

Utah State Building Board



MEETING

August 3, 2011

MINUTES

Utah State Building Board Members in Attendance:

N. George Daines, Chair
Sheila Gelman
Jeff Nielson
David Fitzsimmons
Ned Carnahan
Gordon Snow
Chip Nelson
Ron Bigelow, Ex-Officio

DFCM and Guests in Attendance:

Kim Hood	Department of Administrative Services
Gregg Buxton	Division of Facilities Construction & Management
Cee Cee Niederhauser	Division of Facilities Construction & Management
Cheryl Searle	Division of Facilities Construction & Management
Lynn Hinrichs	Division of Facilities Construction & Management
Alan Bachman	Attorney General's Office/DFCM
Kimberlee Willettee	Governor's Office of Planning and Budget
Rich Amon	Legislative Fiscal Analyst Office
Ken Nye	University of Utah
Ralph Hardy	Utah Commission of Higher Education
Ben Berrett	Utah State University
Alyn Lunceford	Courts
Sherry Ruesch	Dixie State College
Malin Francis	Salt Lake Community College
Tiffany Woods	BHB
Andrew Carlino	Utah State Fairpark
Ken Hammond	EDA Architecture

David Tanner	Southern Utah University
Greg Lee	University of Utah, Red Butte Gardens
Colleen Connely	University of Utah Hospital
Kevin Hansen	Weber State University
Chris Coutts	Architectural Nexus
Bob Askerlund	Salt Lake Community College
Lori Haglund	VBFA
Sara Kiehke	VBFA
Mark Halverson	Weber State University
Dan Lundergan	University of Utah
Ellen Parrish	VCBO Architects
Ralph Hardy	Utah Commissioner of Higher Education
Anna Heywood	Reaveley Engineers & Associates
Scot Olson	Utah National Guard
Clark Caras	Utah State Fair Park
Cynthia Cook	FFKR Architects

On Wednesday, August 3, 2011 the Utah State Building Board held a regularly scheduled meeting in Room 250 of the Utah State Capitol Building, Salt Lake City, Utah. Chair George Daines called the meeting to order at 9:03 a.m.

APPROVAL OF MINUTES OF JUNE 29, 2011

Chair Daines sought a motion for approval of the minutes.

MOTION: David Fitzsimmons moved to approve the meeting minutes of June 29, 2011. The motion was seconded by Sheila Gelman and passed unanimously.

FIVE YEAR NOTICE OF REVIEW AND STATEMENT OF CONTINUATION FOR RULE R23-25 ADMINISTRATIVE RULES ADJUDICATIVE PROCEEDINGS.

Chair Daines said he previously discussed this item with Alan Bachman, legal counsel to the Board. Mr. Bachman explained that this Administrative Rule has never been used but should remain in place just in case it is needed.

MOTION: David Fitzsimmons moved to approve the Continuation of Rule R23-25 Administrative Rules Adjudicative Proceedings. The motion was seconded by Ned Carnahan and passed unanimously.

Chair Daines introduced Alyn Lunceford from Utah Courts. Mr. Lunceford indicated he is the Facilities Director for Courts and manages all of their capital improvement projects.

The Building Board will be touring Ogden Juvenile Courts as part of their Capital Development Tour. This project was ranked third on the prioritization list last year. They are hoping to improve the ranking and receive funding this year. Chair Daines indicated that Mr. Lunceford is one of about fifteen individuals who represent different state agencies and work with the Building Board on a regular basis.

☐ WEBER STATE UNIVERSITY REALLOCATION CAPITAL IMPROVEMENT FUNDS

Mark Halverson from Weber State University said the University is requesting that the remaining \$70,000 from the Miller Administration Building be transferred to the Dee Center Site Improvement Project (which bid a little higher than anticipated) to help with the needed repairs to paving. DFCM Director Gregg Buxton asked if the Dee Center was an auxiliary facility. Kevin Hansen from Weber State answered that it was not. The facility does generate some revenue; however it is a state funded facility which receives E & G Funds. (E & G is the general education funding which is provided by the Legislature for their facilities and operations).

MOTION: Ned Carnahan moved to approve the Reallocation of Capital Improvement Funds for Weber State. The motion was seconded by Jeff Nielson and passed unanimously.

☐ SLCC REALLOCATION CAPITAL IMPROVEMENT FUNDS – LARRY H. MILLER CAMPUS

Bob Askerlund from SLCC said they received very competitive bidding on Lot U at their Taylorsville/Redwood Campus. As a result, they saved approximately \$100,000 from the original estimate. They would like to request that the College be allowed to continue with other paving projects by applying this savings to an area on the Larry H. Miller Campus which needs patching and sealing of walks. They would like to start immediately while the weather is cooperative.

MOTION: Chip Nelson moved to approve the SLCC Reallocation of Capital Improvement Funds. The motion was seconded by David Fitzsimmons and passed unanimously.

☐ REMODEL OF UNIVERSITY OF UTAH HEALTH CENTER – BURN TRAUMA INTENSIVE CARE UNIT

Mike Perez introduced Dan Lundergan from the University of Utah and Coleen Connely, Nursing Director of Critical Care at the University Hospital. Senate Bill 204 mandates that any construction remodel for state agencies, which exceeds \$2.5 Million, should be presented to the Building Board for approval. The University Hospitals and Clinics

presented a project to remodel the Health Center Burn Trauma Intensive Care Unit. They would like to relocate the Hospital's Intensive Care Unit, build out the shelled space and remodel the existing space. Mr. Lundergan assured the Board there were no state funds for this project and O & M costs will be provided by hospital revenues. Ms. Connely said the Burn Center is in great need of expansion. They presently have some code concerns with the average room size at 154 sq. ft. Three of their patient rooms do not have windows which is a problem since some patients have to stay an extended period of time. There are only two patient bathrooms for the 12 rooms in the Burn Unit. The Burn Center is also dealing with some volume issues in that they do not have enough beds for all the burn patients which facilitate burn patients having to be housed in other units. This proposed project will be a 15 bed Burn ICU with 6 clinic room, rehab and therapy spaces, and will increase in size to 17,000 sq. ft. Chair Daines asked if this facility was the pre-eminent burn center in the intermountain area and if there was a plan in place in the event of a catastrophe. Ms. Connely said it was the only burn center in the area. They have worked with the Hospital Disaster Planning Committee and plans are in place in the event of a disaster. Mr. Lundergan said they can also coordinate with the Utah Hospital Association so they know how many beds are available. Sheila Gelman said she had visited the Burn Unit and observed a treatment room with at least 10 people working on a patient. She was amazing how efficient they worked and how they were not stumbling on each other. She felt there was definitely a need to expand the facility. Gordon Snow clarified that the O & M was paid through revenue from the hospital, and would not be state funded. The University was presenting this project because Senate Bill 240 required the University to present their project before the Board when costs were over \$2.5 Million. He also clarified that the project would be constructed in phases and the intention is to approve both phases. Jeff Nielson expressed concern that if they begin construction and the funds are not available what will happen? Mr. Lundergan said the University Hospital System has put aside the funds and made this project a priority for the next two fiscal years. The University would not return to the Board to request funding for this project. David Fitzsimmons asked if there was any forecast for future growth? Mr. Lundergan indicated that this project was part of the master plan. They do not see a significant expansion of the University Hospital from the in-patient perspective for the next 5 to 7 years. Their belief is they have enough ICU capacity to meet their needs during that period of time. Ron Bigelow clarified there are two issues here: the medical intensive care unit is expanding by moving to a new space (this was a previously approved project that is underway). The Burn Unit will take that space and do the remodeling in two phases in order to keep some of the space functional.

MOTION: Sheila Gelman moved to approve the Remodel of University of Utah Health Center Burn Trauma Intensive Care Unit to include both phases. The motion was seconded by Jeff Nielson and passed unanimously.

☐ EXPANSION OF RED BUTTE GARDENS – ROSE HOUSE PROJECT

Mike Perez introduced Greg Lee, Executive Director of Red Butte Gardens and Arboretum.

Mr. Lee said the Rose House would be a multi-purpose building and part of their master plan. This project will be funded by donations and will not require state O & M. The purpose of the building is to accommodate the 15,000 school children and 500 summer campers who visit the gardens each year and may need shelter in case of inclement weather. This is the only space they could use as a classroom in their lower garden area. Other uses would be garden society meetings, a location for wedding receptions and storage space. This facility would also provide public restrooms for the lower garden area. Mike Perez pointed out this project was approved as part of the amphitheater construction back in 2006 but construction costs were high and Rose House, which at that time was 750 sq. ft., was postponed. This specific request is to let the Board know that the project has increased to 4,000 sq. ft. and at \$1.4 Million. They are seeking approval for the larger facility. There were extensive questions concerning funding for the Rose House, utility capacity, and the profitability of the wedding catering business which the University is now about to expand. Ex-Officio, Ron Bigelow wanted clarification why the University of Utah would expand their wedding business to be in direct competition with private industry. Would they still build the Rose House if they were not in the wedding business? Mr. Lee said the catering kitchen in the building would serve other groups other than weddings such as the Governor's Reception, etc. Traditionally weddings are usually performed at non-profit organizations – churches, temples or garden space. Mr. Bigelow asked if they were implying they only charge actual costs for providing weddings at a non-profits institution as do churches or do they charge fees comparable with the private industry. The cost of operating and maintaining the garden space is more than what they charge. Mr. Bigelow expressed concern that it is difficult to get state support for a building that will be used to host weddings rather than house school children. Mr. Lee indicated their school programs never pay for themselves. They have to be subsidized in some way whether it is by donations, state support or other types of operations or use of space. The University will be using the building for many purposes and they feel they have to find other activities to cover the expenses. George Daines asked what percentage of their O & M budget is received from weddings. Mr. Lee said \$330,000 was received from rental events last year which includes weddings, memorial services, business meetings, etc. out of a budget of about \$5.5 Million. Sheila Gelman clarified that Red Butte is not in the catering business and many businesses benefit from this wedding facility. Ron Bigelow clarified that the purpose for building or expanding the kitchen area is to assist private businesses (caterer who come to the U) so that it is easier and cheaper for them to provide their services. It somewhat reinforces and clarifies they are doing this to subsidize some businesses in the Valley. They could still cater (and they currently do) without the facility. His concern is that if the Board authorizes this are they also endorsing the University of Utah to subsidize those certain businesses? Gordon Snow asked if a project was approved five years ago, how long would the approval commitment last. Gregg Buxton responded that approval was given for the project at a smaller size and now they are seeking approval to enhance the project. Mr. Snow asked if schools are charged to visit the gardens. Mr. Lee said, students from public schools are not charged a fee, however private school are. Jeff Nielson asked what percentage of use would the University use the catering equipment vs.

the private sector. Mr. Lee said the University rarely uses the equipment. Approximately 98% is used by outside caterers.

MOTION: Sheila Gelman moved to approve the Expansion of Red Butte Gardens – Rose House Project. The motion was seconded by David Fitzsimmons and passed unanimously.

☐ SUU REQUEST TO PROGRAM THE NEW BUSINESS BUILDING

Dave Tanner from Southern Utah University reported the new Business Building as the number one request for the University. Their current building was programmed and designed in the late 1970's. When the University hired a consultant to look at the existing building for remodel, it became very apparent that adding onto the building would be extremely difficult and as costly as a new building because of ceiling heights and the way the structure was built. The existing building was built to house classes such as shorthand, typing and model offices with no technology in the original plan. Over the years the University has tried to adapt the building to their use but now feels a new building would be more suited for their purposes. It usually takes approximately six to eight months to program a facility. SUU has a donor who will pay for the programming and would like to engage their present faculty, students and others from the community in this process. They are requesting a fairly long programming process in order to accomplish this task. Chair Daines pointed out that SUU's Business Building was ranked 23 last year which means it probably would not be funded unless it moves significantly higher on the priority list. Would the purpose of early programming be to attract donor attention to this project? Mr. Tanner indicated that was a small part but not the motive. It is one way to show donors the internal workings of the building and helps identify the site and the impact on the campus. Ron Bigelow had concerns with moving forward with programming since the building is not approved for construction. There could be changes in construction costs, and scope of the work that would facilitate re-doing the programming phase. Why would the Board want to authorize funds to do planning in an environment where there is no approval for a building or guarantee that it will be approved? Mr. Tanner said SUU was not requesting authorization of funds. There is a donor who will pay for programming. The University is prepared to pay the cost of additional programming if needed in the future. Ned Carnahan asked about the growth of SUU's Business program. Mr. Tanner said they have 646 undergraduates, 132 graduates, and 27 members of faculty in the Business School which has more than doubled in size since the program began. The present Business Building is the hub for the School of Business. Jeff Nielson asked if planning was part of the process of getting their building approved. Mr. Tanner explained that it is definitely part of the process. Planning becomes vital as the University looks to the Building Board and Legislature to move their project forward. They feel it is vital to have an extended programming phase which gives adequate time for study and planning. Chair Daines said that his concern isn't with authorizing programming but the implied consent

that this would possibly give this project a higher priority. This approval is not an implied consent in his opinion and SUU's Business Building would not move up in the ranking.

MOTION: George Daines moved to approve SUU's Request to Program the New Business Building. However the discussion continued and the motion did not move forward.

The discussion continued regarding SUU's request and the possibility this authorization could be used to strengthen their priority ranking. Ralph Hardy from the Office of the Commissioner of Higher Education said this would not influence the Board of Regents' decision concerning this project. Ron Bigelow felt that if there were two building requests and one had completed programming, why wouldn't preference be given to the institution who had completed the programming. Chip Nelson expressed concern that a donor's money would be wasted if the programming is completed and the building not funded. He suggested that the Board evaluate the need for the building and after the Building Board determines final ranking then SUU could return with their request.

MOTION: Chip Nelson moved to table SUU's Request to Program the New Business Building. The motion was seconded by Gordon Snow. The motion failed with 2 in favor and 5 opposed.

MOTION: George Daines' original motion to approve SUU's Request to Program the New Business Building was again proposed. The motion was seconded by Sheila Gelman. The motion passed with 5 in favor and 2 opposed.

Chair Daines advised Mr. Tanner that he may want to wait to see the priority ranking for next year before SUU invests monies for programming.

☐ ADMINISTRATIVE REPORT FROM UNIVERSITY OF UTAH AND UTAH STATE UNIVERSITY

Ken Nye from University of Utah indicated there were ten design agreements and two other types of agreements awarded during the past month. Under construction contracts, there was one new space contract, eleven remodeling contracts and four site improvement contracts. The HCI Floor was a sole source contract associated with the basketball floor. Another sole source situation was the CNG Slow Fuel Filling Station for natural gas for their internal busing system. Questar required them to use a specific contractor for installations. There were no increases to the Project Reserve but one decrease which involved the transfer of \$74,000 to cover the amount by which the construction bid exceeded the budget for the Fletcher Building Fume Hood Upgrade. The overrun was the result of unanticipated elements that had to be included in order to achieve the project's purpose such as the replacement of fan units in order to control noise. In addition, there

were also some unanticipated code requirements and the cost of hazardous material abatement was higher than expected. The Contingency Reserve fund had one small draw for the Develop Secondary Water System for Landscaping Irrigation which involved a transfer of \$12,000 to cover the costs associated with unknown conditions with the location of the gas line. David Fitzsimmons asked if the issue with the fume hoods had been resolved. Mr. Nye said there were thousands of fume hoods on campus and many of them need to be replaced. He estimated they were approximately one-half to two-third complete with fume hood replacement. Gordon Snow questioned if a private enterprise (Questar Gas) has the ability to supersede state law that requires a bidding process. Mr. Nye explained that one of the provisions in the procurement code regarding bidding is that utilities have a unique status in a sole source requirement. The contractor's estimate for this project was considered reasonable. Director Buxton explained that the University has a sole source committee which determines if projects should be approved so there are some controls on selection.

MOTION: George Daines moved to approve the Report for the University of Utah. The motion was seconded by Ned Carnahan and passed unanimously.

Ben Berrett, Director of Planning, Design and Construction at Utah State University gave the monthly report. Mr. Berrett indicated they have 7 professional contracts and 21 construction contracts. Of special interest was the Maeser Steam Replacment for the amount of \$51,000 needed from the Project Reserve. This project is to replace the steam and condensation line under the Geology and Animal Science Buildings. These are the second and third oldest buildings on campus and were built in 1917. The amounts specified in the Contingency Fund include all increases for the new Capital Improvement Projects this year and a few minor draws from the fund. Page one lists seven professional contracts for this month. Most are Capital Improvement Projects. Of particular interest is the contract for design of the Tremonton Campus Classroom Remodel which is an old medical clinic the University purchased last year for renovation. Approximately two-thirds of the building will be used as classrooms for the Regional Campus Distance Education Program. Page two lists the new Capital Improvement Projects. Project #8 involves a tunnel demolition that was contracted out. The University did the asbestos abatement on all the seam lines in the tunnel and all the demolition of the piping so designers were able to view the interior to determine their work. For Medium Voltage Upgrades, the University requests a significant budget each year to continue to upgrade the older transformers in the sub-stations. Project #19 was an asbestos abatement on the building purchased in Tremonton. Director Buxton asked Mr. Berrett if UCI had been given opportunities to bid on asbestos projects. Mr. Berrett said they had not recently used them but would consider it in the future. The increases to the Contingency Reserve Fund are from 2012 Capital Improvement Projects that have each contributed 5% to the Fund. There were six very small draws from the fund.

MOTION: Ned Carnahan moved to approve the Report for Utah State University. The motion was seconded by David Fitzsimmons and passed unanimously.

❑ **ADMINISTRATIVE REPORT FOR DFCM**

Lynn Hinrichs, Deputy Director for DFCM reported there were eleven new leases and eighteen amendments. Seventy-one new architect/engineer agreements were awarded last period due to the new Capital Improvement Projects. Forty-eight of those were full service design agreements and 23 were professional service contracts. There were 48 construction contracts awarded. Significant ones included the San Juan Campus Administration Building Replacement, which was particularly difficult to get in budget. The Weber State Davis Campus Professional Classroom Building CMGC Agreement was awarded and they are in the design phase on that project. The CUCF Prison Perimeter Security System, which was needed to replace a failed system, was awarded and is under construction. Snow College South Campus Fire Sprinkling HVAC Upgrades is underway. Under Contingency Reserve, they are in the middle of construction season and there are a lot of large projects in process resulting in decreases to the fund. DFCM started with a contingency budget at \$10.3 Million and ended with just over \$9 Million. The bulk of those were being spent on the Salt Lake Community College South City Campus, the UVU Health Science Building, University of Utah USTAR Building and some other minor projects listed in the report. The Project Reserve Fund started with \$5.3 Million but ended with \$4.8 Million. A large portion of this decrease was for the UVU Health Science. This project was originally bid with an alternate (the roof-top greenhouse) and wasn't concluded with the contract. UVU later decided they wanted to include this alternate so the decision was made to take the money out of the Reserve Fund. During the last month, DFCM made a presentation to the Executive Appropriations Committee about improvement projects and the importance of funding them on a statutory level. This presentation was well received and there seems to be a growing commitment by the Legislature to focus more on improvement and less on new construction.

Ron Bigelow asked about the zero cost lease which appeared on the DFCM Report. Mr. Hinrichs called DFCM Real Estate Manager, Cheryl Searle, from the audience to explain this question. Ms. Searle said that usually a no cost lease means that they are allowed to use a defined area in a building at no cost to the state. They have a few leases that consists of landlords who allow the state to set up office in their building without charging O&M or rent. An example on this month's report is the Workforce Services Building which was renewed at no cost increase. Mr. Bigelow said that the report actually indicates "new location – zero cost lease". Ms. Searle clarified this was free space. There are probably ten to fifteen properties in the state portfolio which are similar. Mr. Bigelow clarified that if some properties are "renewal zero cost leases" that would indicate the same rate; however if it is a "new location zero cost lease" then it means zero. Ms. Searle said that when the

state reviews a lease that is no cost to them (for rental space or for operation and maintenance) the state still has to renew it. The lease is usually made for five years and then reviewed so the state does not have unlimited use forever.

FURTHER DISCUSSION OF BOARD RULES OF PROCEDURE

Alan Bachman, Assistant Attorney General provided a copy of the Rules of Procedure for the Board and highlighted in yellow the changes to the rule which included a description of electronic meetings. DFCM Director, Gregg Buxton and Chair Daines suggested one change to this part of the rule and clarified that if Board members wish to attend a meeting electronically, the initial call should be to Director Buxton to determine if it is feasible. Notification would be given to Chair Daines who would then determine if it would be appropriate to hold an electronic meeting. Chair Daines stated that the Board has had appropriate time to look at the changes to the Rules of Procedure and asked if there were other areas to be discussed. There were no discussion items; therefore Chair Daines suggested the Rules of Procedure come before the Board for approval at the next Building Board Meeting in September. Chair Daines also asked Director Buxton to determine if there is a better facility which would enhance electronic meeting capability in the future.

DISCUSSION OF FUTURE AGENDA ITEMS

Ron Bigelow indicated there was a motion to approve a property transfer long term lease for construction in Vernal during the previous Building Board meeting on June 29. Approval was given for this project subject to legislative and legal issues. Mr. Bigelow determined that there is a legislative issue that should be dealt with so this project should come before Legislative Management for approval before completion. Cheryl Searle explained that in all DFCM lease agreements a provision is made that the lease cannot exceed 90% of the cost of the building. When this item was previously brought before the Board, the money being brought forward for this project was \$1.5 Million. The property the building will sit on is currently owned by the state but will be transferred to Uintah County for a period of time (up to fifty years) and then ownership of the property and the building will revert back to the state. The value of the Building is \$1.5 Million. Natural Resources will be paying \$25,000 per year for operation and maintenance costs; however by doing this, the state is slightly below the 90% level. Another part of state statute that applies to this property is the requirement that the property must revert back to the state and be approved by the Legislative Management Committee. Chair Daines clarified that this project will now be taken to the Legislative Committee and requires no further action from the Board. Mr. Bigelow said this proposed contract will receive heightened scrutiny from the Committee. He advised the Board that the Legislative Committee's review process is more detailed and suggested that Director Buxton work with him to determine the best way this project should be presented to the Committee. He believes the Executive Branch, as well as the Division

of Parks, support keeping the museum open and adding this addition to the property.

ADJOURNMENT.....

MOTION: Chair Daines moved to adjourn the meeting at 11:15 am.

Chip Nelson asked about the Capital Development Tour. Director Buxton explained that Board members would be traveling together in Suburbans with about five to six people per vehicle. There are members of the Legislature also attending. Dress is business casual. They are traveling to Northern Utah and Salt Lake area. The tour will be a full day on the first day and half day the second. Lunch will be provided by BATC's culinary school in Logan. Cee Cee will help with travel arrangement for the Board.