing at the Provo ABC Store #5 for	\$40,000
2) Tile Flooring at the Price ABC Store #7 for	\$35,000
3) HVAC Project at the St. George Store #32 for	<u>\$85,000</u>
	Total \$160,000

They asked that the \$160,000 be reallocated toward the following ABC projects:

- 1) Store front replacement on SLC City Store on 3rd East, Store #35 \$62,000

2) Store front replacements on Store #22 and 23 @\$12,000 each (Note: The entry ways in both stores were suffering from rust and deterioration which were leading to security issues Bids indicated that \$12,000 would cover costs for both stores.)	\$24,000
3) Exterior Awning on Miller Avenue Store #14, request by agency (This will help prevent slip and falls as ABC employees are unloading the dock area).	\$11,000
4) Water Retention Correction at Magna Store #11	\$11,000
5) Misc ABC Store Maintenance and Repair	<u>\$52,000</u>
	Total \$160,000

Gordon Snow expressed concern about the reallocation process, since these five new projects were being created because of the available funds that could possibly be allocated. Mr. Jacobson said that these reallocations were being made because of some communication issues during the time that the Capital Improvement requests were being gathered. Had the communication taken place within the Division, DFCM would have reprioritized these projects for funding. Gordon Snow said that he had concerns with the system, however he did not want to have agencies lose the incentive to be efficient and spend their monies wisely. Jeff Reddoor said that part of the new capital improvement process involves trying to adequately define the scope of these project requests and get a clear definition as to the scope of project needs. The hope is that the excess funds will come back into the Contingency Fund or to other uses for the agency.

MOTION: Gordon Snow moved to approve the reallocation of Capital Improvement Funds for the ABC Stores with the exception of the \$52,000 requested for miscellaneous maintenance and repair.

Mr. Snow clarified his motion by explaining that the attempt to reallocate the \$52,000 (which they had designated for repair and maintenance items) should be covered by their O & M. He feels the ABC wants to create a slush fund with this money. If there was an appropriate reallocation he would have included the \$52,000 in his motion.

Chair Carnahan asked Mr. Snow if his motion was to reallocate \$108,000 for the ABC items for Store # 35, 22, 23, 14 and 11 and Mr. Snow answered in the affirmative.

The motion was seconded by Chip Nelson and passed unanimously.

Rich Amon informed the Board that normally the \$52,000 would return to the Project Reserve.

MOTION: Gordon Snow made a second motion to leave the \$52,000 with the ABC store and asked them to bring back a proposal at the next Board Meeting on how they would use these funds for a Capital Improvement project. The motion was seconded by Fred Hunsaker and passed unanimously

Board members requested that a report be made available which would indicate project savings

deposited into the Project Reserve. In addition, a discussion should take place with Board members to determine how they should manage excess funds from a project and guidelines for the reallocation process. Dave Tanner said that all reallocations should have previously been approved by DFCM and Jeff Reddoor. Mr. Reddoor confirmed that this does, indeed, happen and that these reallocations are recommended. He indicated that the Project Reserve Report will be made available to the Board on October 9th. The discussion continued with Board members instructing Jake Jacobson to return to the Board next month with a plan on how the \$52,000 will be reallocated for a specific project at the ABC Stores.

ADMINISTRATIVE REPORTS FOR UNIVERSITY OF UTAH AND UTAH STATE UNIVERSITY

Ken Nye from University of Utah reported they had 14 Professional Services Agreements awarded and 14 Construction Contracts as well. There was no activity in the Project Reserve Fund this month. The Contingency Reserve had a draw of \$82,248 which was for installation of a standpipe system in the foothills east of campus and required a fair amount of trenching with a substantial amount of rock which required breakage in order to install the system.

Ben Berrett from Utah State University reported there were 11 Professional Contracts and 27 Construction Contracts issued this month. The Project Reserve Fund had no decreases and three increases to the fund which were for the Fine Arts Precast Concrete Panel Replacement for \$19,519.98, the BNR Fire Protection Phase II for \$1,181.70, and Paving for the Student Living Center Parking Lot for \$12,073.10. The Project Reserve is at \$362,871. The Contingency Reserve Fund had no increases but had a draw of \$18,348.70 for replacing the air handler in the Fine Arts Visual Building which required setting of recessed concrete in order for the system to fit. The Project Reserve Fund is at fund is at \$551,265.

ADMINISTRATIVE REPORT FOR DFCM

Building Board Manager, Jeff Reddoor addressed the Board reporting that there were 86 Professional Service Agreements and 36 Construction Contracts Awarded since the last meeting. The Contingency Reserve Fund is at about \$6.9 Million with four decreases during this reporting period. The Project Reserve Fund is at \$6.4 Million. Dave Tanner questioned the contract for Professional Consultants for the Capitol Preservation Board and indicated that it was not clear what is taking place here. Mr. Reddoor said he would get back with Mr. Tanner. In addition there were some clerical errors that were caused by the programming. Mr. Reddoor said that this would be address with the programmers of the database. He also indicated that DFCM accountant, Dave Williams is willing to clarify any information needed. Dave Tanner indicated the Board would like to have a summary for each project which includes any change orders that were applicable to that project rather than have random change orders attached to the report.

OTHER.....

Rich Amon announced that DAS would like to have a group picture of the Building Board members to put in the annual report and suggested that members meet outside the door for the group photo.

Jeff Reddoor reminded Board members that the next Board meeting is the Capital Development Hearing which will be all day. It will begin at 8:30 am. A Board Business Meeting will be the following day.

ADJOURNMENT

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

The meeting adjourned at 11:03 am.