

# Utah State Building Board



## MEETING

January 30, 2006

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### MINUTES

#### Utah State Building Board Members in attendance:

Larry Jardine, Chair  
Kerry Casaday, Vice-Chair  
Steven Bankhead  
Katherina Holzhauser  
Manuel Torres  
Mel Sowerby

#### DFCM and Guests in attendance:

Keith Stepan	Division of Facilities Construction & Management
Robert Franson	Division of Facilities Construction & Management
Kenneth Nye	Division of Facilities Construction & Management
Kent Beers	Division of Facilities Construction & Management
Shannon Lofgreen	Division of Facilities Construction & Management
Bruce Whittington	Division of Facilities Construction & Management
Curtis Clark	Division of Facilities Construction & Management
Joanie Aponte	Division of Facilities Construction & Management
Alan Bachman	Attorney General's Office/DFCM
D'Arcy Dixon Pignanelli	Department of Administrative Services
Gwen Carter	Office of Rehabilitation
Michael Wollenzien	Office of Rehabilitation
Randall Funk	University of Utah
Mike Perez	University of Utah
Jim Bardsley	University of Utah
Dan Lundergan	University of Utah
Gordon Crabtree	University of Utah
Stanley Kane	Utah State University
Darrell Hart	Utah State University
David Besel	Utah State University
Bob Askerlund	Salt Lake Community College
RoLynne Hendricks	VCBO Architecture
Chris Coutts	MHTN Architects
Jackie McGill	Spectrum Engineers
Marion Cook	Colvin Engineering

Rick Stock	Architectural Nexus
Eric Tholen	Harris Associates
Doug Wright	Corrections
Kim Wixon	Department of Health

On Monday, January 30, 2006, the Utah State Building Board held a regularly scheduled meeting at the Judy Buffmire Rehabilitation Services Center, Salt Lake City, Utah. Chair Larry Jardine called the meeting to order at 10:05am and thanked the Office of Rehabilitation for their hospitality.

**APPROVAL OF MINUTES OF NOVEMBER 30, 2005 .....**

Chair Jardine sought a motion on the meeting minutes of the Utah State Building Board on November 30, 2006.

**MOTION: Manuel Torres moved to amend the minutes to reflect that Mel Sowerby was in attendance at the November 30 meeting. The motion was seconded by Steve Bankhead and passed unanimously.**

**LEGISLATIVE UPDATE .....**

Kenneth Nye provided the legislative update and noted that last year the Legislature began a new process for addressing appropriations. The new process resulted in Senate Bill 1, which is a base budget bill based on the previous year's appropriations. Although the bill has already passed, the Legislature may determine to adjust the budgets included in the original bill as the session progresses. Approximately four to five bills have been opened to address the adjustment and will be passed within the last days of the session. SB1 will also provide approximately \$38 million in capital money for ongoing projects.

The Capital Facilities Appropriations Committee began its' meetings by addressing all of the operating budget issues and some of the other fund projects. The Committee anticipated addressing the higher education projects when the Building Board joined their meeting later that afternoon. The Building Board planned on presenting their Five-Year Book to the Committee during the meeting, along with the evolving process implemented for capital development prioritizations.

Mr. Nye stated there were rumors of a \$1 billion surplus available this session. Approximately \$460 million was one-time money available for this session only, and included \$106 million from FY2005 and the balance of the budget amount surplus for the current fiscal year. Funding for the Building Board is likely to be allocated from the one-time money. The ongoing revenues for this next fiscal year are projected to be \$578 million higher than appropriated for the current fiscal year.

Governor Huntsman's recommendations included \$288 million in state funds for capital projects with \$63 million being allocated for capital improvements. Approximately \$225 million will be available for capital development projects, which is significantly higher than anticipated.

A comparison of the Building Board's recommendations and the Governor's recommendations was distributed with the packet material, and specified the Governor largely recommended the projects similar to the Board's. Mr. Nye believed there was a concurrence to address the Health Lab, but the scope required further definition before proceeding. Governor Huntsman also recommended the Capitol building funding at \$50 million, and \$50 million for infrastructure for the USTAR proposal. The Building Board previously offered a motion of support for both issues.

The Committee recommended many of the other funds projects recommended by the Building Board with the exception of the University of Utah Student Recreation Center. The project was proposed to be funded through a revenue bond and repaid through student fees. This project raised some concern due to the \$60 increase in student fees each semester.

The Committee also heard several requests for other building related projects not presented through the Building Board process. Many projects may be placed on the Committee's priority list including a \$1.1 million request for CEU to buy the mine facilities, and a request for \$450,000 to allow Snow College to purchase property adjacent to the Richfield Campus.

Concerns have been raised by the Committee regarding projects being adequately funded last year to address the inflation that has occurred over the last year, and if they should fund supplemental appropriations for those projects. DFCM has suggested the Legislature authorize the transfer of up to \$1.5 million from the contingency reserve to the project reserve in order to allow DFCM to manage the issues involved with those projects. Projects increased by approximately 24% in funding this year.

The Legislature already passed a bill to fully fund 1.1% of the capital improvement funding at \$62.9 million. There is a possibility for additional capital improvement funding to be allocated.

Steve Bankhead asked if there was an immediate need to address the backlog of capital improvement projects. Kent Beers responded that the immediate need in condition assessments result in approximately \$500 million. Over the next ten years approximately \$1.2 billion in need has been identified, which continues to increase as inflation increases the amount needed for construction. Mr. Beers noted that Utah is still the leader in funding for capital improvements at just 1.1%; however, more is required to address the needed improvements and deferred maintenance. Kenneth Nye added that the requests for capital improvement and capital development projects substantially exceed the possible funding

each year. Continuing to fund capital development requests aids in addressing the backlog as it takes care of replacing and renovating buildings, in addition to building new space.

Keith Stepan stated he was very comfortable with where DFCM was at. The \$62 million is about what is hoped for in the best conditions. This is the first year coming out of a drought. Kent Beers noted that in the capital improvement area, if they received another \$10 or \$15 million, there is no possible way DFCM could manage that with their current staff.

The Governor recommended \$1,092,000 in general funds be restored to the administrative budget for DFCM's operating budget. DFCM has been funded out of project and contingency reserve over the last few years and the restoration would free up those dollars to help with budget shortfalls. The restoration was also recommended by the Legislative Fiscal Analyst and it was presented to the Committee, but formal action is still required.

House Bill 80 dealt with energy savings in state buildings. The bill was sponsored by Representative Fred Hunsaker and was supported by DFCM. The bill makes DFCM responsible for the State Building Energy Efficiency Program, which was previously administered by the now defunct State Energy Office. It identifies the program functionality, including developing an advisory panel from the various agencies and institutions to help DFCM in developing and implementing the program. It also addresses the requirements of the agencies and institutions to develop strategies on how to improve their energy efficiency. It repeals the current provision for transferring half of the net savings on energy projects to the LeRay McAllister fund. Mr. Nye identified clarifications regarding the standards the Board would adopt dealing with energy efficiency. The bill also allows the Board to require that an entity that benefits from a capital improvement project repay the capital improvement funds. This has been a concern from the agencies and institutions perspective, although the expectation is that it would not be a common occurrence. It would not become a standard for the allocated capital improvement funding to be repaid, but there could be certain stances where it would be appropriate for an entity to repay part or all of the capital improvement allocation a savings is received. This could serve as an encouragement for entities to participate in other available funding mechanisms.

House Bill 46 dealt with energy policy amendments and will have a small direct effect on DFCM pertaining to energy conservation. The State Energy Office position will be established and filled by Dr. Laura Nelson and will provide general policy oversight. Two components that primarily affect DFCM involve using market forces where possible and pursuing energy conservation and inefficiencies.

Four bills were also submitted dealing with open meeting laws this session and are moving through the legislative process fairly aggressively. It appears all four bills will likely pass. The issue arose as a result of the legislative audit last year focusing on a number of boards and governing bodies of different entities and how they conducted their meetings. Senate Bill 59 places new requirements on purchasing and will support persons with

disabilities. This bill has the potential of increasing the cost for certain types of services, and may affect operating issues.

Senate Bill 75 would fund the USTAR program by combining \$100 million of state funding for a University of Utah Neurosciences Building and \$30 million of matched funds. It would provide \$60 million for Utah State University for a Life Sciences Research Center with \$10 million of matched funds. The bill also directs DFCM to manage both projects and that they should not be delegated. It also creates an authority to oversee the entire USTAR effort and defines the structure and operations.

Senate Bill 175 has raised some concerns within DFCM as it pertains to Correctional facilities. Rather than allowing the state to contract for construction of its own facilities, it requires Corrections to issue an RFP for a privately operated prison both for the construction and operations. The current wording does not allow the State to build its own prisons and could have a substantial change on how the state builds its prisons. DFCM is attempting to address the bill with Corrections.

House Bill 330 addresses the controversy surrounding the crosses placed on state property memorializing Highway Patrol Troopers who died in the line of service. DFCM owns some land relating to the issue and are working with the sponsor to clarify responses to the initial bill.

Governor Huntsman also recommended the ABC stores be funded out of general state funds rather than a lease revenue bond. This may be due to lease revenue bonds being somewhat more costly to administer and one time money being available for this use. However, the Committee recommended funding through a revenue bond due to their profits from the alcoholic beverage operations.

**☐ INCREASE IN SCOPE OF UNIVERSITY HOSPITAL EXPANSION.....**

Mike Perez, University of Utah, stated in October 2004 the University presented a request to the Building Board and Legislature to expand the West Pavilion Hospital. After receiving approval, the University and DFCM worked together to develop the programming phase which has identified a need for a larger building and sooner than anticipated.

Gordon Crabtree, Interim CEO for University Hospital and Clinics, explained several issues recently arose regarding the Eccles Critical Care Pavilion. The three floor facility was built with the intention to construct an additional two floors. During the design project and development phase it was discovered that the additional two floors cannot be added onto the Critical Care Pavilion unless it is done concurrently with the West Pavilion construction due to logistics of placing the construction equipment. Due to the timing and logistical constraints, they determined to accelerate the project on the east side and add the two additional floors to the existing structure. This would help alleviate the patient load and allow them to begin construction on the west side in October. To date, the Hospital has

added the east two floors and updated the projections for inflation. The \$120 million total project includes \$90 million in revenue bond financing through clinical revenues and the remaining in internal operating funds.

Dan Lundergan, Executive Director of University Hospital, stated a significant portion of the construction included conversion of the rooms from semi to private. The scope also includes an additional 175 rooms which is an incremental difference of approximately 45 to 50 additional beds available for growth and to continue to accommodate patients and the community. The project will also include an additional 350 parking stalls.

The University Trustees and the Hospital Board have reviewed this proposal and will be continually updated as progress is made on the project. The Board of Regents will need to grant their final approval before proceeding as well. Since bonding approval is required, the Hospital hopes to obtain legislative approval prior to the end of the session in order to proceed with the project.

**MOTION: Kerry Casaday moved to approve the amendment to the scope, budget and financing of the University of Utah Hospital project. The motion was seconded by Cyndi Gilbert and passed unanimously.**

**☐ STATE BUILDINGS ENERGY STANDARD .....**

Keith Stepan introduced Curtis Clark as the State Energy Efficiency Manager. Mr. Clark has been challenged to assist the state in saving money in existing buildings to help design standards for future buildings. DFCM is continuing to develop their own sustainable building program which would somewhat mimic the outline of the LEEDS program.

Curtis Clark stated he is a professional engineer with 25 years of green building design, energy engineering and commercial construction. He is a LEEDS accredited professional, and also the chairman of the US Green Building Utah Chapter.

Last year Governor Huntsman transferred the administration of the State Building Energy Efficiency Program (SBEEP) from the Department of Natural Resources to DFCM. Mr. Clark will be working on a Green Building Design for the state to make it more cost effective in the US Green Building LEEDS rating system, and he believed they were very close. They also redesigned the SBEEP program from scratch and reorganized how they build, upgrade and manage their buildings with the state. The energy group objectives fit well within the DFCM mission statement and Governor Huntsman's 10 point economics plan. The new program will strengthen the economy and improve the environment, as well as make state government more efficient.

Mr. Clark stated there are 2000 state owned buildings with 42 million square feet of floor area. 40% of the floor area is over 35 years old and many are in need of major renovation. State owned facilities are one of the largest energy consumers in Utah, and this year we

will spend up to \$60 million in energy costs. Rising energy costs have severely impacted the State's high budget with a 30% increase in natural gas costs and 46% in electrical costs.

The budget for capital improvements is approximately \$62-63 million and capital development is \$200 million or more. Many capital improvement projects are energy related. The State has an opportunity to build new buildings and renovate existing buildings to new high building performance standards with three new programs.

1. Energy-Efficiency Programs establish a system to standardize energy efficient products. DFCM will purchase products in the upper 25% of the efficiency range, which is very similar to EPA's Energy Star program. They will target projects that will serve the State well, and they will promote the products to lower quantity discounts.
2. Energy Design Standards program sets the minimum design standards for State Buildings. DFCM will capture 10% to 20% in energy savings with new construction that is easy to apply and easy to enforce.
3. High Performance Building Rating System is a market transformation program. It is voluntary program. It rates building performance through the selection of products and measures into an integrated solution, so that the operation of the facility, energy use and other criteria may be maximized. DFCM will capture 30% or more in energy savings with new construction.

The objectives of the High Performance Building Rating System are:

- Invest in energy efficiency to save on operating costs;
- Incorporate daylighting design to improve occupant production and visual acuity;
- Design building with better air quality, better lighting, and better acoustics to increase the health of our State Employees, students, and other occupancy of our buildings;
- Select material with little or no off-gases;
- Focus on preventive maintenance;

The benefits of the High Performance Building Rating System are:

- Environmental benefits by reducing the impacts of natural resource consumption.
- Economic benefits by improving the bottom line.
- Health and safety by enhancing occupant comfort and health.
- Community benefits by minimizing strain on local infrastructure and improve quality of life.

Keith Stepan commented that DFCM conducted a study of the Warnock Engineering Building at the University of Utah and found that if they followed LEED initiatives and

standards, it would cost \$50-60,000 just to administer the effort plus additional cost to put the LEED elements into the buildings. Therefore, DFCM decided to provide their own program where they are not spending money to administer the program, but can still incorporate similar standards.

**❑ REALLOCATION OF CAPITAL IMPROVEMENT FUNDS AT UTAH STATE UNIVERSITY .....**

DFCM recommended the Building Board approve the reallocation of \$188,963 from the Edith Bowen Tunnel Extension project to the Campus Safety Lighting Phase III project at Utah State University.

The Edith Bowen Tunnel Extension project was authorized by the Board in FY 2004 for \$1 million. The \$188,963 requested for reallocation represents bid savings achieved by USU on the project. The tunnel extension project has been completed and USU would like to transfer the remaining capital improvement funds to another critical project on campus.

The Campus Safety Lighting Phase III project was authorized by the Board in FY 2005 for \$250,000. The project entails installing new light poles throughout the campus to provide increased safety for students at night. The University is attempting to complete additional phases of the project each year as capital improvement funds become available. Reallocating the excess funds from the Edith Bowen Tunnel Extension will enable the University to upgrade the lighting on more sections of the campus this year.

**MOTION: Steve Bankhead moved to approve the reallocation for Utah State University. The motion was seconded by Katherina Holzhauser and passed unanimously.**

**❑ ADMINISTRATIVE REPORTS OF THE UNIVERSITY OF UTAH AND UTAH STATE UNIVERSITY .....**

Randall Funk, University of Utah, provided the administrative report for November 11 to January 13. There were seven new Design Agreements for the period, two Programming Agreements, and one Study Agreement. There were two Construction Remodeling contracts awarded, and two Site Improvement contracts. There were two transfers out of the Contingency Reserve Fund, and four transfers into the Contingency Reserve Fund.

**MOTION: Manuel Torres moved to approve the administrative report of the University of Utah. The motion was seconded by Steve Bankhead and passed unanimously.**

Darrell Hart, Utah State University, provided the administrative report for November 9 to January 11. There were two professional contracts and three construction contracts

awarded for the period. There were five delegated projects completed and 53 delegated projects in progress.

**MOTION: Cyndi Gilbert moved to approve the administrative report for Utah State University. The motion was seconded by Katherina Holzhauser and passed unanimously.**

**☐ ADMINISTRATIVE REPORTS FOR DFCM.....**

Keith Stepan stated DFCM expected to see increased use of the project reserves this year. The contingency balance continues to increase because of efficiency and not having as many change orders.

Mr. Stepan reported there were seven construction contracts awarded last year and six of them were Value Based Selections, and one was a two stage process. These are amounts over \$1.5 million. There were 12 architectural agreements awarded.

**☐ ADJOURNMENT.....**

Keith Stepan excused the Board to tour the Judy Buffmire Rehabilitation Center prior to the meeting with the Capital Facilities Appropriations Committee that afternoon.

**MOTION: Steve Bankhead moved to adjourn the meeting at 11:40. The motion was seconded by Kerry Casaday and passed unanimously.**

Minutes prepared by: Shannon Lofgreen