

Utah State Building Board



MEETING

October 30, 2013

MINUTES

Utah State Building Board Members in Attendance:

David Fitzsimmons
Chip Nelson
Gordon Snow
Bob Fitch
David Tanner

Guests in Attendance:

Matt Lund	Governor's Office of Management and Budget
Rich Amon	Department of Administrative Services
Jeff Reddoor	Utah State Building Board
Cee Cee Niederhauser	Division of Facilities Construction & Management
Lynn Hinrichs	Division of Facilities Construction & Management
John Harrington	Division of Facilities Construction & Management
Bianca Shama	Division of Facilities Construction & Management
Bruce Whittington	Division of Facilities Construction & Management
Cheryl Searle	Division of Facilities Construction & Management
Josh Haines	Division of Facilities Construction & Management
Jim Russell	Division of Facilities Construction & Management
Russ Bachman	FFKR Architects
Keith Jensen	Architectural Nexus
Ben Berrett	Utah State University
Alyn Lunceford	Courts
Ken Nye	University of Utah
Mike Perez	University of Utah
Jason Perry	University of Utah
Corry Higgins	University of Utah
Troy D'Ambrosio	University of Utah
Natalie Tippetts	University of Utah
Ralph Hardy	Utah System of Higher Education

Nannette Rolfe	DPS/DLD
Dana Miller	Southwest Applied Technology College
Richard Maughan	BATC
Keri Hammond	EDA Architects
Lori Haglund	VBFA
Julee Attig	Reeveley Engineers
Fran Pruy	CRSA
Tracy Neale	GSBS
James Kilpatrick	BNA Consulting
Sheila Kilpatrick	Ken Garner Engineering
Kim Johnson	R & O Construction
Mark Bleazard	Legislative Fiscal Analyst
Aaron Hansen	FFKR Architects
Amber Craighill	BHB Engineers
Stephanie Ray	EDA Architects
Chris Coutts	Architectural Nexus
Jerry Jensen	Department of Corrections
Weston Judd	UDAF
Gary Riddle	CRESA
Malin Francis	Salt Lake Community College
Bob Askerlund	Salt Lake Community College
Sherry Ruesch	Dixie State
Chris Caras	Driver's License

On Wednesday, October 30, 2013 the Utah State Building Board held a regularly scheduled meeting in Room W30 of the West Building, Capitol Hill Complex, Salt Lake City, Utah. Acting Chair Gordon Snow called the meeting to order at 9:03 am and noted the absence of Chair Carnahan and Fred Hunsaker. DFCM Director Josh Haines stood and introduced his new Deputy Director, Bruce Whittington

☐ APPROVAL OF MINUTES OF SEPTEMBER 4, OCTOBER 8, OCTOBER 9, AND OCTOBER 10, 2013.

Gordon Snow asked if there were any correction and additions to the minutes. He asked for comments or a motion on the Minutes. Dave Tanner suggested there be further clarification added to the September 4th Minutes on the Reallocation of Capital Improvement Funds for ABC Store. He would like the minutes to note that ABC was instructed to return to the next Board Meeting with a proposal on how they would reallocate the \$52,000. He did not see ABC on the agenda for today. Bruce Whittington responded that the ABC reallocation would be ready for the December 4th meeting.

MOTION: David Fitzsimmons moved to approve the Meeting Minutes of Sept. 4 (which should include the additional instructions for the ABC project), Oct. 8, Oct. 9 and Oct 10, 2013. The motion was seconded by David Tanner and passed unanimously.

☐ FY 2015 CAPITAL DEVELOPMENT PRIORITIZATION

Jeff Reddoor announced the prioritization was completed during Oct. 30th meeting. This list is posted on the DFCM Website under “What’s New” and under “Capital Improvement/Development Process”. The ranking will then go to the Legislature for consideration.

☐ FY 2015 LAND BANKING PROJECTS

Gordon Snow announced that the prioritization for FY 2015 Land Banking Projects took place at the Oct 10th meeting, however because of time constraints, the vote was not taken. He noted the rankings of the projects and asked if the Board was satisfied with the results, needed further discussion, or would like to move forward with a motion.

MOTION: Chip Nelson moved to approve the FY 2015 Land Banking Requests. The motion was seconded by David Fitzsimmons and passed unanimously.

The results are as follows and will be published on the DFCM/Building Board Website.

FY 2015 Land Banking Requests					
	Agency	Description	Request	Score	Ranking
1	Dixie State University - 1	East Elementary Purchase (52,908 GSF)	\$ 1,000,000	35	1
9	Courts	Northern Utah Land Bank Project 7 Acres	\$ 1,750,000	9	2
8	UCAT: DATC - 1	9.88 Acres, Morgan/Economic Development Center	\$ 575,000	9	2
5	UCAT: BATC-1	10.23 Acres, North of Campus	\$ 1,500,000	4	3
6	UCAT: BATC-2	18.5 Acres, Adjacent to Campus (Church Land)	\$ 2,775,000	4	3
7	UCAT: BATC-2	26 Acres, Adjacent to Campus (Church Land)	\$ 3,900,000	4	3

☐ REALLOCATION OF PAVING FUNDS FOR UTAH NATIONAL GUARD

Jeff Reddoor explained this request is for the reallocation of \$50,000 from the UNG Cedar City Armory Paving Improvement Project to the Price Armory Paving Reconstruction. The history of the Cedar City Armory Project reveals that in 2011 crack seal and seal coat using statewide paving maintenance funds were completed on the Cedar City Armory parking lot and should keep the lot in good condition for three to five years. Therefore, they are requesting this \$50,000 be awarded to the Price Armory which needs a total reconstruction in order to meet ADA requirements and was short on funding. The original funding request for Price was \$90,000 but was only funded at \$40,000. This reallocation will allow the Price Armory to move forward with reconstruction.

MOTION: David Fitzsimmons moved to approve the Utah National Guard Reallocation of \$50,000 from the Cedar City Armory Paving Project to the Price Armory

Paving Reconstruction. The motion was seconded by Bob Fitch and passed unanimously.

☐ APPROVAL OF REVOLVING LOAN FUND FOR DEPARTMENT OF NATURAL RESOURCES/NASH WASH WILDLIFE MANAGEMENT AREA

Bianca Shama from DFCM said the Department of Natural Resources/Nash Wash Wildlife Management Area has applied for a loan in the amount of \$35,400.00. The funds will be used to upgrade the current electrical system with new batteries and upgrade the inverter, solar panels, and install more energy efficient electrical systems at the main residence, small houses, bunkhouse, shop, modular home and other out buildings. This location, which is in the southeastern part of the state in the Green River/Moab area, is the main base for numerous research and wildlife projects for this part of the state. It is often used by biologists and other scientists to study wildlife and habitat throughout the year. The payback for this project will be approximately five years. The estimated loan repayment schedule will begin in 2015 based on project completion date. The project will result in both energy savings and cost savings for the facility. Originally this would have been a Capital Improvement request but because of the payback on energy savings they are requesting it be funded as an energy project. Ms. Shama reported that the Revolving Loan Fund balance is presently at \$300,000 to \$400,000.

MOTION: David Tanner moved to approve the Revolving Loan of \$35,400 with a payback of five years for the Department of Natural Resources/Nash Wash Wildlife Management Area. The motion was seconded by Chip Nelson and passed unanimously.

☐ NON-STATE FUNDED PROJECTS

The following non-state funded projects were presented to the Board.

Lassonde Living Learning Center – University of Utah

Mike Perez, Associate Vice President of Facilities, Dean Taylor Randall from the School of Business and Troy D'Ambrosio, Director of the Lassonde Institute introduced this project.

The Lassonde Living Learning Center combines a dormitory with incubator space for student businesses. The hope of this program is that over time the Business School will be able to train a group of business leaders who are well versed in the art and skill of entrepreneurship. In June of this year, the Board approved the use of one million dollars in private funds for the planning and programming of this facility. This unique learning environment will combine a 400 residential bed facility with a 20,000 sf student garage, consisting of prototyping space, working areas, and event spaces for students. The total cost is \$45 Million. Fifteen million has already been funded by donors and the balance of \$30 Million will come from a revenue bond with the debt serviced by housing revenues. There are four campus sites presently being considered for the center with a decision being made by December 1st. These sites are in the University's master plan. There was discussion concerning the compatibility of this facility with housing

area, impact on the present utility structure, O & M (which will be funded by revenues from the housing), occupancy rate, costs to students, and building standards used. In addition, Dave Tanner requested that there be follow up on how the O & M is being calculated and the electrical payback on how this building will help sustain the present infrastructure. Mike said that would provide this information to the Board this week. Mike Perez clarified that they are not requesting any O & M funding for this facility.

MOTION: Dave Tanner moved to approve the Lassonde Living Learning Center at the University of Utah as a non-state funded project to move forward to the Legislature as presented. The motion was seconded by Bob Fitch and passed unanimously.

Alumni House Expansion & Renovation -- University of Utah

Mike Perez explained the University's Alumni house is over thirty years old. During this time the university has grown in size, and the need for additional space is significant. They want to improve this venue which includes expansion of restrooms, better quality ADA elevators, banquet and conference facilities, and utilization of natural light to make it a more pleasant environment. The budget for the Alumni House Expansion is \$10 Million originating from donor funds. The feasibility study by Babcock and Associates shows 16,720 sf of the current facility would be remodeled with the addition of 17,000 sf added as new space. No state O & M will be requested for this building.

MOTION: Dave Tanner moved to approve the University's Alumni House Expansion & Renovation for \$10 Million as a non-state funded project to move forward to the Legislature as presented. The motion was seconded by David Fitzsimmons and passed unanimously.

Utility Distribution Infrastructure Replacement (High Voltage/High Temperature Water – University of Utah

Mike Perez showed pictures of work presently being completed for utility distribution infrastructure on campus. He presented the chronology of previous funding requests for this \$99 Million project which included:

- 2009 – Capital Development –Request State Funds
- 2010 – Capital Development – Request State Funds
- 2011 – Capital Development – Request Other Funds (Received \$35 Million total) from Capital Development Funds (\$22 Million) and Capital Improvement Funds (\$13 Million)
- 2012 – Capital Development – Request Other Funds (\$7.5 Million approved) from Capital Improvement Funds
- 2013 – Capital Development – Request Other Funds and Bonding Authorization

Mr. Perez said the perception is that the University allowed their infrastructure system to deteriorate. He presented a chart of the distribution of their Capital Improvement funding which showed 20% of this funding over the past ten years had been applied to electrical distribution and 21% to the High Temperature Water System. Records a decade earlier show that over

30% of funding has gone to Electrical or High Temperature Distribution. The University has been dealing with its problems with infrastructure but there never seems to be enough funds to take care of all the issues. This takes away from other pressing needs on campus. Mr. Perez said some are questioning whether this really is a \$99 Million project. Kim Gardner did a feasibility study and estimated this amount five years ago. Now in 2013, where 43% of the project is complete, this project pencils out at \$1.3 Million which is a 4% increase. The University will make this previous amount work but needs \$56.5 Million to complete this project. One of the options is to issue a revenue bond. If the University moves forward with this then the annual state portion for debt service would be about \$3.9 Million (from 30% surcharge) and the auxiliaries' portion would be about \$2.1 Million (from Auxiliaries). This is the official request. Other funding options are possible but these are the two basic funding strategies proposed:

- Option A – Long term sustainable approach
Finishes project and provides resources to sustain
\$56.5 Million revenue bond authorization
30% surcharge – on all electrical consumption
Immediately after debt is paid reconvene with Legislature to adjust surcharge to a level of 20%, that will pay for future renewal and replacements. Fuel and power surcharge proceeds are to be used exclusively for utility infrastructure needs with update to statute obligating the University to provide quarterly reports to Building Board
No additional state funds would be required
- Option B -- Finishes the \$99 Million project
\$27.1 Million from State FY 2015 Capital Development Funding
\$29.4 Million from revenue bond authorization
No surcharge to the fuel and power budget
Requires state funds for future major renewal and replacement

There was discussion about the 25 year debt period for the bond and the 30% surcharge for each building which would be approximately \$3.9 Million annual increase for state O & M. In addition Dave Tanner said most institutions are facing something similar with their infrastructure. Option B does make a lot of sense in the long term. If Option A is considered, he would suggest that the 30% come from the Capital Improvement Funds since the state is building a fund to support and sustain this infrastructure over time. The decisions made on this issue will set a standard that goes forward in the future. He encouraged more research and understanding by the Board before moving forward with approval. DFCM Director Josh Haines said that DFCM is working on a plan to address the long term solution for infrastructure needs of the state. Gage Froerer commented that a revenue bond would probably be the last choice for the Legislature. The IGG Committee will be looking for a better way to address this problem.

Gordon Snow said that the Building Board is not comfortable with the plans presented and asked that the University make revisions or return with another option for the Board. Dave Tanner suggested that the Board recommend another option that would be a most cost effective revenue bond authorization that could come up with for auxiliary portion and then obtain the \$27.1 Million from Capital Improvement money over the next two years. So the University would have approximately \$45 Million this next year to continue with their project with an

additional infusion of about \$14 Million in FY 2016 that should complete the project. This was not an official motion from Mr. Tanner but a suggestion for Option C. David Fitzsimmons emphasized that the project needs to be completed.

MOTION: Dave Tanner moved that the Utility Distribution Infrastructure Replacement Project be able to proceed on schedule through FY 2015 with the recommendation of coming back to the Board next month (or no later than the January meeting) with the most cost effective bond recommendation for the auxiliary portion and that no Capital Development Funding be used. The use of Capital Improvement Funding (whatever portion they recommend) and the bonds that will be recommended should move the project forward in FY 2015 and insure completion in FY 2016. The motion was seconded by David Fitzsimmons and passed unanimously

In addition, Mr. Tanner asked the University to return with that additional option. He does not believe the Board will support a revenue bond for the entire portion of the project. Jeff Reddoor offered to supply information to the Board concerning the infusion of Capital Improvement Funding which would be impacted by this recommendation before the December 4th meeting. Mr. Tanner clarified that the University needs to come back with an option that includes a most cost effective bond solution and recommendation for utilizing Capital Improvement Funding for moving the project forward using the design you have in place with completion anticipated in FY 2016 with Capital Improvement Funds.

Uintah Basin Driver License Facility

Nannette Rolf and Chris Caras for the Utah Driver License Division reported that they are seeking approval for a new Driver's License facility in the Uintah basin. They have tried to consistently maintain their facilities throughout the state and have identified that the facility in Vernal should be improved to better service their customers in the area. The Vernal Regional Center is presently 2550 sf with a lease that will expire April 2014. DFCM has indicated that this current lease will be increasing. This is a very busy location with a congested customer waiting area that at times overflows into the hallway. In addition the Driver License knowledge testing area is very close to this customer waiting area. They are housed in the Vernal Regional Center which houses numerous public service agencies and parking is an issue and causes problems with skills testing when the customer has to use their vehicle for this process. Work flow and traffic issues for driver and motorcycle skills testing at this location requires two staff members to go off site which reduces the ability to serve customers at the office significantly. They are proposing a new facility of 3,500 sq ft. at \$250 sf which is \$875,000 total. It would be located on state own property in Vernal. This new location would resolve the parking and on-site skills testing (CDL & Motorcycle) issues. This building would allow for future growth, reduce staffing problems and better serve their customers in the area. The Board requested additional information concerning a site plan and suggested that the Driver License Division and the DMV (which is also at this location) should possibly work together to build a facility to accommodate their needs for future growth.

MOTION: David Tanner moved that the Uintah Basin Driver License Facility request be tabled until the next meeting so that information from both the Driver

License and the DMV can be obtained which includes financial analysis and a site plan. The motion was seconded by Chip Nelson and passed unanimously.

Technology Building for Mountainland Applied Technology College

Clay Christensen and Kirt Michaelis from Mountainland Applied Technology College presented their request for a new Technology Building. They are experiencing a lot of growth and have more than doubled enrollment over the past ten years. They have purchased 4.1 acres across from the Trax Station at Thanksgiving Point which is not part of the restricted covenants of Thanksgiving point and can be developed as needed. It will include a welding fitting program, CNC machine program, injection molding, flex molding and automotive trades. They are requesting permission to pursue funding for a 40,000 sf building at a cost of \$170 sf or just under \$7 Million. Funding will be from institutional funds, private donations, or possible bonding with Utah County if private funding is not obtained.

Mr. Christensen said that Higher Ed is looking at an equity proposal with just under 60% of the funding earmarked to go to the Mountainland Region. In addition, over the past few weeks, they have been able to collect over half a million dollars in equipment donations from CNC Machinery with their partnership in the clothing industries. Additional funding would have to come from a bond issued or from the private industry in order to make this happen.

Dave Tanner expressed appreciation for Mountainland's presentation and asked them to return to the Board with additional information next month.

MOTION: David Tanner moved to table the Technology Building for Mountainland Applied Technology College until additional information could be obtained including financial commitments with the County that they are ready to move forward, as well as specific information about O & M for the building and how it may affect student costs. The motion was seconded by Chip Nelson and passed five in favor and zero opposed.

Mr. Christensen was instructed to return with solid financial information that the funding has been obtained for the project (such as a letter or memo from the County) indicating their willingness to participate. This should be presented at the next Board meeting.

❑ ESTABLISHMENT OF A FORMAL POLICY REGARDING ROOF TO WALL SEISMIC UPGRADES

Matt Boyer Capital Improvement project manager from DFCM said they are seeking direction on a policy of a long standing practice regarding the repair of seismic deficiencies on state owned buildings prior to 1975. Mr. Boyer gave background information concerning this issue:

Prior to the 2012 Utah Legislative Session, Statute 15A-3-113 allowed seismic issues to be addressed: "when said building was undergoing reroofing, or alteration of repair to said feature." This statute was altered during the 2012 session to not require this during a reroofing project

until June 20, 2014. As of July 1, 2014 it also changed the requirement to "when the building is undergoing a total reroofing." Following passage of this legislation, DFCM continued the practice of 15A-3-113 at the time of reroofing as a matter of life safety priority.

Based on a long standing practice, DFCM feels that analysis and repair of old building structures at the time of reroofing results is the least expensive seismic remedy and greatly enhances public and life safety of the building. Mr. Boyer said that they would like the Board to establish a policy so that DFCM can continue addressing seismic deficiencies on state owned buildings during roofing repairs.

Chip Nelson expressed concern that the Board was being asked to override state statute. Alan Bachman explained that the Legislature has adopted certain Building Code standards. This does not stop an entity from having higher standards to the Code. DFCM's is simply asking to go a little further than the minimum standard required by the Legislature and since this will require a little extra funding they are bringing this forward as a courtesy to the Board. David Fitzsimmons expressed his support for adopting a policy of seismic repairs stating that it is one of the best improvements you can do to a building. Chip Nelson agreed with David Fitzsimmons stating he could support such a policy and would like to see DFCM submit a written policy that the Board can support.

Joshua Haines agreed to return to the next Board Meeting on December 4th with a written policy. The voting for the policy will be deferred until the next meeting.

CAPITAL IMPROVEMENT POSSIBLE FUNDING SCENARIO

Jeff Reddoor referred to the spreadsheet in the Board's informational packet which shows the FY 2015 Risk Management Values for the building replacement costs at \$9.1 Billion. This figure is used to calculate the Capital Improvement Funding. If improvements were funded at 1.1% the amount would be just over \$100 Million, or funded at .9% would be just over \$82 Million. This information is used as a basis for developing the Capital Improvement requests for the year but of course this funding is determined by the Legislature.

Dave Tanner acknowledged the addition of 10% for Infrastructure and asked how this number was determined. Ken Nye from the University of Utah clarified that he developed this program when he worked at the DFCM which includes the formula being talked about. Basically the Legislature called for the Capital Improvement funding to be based on the replacement value of state buildings. Risk Management tracks the insured value of the buildings. However, insured value is not equal to the replacement value for the buildings and does not cover things like foundations, footings or utility connections, etc. So the 10% adjustment that is made here is to cover the portions of the Building that are not insured.

ADMINISTRATIVE REPORTS FOR UNIVERSITY OF UTAH AND UTAH STATE UNIVERSITY

Ken Nye from the University of Utah reported that there were ten Design and six Planning/Other

Agreements for this reporting period. Construction contracts consist of fifteen Remodeling Contracts and four Site Improvement Contracts. There were no increases to the Project Reserve Fund. Decreases to the Fund were for the Social & Behavioral Sciences Building Replacement of three Elevators for \$18,453.00 which covers a budget shortfall for the construction contract. Increases to the Contingency Reserve Fund were from the amounts funded from the FY 2014 Capital Improvement Projects as required by state statute; those funds are now transferred into the Contingency Fund. Decreases for the Fund were from:

Fletcher Physics Bldg – Replace Heating Water Pipe	\$31,206.00
Genetics Bldg Heating Water Piping Replacement	\$12,131.00
Replace HVAC Controls in Buildings	\$ 4,987.00
Campus Site Lighting Upgrade FY 2012	\$ 2,797.00

Ben Berrett from Utah State reported that there were four Professional Contracts and sixteen Construction Contracts awarded this period. Notable were the USUE Mechanical/Lighting upgrade at the USU Eastern Campus in Price which is a chiller upgrade, TSC Chiller Replacement at the Student Center, and Engineering 3rd Floor Remodel for the Research Department. Page 2 shows Construction Contracts which include a major walkway across Old Main Hill for \$225,455.00. In addition, Access Controls FY 2014 for \$49,249 for Family Life/Link access control at the North and South entrances. The Contingency Reserve Fund balance is at \$513,000.00 which is where they like it. There were three projects that dipped into the Contingency Reserve Fund – two were part of the Old Main Masonry Restoration project and the other from the FAV Cooling system. The Project Reserve shows one increase to the Reserve Fund (\$6,754) for 1200 E. Landscape (Aggie Village) which closed and contributed to the Fund. There was one small decrease to the fund with the Access Controls FY 2014 Project. That leaves the Project Reserve at \$369,396.00 which is a good balance.

❑ ADMINISTRATIVE REPORT FOR DFCM

DFCM Director Josh Haines reported that pages 1 - 3 of the report show the current leases managed by DFCM. There were fifty-four Professional Service Agreements entered into and sixty-six Construction Contracts awarded. The Contingency Reserve balance is at \$6.9 Million which fluctuates due to the number of change orders. The Project Reserve Fund is at \$6.4 Million and has increased by projects that come in under budget. Decreases to the Project Reserve arise from unexpected problems on a project or if a project is over budget this fund is a resource. DFCM likes to keep the fund between \$6.4 Million to \$9 Million range. Dave Tanner questioned Change Order #8 for \$163,881.00 which was a price escalation due to the delay of DFCM approving alternate #1 for the Utah State Hospital Consolidation. Director Haines said that this was not worded correctly on the report. There was one wing of the hospital that wasn't approved right away. As a result the funding came late. The wording of this change order is not indicative of what took place.

There was discussion concerning some policies and new Administrative Rules concerning phased funding. Rich Amon said they are presently working on several Administrative Rules concerning the Capital Improvement process and delegation for the University of Utah. Phased funding is the third Administrative Rule which is in cue and will be addressed shortly. This will

likely be presented to the Board the first quarter of next year.

Dave Tanner expressed concerns about Capital Development requests that were discussed last month. The one for Dixie ATC, which has a location dedicated for them by the city of St. George, should come before the Board again to request some planning funds that might assist them with their project. Jeff Reddoor said he would contact DXATC to bring this to the Board on December 4th.

ADJOURNMENT

MOTION: Chip moved to adjourn the meeting. The motion was seconded by Dave Tanner and passed unanimously.

The meeting adjourned at 11:57 am.