

Utah State Building Board



MEETING

April 6, 2011

MINUTES

Utah State Building Board Members in attendance:

Mel Sowerby, Chair
Cyndi Gilbert
Steve Bankhead
Jeff Nielson
Wilbern McDougal
George Daines
Sheila Gelman
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
Kurt Baxter	Division of Facilities Construction & Management
Tom Shaw	Division of Facilities Construction & Management
Alan Bachman	Attorney General's Office/DFCM
LaPriel Dye	Attorney General's Office/DFCM
Rich Amon	Legislative Fiscal Analyst Office
Rocky Woodruff	Old Castle Materials
Greg Peay	Department of Corrections
Jerry Jensen	Department of Corrections
R. Maughan	BATC
W. Ralph Hardy	Office of the Commissioner of Higher Education
Brent Peterson	DATC
Anna Heywood	Reaveley Engineers & Associates
Mike Styler	DNR
Darin Bird	DNR

Robyn R. Pearson	DNR
Dave Whitton	Envision Engineering
Jenniel Allen	Department of Health
Bill. Juszack	UDOT
Jay Henry	DPS/Crime Lab
Ken Nye	University of Utah
Mike Perez	University of Utah
Darrell Hart	Utah State University
Mark Halverson	Weber State University
Rick Stock	Dunn Associates
David Tanner	Southern Utah University
Judy Duncombe	Utah State Fairpark
Andrew Carlino	Utah State Fairpark
Keith Davis	DHS
Shara Yonemura	ARW Engineers
Marie O'Quinn	Marketlink
Keri Hammond	Marketlink
Lisa-Marie Jensen	AJC Architects
Joshua W. Greene	AJC Architects
Dorian Page	Southern Utah University
Lyndy Lovelady	Eaton Architecture
Jim Michaelis	Utah Valley University
Dave Ridgway	Layton Construction
Chris Coutts	Architectural Nexus
Bob Askerlund	Salt Lake Community College
Gemma Gough	Diamond Phillips
Roy Bartee	Wadman Corporation
David Brand	DWS
Jason Miller	DWS
Emily Mellor	BNA Consulting
Mark Bryant	BNA Consulting

On Wednesday, April 6, 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 Mel Sowerby called the meeting to order at 9:03 a.m.

APPROVAL OF MINUTES OF MARCH 2, 2011.....

Chair Sowerby sought a motion for approval of the minutes.

Kim Hood requested a change be made to the Minutes of March 2, 2011 to indicate she was in attendance. Change was noted by Cee Cee Niederhauser who will make

corrections to the official record.

MOTION: Jeff Nielson moved to approve the meeting minutes of March 2, 2011 with changes as noted. The motion was seconded by George Daines and passed unanimously.

☐ LONG TERM LEASE REQUEST FOR U.S. FOREST SERVICE LAND IN MILLARD COUNTY, UTAH ON BEHELF OF DEPARTMENT OF TECHNOLOGY SERVICES
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Tom Shaw, Real Estate Manager for DFCM reported this item is the renewal of a long term lease quest for a communications site in White Pine Peak area of Millard County. This ground lease of approximately 10,000 square feet previously existed as a no cost lease for the past 20 years. The U.S. Forest service provided the land, and DTS established the communications site which provides communication services to the BLM, Millard County and several other public safety agencies. Because of the usefulness of this site and the benefit to multiple agencies, they are requesting that it continue and that the long term lease request be approved.

MOTION: Cyndi Gilbert moved to approve the Long Term Lease Request for U.S. Forest Service Land in Millard County, Utah on behalf of Department of Technology Services. The motion was seconded by Steve Bankhead and passed unanimously.

☐ ALLOCATION OF FY 2012 CAPITAL IMPROVEMENT FUNDS

Board members were given a copy of the following documents: (Attached to minutes).

1. Summary of Capital Improvement Funding FY 2008 – FY 2012
2. FY 2012 Summary of Facility Replacement Cost vs. Share of Capital Improvement Funding
3. FY 2012 Capital Improvement

Kurt Baxter, Project Manager for DFCM reported about the difficult process of deciding which projects to recommend for funding. These recommendations originate from each institution and state agency. As a result of their recommendations, DFCM Project Managers visit and identify these sites to determine the greatest need and if they should be funded as capital improvements or as replacement cost through their agency. Priorities are based on these recommendations. As you can see the University of Utah, the largest institution in the State of Utah, will receive the largest funding because they have a greater number of repairs. The spreadsheet, Summary of Capital Improvement Funding FY 2008 to FY 2012 shows a list of funding amounts and percentages specified by the state for the

past five years. During FY 2008, funding was at \$73 Million and has decreased to \$53 Million for FY 2012. This decrease in funding has required DFCM to identify the most critical needs of the agencies and institutions and make adjustments accordingly. The FY 2012 Summary of Facility Replacement Cost vs. Share of Capital Improvement Funding shows the breakdown of funding by amounts and specifies funding for Higher Education and State Agencies as well as percentage for funding and replacement costs. Typically, during the month of April, the Capital Improvement completion rate is reported however this will be reported at the May Building Board meeting.

There was considerable discussion concerning the selection process for funding. Chairman Sowerby confirmed that this process was implemented some time ago by the Building Board and is still used by DFCM today.

MOTION: Wilbern McDougal made a motion to approve the Allocation of FY 2012 Capital Improvement Funds. The motion was seconded by Sheila Gelman and passed unanimously.

☐ ADMINISTRATIVE REPORTS FOR UNIVERSITY OF UTAH AND UTAH STATE UNIVERSITY

Ken Nye from the University of Utah distributed the Capital Improvement Performance Report for Projects managed by the University of Utah. Their report shows 11 projects being managed by the University. Ten are currently completed or under construction. The one not completed is currently out to bid. Mr. Nye reported that the University has a total of 91% projects completed. For their Administrative Report, there were eight Design Agreements and eight Planning Study Agreements. On page two of their report, under Construction Contracts, there were nine Remodeling Contracts and two Site Improvement Contracts. The contract to replace the turf on their indoor practice facility needed to match the turf on the football field and had to be awarded on a sole source basis. There was no activity for the Project Reserve or Contingency Reserve Fund.

There was discussion concerning the continual replacement of fume hoods on campus. Mr. Nye explained they had thousands of fume hoods and many of them are very old. Fume hood replacement will be on-going

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

Darrell Hart gave the Administrative Report for Utah State University. They had seven Professional Contracts issued in the last month. Their report shows a decrease of \$4,000 in the Contingency Reserve Fund and no change in the Project Reserve Fund. Normally

Utah State would have approximately 60 to 80 projects underway, however they are down considerable. They have 40 projects underway – one is complete, eight are substantially complete, 23 in construction, 7 in the Design/Study phase and one pending. They reported on their FY 2011 Capital Improvements last month and indicated they were 100% obligated in Capital Improvements. Most of the FY 2011 projects are complete and USU anticipates they will be 100% complete by the end of the spring season.

MOTION: George Daines moved to approve the Administrative Report for Utah State University. The motion was seconded by Jeff Nielson and passed unanimously.

Wilbern McDougal wanted to discuss how many college graduates stay in the state of Utah and become taxpayers of the state. Ralph Hardy from the Office of the Commission of Higher Education explained that this was a very complex issue. There is a lot of ebb and flow with college graduates. After graduation, students very typically leave the state for a while and come back for a time. There is no specific data on this; however research is underway to determine a reasonable estimate for that question. Steve Bankhead expressed the idea that there are probably just as many people who move here from out of state as leave the state.

❑ ADMINISTRATIVE REPORT FOR DFCM.....

Kurt Baxter from DFCM reported there were a few significant Architectural Contracts issued. Noteworthy, because of size was the University of Utah for Student Life Center Design with MHTN Architects on page 2 of their report. There have been a total of 29 agreements since their last report and 27 Construction Contracts awarded. Dixie State College Centennial Commons Building was awarded at \$28 Million. Page 6 shows the award of the contract for Utah Valley University Gunther Trades 5th Level HVAC Improvements award for last month's reallocation. The budget was \$1,996,000 however the project was awarded for \$962,000 so those additional funds (\$1 million) were reallocated to another project. Basically DFCM continues to have projects coming in at prices lower than their previous estimates. Director Buxton clarified that two years ago the Legislature passed a bill that allowed DFCM to capture the funds from Capital Improvement Project Reserves. This bill has enabled DFCM to accomplish more and recirculate funds to other projects.

George Daines asked, when the funds are recaptured do they go into a general fund to be reallocated elsewhere or are they used or reallocated for example for the same University or Agency that generated the savings? Would the University or Agency have first right to the fund? Director Buxton answered that they go into a general fund, however the University or Agency does have priority for those funds. If they have projects that need funding right away, they would get first choice. He clarified that there is an exception with

University of Utah and Utah State because they have delegation authority and those funds stay within the University. Mr. Daines asked if there was an administrative rule to that effect. Director Buxton stated it is DFCM policy. Kurt Baxter clarified there is a Memo of Understanding that the Agency or Institution will get money back unless there is something catastrophic where the funds need to go to a higher priority. Director Buxton said that it isn't always cut and dry as to whether who will get the funds. It is determined by greatest need at the moment. Mr. Baxter said that DFCM has found this policy gives agencies or institutions motivation to do a good job on the project because they have a greater chance of having savings returned to their organizations.

Director Buxton reported that bid bonds are now being required on larger projects in order to protect the state from contractor failure/bankruptcy. These bid bonds do not create any cost to the contractor but are a good indicator that the contractor is financially secure and will be able to complete the project. The Dixie Commons project came in \$7 million under bid and there were concerns that the price/bid would increase as the cost of materials increased for the project. This will ensure our state projects will proceed as planned in the future.

Mr. Baxter reported that the Project Reserve Fund started out at \$17 million but has dropped to \$5 million. This total represented the \$4.5 Million returned from the Dixie Commons Project, \$12 million used to fund Capital Improvements for FY2012 and \$5 million taken for other Legislative needs. This balance of \$5 million, which is not a comfortable amount, does not allow a safety margin should prices increase, however the DFCM accounting staff will continue to monitor the balance in this fund. Cyndi Gilbert expressed concern with subcontractors going out of business and becoming unable to complete their portion of the building project. Mr. Baxter said he is definitely seeing an increase in the price of materials such as steel, concrete and anything that has to be shipped. We will continue to see increases in this as the price of fuel continues to rise. Director Buxton said subcontractors are walking away from jobs because they are out of business. There have been projects with as many as six or seven subcontractors discontinuing their work and walking away from the job. The new changes in bid bonds should alleviate the problem; however it does not affect smaller jobs where bid bonds are not required. DFCM is being very cautious concerning this situation. Presently they have no lawsuits or formal protests concerning their projects. Cyndi Gilbert complimented DFCM for the professional way they handled the Dixie Commons selection and felt it was very well done.

Mel Sowerby brought a previous item to the Board's attention regarding the implementation of electronic participation for Building Board members, Agencies, Institutions and the general public. He stated there are occasions when the Agenda is very short and it seemed wasteful for people to travel long distances to attend Building Board meetings. Director Buxton said he had looked at several options to accommodate

this request but limited funding has halted this for the time being. Hopefully teleconferencing through the UEN will be an option in the future as funding becomes available. Presently DFCM has a teleconference room and connects with Dixie College and Southern Utah University for meetings as well as project inspections. Members of both institutions confirmed that this was a substantial cost savings for their projects. Mr. Buxton felt it would work well for Building Board meetings as well but there had to be a larger room set up with teleconferencing to accommodate the general public. This will certainly be an option for the future. Presently, DFCM has a conference line which can be used for Building Board members who are unable to attend. Building Board members using the conference line will be counted as part of the quorum.

Director Buxton also reminded the Board that terms of service for four members will expire next month. Processes have already begun to replace these members.

Steve Bankhead asked if any decision had been made about the delegation authority to satellite campuses for University of Utah and Utah State. His understanding was that DFCM would meet with the Universities to come to a consensus concerning this issue. Director Buxton responded there have been some discussions concerning delegation to satellite campuses but a decision has not been made.

□ ADJOURNMENT

MOTION: Chair Sowerby asked for a motion to adjourn. Sheila Gelman moved to adjourn the meeting at 9:47 a.m. The motion was seconded by Wilbern McDougal and passed unanimously.